

SET – 3

Series : SSO/1/C

कोड नं. **58/1/3**
Code No.

रोल नं.

Roll No.

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परीक्षार्थी कोड को उत्तर-पुस्तिका के मुख-पृष्ठ पर अवश्य लिखें ।

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

- कृपया जाँच कर लें कि इस प्रश्न-पत्र में मुद्रित पृष्ठ **12** हैं ।
- प्रश्न-पत्र में दाहिने हाथ की ओर दिए गए कोड नम्बर को छात्र उत्तर-पुस्तिका के मुख-पृष्ठ पर लिखें ।
- कृपया जाँच कर लें कि इस प्रश्न-पत्र में **29** प्रश्न हैं ।
- कृपया प्रश्न का उत्तर लिखना शुरू करने से पहले, प्रश्न का क्रमांक अवश्य लिखें ।
- इस प्रश्न-पत्र को पढ़ने के लिए 15 मिनट का समय दिया गया है । प्रश्न-पत्र का वितरण पूर्वाह्न में 10.15 बजे किया जायेगा । 10.15 बजे से 10.30 बजे तक छात्र केवल प्रश्न-पत्र को पढ़ेंगे और इस अवधि के दौरान वे उत्तर-पुस्तिका पर कोई उत्तर नहीं लिखेंगे ।
- Please check that this question paper contains **12** 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 **29** questions.
- **Please write down the Serial Number of the question 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.

अर्थशास्त्र
ECONOMICS

निर्धारित समय : 3 घण्टे]

Time allowed : 3 hours]

[अधिकतम अंक : 100

[Maximum Marks : 100

सामान्य निर्देश :

- (i) दोनों खण्डों के **सभी** प्रश्न अनिवार्य हैं ।
- (ii) प्रत्येक प्रश्न के निर्धारित अंक उसके सामने दिए गए हैं ।
- (iii) प्रश्न संख्या **1 – 3** तथा **15 – 19** अति लघूत्तरात्मक प्रश्न हैं, जिनमें प्रत्येक का **1** अंक है । इनका प्रत्येक का उत्तर **एक वाक्य** में ही अपेक्षित है ।
- (iv) प्रश्न संख्या **4 – 8** और **20 – 22** लघूत्तरात्मक प्रश्न हैं, जिनमें प्रत्येक के **3** अंक हैं । प्रत्येक का उत्तर सामान्यतः **60** शब्दों से अधिक नहीं होना चाहिए ।
- (v) प्रश्न संख्या **9 – 10** और **23 – 25** भी लघूत्तरात्मक प्रश्न हैं, जिनमें प्रत्येक के **4** अंक हैं । प्रत्येक का उत्तर सामान्यतः **70** शब्दों से अधिक नहीं होना चाहिए ।
- (vi) प्रश्न संख्या **11 – 14** और **26 – 29** दीर्घ उत्तरात्मक प्रश्न हैं, जिनमें प्रत्येक के **6** अंक हैं । प्रत्येक का उत्तर सामान्यतः **100** शब्दों से अधिक नहीं होना चाहिए ।
- (vii) उत्तर संक्षिप्त तथा तथ्यात्मक होने चाहिए तथा यथासंभव ऊपर दी गई शब्द सीमा के अंतर्गत ही दिए जाने चाहिए ।

58/1/3

1

[P.T.O.]

