

Time allowed: 3 hours

Max. Marks: 80

General Instructions: Same as CBSE Sample Paper-2023 (Solved).

SECTION-A: MACROECONOMICS

1. Read the following statements carefully:

Statement 1 : AS is indicated by a 45 degree line.

Statement 2 : AD is a stock concept.

In the light of the given statements, choose the correct alternative from the following:

- (a) Statement 1 is true and statement 2 is false
 - (b) Statement 1 is false and statement 2 is true
 - (c) Both statements 1 and 2 are true
 - (d) Both statements 1 and 2 are false
2. If balance of trade is (–) ₹ 400 crore and value of exports is ₹ 200 crore, then the value of imports will be:
- (a) ₹ 200 crore
 - (b) ₹ 400 crore
 - (c) ₹ 600 crore
 - (d) none of these
3. If the reserve ratio is 20%, what will be the amount of total reserves after an initial deposit of ₹ 200?
- (a) 4,000
 - (b) 2,000
 - (c) 1,000
 - (d) 400
4. Read the following statements carefully:
- Statement 1 : Export and import of capital goods is included in the current account of BoP.
- Statement 2 : Balance of non-factor services is not a part of current account balance of payments.
- In the light of the given statements, choose the correct alternative:
- (a) Statement 1 is true and statement 2 is false
 - (b) Statement 1 is false and statement 2 is true
 - (c) Both statements 1 and 2 are true
 - (d) Both statements 1 and 2 are false

5. Read the following statements carefully:

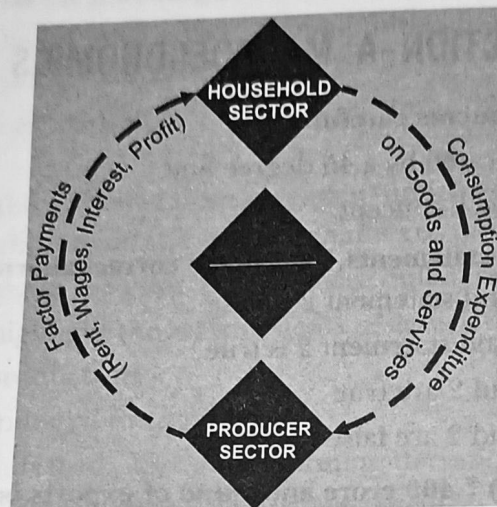
Statement 1 : All capital goods are producer goods.

Statement 2 : All producer goods are capital goods.

In the light of the given statements, choose the correct alternative from the following:

- (a) Statement 1 is true and statement 2 is false
- (b) Statement 1 is false and statement 2 is true
- (c) Both statements 1 and 2 are true
- (d) Both statements 1 and 2 are false

OR



On the basis of the above diagram answer the following question:

Choose the correct alternative to be filled in given blank.

- (a) Money flow
 - (b) Real flow
 - (c) Circular flow
 - (d) None of these
6. If $MPC = 0.8$, value of multiplier will be:
- (a) 2
 - (b) 3
 - (c) 4
 - (d) 5

OR

When $\bar{C} = 50$, $MPC = 0.6$ and $Y = 800$, value of saving will be:

- (a) 270
 - (b) 320
 - (c) 370
 - (d) none of these
7. Credit cards are excluded from all measures of the quantity of money, because they are not really a method of payment, but a method of deferring payment. When you buy a meal with a credit card, the bank that issued the card pays the restaurant the amount that is due. At a later date, you will have to repay the bank, perhaps with interest. For this, you might use the money in your demand deposits, and that money is included in the economy's stock of money.

Which of the following can happen with an increased use of credit cards in an economy, noting the fact that credit cards are not a method of payment, but only a method of deferred payments through your demand deposits in the banks?

- (a) Increase in money supply (b) Decrease in money supply
(c) Increase in money demand (d) Decrease in money demand

8.

Items	₹ in lakh
Export	200
Import	315
Non-factor services	25
Income	22
Transfers	18

On the basis of the above-mentioned information answer the following question:

The value of current account balance for the above data is _____.

