

AGA KHAN UNIVERSITY EXAMINATION BOARD

SECONDARY SCHOOL CERTIFICATE

CLASS IX

MODEL EXAMINATION PAPER 2018

Economics Paper I

Time: 40 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	<input type="radio"/> A <input type="radio"/> B <input checked="" type="radio"/> C <input type="radio"/> D	1	<input type="radio"/> A <input type="radio"/> B <input checked="" type="radio"/> C <input type="radio"/> D
		2	<input type="radio"/> A <input type="radio"/> B <input checked="" type="radio"/> C <input type="radio"/> D
		3	<input type="radio"/> A <input type="radio"/> B <input checked="" type="radio"/> C <input type="radio"/> D
		4	<input type="radio"/> A <input type="radio"/> B <input checked="" type="radio"/> C <input type="radio"/> 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. With reference to the concept of consumption, the good that can be classified as a luxury good is



A



B



C



D

2. Ali received a gift voucher of Rs 1,000 for participating in a quiz contest. The gift voucher gives a chance to avail any one of the following choices.

- To attend a theatre performance of his favourite play at a discounted price
- To avail 'all you can eat' offer at minimum rates at a pizza parlour
- To purchase clothing from a branded clothing store on discount
- To avail free ticket on watching any movie

If he has chosen to avail free tickets to a movie over the others, then economic concept reflected through the decision is of

- A. opportunity cost.
- B. stock and supply.
- C. price determination.
- D. diminishing marginal utility.

3. The feature that does NOT fall within the scope of capitalism is

- A. consumer sovereignty.
- B. freedom of enterprise.
- C. existence of public sector.
- D. right to own private property.

4. Which of the following decisions is studied under macroeconomics?

- A. A frequent traveller indicated in a survey that he usually prefers to travel through a private airline company rather than through a national or public airline.
- B. An educational institution revised its overall fee structure for all the programmes they offer to manage the increasing cost and needs.
- C. The central bank revised the interbank credit rate from 4% to 5% to cut-off excess money supply.
- D. The management of a factory revised and announced market adjustment to the salary structure of technical staff to marginalise the inflation effect.

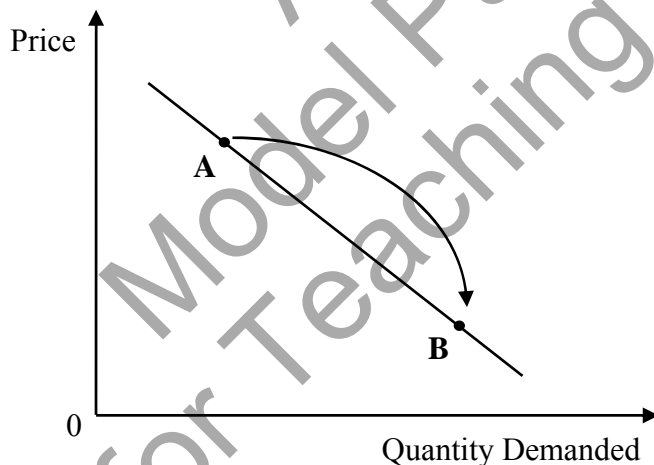
5. Which of the following BEST describes the objective of the classical school of thought in economics?
- A. There is no economic problem that fiscal policy cannot solve.
 - B. The 'invisible hand' of the free market is all that is need to achieve equilibrium.
 - C. The way to understand the working of an economy is to understand the way the human mind reacts and adapts to the market and the economy.
 - D. The Central Bank can steer the economy on a path to prosperity through a laissez faire approach if implement Nominal Gross Domestic Product targeting is implemented.

6. An increase in the price of chicken feed will result in a decrease in the supply of chicken meat in the market.

The effect on the demand of chicken meat due to the given situation will be termed as

- A. fall in demand.
 - B. rise in demand.
 - C. extension in demand.
 - D. contraction in demand.
7. The market demand schedule of a product can be obtained by
- A. adding the quantity demanded at different price levels.
 - B. multiplying the quantity supplied at different price levels.
 - C. adding the prices that a consumer is willing to pay at different quantity demanded.
 - D. multiplying the number of consumers with each consumer demand in the market.

