

# 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
- ◆ 1776
- ◆ 1676
- ◆ 1876

xxx) National Income is measured by:

- ◆ Product method
- ◆ Expenditure method
- ◆ Income 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
- ◆ Mining
- ◆ Agriculture
- ◆ None of these

xxxiii) The reward of capital is:

- ◆ Wage
- ◆ Interest
- ◆ Rent
- ◆ Profit

xxxiv) Under perfect competition:

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

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

- ◆ Usefulness
- ◆ Satisfaction
- ◆ Utility
- ◆ 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 carry equal 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.