(Fill up the blank with correct alternative)

- (a) (-) ₹ 50 lakh (b) ₹ 72 lakh
(c) (-) ₹ 93 lakh (d) ₹ 115 lakh

OR

In a hypothetical economy, the following data is given:

S.No.	Items	Amount (in ₹ crore)
(i)	Merchandise exports	100
(ii)	Merchandise imports	90
(iii)	Tourism	70
(iv)	Net remittances from abroad	(-) 20

The value of balance on current account would be ₹ _____ crore.

9. Read the following statement—Assertion (A) and Reason (R). Choose one of the correct alternatives given below:

Assertion (A) : Additional investment has a multiplier effect on the level of income.

Reason (R) : Expenditure is an injection into the income generation process of the economy.

Alternatives:

- (a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).
(b) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A).
(c) Assertion (A) is true but Reason (R) is false.
(d) Assertion (A) is false but Reason (R) is true.

10. Read the following statement—Assertion (A) and Reason (R). Choose one of the correct alternatives given below:

Assertion (A) : APC shows consumption per unit of total income, whereas MPC shows consumption per unit of additional income.

Reason (R) : Slope of C-function is indicated by APC.

Alternatives:

- (a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).
 - (b) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A).
 - (c) Assertion (A) is true but Reason (R) is false.
 - (d) Assertion (A) is false but Reason (R) is true.
11. Calculate 'Net Value Added at Factor Cost' from the following data:

Items

(₹ in lakh)

(i) Durable use producer goods with a life span of 10 years	10
(ii) Single use producer goods	5
(iii) Domestic sales	13
(iv) Unsold output produced during the year	2
(v) Taxes on production	1
(vi) Exports	7

12. Explain the relation between the fall in price of a foreign currency and its demand. Give two examples.

OR

What is meant by disequilibrium of balance of payments? What are its different types?

13. In an economy $C = 200 + 0.5Y$ is the consumption function where C is the consumption expenditure and Y is the national income. Investment expenditure is ₹ 400 crore. Is the economy in equilibrium at an income level ₹ 1,500 crore? Justify your answer.
14. Giving reasons, state whether the following statements are true or false:
- (i) When marginal propensity to save is less than marginal propensity to consume, the value of investment multiplier will be greater than 5.
 - (ii) Value of investment multiplier varies between one and infinity.
15. Read the following case study carefully and answer the question on the basis of the same:

Commercial banks are essentially dealers in credit. Interest is the price that guides them in making business decision. They were initially started as institutions for meeting the short term credit requirements of trade industry and commerce and it remains their primary function even today. In view of that requirement, the legal framework never put restrictions on the credit creation power of these banks. However, legislation did require the central bank of each country to oversee. Credit must not be confused with money. Their nature and role in an economy differ. Money may be issued by the government or the central bank of a country and serves as a legal tender and unit of account for payments. It consists of notes and coins which together are called cash or currency. Money is an asset

of the holding public but it is a liability of the banks (or the government). In contrast, credit is a liability of the borrowing public (or the government) but an asset of the banks. The public keeps part of their cash holdings as demand deposits in the banks. We shall see that bank help multiply cash deposits manifold through their credit creation activities. Such deposits work as bank or credit money. Economists have long been arguing that the credit creation power of the banks is a societal asset and the profit they earn because of it must be shared with the Treasury to promote common good. They even propose that the mechanism of credit creation should be re-examined to see if it can be made the sole prerogative of the state so that the seigniorage it generates becomes available for public purposes.

Source: Hasan Zubair, *Credit Creation and Control: An Unresolved Issue in Islamic Banking*, International Islamic University Malaysia

Do you consider a commercial bank 'creator of money' in the economy?

OR

In the present scenario when the industrial growth is low, do you think a cut in repo rate by the RBI would accelerate the pace of industrial growth?