8.



In the given diagram, the movement from point A to point B shows a/an

- A. fall in demand.
- B. rise in demand.
- C. extension in demand.
- D. contraction in demand.

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9. The given schedule reflects demand for milk of four people at different price levels

Price	Individual Demand for Milk (litres)			
	A	B	C	D
40	2	4	6	2
50	1	3	4	1
60	0	2	3	1

The total market demand for milk at Rs 50 is

- A. 6 litres.
 B. 9 litres.
 C. 14 litres.
 D. 23 litres.
10. The CORRECT relationship between price and quantity demanded is

	Price	Quantity Demanded
A	increase in price	increase in quantity demanded
B	decrease in price	increase in quantity demanded
C	increase in price	no change in quantity demanded
D	decrease in price	decrease in quantity demanded

11. With reference to the law of demand, the factor that brings change in quantity demanded is
- A. price.
 B. income.
 C. weather.
 D. population.
12. Ali manufactures 10 jute baskets in a day. Out of which, he wants to sell only 8 baskets. He has sold 8 baskets on a given day.

In the given scenario, his stock of goods will be

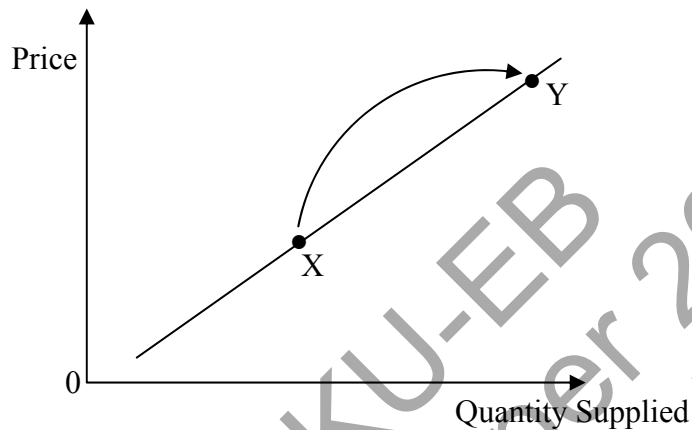
- A. 02 baskets.
 B. 08 baskets.
 C. 10 baskets.
 D. 12 baskets.

13. In order to meet the increase in demand of wood racks, Saleem installed a new wood cutting machine in his workshop. This machine will increase his production capacity by 20% and at the same time, decrease the average cost.

In the given scenario, the increase in supply was because of change in

- A. technology.
- B. taxation policy.
- C. weather condition.
- D. cost of production.

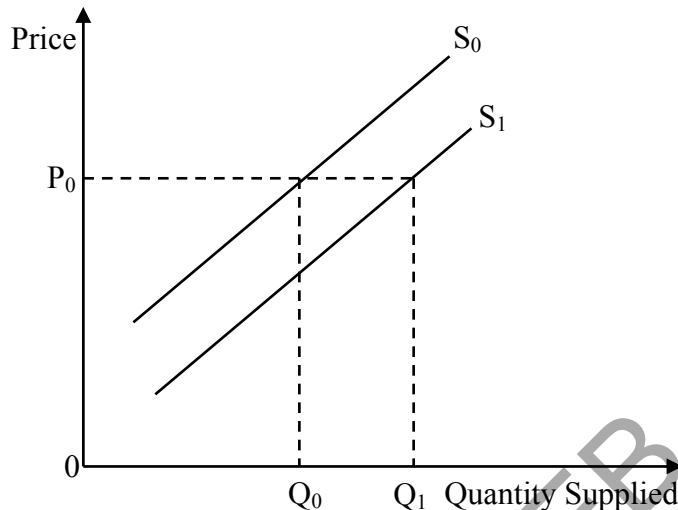
14.