General Instructions :

- (i) *All questions in both the sections are compulsory.*
- (ii) *Marks for questions are indicated against each question.*
- (iii) *Questions No.1-3 and 15-19 are very short-answer questions carrying 1 mark each. They are required to be answered in **one sentence** each.*
- (iv) *Questions No. 4-8 and 20-22 are short-answer questions carrying 3 marks each. Answers to them should normally not exceed **60** words each.*
- (v) *Questions No. 9-10 and 23-25 are also short-answer questions carrying 4 marks each. Answers to them should normally not exceed **70** words each.*
- (vi) *Questions No. 11-14 and 26-29 are long-answer questions carrying 6 marks each. Answers to them should normally not exceed **100** words each.*
- (vii) *Answers should be brief and to the point and the above word limits should be adhered to as far as possible.*

खण्ड – अ
Section – A

1. एक वस्तु की 5 इकाइयाँ बेचने पर कुल संप्राप्ति (आगम) ₹ 100 है । 6 इकाइयाँ बेचने पर सीमान्त संप्राप्ति ₹ 8 है । 6 इकाइयाँ किस कीमत पर बेची जाती हैं ? (सही विकल्प चुनिए)
- (a) ₹ 28 प्रति इकाई
 - (b) ₹ 20 प्रति इकाई
 - (c) ₹ 18 प्रति इकाई
 - (d) ₹ 12 प्रति इकाई

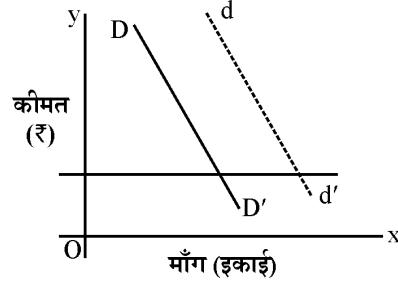
When 5 units of a goods are sold, total revenue is ₹ 100. When 6 units are sold, marginal revenue is ₹ 8. At what price are 6 units sold ? (Choose the correct alternative)

- (a) ₹ 28 per unit
- (b) ₹ 20 per unit
- (c) ₹ 18 per unit
- (d) ₹ 12 per unit

2. कोई एक आर्थिक उपाय सुझाइए जिसके द्वारा सरकार 'खादी' के उपभोग को प्रोत्साहित कर सकती है । 1

Suggest any one economic measure by which the government can promote consumption of 'Khadi'.

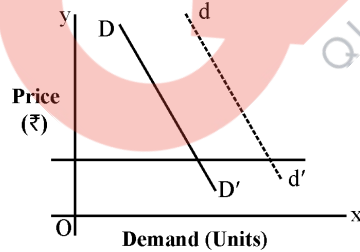
3. एक वस्तु की माँग वक्र DD' से खिसक कर dd' हो जाती है । 1



इसका कारण : (सही विकल्प चुनिए)

- (a) वस्तु की कीमत कम होना हो सकता है ।
- (b) वस्तु की कीमत बढ़ना हो सकता है ।
- (c) प्रतिस्थापन वस्तु की कीमत बढ़ना हो सकता है ।
- (d) पूरक वस्तु की कीमत बढ़ना हो सकता है ।

The demand curve of a goods shifts from DD' to dd'.



This shift can be caused by : (Choose the correct alternative)

- (a) fall in the price of the goods.
- (b) rise in the price of the goods.
- (c) rise in the price of substitute goods.
- (d) rise in the price of complementary goods.

4. केन्द्रीय समस्याएँ क्यों उत्पन्न होती हैं ? समझाइए । 3

Why do central problems arise ? Explain.

5. जम्मू और कश्मीर में आई बाढ़ के उसकी उत्पादन संभावना सीमा (वक्र) पर प्रभाव की व्याख्या कीजिए । 3

Explain the effects of floods in Jammu and Kashmir on its production possibilities frontier.

6. भारत सरकार कुछ फसलों के लिए 'समर्थन मूल्य' क्यों निर्धारित करती है ? समझाइए । 3

Why does the government of India fix 'support price' for some crops ? Explain.

7. पूर्ण और अपूर्ण अल्पाधिकार में भेद कीजिए ।

अथवा

एकाधिकारात्मक प्रतियोगिता में औसत संप्राप्ति (आगम) वक्र का ढलान ऋणात्मक क्यों होता है ? समझाइए । 3

Distinguish between perfect and imperfect oligopoly.

OR

Why is average revenue curve negatively sloped under monopolistic competition ? Explain.

