

Series : AAB4/3

TEST PAPER CBSE 2022-23

SET - 1

Question Paper Code No. 58/3/1

Roll No.

--	--	--	--	--	--	--	--

Candidates Must write the Code on
the title page of the answer-book.

- Please check that this question paper contains 16 printed pages.
- Code number given on the right-hand side of the question paper should be written on the title page of the answer-book by the candidate.
- Please check that this question paper contains 34 questions.
- Please write down the Serial Number of the question in the answer-book before attempting it.
- 15 minutes time has been allotted to read this question paper. The question paper will be distributed at 10.15 a.m. From 10.15 a.m. to 10.30 a.m., the students will read the question paper only and will not write any answer on the answer-book during this period.

ECONOMICS

Time allowed: 3 hours

Maximum Marks: 80

GENERAL INSTRUCTIONS:

Read the following instructions very carefully and strictly follow them:

Read the following instructions carefully and strictly follow them :

*(i) This question paper contains **34** questions. All questions are compulsory.*

(ii) This question paper contains two Sections :

Section A Macro Economics

Section B Indian Economic Development

*(iii) This paper contains **20** Multiple Choice Questions Type questions of **1 mark** each.*

*(iv) This paper contains **4 Short Answer Questions Type-I** questions of **3 marks** each to be answered in **60 to 80 words**.*

*(v) This paper contains **6 Short Answer Questions Type-II** questions of **4 marks** each to be answered in **80 to 100 words**.*

*(vi) This paper contains **4 Long Answer Questions Type** questions of **6 marks** each to be answered in **100 to 150 words**.*

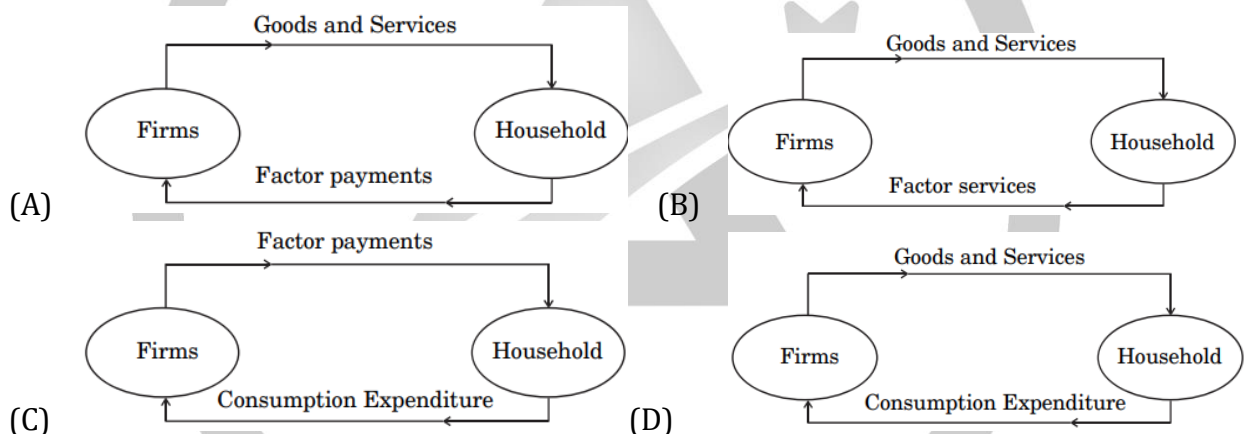
(vii) Attempt all parts of a question together.

