BOARD OF INTERMEDIATE EDUCATION, KARACHI
H.S.C. Annual Examinations 2021

(MODEL QUESTION PAPER)

PRINCIPLES OF ECONOMICS PAPER-I

Total Duration: 02 Hours **Marks: 75**

Time Allowed: 35 Minutes **SECTION 'A'(M.C.Qs)** **(35 Marks)**

1. Choose the correct answer for each from the given options:

i) Under perfect market average revenue and marginal revenue curves are:

- shape horizontally
- shaped vertically
- slope upwards
- slope downwards

ii) International Bank of Reconstruction and Development is also called:

- IMF
- Islamic development bank Asian development bank
- World bank
- none of these

iii) The Total Cost is equal to:

- VC+ATC
- AC+MC
- AFC+AVC
- TFC + TVC

iv) Fiscal policy means :

- Agricultural policy
- Industrial policy
- Commercial policy
- Government revenue and expenditure policy

v) Quantity theory of money is given by:

- Adam Smith
- Marshall
- Robbins
- Fisher

vi) When total utility is maximum , marginal utility is:

- maximum
- positive
- negative
- zero

vii) Under imperfect market goods are:

- ♦ Sub-standard
- ♦ homogeneous
- ♦ heterogeneous
- ♦ none of these

viii) To calculate per capita income of the country, NI is divided by:

- ♦ Total income
- ♦ Total Labour force
- ♦ Total expenditure
- ♦ Total population

ix) Reward without any service is termed as:

- ♦ Wages
- ♦ Interest
- ♦ Rent
- ♦ Transfer payments

x) All Factors becomes variable in the:

- ♦ very short period
- ♦ short run
- ♦ long run
- ♦ market period

xi) TRADE CYCLE is also known as:

- ♦ Investment cycle
- ♦ income cycle
- ♦ expenditure cycle
- ♦ business cycle

xii) According to the father of economics, economics is the science of:

- ♦ wealth
- ♦ material welfare
- ♦ science of choice
- ♦ science of scarcity

xiii) According to the law of demand if price decrease quantity will be:

- ♦ contracts
- ♦ expands
- ♦ rises
- ♦ falls.

xiv) Price Elasticity of demand for necessities is:

- ♦ zero
- ♦ equal to one
- ♦ less than one
- ♦ greater than one.

xv) The average share of NI is called :

- ♦ PI
- ♦ DPI
- ♦ Real income
- ♦ Per capita income.

xvi) During inflation purchasing power of money:

- ♦ increases
- ♦ decreases
- ♦ constant
- ♦ zero

xvii) Total Revenue increases at a constant rate under this market:

- monopoly
- duopoly
- monopolistic competition
- perfect competition

xviii) The burden of indirect taxes :

- remain constant
- can be shifted
- cannot be shifted
- does not remain constant

xix) The monopoly means :

- single seller
- no close substitute
- both of them
- none of them

xx) When economic activities are at their peak it is known as:

- boom
- depression
- recession
- recovery.

xxi) The cannons of taxation were presented by:

- Keynes
- Ricardo
- Adam Smith
- Alfred Marshall

xxii) The law of increasing return specially applies on the:

- agriculture sector
- industrial sector
- service sector
- mining sector

xxiii) The short run AC curve is:

- L shape
- U Shape
- Vertical shape
- Horizontal shape

xxiv) The Initial utility of a consumption is:

- zero
- lowest
- highest
- negative

xxv) A cost which a firm pays to produce an additional unit is termed as:

- Variable cost
- Fixed cost
- Average cost
- Marginal cost

xxvi) The equilibrium of a firm is obtained when:

- MC=MR
- AC=AR
- MC cuts MR from below
- MC=MR and MC cuts MR curve from below

xxvii) The Balance of Trade includes:

- visible items
- invisible items
- visible and invisible items both
- None of these

xxviii) This is not a function of Money:

- Measure of Value
- Medium of Exchange
- General Acceptability
- Standard of deferred payments

xxix) Adam Smith wrote the first book on Economics in the year A.D.:

- 1576
- 1676
- 1776
- 1876

xxx) National Income is measured by:

- Product method
- Income method
- Expenditure method
- All of these

xxxi) Macro Economics is also known as:

- Theory of income and employment
- Price theory
- Game theory
- All of these

xxxii) Law of Diminishing Marginal Returns applies especially to:

- Industry
- Agriculture
- Mining
- None of these

xxxiii) The reward of capital is:

- Wage
- Rent
- Interest
- Profit

xxxiv) Under perfect competition:

- Price=TC=MR
- Price=MC=TC
- Price=AVC=AFC
- Price=MR=AR

xxxv) The ability of a good to satisfy the human wants is called:

- Usefulness
- Utility
- Satisfaction
- All of these

Time: 01 hour 10 Minutes **Marks: 30**

SECTION 'B' (SHORT-ANSWER QUESTIONS)

MICRO ECONOMICS **Marks: 15**

2. Attempt any THREE part questions. All question carryequal marks.

i) Briefly describe the Degrees of Elasticity of Demand.
ii) Draw Revenue curves under Imperfect market.
iii) Differentiate between Change in Supply and Change in Quantity Supplied with the tool of diagram.
iv) Explain the concept of MONOPOLY and Mention its types.
v) Explain the Law of Diminishing Marginal Utility with the help of schedule and diagram.

MACRO ECONOMICS **Marks: 15**

3. Answer any THREE part questions. All question carry equal marks:

i) Differentiate between PI and DPI.
ii) Differentiate between Balance of Trade and Balance of Payments.
iii) Mention the characteristics of a good tax system.
iv) Explain Y=C+I G+(X-M).
v) Explain the concept of Direct and Indirect Taxes with the help of examples.

Time: 25 Minutes **Marks: 10**

SECTION 'C' (DETAILED-ANSWER QUESTIONS)

4. Answer any ONE part question. All question carry equal marks:

i) Explain the concept of Market Price with the help of schedule and diagram.
ii) Describe the merits and demerits of International Trade.