8. सीमान्त लागत और औसत परिवर्ती लागत के बीच सम्बन्ध की व्याख्या कीजिए । 3

Explain the relationship between marginal cost and average variable cost.

9. वस्तु की कीमत और माँग में विपरीत सम्बन्ध सिद्ध कीजिए । उपयोगिता विश्लेषण का उपयोग कीजिए । 4

अथवा

माँग की कीमत लोच को प्रभावित करने वाले किन्हीं दो कारकों की व्याख्या कीजिए ।

Show that price and demand of a commodity are inversely related ? Use utility analysis.

OR

Explain **any two** factors that affect price elasticity of demand.

10. वस्तु की 'बाजार माँग' की परिभाषा दीजिए । इसको प्रभावित करने वाले कारक बताइए । 4

Define 'market demand' for a goods. State the factors that affect it.

11. उपभोक्ता संतुलन की परिभाषा दीजिए । अनधिमान वक्र विश्लेषण के अन्तर्गत इसकी शर्तों की व्याख्या कीजिए । 6

Define consumer's equilibrium. Explain its conditions under indifference curve analysis.

12. उत्पादक के संतुलन की शर्तें समझाइए । 6

अथवा

निम्नलिखित में क्या सम्बन्ध होता है ?

- (a) सीमान्त संप्राप्ति (आगम) और औसत संप्राप्ति,
(b) कुल संप्राप्ति और सीमान्त संप्राप्ति

Explain the conditions of producer's equilibrium.

OR

What is the relationship between :

- (a) Marginal revenue and Average revenue
(b) Total revenue and Marginal revenue

13. परिवर्ती अनुपातों के नियम की सीमान्त उत्पाद और कुल उत्पाद वक्रों की सहायता से व्याख्या कीजिए । 6

Explain the law of variable proportions with the help of marginal product and total product curves.

निम्नलिखित प्रश्न केवल दृष्टिहीन परीक्षार्थियों के लिए प्रश्न संख्या 13 के स्थान पर है :

परिवर्ती अनुपातों का नियम एक तालिका की सहायता से समझाइए ।

The following question is for the **Blind Candidates** only in lieu of Q. No. 13.

Explain the law of variable proportions with the help of a schedule.

14. X वस्तु इसके उपभोक्ताओं के लिए एक सामान्य वस्तु है। उनकी आय बढ़ जाती है। इसके X की संतुलन कीमत, माँग और पूर्ति पर प्रभावों की श्रृंखला की व्याख्या कीजिए। (रेखाचित्र का प्रयोग कीजिए)

6

X is a normal goods for its consumers. Their income increases. Explain its chain of effects on equilibrium price, demand and supply of X. (use diagram)

निम्नलिखित प्रश्न केवल दृष्टिहीन परीक्षार्थियों के लिए प्रश्न संख्या 14 के स्थान पर है :

एक वस्तु की पूर्ति में “कमी” के उसकी संतुलन कीमत, माँग और पूर्ति पर प्रभावों की श्रृंखला की व्याख्या कीजिए।

The following question is only for **Blind Candidates** in lieu of **Q. No. 14.**

Explain the chain of effects of “decrease” in supply of a commodity on its equilibrium price, demand and supply.

खण्ड – ब

Section – B

15. निम्नलिखित में से कौन सा मुद्रा का कार्य नहीं है ? (सही विकल्प चुनिए)

1

- (a) विनिमय का माध्यम
- (b) कीमत स्थिरता
- (c) मूल्य संचय
- (d) लेखा की इकाई

Which of the following is not a function of money ? (Choose the correct alternative)

- (a) medium of exchange
- (b) price stability
- (c) store of value
- (d) unit of account

16. निम्नलिखित कथनों में से कौन सा सही है ?