SECTION-A (MACRO ECONOMIC)

1. Read the following statements carefully : [1]
- Statement 1** : Primary deposits are the cash deposits by general public with commercial banks.
- Statement 2** : Secondary deposits are those deposits which arise on account of credit provided by the commercial banks to the people.
- In light of the given statements, choose the correct alternative from the following : 1
- (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. The difference between National Income at market price and National Income at factor cost is _____. [1]
- (a) Net indirect taxes (b) Net factor income from abroad
 (c) Consumption of fixed capital (d) Market price

OR

Identify which of the following represents only the real flow : [1]



3. The rate at which commercial banks borrow from the Reserve Bank of India to meet their long-term requirements is known as _____. [1]
- (a) Margin requirement (b) Bank rate
 (c) Repo rate (d) Reverse repo rate
4. Read the following statements carefully : [1]
- Statement 1** : Borrowings by a nation from the World Bank to finance Balance of Payment (BoP) deficit will be recorded in the capital account.
- Statement 2** : Autonomous transactions are independent of the condition of Balance of Payment (BoP) account.
- In 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.

5. Read the following news report carefully : [1]
 "The central bank has imposed fine on Hisar Urban Cooperative Bank Ltd. and Andaman and Nicobar State Cooperative Bank Ltd. for violation of banking norms."
 According to the given report, identify the function of the central bank.
 (a) Issue of currency (b) Banker to the public
 (c) Banker to the Government (d) Banker's Bank
6. If the value of investment multiplier = 4 and Dissaving's = (-) 60, identify the correct Saving function from the following : [1]
 (a) $S = (-) 60 + 0.25 Y$ (b) $S = (-) 60 + 0.75 Y$
 (c) $S = (-) 60 + 0.20 Y$ (d) $S = (-) 60 + 0.60 Y$

OR

For the given Consumption function, $C = 205 + 0.9 Y$, the value of investment multiplier would be _____.

- (a) 0.09 (b) 10.0
 (c) 0.9 (d) 9.0
7. Read the following statements : Assertion (A) and Reason (R). Choose the correct alternative given below : [1]
Assertion (A) : Before reaching the Break-Even level of income, the value of Average Propensity to Consume (APC) is greater than one.
Reason (R) : The Average Propensity to Consume (APC) is the ratio of the total consumption and total income.
 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, but Reason (R) is not the correct explanation of Assertion (A).
 (c) Assertion (A) is true and Reason (R) is false.
 (d) Assertion (A) is false and Reason (R) is true.
8. Suppose that the Balance of Trade of a nation exhibits a deficit of ₹ 50,000 crore. The import of visible items are five times of the exports of visible items. The value of exports of visible items would be ₹ _____ crore. [1]
 (a) 20,000 (b) 10,000
 (c) 12,500 (d) 20,300

OR

Gifts and remittances sent abroad are recorded on the _____ side of the _____ account in Balance of Payment. [1]

- (a) Credit, capital (b) Debit, capital
 (c) Credit, current (d) Debit, current
9. Identify which of the following equations is true. [1]
 (a) $MPC + MPS = 0$ (b) $MPC + MPS = 1$
 (c) $MPC + MPS > 1$ (d) $MPC + MPS < 1$

10. A situation in which an able-bodied person is not willing to work at the existing wage rate, is referred to as _____ situation. [1]
- (a) Full employment (b) Involuntary unemployment
(c) Voluntary unemployment (d) Disguised unemployment

11. Distinguish between 'Value Addition' and 'Final of Output; [3]

OR

Find the Value Added by Firm A, from the following information : [3]

S.No.	Particulars	Amount (In ₹ crore)
(i)	Purchase of factor inputs by Firm A	5
(ii)	Purchase of non-factor inputs by Firm A	2
(iii)	Sales by Firm A to other firms in the domestic economy	10
(iv)	Import of raw materials by firm A from rest of the world	50
(v)	Excess of opening stock over closing stock	3

12. "There exists a positive relation between foreign exchange rate and supply of foreign exchange." Do you agree with the given statement ? Justify your answer with valid arguments. [3]
13. Describe the adjustment mechanism if ex-ante savings are less than ex-ante investments. [4]
14. Read the following news published on September 26, 2022 :
"The central bank has increased the benchmark lending rate by 140 basis points."
Identify the likely cause and consequences behind this action taken by the Reserve Bank of India. [4]
15. Explain the 'Government's Bank' function of the central bank. [4]

