

AGA KHAN UNIVERSITY EXAMINATION BOARD
HIGHER SECONDARY SCHOOL CERTIFICATE
CLASS XI
MODEL EXAMINATION PAPER 2023 AND ONWARDS

Principles of Economics Paper II

Time: 1 hour 50 minutes Marks: 35

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

RUBRIC




2. There are ELEVEN questions. Answer ALL questions. Question 11 offers TWO choices. Attempt any ONE choice.
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 scientific calculator if you wish.

Q.1. (Total 2 Marks)

Complete the given table by identifying the products as merit good, demerit good, free good, public good or private good.

(Note: Attempt any TWO)

Product	Type of goods
 <p>Cold Drinks</p>	
 <p>Fresh Air and Environment</p>	
 <p>Defence Equipment</p>	

Q.2. (Total 3 Marks)

The law of diminishing marginal utility states that 'if a person increases consumption of a product while keeping consumption of other products constant, there is a decline in the satisfaction level that the person derives from consuming each additional unit of that product.'

Explain the practical importance of the stated law using any THREE real life examples.

Q.3.

(Total 3 Marks)

The given table shows the quantity demanded of a product at different price levels.

Point	Price	Quantity Demanded	Computation of Elasticity of Demand	Degree of Elasticity
A	2	40	----	----
B	4	30		
C	8	10		

Calculate the price elasticity of demand at each point (**B** and **C**). On the basis of this calculation, categorise the degree of elasticity of demand as either elastic, inelastic or unit elastic.

Q.4.

(Total 3 Marks)

The law of supply states that ‘if other factors remain constant, an increase in price results in an increase in quantity supplied’

Describe any THREE factors that should remain constant in the stated law.

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Q.5. (Total 3 Marks)

Complete the following table by describing THREE characteristics of any ONE of the given factors of production.

Land	1.
	2.
	3.
Capital	1.
	2.
	3.

Q.6. (Total 2 Marks)

Complete the given table by calculating the total cost and marginal cost for each of the given output units.

Output Units	Fixed Cost (Rs)	Average Variable Cost (Rs)	Total Cost (Rs)	Marginal Cost (Rs)
00	25	-		
01	25	35		
02	25	30		
03	25	25		

Q.7.

(Total 3 Marks)

Perfect and imperfect markets are TWO different types of market structures that exist with reference to competition.

Differentiate between these two market structures.

S. No.	Perfect Market	Imperfect Market
1		
2		
3		

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Q.8. (Total 3 Marks)

The following are the statistics of an economy.

S. No.	Particulars	Amount (million \$)
1.	Consumption expenditure	450
2.	Investment expenditure	210
3.	Government expenditure	350
4.	Exports	450
5.	Imports	325
6.	Net factor income from abroad (NFIA)	310
7.	Depreciation	75
8.	Subsidies	125
9.	Indirect taxes	180

Compute Gross National Product (GNP) and National Income (NI) from the given data.

Q.9. (Total 3 Marks)

List THREE major imports of Pakistan.

1. _____
2. _____
3. _____

Q.10. (Total 3 Marks)

Describe TWO advantages of direct tax and ONE advantage of indirect tax.

Q.11.

(Total 7 Marks)

EITHER

- a. The following is the demand and supply schedule.

Price	Demand (In thousand)	Supply (in thousand)	Market Position	Effect on Price
100	80000	10000	Shortage	Rise
200	55000	28000		
300	40000	40000		
400	28000	50000		
500	20000	55000		
600	15000	60000		

- i. Complete the given schedule, use the given information to explain the price mechanism and market position with reference to the change in demand and supply. (4 Marks)
- ii. With reference to the explained price mechanism in part i, determine market equilibrium and equilibrium price. (3 Marks)

OR

- b.
- i. Describe any FOUR causes of raising inflation in Pakistan. (4 Marks)
- ii. Write any THREE impacts of this on the economy of Pakistan. (3 Marks)

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Principles of Economics Model Paper XI

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