1

- (a) कुल व्यय और कुल प्राप्तियों का अन्तर राजकोषीय घाटा होता है ।
- (b) कुल प्राप्तियों और ब्याज भुगतान का अन्तर प्राथमिक घाटा होता है ।
- (c) राजकोषीय घाटा प्राथमिक घाटे और ब्याज भुगतान का योग होता है ।

Which of the following statements is true ?

- (a) Fiscal deficit is the difference between total expenditure and total receipts.
- (b) Primary deficit is the difference between total receipt and interest payments.
- (c) Fiscal deficit is the sum of primary deficit and interest payment.

17. निम्नलिखित में से कौन सा प्रवाह नहीं है ? (सही विकल्प चुनिए)

1

- (a) पूँजी
- (b) आय
- (c) निवेश
- (d) घिसावट

Which of the following is not a flow ? (Choose the correct alternative)

- (a) Capital
- (b) Income
- (c) Investment
- (d) Depreciation

18. मुद्रा पूर्ति के घटक बताइए ।

1

State the components of money supply.

19. निम्नलिखित में से कौन सा प्रत्यक्ष करों का जोड़ा है ? (सही विकल्प चुनिए)

1

- (a) उत्पादन शुल्क और सम्पत्ति कर
- (b) सेवा कर और आय कर
- (c) उत्पादन शुल्क और सेवा कर
- (d) सम्पत्ति कर और आय कर

Which one of the following is a combination of direct taxes ? (Choose the correct alternative)

- (a) Excise duty and Wealth tax
- (b) Service tax and Income tax
- (c) Excise duty and Service tax
- (d) Wealth tax and Income tax

20. निवेश गुणक और समग्र पूर्ति के अर्थ बताइए ।

3

अथवा

समग्र माँग और पूर्ण रोजगार के अर्थ बताइए ।

Give the meaning of investment multiplier and aggregate supply.

OR

Give the meaning of aggregate demand and full employment.

21. विदेशी मुद्रा की कीमत में वृद्धि के निर्यात पर प्रभाव की व्याख्या कीजिए ।

3

Explain the effect of rise in price of foreign currency on exports.

22. आय के संतुलित स्तर का परिकलन कीजिए :

3

- (a) स्वायत्त उपभोग = 200
(b) सीमान्त उपभोग प्रवृत्ति = 0.9
(c) निवेश व्यय = 1000

Calculate equilibrium level of income :

- (a) Autonomous consumption = 200
(b) Marginal propensity to consume = 0.9
(c) Investment expenditure = 1000

23. स्वायत्त और समायोजन हेतु लेन-देनों में भेद कीजिए । इस भेद का महत्त्व समझाइए ।

4

Distinguish between autonomous and accommodating transactions of balance of payments account. Explain the significance of this distinction.

24. निम्नलिखित आँकड़ों से कारक लागत पर निवल मूल्य संवृद्धि का परिकलन कीजिए :
(₹ करोड़ों में)

4

- (i) बिक्री 300
(ii) प्रारम्भिक स्टॉक 40
(iii) घिसावट 30
(iv) मध्यवर्ती उपभोग 120
(v) निर्यात 50
(vi) स्टॉक में परिवर्तन 20
(vii) निवल अप्रत्यक्ष कर 15
(viii) विदेशों को कारक आय 10

From the following data, calculate net value added at factor cost.

(₹ in crores)

(i)	Sales	300
(ii)	Opening stock	40
(iii)	Depreciation	30
(iv)	Intermediate consumption	120
(v)	Exports	50
(vi)	Change in stock	20
(vii)	Net indirect taxes	15
(viii)	Factor income to abroad	10

25. मध्यवर्ती वस्तुओं और अन्तिम वस्तुओं में भेद कीजिए । प्रत्येक का एक उदाहरण दीजिए ।

4

अथवा

आय के चक्रीय प्रवाह की व्याख्या कीजिए ।

Distinguish between intermediate goods and final goods. Give an example of each.

OR

Explain the circular flow of income.

