

AGA KHAN UNIVERSITY EXAMINATION BOARD

SECONDARY SCHOOL CERTIFICATE

CLASS X EXAMINATION

MAY 2016

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 (A) (B) ● (D)	1 (A) (B) (C) (D)
	2 (A) (B) ● (D)
	3 (A) (B) (C) (D)
	4 (A) (B) (C) (D)

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.

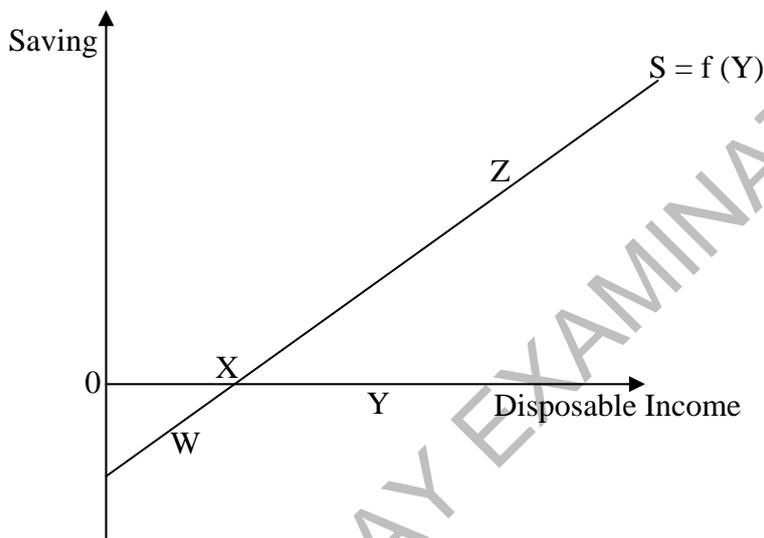
1. Which of the following is CORRECT with respect to balance budget?

- A. National expenditure = National savings
- B. National income = National expenditure
- C. National expenditure = National income + Taxes
- D. National income = National expenditure + Taxes

2. Net National Product (NNP) can be calculated by deducting

- A. depreciation from Gross National Product (GNP)
- B. indirect taxes from Gross National Product (GNP)
- C. direct taxes from the Gross National Product (GNP)
- D. transfer payment from Gross National Product (GNP)

3.



The above graph shows the saving function. The point indicating that the consumption is greater than the disposable income is

- A. W.
- B. X.
- C. Y.
- D. Z.

4. The investment caused by the increase in the national income of an economy is considered as

- A. gross investment.
- B. capital investment.
- C. induced investment.
- D. autonomous investment.

5. The 'good money' is always characterised by virtue of its

- A. high intrinsic value.
- B. easiness to duplicate.
- C. attractiveness of design.
- D. liquidity and acceptability.

6.



The given picture shows exchange of goods against goods which is known as

- A. colonial trade system.
 - B. barter economic trade system.
 - C. chartered economic trade system.
 - D. international bilateral trade system.
7. The main reason that people hold money is 'to buy things'. This is referred to as the
- A. profit motive.
 - B. speculation motive.
 - C. transactions motive.
 - D. precautionary motive.
8. The secondary function of commercial bank is to
- A. collect share applications.
 - B. approve an advance for the customer.
 - C. accept crossed cheque from a customer.
 - D. accept long term deposit from a customer.
9. The key function of a central bank is to
- A. issue currency.
 - B. prepare budget.
 - C. pay off foreign debts.
 - D. collect statistical information.
10. In early 2000, the State Bank of Pakistan gave special permission to launch special banks or banking segments to facilitate small scale businesses and industries.
- Such banks are known as
- A. Industrial bank.
 - B. Investment bank.
 - C. Agricultural bank.
 - D. Micro-Finance bank.

11. Mr Aslam is a small scale trader who is planning to extend his business by purchasing another workshop through a bank. He has agreed to pay the fixed amount of rent for a definite period of time. At the end of the payment period, the building's ownership will be transferred to Mr Aslam.

The above mentioned mode of Islamic Banking and Finance is classified as

- A. *Ijarah.*
- B. *Murabaha.*
- C. *Mudarabah.*
- D. *Salam (BAI).*

12. In international trade, mutually beneficial trade cannot occur

- A. when each country has its own comparative advantage.
- B. if a country's total production equals total consumption.
- C. if one country has absolute advantages in the production of every good.
- D. when opportunity cost of producing goods is equal for both trading partners.

13. Recently the Government of Pakistan has imposed high tariff on import of wrist watches this will

- A. cause a fall in prices of the wrist watches immediately.
- B. decrease the demand of local wrist watches in the market.
- C. motivate local manufacturers to produce more wrist watches.
- D. encourage importers to import larger quantities of wrist watches.

14. All of the following are the advantages of international trade EXCEPT it

- A. extends the demand in trading countries.
- B. helps in developing a multi-cultural society.
- C. results in specialisation in few industries only.
- D. allows countries to import goods they cannot produce.

15. The largest portion of total public revenue for the Government in Pakistan is collected through

- A. income tax.
- B. custom duty.
- C. General Sales Tax (GST).
- D. Central Excise Duty (CED).

16. A national budget is detailed information of all the fiscal (financial) transactions of an economy for a specific time period. The information mentioned is in terms of

- A. accrual transactions of a country.
- B. forecast of income and expenditure.
- C. costing of all production activities of a country.
- D. estimation of net amount of balance of payment.

17. Expenditures portion in the national budget shows the expenditures on civil administration, social services, defence and debt services. These are categorised under
- A. capital receipts account head.
 - B. revenue receipts account head.
 - C. capital expenditure account head.
 - D. revenue expenditure account head.
18. The budget presented to the legislative assembly by the finance ministry is termed as
- A. Factual Estimate (FE).
 - B. Budget Estimate (BE).
 - C. Revised Estimate (RE).
 - D. Economical Estimate (EE).
19. Economic development refers to desirable changes taking place in economic life of the country. It will be reflected by all of the following EXCEPT
- A. growth in per capita income.
 - B. Human Development Index (HDI).
 - C. growth in Gross National Product (GNP).
 - D. foreign debt ratio with reference to population.
20. Pakistan is a developing country, hence its budget is often in deficit due to high developmental expenditure. Due to this its financing is provided by the
- A. Board of Investment (BoI).
 - B. Federal Board of Revenue (FBR).
 - C. International Monetary Fund (IMF).
 - D. National Accountability Bureau (NAB).
21. The economic growth rate of an economy is adversely affected by the increase in
- A. taxes.
 - B. exports.
 - C. population.
 - D. employment.
22. Which of the following is an obstacle in the economic development of Pakistan?
- A. Urbanisation
 - B. Privatization
 - C. Lack of capital
 - D. Lack of natural resource

23. Compulsory deduction on the agricultural products at the time of harvest levied by Islam is called
- A. *ushr.*
 - B. *jizya.*
 - C. *khums.*
 - D. *khairat.*
24. Which of the following are NOT valid recipients of 'Zakat'?
- A. one's poor parents
 - B. one's needy friends
 - C. one's poor relatives
 - D. one's needy neighbours
25. In an Islamic economic system, 'Zakat' benefits by
- A. reducing poverty.
 - B. promoting capitalism.
 - C. alleviating ethical issues.
 - D. promoting money hoarding.

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