OR

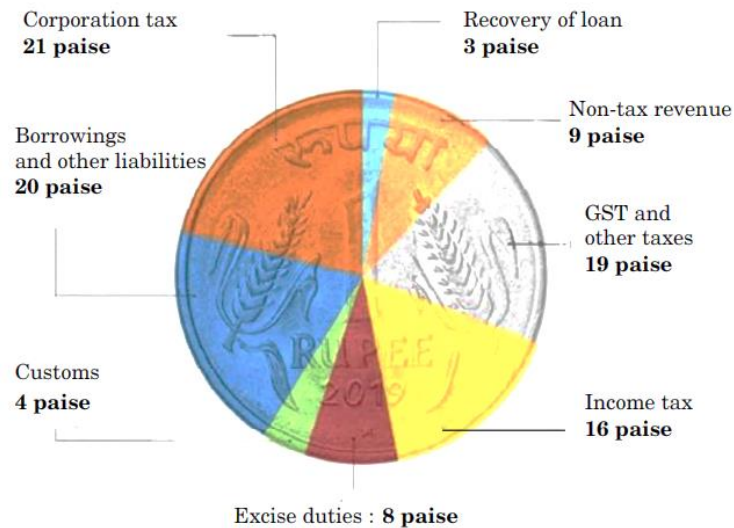
Using a hypothetical numerical example, explain the effect of rise in Reserve Ratio on credit creation by the commercial banks. [4]

16. (a) "National Income is always greater than Domestic Income." Do you agree with the given statement ? Support your answer with a valid reason. [3]
- (b) "In the estimation of Gross Domestic Product (GDP) using expenditure method, focus lies only on expenditure by the residents of the country."
Do you agree with the given statement? Give valid reasons for your answer. [3]

17. (i) From the information given in the diagram, categorize the items into revenue receipts and capital receipts, stating valid reasons. [4]

WHERE INDIA GETS ITS MONEY FROM?

For every ₹ 1 that the Govt. earns



- (ii) Distinguish between Revenue deficit and Fiscal deficit. [2]

OR

- (i) From the following data, calculate the primary deficit. [3]

S.No.	Particulars	Amount (in ₹ crore)
(i)	Revenue deficit	40
(ii)	Non-debt creating capital receipts	190
(iii)	Tax revenue	125
(iv)	Capital expenditure	220
(v)	Interest payments	20

- (ii) Elaborate 'Economic stability' function of the Government Budget. [3]

SECTION-A (INDIAN ECONOMIC DEVELOPMENT)

18. Read the following statements carefully : [1]

Statement 1 : Commercialization of agriculture under the British rule was responsible for frequent famines between 1875 and 1900.

Statement 2 : During British rule, India began to export food grains.

In 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.

19. Read the following statements carefully : [1]

Statement 1 : The purchase of food grains made by the Government on the Minimum Support Price (MSP) is maintained as buffer stock.

Statement 2 : Minimum Support Price safeguards the farmers against any sharp fall in farm product prices.

In 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

Identify the incorrect statement from the following : [1]

- (a) Import substitution was the strategy used to save foreign exchange.
- (b) License policy ensured regional equality.
- (c) Russian economic model was the base for the Indian economic system.
- (d) Small Scale Industries are one of the essential tools for employment generation.

20. Mini-hydel plants are good for the environment because : [1]

- (i) They generate electricity only for local areas.
- (ii) They do not change the land use pattern.
- (iii) They rely on the perennial streams.

Alternatives :

- (a) (i), (ii) and (iii)
- (b) (ii) and (iii)
- (c) (i) only
- (d) (i) and (ii)

21. The Great Leap Forward (GLF) campaign in China focused on _____. [1]

- (a) Widespread industrialisation
- (b) New agricultural strategy
- (c) Privatisation
- (d) Economic reforms

OR

India is **not** a member of which of the following regional / global economic groups ? [1]

- (a) European Union
- (b) BRICS
- (c) G20
- (d) SAARC

22. 'Skill India' programme launched by the Government is not an attempt to increase _____ in India. [1]

- (a) Human capital formation
- (b) Efficient utilisation of inputs
- (c) Increase in GDP growth
- (d) Inadequate spread of vocational education

23. Identify the correct alternative with reference to the following statement : [1]

"Between 1966 – 76, Mao introduced this movement under which professionals and students were asked to work and learn from real life situations prevailing in the countryside of China."