26. समग्र माँग और समग्र पूर्ति के बराबर न होने की स्थिति में जो परिवर्तन होते हैं, उनकी व्याख्या कीजिए ।

6

Explain the changes that take place when aggregate demand and aggregate supply are not equal.

27. आय और सम्पत्ति की असमानताओं को कम करने की आवश्यकता की व्याख्या कीजिए । किन्हीं दो बजटीय उपायों की व्याख्या कीजिए जिनके द्वारा यह किया जा सकता है ।

6

Explain the need for reduction in inequalities of income and wealth. Explain any two budgetary measures by which it can be done.

28. केन्द्रीय बैंक के किन्हीं दो मुख्य कार्यों का वर्णन कीजिए ।

6

अथवा

बैंक दर में परिवर्तन अर्थव्यवस्था में मुद्रा पूर्ति को कैसे प्रभावित करते हैं ? समझाइए ।

Describe any **two** main functions of a central bank.

OR

How do changes in Bank Rate affect the money supply in an economy ? Explain.

29. (a) राष्ट्रीय आय और (b) निवल राष्ट्रीय प्रयोज्य आय का परिकलन कीजिए :

4, 2

	(₹ करोड़ों में)
(i) सकल देशीय अचल पूँजी निर्माण	200
(ii) स्टॉक में परिवर्तन	(-) 30
(iii) विदेशों को निवल कारक आय	50
(iv) निजी अन्तिम उपभोग व्यय	1500
(v) निवल अप्रत्यक्ष कर	100
(vi) निवल निर्यात	60
(vii) लाभ	500
(viii) सरकारी अन्तिम उपभोग व्यय	600
(ix) अचल पूँजी का उपभोग	20
(x) विदेशों को निवल चालू हस्तांतरण	(-) 10

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Calculate (a) national income and (b) net national disposable income.

(₹ in crores)

(i)	Gross domestic fixed capital formation	200
(ii)	Change in stock	(-) 30
(iii)	Net factor income to abroad	50
(iv)	Private final consumption expenditure	1500
(v)	Net indirect taxes	100
(vi)	Net exports	60
(vii)	Profit	500
(viii)	Government final consumption expenditure	600
(ix)	Consumption of fixed capital	20
(x)	Net current transfers to abroad	(-) 10

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SENIOR SCHOOL CERTIFICATE EXAMINATION
JULY-2015

MARKING SCHEME – ECONOMICS (DELHI)

Expected Answers / Value Points

(SET-III)

GENERAL INSTRUCTIONS :

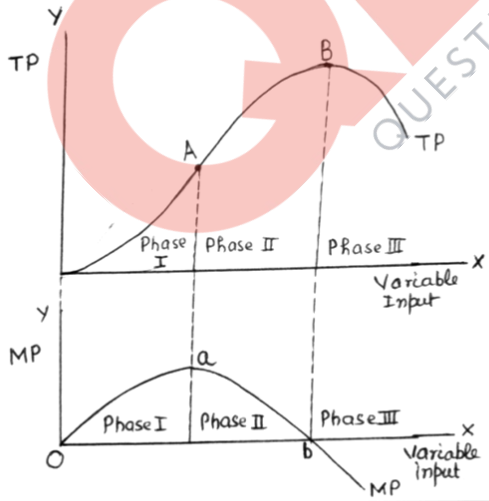
1. Please examine each part of a question carefully and then allocate the marks allotted for the part as given in the marking scheme below. TOTAL MARKS FOR ANY ANSWER MAY BE PUT IN A CIRCLE ON THE LEFT SIDE WHERE THE ANSWER ENDS.
2. Expected suggested answers have been given in the Marking Scheme. To evaluate the answers the value points indicated in the marking scheme be followed.
3. For questions asking the candidate to explain or define, the detailed explanation and definition have been indicated alongwith the value points.
4. For mere arithmetical errors, there should be minimal deduction. Only $\frac{1}{2}$ mark be deducted for such an error.
5. Wherever only two / three or a “given” number of examples / factors / points are expected only the first two / three or expected number should be read. The rest are irrelevant and must not be examined.
6. There should be no effort at “moderation” of the marks by the evaluating teachers. The actual total marks obtained by the candidate may be of no concern to the evaluators.
7. Higher order thinking ability questions are assessing student’s understanding / analytical ability.

