

AGA KHAN UNIVERSITY EXAMINATION BOARD

SECONDARY SCHOOL CERTIFICATE

CLASS X EXAMINATION




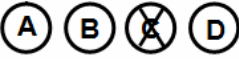
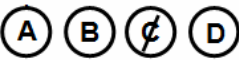
MAY 2015

Economics Paper I

Time: 35 minutes Marks: 25

INSTRUCTIONS

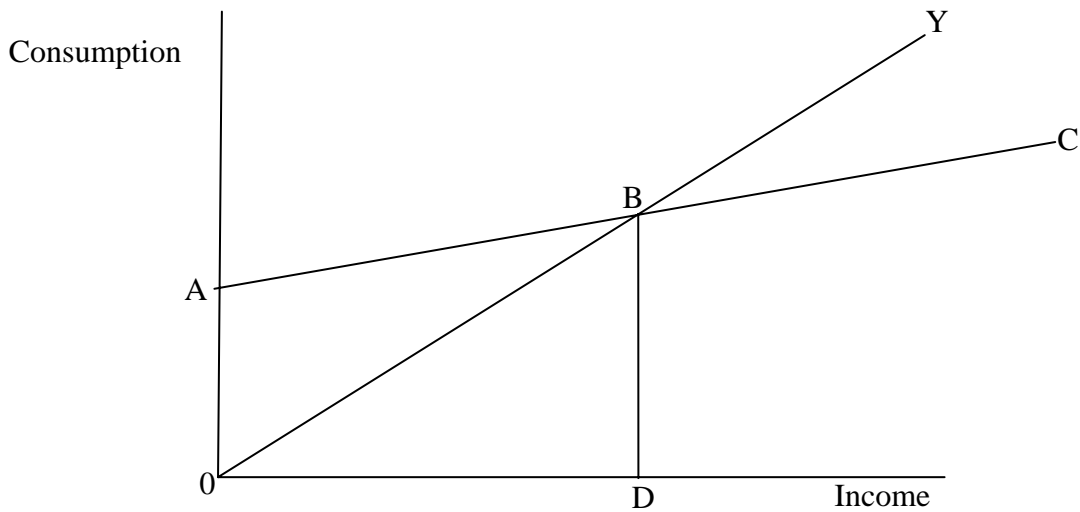
1. Read each question carefully.
2. Answer the questions on the separate answer sheet provided. DO NOT write your answers on the question paper.
3. There are 100 answer numbers on the answer sheet. Use answer numbers 1 to 25 only.
4. In each question there are four choices A, B, C, D. Choose ONE. On the answer grid black out the circle for your choice with a pencil as shown below.

Correct Way		Incorrect Ways	
1		1	
		2	
		3	
		4	

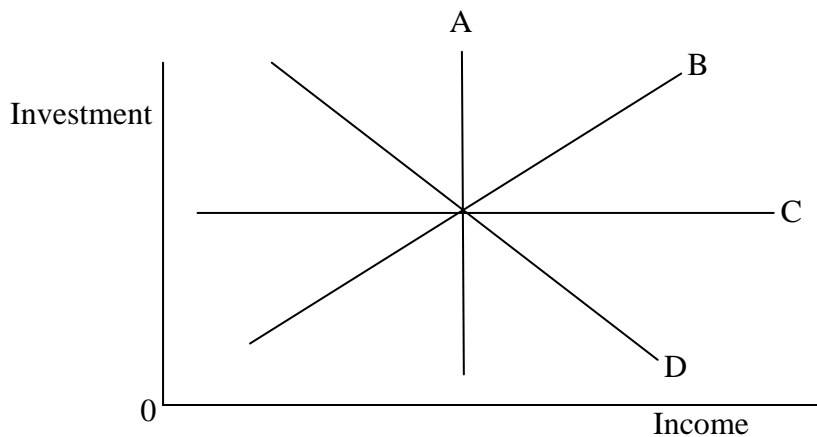
Candidate's Signature

5. If you want to change your answer, ERASE the first answer completely with a rubber, before blacking out a new circle.
6. DO NOT write anything in the answer grid. The computer only records what is in the circles.
7. You may use a simple calculator if you wish.

1. With reference to the given diagram, which point on the graph represent the autonomous consumption of a consumer in an economic society?



- A. Point AB
 B. Point OA
 C. Point BD
 D. Point OB
2. Which of the following investment curves represents the direct relationship between income and investment?



3. All of the following are considered to be methods of measuring national income EXCEPT for the
- A. income method.
 B. product method.
 C. investment method.
 D. expenditure method.

