

MOCK TEST - 2018
MARKING SCHEME FOR ECONOMICS
SECTION - A

1. (d) Indifference Curve [1]
2. (a) Utility [1]
3. (a) 12% [1]
4. High degree of Interdependence among rival firms. [1]
5. Healthy life increases the efficiency level of human resources. Actual output closure to potential output. [2+1=3]

Diagram

6. Any three differences [1x3=3]

OR

$$\Delta Q = 345 - 300 = 45$$

$$\% \text{ change in QS} = \frac{\Delta Q}{Q} \times 100 = \frac{45}{300} \times 100 = 15\%$$

$$ES = \frac{15}{15} = 1 \text{ (PES)}$$

7. Conditions, Diagram and explanation. [2+1+1=4]
8. $\Delta Q = Q_1 - Q = 318 - 300 = 18$

$$\% \text{ change in QD} = \frac{\Delta Q}{Q} \times 100 = \frac{18}{300} \times 100 = 6\%$$

$$PED = \frac{6\%}{-5\%} = -1.2 \quad [4]$$

The conditions of consumer's equilibrium [4]

(i) $MRS_{xy} = P_x/P_y$

(ii) MRS must fall

- If $MRS_{xy} > P_x/P_y$ he should move downward to the right along the indifference curve.
- This implies that he should start consuming more of X in place of Y.

OR

Minimum price fixed by the Government for a commodity in the market to stabilizing income of the producers which helps stabilizing the supply of the commodity in the market. Floor price is higher than the equilibrium price which is expected to cause excess supply in the market which leads to unsold stocks and loss. [1+3=4]

Diagram

9. Diagram and explanation [2+4=6]
10. Diagram, Explanation, reason [1+3+2=6]
11. 3 Situations. [2+2+2=6]
- (a) Price tends to rise owing to excess demand
- (b) Price tends to fall owing to deficient of demand
- (c) Price does not change owing to proportional increase in demand and supply.
- (d) Diagram and explanation

OR

Features and explanation. [1 x 6=6]

SECTION – B

12. (d) All of these. [1]
13. False – due to transfer of value function. [1]
14. (c) MRS [1]
15. $4400+400=4800$ [1]
16. (a) Expected revenue
- (b) costs
- (c) business expectations with explanation [3]

OR

- Forces of demand and supply in the international market with explanation. [3]
18. $MPC=0.5$, $MPS=0.5$, Multiplier = 2 [1 x 3=3]
19. No – for transfer payments and there is no value addition. In case of subsidies value addition has already occurred, which tend to lower the market value of the goods produced. Subsidy is a part of NNPF_C. [4]
20. 11,500 [4]
21. Forces of D & S. Equilibrium occurs where D and S of foreign exchange are equal to each other. Diagram and explanation. [3+1=4]

OR

- Borrowings, investments, NRI deposits, Banking Capital, Short term Debt with sub points, [4]
22. (i) 2000
- (ii) 900 [3+3=6]
23. Explanation

OR

- Repo rate, OMO, CRR and SLR, Margin requirements, Moral suasion with explanation. [1 x 6=6]
24. $GDP_{MP}= 332$ crore, $NNP_{FC}= 257$ crore [2+2+2=6]