

AGA KHAN UNIVERSITY EXAMINATION BOARD

SECONDARY SCHOOL CERTIFICATE

CLASS X

MODEL EXAMINATION PAPER 2020

Economics Paper I

Time: 40 minutes Marks: 25

INSTRUCTIONS

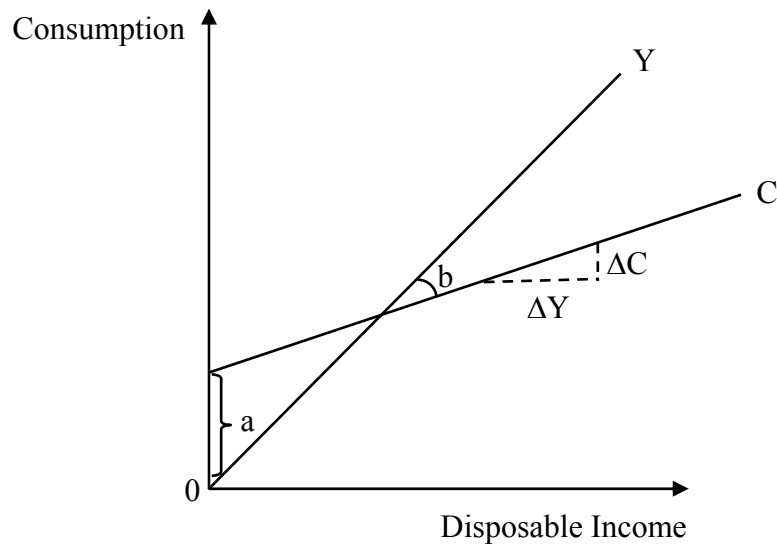
1. Read each question carefully.
2. Answer the questions on the separate answer sheet provided. DO NOT write your answers on the question paper.
3. There are 100 answer numbers on the answer sheet. Use answer numbers 1 to 25 only.
4. In each question, there are four choices A, B, C, D. Choose ONE. On the answer grid, black out the circle for your choice with a pencil as shown below.

Correct Way		Incorrect Ways	
1		1	
		2	
		3	
		4	

Candidates' 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. In the given graph of consumption function, the dissaving is represented by

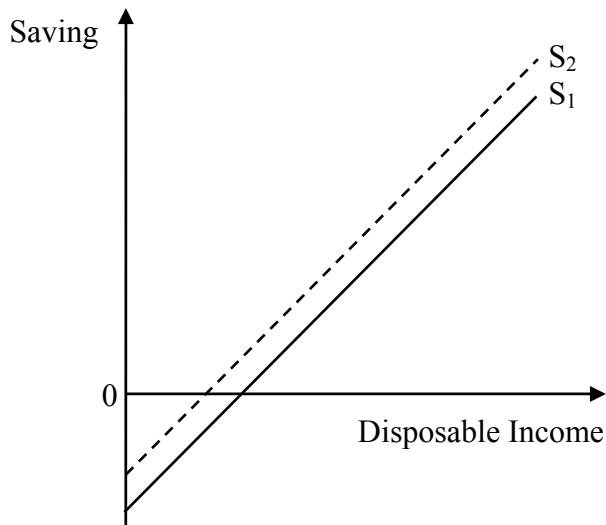


- A. a
B. b
C. ΔC
D. ΔY
2. In order to cut down inflationary pressure, the central bank of a country has increased the rate of interest from 4% to 7%.

The short run impact of this increase in interest rate on consumption and saving would be

	Consumption	Saving
A	increase	increase
B	decrease	increase
C	increase	decrease
D	decrease	decrease

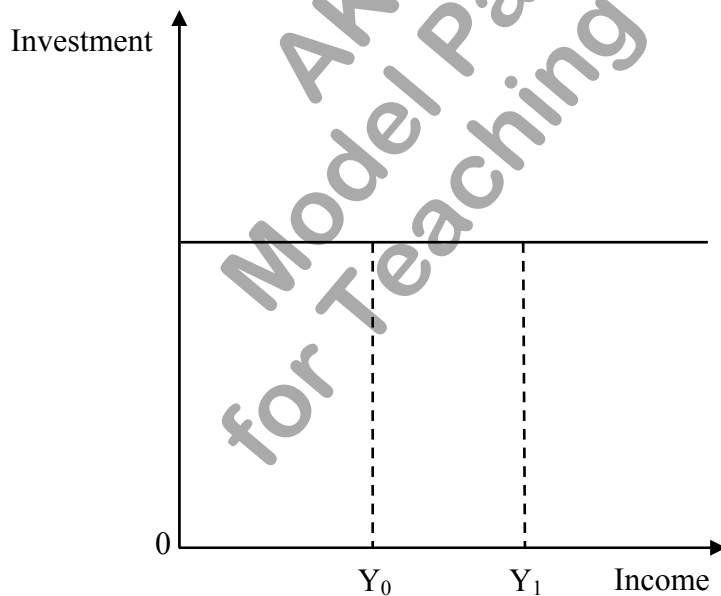
3. The given graph of saving function of a country shows the shift in saving from S_1 to S_2 .