16. (a) Explain the concepts of Real GDP and Nominal GDP, using a suitable numerical example.
- (b) Will the following factor income be included in domestic factor income of India? Give reasons for your answer:
- (i) Compensation of employees to the resident of Japan working in Indian embassy in Japan.
 - (ii) Payment of fees to a chartered accountant by a firm.
 - (iii) Rent received by an Indian resident from Russian embassy in India.
 - (iv) Compensation given by insurance company to an injured worker.

17. (a)



Identify the budget type highlighted above along with stating its merits and demerits.

- (b) Distinguish between direct tax and indirect tax.

OR

- (a) State three sources each of revenue receipts and capital receipts in a government budget.
- (b) How good is disinvestment as a means to tackle revenue deficit in India?

SECTION-B: INDIAN ECONOMIC DEVELOPMENT

18. In the 20th century, under British rule, India had an export surplus. Where was this surplus used?

- (a) To invest in capital goods industries in India
- (b) To invest in capital goods industries in Britain
- (c) To meet the official and war expenses of the British
- (d) To pay the salaries of Indian government employees

19. Land reforms aimed at _____. (Fill up the blank with correct alternative)

- (a) increasing profit in the rural economy
- (b) increasing social welfare
- (c) promoting equality in Indian agriculture
- (d) none of these

OR

In small-scale industry, investment limit is:

- (a) < ₹1 crore
- (b) < ₹5 crore
- (c) < ₹10 crore
- (d) < ₹20 crore

20. Which of the following countries has the least urbanised population?

- (a) India
- (b) China
- (c) Pakistan
- (d) None of these

OR

China has performed better with regard to:

- (a) nourishment
- (b) maternal mortality rate
- (c) infant mortality rate
- (d) all of these

21. SHG means:

- (a) Small Help Group
- (b) Self Help Group
- (c) both (a) and (b)
- (d) none of these

22. From the set of statements given in Column I and Column II, choose the correct pair of statements:

Column I	Column II
A. Reforms introduced in China	(i) 1976
B. First Five Year Plan in Pakistan	(ii) 1955
C. India	(iii) Has the most skewed sex ratio
D. Introduction of commune system in China	(iv) 1976

Alternatives:

(a) A—(i)

(c) C—(iii)

(b) B—(ii)

(d) D—(iv)

23. Read the following statements carefully.

Statement 1 : Human capital formation gives birth to innovative skill which leads to innovations, inventions and technical improvements.

Statement 2 : Human capital formation increases productivity of physical capital.

In the light of the given statements, choose the correct alternative:

(a) Statement 1 is true and statement 2 is false

(b) Statement 1 is false and statement 2 is true

(c) Both statements 1 and 2 are true

(d) Both statements 1 and 2 are false

24. Read the following statements carefully.

Statement 1 : Economic reforms in China were dictated by the World Bank and International Monetary Fund.

Statement 2 : The reforms introduced in 1978 failed to sustain the pace of growth of China.

In the light of the given statements, choose the correct alternative:

(a) Statement 1 is true and statement 2 is false

(b) Statement 1 is false and statement 2 is true

(c) Both statements 1 and 2 are true

(d) Both statements 1 and 2 are false

25. The use of biofertilizers is being promoted as a part of _____ scheme.
(Fill up the blank with correct alternative)

(a) National Mission on Sustainable Agriculture

(b) National Mission on Agricultural Development

(c) National Mission on Environmental Protection

(d) None of these

OR

Which of the following is an example of natural resources?

(a) Water

(b) Minerals

(c) Air

(d) All of these

26. Read the following statement—Assertion (A) and Reason (R). Choose one of the correct alternatives given below:

Assertion (A) : A huge percentage of female workforce is engaged in primary sector.

Reason (R) : Mobility of women in rural areas is extremely low.

Alternatives:

(a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).

(b) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A).

(c) Assertion (A) is true but Reason (R) is false.

(d) Assertion (A) is false but Reason (R) is true.

27. Read the following statement—Assertion (A) and Reason (R). Choose one of the correct alternatives given below:

Assertion (A) : Pakistan has experienced a phenomenal rise in its growth rate.

