

AGA KHAN UNIVERSITY EXAMINATION BOARD

SECONDARY SCHOOL CERTIFICATE

CLASS X EXAMINATION

APRIL/ MAY 2017

Economics Paper II

Time: 2 hours 25 minutes Marks: 50

INSTRUCTIONS

Please read the following instructions carefully.

1. Check your name and school information. Sign if it is accurate.

**I agree that this is my name and school.
Candidate's signature**

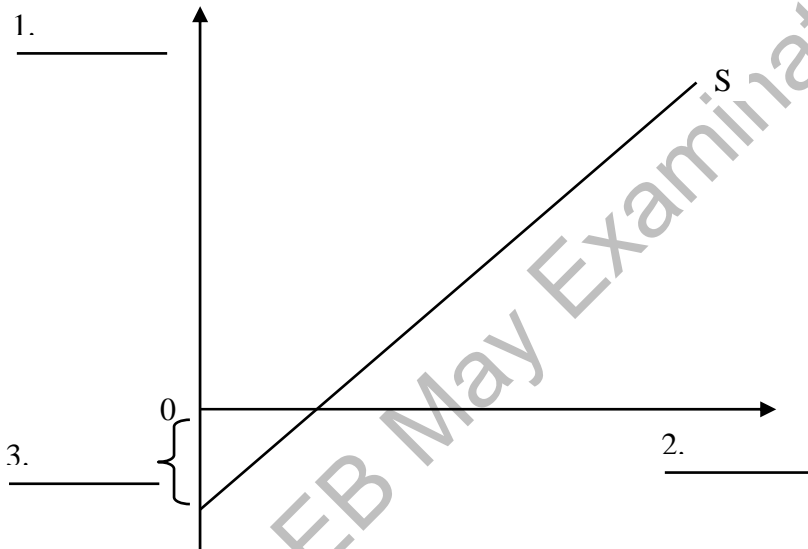
2. RUBRIC. There are NINE questions. Answer ALL questions. Questions 8 & 9 each offers TWO choices. Attempt any ONE choice from each.
3. When answering the questions:

Read each question carefully.
Use a black pointer to write your answers. DO NOT write your answers in pencil.
Use a black pencil for diagrams. DO NOT use coloured pencils.
DO NOT use staples, paper clips, glue, correcting fluid or ink erasers.
Complete your answer in the allocated space only. DO NOT write outside the answer box.
4. The marks for the questions are shown in brackets ().
5. You may use a simple calculator if you wish.

Q.1. (Total 5 Marks)

a. Mention the relationship between saving and income with reference to saving function. Also mention its mathematical representation. (2 Marks)

b. Label the given graph of saving function. (3 Marks)



1. _____

2. _____

3. _____

Q.2.

(Total 4 Marks)

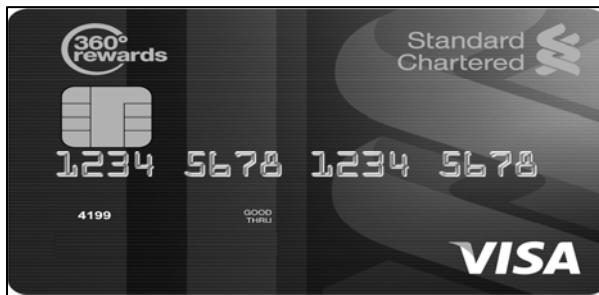
Identify the types of money in the given images.



1.



2.



3.



4.

- 1. _____
- 2. _____
- 3. _____
- 4. _____

AKULEB May Exam

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Q.3. (Total 5 Marks)

The government of country X is planning to increase the interest rate to control money supply in its country.

a. Identify the correct type of monetary measure undertaken by the government of country X by shading the box given below.

i. Contractionary Monetary Policy

ii. Expansionary Monetary Policy

(1 Marks)

b. Explain the effect of the increase in interest rate on saving and investment of the citizens of country X. (4 Marks)

Q.4. (Total 5 Marks)

Pakistan has experienced continuous deficits in Balance of Payment (BoP) for the last ten years. What are the main causes for the deficits? Describe any FIVE causes.

Q.5.

(Total 5 Marks)

Identify the form of debt from the given scenarios.

Scenario	Type of Debt
The government has recently borrowed foreign loans to build power generation projects to overcome the power crisis. It will increase the productivity of the economy and the loan will be repaid by the revenue generated by the project.	
The government borrowed money from funding agencies to build public parks and plantation along the roadways which will improve the environment and reduce pollution.	
The government has raised the rate of returns on all the bonds as the government requires funding to execute its three year developmental project.	
The government has imposed a minimum limit on deposits for those who have deposits of more than Rs 1 million.	
The government has taken a loan for construction of mass transit program. The loan has no maturity period and the amount of interest will be continuously paid until the principal is paid.	

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Q.6. (Total 7 Marks)

a. List THREE major International Financial Institutions (IFIs). (3 Marks)

1. _____

2. _____

3. _____

b. (4 Marks)

i. Explain the role of international financial institutions (IFIs) in the economic development of a country.

ii. How do IFIs support and collaborate with developing countries to achieve their developmental goals?

Q.7. (Total 4 Marks)

List any FOUR beneficiaries of *Zakat* with reference to the Holy Quran.

1. _____

2. _____

3. _____

4. _____

Q.9. (Total 8 Marks)

EITHER

- a. Increasing the rates of economic growth has long been the objective of conventional economics and politics.

Explain in FOUR points how economic growth benefits an economy.

OR

- b. *Zakat* has been mentioned in the Holy Quran in more than 30 verses. It is one of the four pillars of Islam and it is compulsory on every Muslim who has financial means.

Explain any FOUR merits of *Zakat* in an Islamic society.

END OF PAPER