General Note : In case of numerical question no mark is to be given if only the final answer is given.

A3	Expected Answer / Value Points	Distribution of Marks
1	(c) Rs. 18 Per unit	1
2	Reduce price by giving subsidy. (or any other relevant measure)	1
3	(c) Rise in the prices of substitute goods.	1
4	Central problems arise because resources are scarce and have alternate uses and wants are unlimited.	3
5	Floods have damaged and reduced resources. Since potential production declines the production possibility frontier shifts to the left.	3
6	For some crops fall in price below a certain level is not good for the farmers. Hence the government fixes minimum price for these crops.	3

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7	When firms in oligopoly produce homogenous products it is called perfect oligopoly, whereas when firms produce differentiated products it is called imperfect oligopoly. OR Under monopolistic competition the products are differentiated or heterogeneous. A firm can sell more by reducing the price, as its product is a close substitute for other firms' products.	3 3
8	When $MC < AVC$, then AVC falls When $MC = AVC$, then AVC is constant When $MC > AVC$, then AVC rises	1x3
9	A consumer buys a good upto the point where Price = MU Now suppose price falls, it makes Price < MU Since price is lower than MU, this induces the consumer to buy more units of the good. It shows inverse relation between price and demand. OR (i) Nature of the good : If good is a necessity, its demand is not likely to be affected by change in its price. So, demand for such goods is price – inelastic. On the other hand, demand for luxuries is elastic, because with rise in price consumer may reduce demand for luxuries. (ii) Availability of the close substitutes of the good. Larger the number of substitutes available more is the choice before the consumer and so more elastic is the demand. (Any other relevant factor)	4 2 2
10	Market demand is sum of the demand of all buyers of a commodity at a given price during a period of time. Factor affecting market demand: (i) Number of buyers. (ii) Price of the commodity (iii) Income of its buyers (iv) Prices of the related goods (v) Tastes and preferences of the consumers. (vi) Distribution of income. (Statement only) (Any Three)	1 1x3
11	Given income of the consumer and the prices of goods he buys the consumer is said to be in equilibrium when he spends income in such a way that he gets maximum satisfaction. The two conditions of equilibrium, assuming only two goods consumed, are (i) $MRS = \frac{P_x}{P_y}$ (ii) MRS falls as more is consumed of X	1 1 1

	Explanation : (1) Suppose $MRS > \frac{P_x}{P_y}$. It means that consumer is willing to pay more for good X, then the prevailing market price. Consumer buys more of X and less of Y till $MRS = \frac{P_x}{P_y}$ again. (2) Unless MRS has a tendency to fall as more is purchased the consumer will never reach equilibrium again. (Note : Explanation $MRS < \frac{P_x}{P_y}$ is also correct)	2 1
12	The two conditions of producer's equilibrium are (i) $MC = MR$ (ii) MC becomes greater than MR if more is produced after the point of equilibrium. Explanation (i) If MC is less than MR. it is profitable to produce more units till MC becomes equal to MR. (ii) When MC becomes greater than MR after the $MR = MC$ condition, production of each new unit is sold at a loss, which leads to decline in profits. OR (a) (i) When $MR > AR$, AR rises. (ii) When $MR < AR$, AR falls. (iii) When $MR = AR$, AR is constant. (b) (i) When MR is positive TR rises. (ii) When MR is zero TR is maximum. (iii) When MR negative TR falls.	1 1 2 2 1x3 1x3
13	 Explanation : As variable input is increased : Phase I : TP rises at increasing rate and MP rises i.e. upto A on TP curve. Phase II : TP rises at decreasing rate and MP falls but remains positive between A and B. Phase III : TP falls and MP becomes negative after B. (Explanation) <u>For blind Candidate only</u> Schedule Explanation (on the above lines)	3 3 3 3