The MOST likely reason for such shift will be

- A. increase in income.
B. decrease in inflation.
C. decrease in investment opportunities.
D. increase in lawlessness in the country.

- 4.



The given graph of investment function reflects

- A. lending investment.
B. indirect investment.
C. induced investment.
D. autonomous investment.

PLEASE TURN OVER THE PAGE

5. Which of the following is CORRECT with respect to balanced budget?
- A. National expenditure = National savings
 - B. National income = National expenditure
 - C. National expenditure = National income + Taxes
 - D. National income = National expenditure + Taxes
6. During the year 2018, the rate of inflation in a country has decreased from 7% to 4.5%.
- In this case, increasing all of the following would benefit the economy EXCEPT
- A. exports.
 - B. imports.
 - C. investment.
 - D. interest rate.
7. Money functions as a unit of account because it is/ has
- A. a store of value.
 - B. a measure of value.
 - C. a medium of exchange.
 - D. a standard of deferred payment.
8. In a class presentation on characteristics of money, a student says, "One should be able to carry money easily from one place to another".
- The characteristic of good money that has been described by the student is known as
- A. durability.
 - B. uniformity.
 - C. portability.
 - D. divisibility.
- 9.



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.

10. Raya Bank Limited is a commercial bank that has recently started its business operation. The bank will be performing all of the following functions EXCEPT
- A. advancing loans.
 - B. creation of credit.
 - C. issuance of notes.
 - D. accepting deposits.
11. Which of the following is a non-specialised Islamic bank of Pakistan?
- A. Meezan Bank
 - B. Al Baraka Bank
 - C. Burj Bank Limited
 - D. Bank Alfalah Islamic
12. Shams Bank Limited borrowed Rs 20 million from the central bank at an agreed rate of 1.5%. The rate agreed by Shams Bank Limited is termed as
- A. bank rate.
 - B. offering rate.
 - C. discount rate.
 - D. borrowing rate.
13. The economy of a country X is facing deficit balance of payment (BoP). In order to make BoP favourable, the government should
- A. increase export duties.
 - B. appreciate local currency.
 - C. restrict imports of luxury goods.
 - D. decrease import duties on all items.
14. In order to protect domestic industries from the extensive foreign competition, the government should
- A. decrease tariffs.
 - B. impose quotas on import.
 - C. encourage the use of foreign currency in country.
 - D. allow multinational companies to extend business.
15. The statement of balance of payment (BoP) in Pakistan is prepared by the
- A. State Bank of Pakistan.
 - B. Central Statistical Bureau.
 - C. Export Promotion Bureau.
 - D. Federal Board of Revenue.

16. Recently, the Government of Pakistan has imposed high tariff on import of wrist watches. This is MOST likely to
- 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.

17. In international trade, mutually beneficial trade cannot occur
- A. when each country has its own comparative advantage.
 - B. if a country's total production is equal to 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.

18. Country X is predicting economic recession in the coming year. If, in this regard, the government does NOT take any necessary measure in the budget, then the impact of this recession on tax revenue and government expenditure would be

	Tax Revenue	Government Expenditure
A	increase	increase
B	increase	decrease
C	decrease	increase
D	decrease	decrease

19. Country Y is facing financial problems. In order to come out of these problems, the government is planning to increase its revenues.

The MOST economically viable option for the government would be to increase its

- A. taxes.
- B. subsidies.
- C. currency notes.
- D. government borrowings.

20. The biggest source of generating public revenue in Pakistan is

- A. Income tax.
- B. Excise duty.
- C. Import duty.
- D. General Sales Tax (GST).

21. Economic development refers to the changes that takes 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. ratio of foreign debt and population.
- D. growth in gross national product (GNP).

22. A country situated in Asia is facing severe deficit in balance of payment (BoP).
The international financial institution that will help the government to finance the deficit of BoP is
- A. World Bank.
 - B. Asian Development Bank.
 - C. International Monetary Funds.
 - D. European Reconstruction and Development Bank.
23. In the last ten years, which of the following sector of economy is the largest contributor in the gross domestic product (GDP) of Pakistan?
- A. power sector.
 - B. industrial sector.
 - C. oil and gas sector.
 - D. agricultural sector.
24. Mr Ammar would like to give his amount of *zakat*.
Which of the following CANNOT become a recipient of *zakat*?
- A. His poor parents
 - B. His needy friends
 - C. His poor relatives
 - D. His needy neighbours
25. The tool that inhibits the concentration of wealth in an Islamic economic system is known as
- A. *Zakat*.
 - B. *Ijarah*.
 - C. *Musharaka*.
 - D. *Mudarabaha*.

Please use this page for rough work

AKU-EB
Model Paper 2020
for Teaching & Learning