The given change on supply curve from point X to point Y will be considered as a/ an

- A. extension of supply.
- B. rise of supply.
- C. fall of supply.
- D. contraction of supply.

15. The given graph shows the effect of change in supply from S_0 to S_1 on the quantity supplied of motor vehicles for a firm.



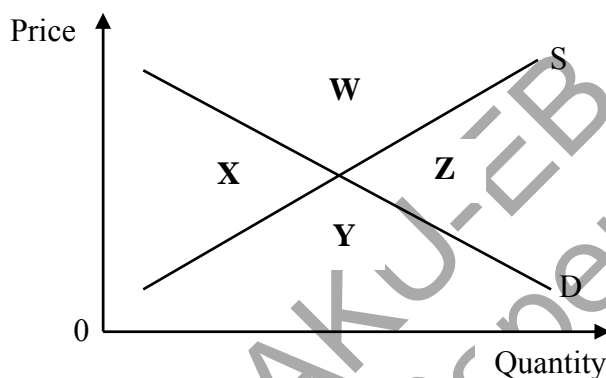
The MOST likely reason for such a shift in the supply curve of motor vehicles would be a/ an

- A. change in the price of motor vehicles by the firm.
 - B. decrease in the price of motor vehicles of competitive firms.
 - C. increase in the cost of production of motor vehicles for the firm.
 - D. introduction of new technology in production of motor vehicles at the firm.
16. The government of a country arranges the local market that provides different subsidised products to lower income groups.
- The kind of market that can be associated with the given description will be in terms of
- A. time.
 - B. place.
 - C. competition.
 - D. commodities.
17. Due to a severe drought, a country which was a major exporter of agricultural product is no longer a contributor in the world market.
- In the given situation, the world market of agricultural product would face a/ an
- A. increase in demand due to increase in supply.
 - B. increase in demand due to reduction in supply.
 - C. reduction in demand resulting in increase in supply.
 - D. reduction in demand resulting in reduction in supply.

18. Which of the following market conditions will be considered as INCORRECT?

	Market Condition	Price
A	Demand > Supply	Rise
B	Demand = Supply	Equilibrium
C	Demand < Supply	Falls
D	Demand \geq Supply	Falls

- 19.



Which area on the graph, W, X, Y or Z reflects shortage of goods (deficit) in the market?

- A. W
 B. X
 C. Y
 D. Z
20. Mr Abbas and Mr Babar started a partnership business. Mr Abbas invested his efforts and Mr Babar invested by providing a building for the office. As per partnership deed, they both are employed and will receive the reward.

The CORRECT option that depicts the source of reward for Mr Abbas and Mr Babar is

	Mr Abbas	Mr Babar
A	rent and salaries	rent, interest and salaries
B	interest and salaries	rent and profit
C	profit and salaries	rent, profit and salaries
D	profit and interest	interest and salaries

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21. Mr Amir works in a bank. Recently he has been transferred from the bank's branch in a rural area to a branch in an urban area.

The mentioned labour mobility can be classified under

- A. vertical mobility.
- B. horizontal mobility.
- C. geographic mobility.
- D. occupational mobility.

22. The transformation of resources into goods and services is called

- A. allocation.
- B. production.
- C. distribution.
- D. consumption.

23. Recently, Alpha Enterprises opted for direct salary transfer from a commercial bank. As a result, Mr Saleem lost his position as an accountant for the enterprise.

Mr Saleem's unemployment is classified as

- A. seasonal unemployment.
- B. frictional unemployment.
- C. structural unemployment.
- D. voluntary unemployment.

24. A condition where a person's basic needs: food, drinking water, clothing and shelter, are not being met is described as

- A. welfare.
- B. poverty.
- C. illiteracy.
- D. unemployment.

25. In 2014, the best export oriented industry of Pakistan was

- A. leather.
- B. cotton.
- C. wheat.
- D. sugar.