14	Increase in income results in increase in demand for the normal good DD curve shifts to dd'. There is excess demand (equal to AB) at OP price. The buyers compete. price starts rising. Demand starts falling (contraction) and supply starts rising (expansion). These changes continue till price reaches OP₁. At this price DD=SS. Market is in equilibrium again at a higher price and equilibrium quantity rises to OQ₁. For Blind Candidates : When supply decreases, there is excess demand at the given price. Explanation on same lines as above.	2 4 2 4
SECTION – B		
15	(b)	1
16	(c)	1
17	(a)	1
18	(i) Money with the public (ii) Demand Deposits	1
19	(d)	1
20	(a) Investment Multiplier refers to the multiple increase in income, due to given increase in investment. (b) Aggregate supply is the total quantity of goods and services planned to be produced in an economy during a period . OR (a) Aggregate demand is total value of final goods and services planned to be bought in an economy at a given level of income during a period. (b) Full Employment is a situation when all those who are able and willing to work get employment at the prevailing wage rate.	1½ 1½ 1½ 1 ½
21	It means fall in price of domestic currency in terms of foreign currency. So domestic goods become cheaper for foreigners. So exports may rise.	3

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22	$Y = C + I$ and $C = 200 + 0.9y; I = 1000$ $Y = 200 + 0.9Y + 1000$ $0.1y = 1200$ $Y = 12000$	1 1 $\frac{1}{2}$ $\frac{1}{2}$
23	Autonomous transactions are made independently of other transactions in balance of payments. Accommodating transactions are made to cover up deficit or surplus in autonomous transactions. The significance of distinction is that deficit / surplus in balance of payments equals deficit/ surplus in autonomous transactions only.	2 2
24	$NVA_{fc} = i + vi - iv - iii - vii$ $= 300 + 20 - 120 - 30 - 15$ $= \text{Rs. } 155 \text{ crore}$	$1\frac{1}{2}$ 2 $\frac{1}{2}$
25	Goods purchased by a production unit from other production units for resale or for using them completely during the same year are intermediate goods whereas goods purchased for consumption / investment are final goods. Intermediate good : raw material... etc. Final good : Machine purchased for installation in factory.... etc. OR <pre> graph LR PU[Production Units] -- "Factor Payments" --> H[Households] H -- "Final Expenditure" --> PU </pre> Production units engage factor owners from households and in return make factor payments to them. The households spend income on goods and services produced by production units. This completes the circular flow of income. <u>Note : For Blind candidate flow chart is not necessary. Full marks will be awarded if only explanation is given.</u>	3 $\frac{1}{2}$ $\frac{1}{2}$ 1 3
26	When $AD < AS$ inventories accumulate. As a result producers reduce production, AS falls. This process continue till $AD = AS$. If $AD > AS$, inventories fall. To make up for this producer's increase production. AS increases. This process continues till $AD = AS$.	3 3

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27	Inequalities of income and wealth reflect a section of society being deprived of even basic necessities. Thus arises the need for reducing them in the society. • Progressive taxation. • Increasing government's expenditure. (Explanation)	2 1 1 (1x2)
28	(i) Banker to the Government (ii) Bankers' bank (iii) Controller of credit (iv) Bank of issue (any two) (Explanation) OR Bank rate is the rate of interest at which commercial banks can borrow from the central bank. Lowering bank rate encourages commercial banks to reduce their lending rate to public. Since borrowing becomes cheaper, people borrow more. This raises money supply. Raising bank rate has the opposite effect.	1x2 2x2 6
29	Cröre. Cröre.	1 ½ 2 ½ 1 ½ ½