4. Which of the following transactions can be considered as an investment?
- A. Mr Adil bought a house for his residential need.
 - B. Mr Adil bought a car for his personal transportation.
 - C. Mr Adil bought gold coins to ensure future security concerns.
 - D. Mr Adil bought a truck for transporting goods.
5. A high expected inflation in the future reduces the desirability of money as the
- A. store of value.
 - B. unit of account.
 - C. medium of exchange.
 - D. standard of deferred payment.
6. When an economy faces a demand pull inflationary period, entrepreneurs and investors mostly
- A. increase their investment.
 - B. wait for a better time to invest.
 - C. withdraw all of their investments.
 - D. withdraw some of their investments.
7. Which of the following aspects of the economy will be increased during inflation?
- A. Export
 - B. Saving
 - C. Import
 - D. Consumption
8. Mrs Sabeen is an expert in handicrafts. She would like to establish a small scale workshop. Which of the following banks will provide her the necessary finance to set up her small workshop?
- A. Central bank
 - B. Industrial bank
 - C. Commercial bank
 - D. Microfinance bank
9. Mr Kashif has a small fruit farm. His farm was badly affected by the recent floods. He needs financial assistance for purchasing good quality seeds and fertilizers to recover from the damage caused by the floods. Which of the following banks will facilitate him with low cost of borrowing?
- A. State Bank of Pakistan
 - B. National Bank of Pakistan
 - C. Zarai Taraqiyati Bank Limited
 - D. Muslim Commercial Bank of Pakistan

10. State Bank of Pakistan is currently adopting a tight monetary policy by controlling the rate of interest and printing limited paper currency in order to control the money supply efficiently.

The above action of the central bank is classified as a/ an

- A. speculative measure.
- B. expansionary measure.
- C. precautionary measure.
- D. contractionary measure.

11. Mr Hammad is a distributor of a local footwear brand. He has signed an agreement with an Islamic bank for the purchase of three distribution trucks against agreed rental value together with an undertaking that at the end of the agreed period, the ownership of the assets will be transferred to him.

The above form of leasing in Islamic banking is generally known as

- A. *Ijarah.*
- B. *Bai Muajjal.*
- C. *Mudarabah.*
- D. *Qarz-e-Hasna.*

12. Mr Saleem is a local trader and manufacturer of glass bangles. As a domestic trader, he is NOT responsible for

- A. providing valuable foreign exchange.
- B. satisfying the needs of the domestic customers.
- C. using local means of transportation for domestic trade.
- D. using efficient allocation of locally available raw materials.

13. The following are the account details of the balance of trade of a country

Exports US \$ 12.5 billion
Imports US \$ 8.75 billion

The balance of trade of the country will be

- A. US \$ -3.75 billion
- B. US \$ 3.75 billion
- C. US \$ 12.5 billion
- D. US \$ 21.25 billion

14. All of the following are reasons for the fall in the exports of Pakistan in the last decade EXCEPT

- A. rapid increase in population has raised the consumption level within the country.
- B. increase in import of technological equipment and heavy machinery for development.
- C. trade restrictions and failure of maintaining the quality of manufactured goods.
- D. inadequate energy supplies and resources has made it difficult to meet production targets.

15. Study of 'Public Finance' answers which of the following question?
- A. How does the government collect its revenue?
 - B. How does the government imply taxes and public expenditure?
 - C. How does the government manage its administrative operations?
 - D. How does the government control financial affairs of the economy?
16. Business organizations, firms and governments prepare their annual budgets in order to
- A. speculate about their upcoming future profits.
 - B. estimate their upcoming future expenditures only.
 - C. gauge the current standing, progress and overall growth.
 - D. estimate their income and expenditure position.
17. Mr Ali is working as an accounts officer. His annual salary is Rs 100,000 and he has received an appraisal of 100% on his performance which has also increased his income tax from 10% to 15%.
- The above scenario is an example of
- A. indirect tax.
 - B. regressive tax.
 - C. progressive tax.
 - D. proportional tax.
18. On 23rd April 2013, Pakistan auctioned 3G and 4G licenses for over \$ 1.1 billion. This kind of generation of public revenue is known as
- A. subsidy.
 - B. tax rebate.
 - C. tax revenue.
 - D. fees and fines.
19. Which of the following is a characteristic of a developed economy?
- A. High population growth rates
 - B. Large number of people living in poverty
 - C. Traditional methods of agriculture
 - D. High per capita income
20. Which of the following is the best indicator of economic development in Pakistan?
- A. Decrease in birth rate
 - B. Increase in import rate
 - C. Increase in migration rate
 - D. Decrease in export rate

21. Which of the following is the largest lender to developing countries?
- A. International Monetary Fund
 - B. Asian Development Bank
 - C. Common Wealth
 - D. European Union
22. An important characteristic of underdeveloped economies is the
- A. misallocation of resources.
 - B. efficient allocation of resources.
 - C. high per capita income.
 - D. excess supply of goods.
23. The basic objective of Zakat is to
- A. promote economic growth.
 - B. increase purchasing power.
 - C. reduce poverty gap.
 - D. penalize the rich
24. Ahmed has an irrigated land through which he produces wheat and rice every year. He would be liable to pay
- A. 2.5% *ushr*.
 - B. 5% *ushr*.
 - C. 10% *ushr*.
 - D. 20% *ushr*.
25. Sara is a Muslim. She has Rs150,000 cash unused for the whole Islamic year. At the end of the year she would be obliged to pay
- A. *Jizya*.
 - B. *Zakat*.
 - C. *Sadaqh*.
 - D. *Khairat*.

Please use this page for rough work

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