- (a) Commune System
- (b) Great Leap Forward
- (c) Open Door Policy
- (d) Great Proletarian Cultural Revolution

24. Read the following statements carefully : [1]

Statement 1 : In both India and Pakistan, the service sector has been emerging as a major source of development.

Statement 2 : Amongst the neighbours of India, China has the highest life expectancy rate.

In 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.

25. Workers who are on the permanent pay-roll of their employer are called _____ workers. [1]

- (a) Self-employed
- (b) Casual
- (c) Regular
- (d) Hired

OR

Jobless growth leads to unemployment because _____. [1]

- (a) Labour refuses to migrate
- (b) Labour is very expensive
- (c) Growth rate is low
- (d) Growth is due to technological development

26. Production of diverse varieties of crops rather than one specialized crop is called _____. [1]

- (a) Diversification of crops
- (b) Diversification of agricultural production
- (c) Diversification in sectors
- (d) Diversification of employment

27. Read the following statements carefully : [1]

Statement 1 : India announced its First Five-Year Plan in 1951.

Statement 2 : India, Pakistan and China adopted economic planning as the core development strategy.

In 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.

28. Interpret the given picture, on account of current environmental challenges : [3]



29. Critically evaluate the role of rural banking system in the process of rural development in India. [3]

OR

"Dr. Khurana, a dentist, ran his clinic in an economically backward area. He was earning a comparatively low income. So, he decided to move to a city and spent a huge amount for the same."

Identify and explain the type of expenditure incurred by Dr. Khurana, which directly contributed to the process of human capital formation. [3]

30. Explain valid reasons for the slow growth and re-emergence of poverty in Pakistan. [4]

31. (a) Explain briefly the rationale behind the ' License Raj' under the Industrial Policy Resolution, 1956. [3]

(b) Define Multilateral trade. [1]

32. State and elaborate whether the following statement is true or false, with valid arguments: "Indian economy has showed satisfactory progress towards formalization of workforce in the recent past." [4]

OR

"In India, the self - employed constitute around 60% employees. The possible incidence of under employment is the highest among the self- employed."

As an economist, suggest and elaborate any two measures that may be taken to ensure more productive employment for the self-employed. [4]

33. (i) Why are less women found in regular salaried employment ? [3]

(ii) Distinguish between human capital and physical capital. [3]

OR

(i) State and discuss any one strategy involved in attaining sustainable development in India. [3]

(ii) Discuss briefly the importance of micro credit programme in rural India. [3]

34. Read the following text carefully :

According to NITI Aayog, India has a technological advantage to facilitate digital banks. There is a need for creating a regulatory framework for promoting this.

NITI Aayog, in its report titled "Digital Banks : A Proposal for Licensing and Regulatory Regime for India", offers a template and roadmap for a digital bank licensing and regulatory regime for a country. India's public digital infrastructure, especially Unified Payments Interface (UPI) has successfully faced this.

With Aadhar, India is at the cusp of operationalizing its own open banking framework. This demonstrates that India has the technology stock to fully facilitate digital banks.

Digital banking allows a user to set up automatic payments for regular utility bills. Digital banking enables fund transfers to reduce the risk of counterfeit currency. By promoting a cashless society, digital banking restricts the circulation of black money.

On the basis of the given text and common understanding, answer the following questions :

(a) Which institution has been replaced by NITI Aayog in India ? Who is the ex-officio Chairman of NITI Aayog ? [2]

(b) State and discuss any two main advantages of digital banking. [4]