Reason (R) : Domestic investment and FDI has been shrinking in Pakistan.

Alternatives:

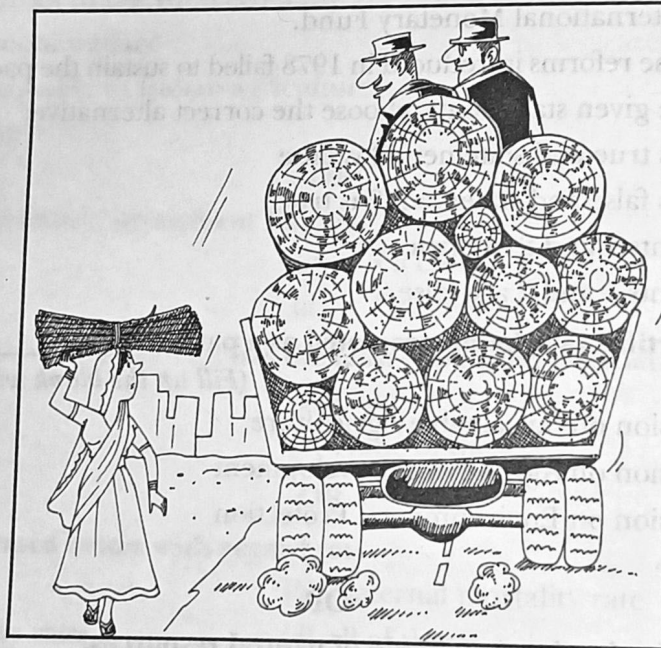
(a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).

(b) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A).

(c) Assertion (A) is true but Reason (R) is false.

(d) Assertion (A) is false but Reason (R) is true.

28. Interpret the given picture on account of environmental degradation in India.



Source: Global Issues

29. How economic activity is different from production activity?

OR

State four principal sources of institutional credit in rural India.

30. Compare and analyse the given data of India and China with valid arguments.

Annual Growth of Gross Domestic Product (%), 1980-2017

Country	1980-90	2015-2017
India	5.7	7.3
China	10.3	6.8

Source: Key Indicators for Asia and Pacific 2016, Asian Development Bank, Philippines; World Development Indicators 2018

31. (a) Define fiscal reforms.
(b) Is agricultural subsidy a virtue?

OR

What were the reasons behind the adoption of inward looking trade strategy by India post-independence?

32. (a) State, giving valid reasons whether the following statement is true or false.
Human Capital Formation gives birth to innovation, invention and technological improvements.
(b) Discuss the need for on-the-job training for an employee.
33. (a) Distinguish between 'Green Revolution' and 'Golden Revolution'.
(b) Identify the benefits of organic farming.
(c) Identify the limitations of organic farming.

OR

- (a) "Human Capital Formation gives birth to innovation, invention and technological improvements." Do you agree with the given statement? Support your answer with valid arguments.

(b) Comment upon the informalisation of labour force in India.

34. **Read the following text carefully and answer the given questions on the basis of the same and common understanding:**

Subsidies are a created, administered device intended for use only until such a time the basic set-up of the programme of activity can take up its own protection through its required competitiveness. If it fails to happen there is no reason to protect it. The trend that the beneficiaries of subsidies expect them for every new programme and hope continuance of subsidies is noteworthy. Economists advocate that subsidies should be selective, limited and specially targeted for weaker sections only. Subsidies alter relative prices and budget constraints and thereby affect decisions concerning production, consumption and allocation of resources. Like many other countries, subsidies in Indian economy are pervasive. These are explicit or hidden and include the areas such as education, health, environment and variety of economic activities including agriculture and transport.

Source: Study Agro-economic Research Centre, MP, June 2004

- (a) Why do we need second Green Revolution? State the key issues that India needs to focus upon for the second Green Revolution.
(b) While subsidies encourage farmers to use new technology, they are a huge burden on government finances. Discuss the usefulness of subsidies in the light of this fact.

III