AGA KHAN UNIVERSITY EXAMINATION BOARD

HIGHER SECONDARY SCHOOL CERTIFICATE

CLASS XI

ANNUAL EXAMINATIONS (THEORY) 2023

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. Questions 11 offer 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)

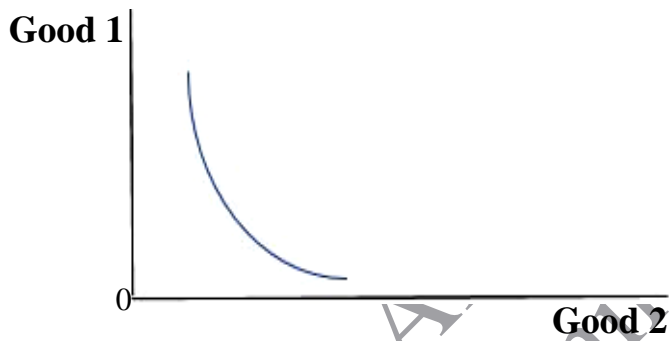Describe Induction method of studying economics. Support your answer with an example.

_____

_____

_____

_____

Q.2. (Total 3 Marks)

Given is the indifference curve for two goods.

Identify any THREE properties of the given indifference curve.

_____

_____

_____

_____

_____

_____

Q.3. (Total 3 Marks)

In the given table, identify the causes of the following situations of negative and downward sloping of demand curve.

(Attempt any THREE)

S.No	Situation of Negative and Downward Sloping	Cause
1	Consumers often substitute one commodity for another.	
2	A commodity's utility always reduces when the supply of goods is more.	
3	Affordability of goods allows more people to buy them.	
4	Falling prices results in people retaining more money for other uses.	
5	Existing customers purchase even more quantities at lower prices.	

Q.4. (Total 3 Marks)

Explain any THREE degrees of elasticity of supply in the given table.

S.No	Degree of Elasticity of Supply	Explanation
1	Perfectly Elastic	
2	Elastic	
3	Unit Elastic	
4	Inelastic	
5	Perfectly Inelastic	

Q.5.   (Total 3 Marks)

Explain the THREE relationships between marginal product (MP) and average product (AP).

_____

_____

_____

_____

_____

_____

_____

_____

PLEASE TURN OVER THE PAGE

Q.6. (Total 2 Marks)

Calculate the following from the given table.

- Average total cost
- Average variable cost
- Marginal cost

(Attempt any TWO)

[NOTE: Consider each case separately.]

Labour	Quantity	Fixed Cost	Variable Cost	Total Cost	Average Total Cost	Average Variable Cost	Marginal Cost
1	5	$160	$80	$240	$48.00	$16.00	-
2	10	$160	$160	$320	$32.00	$16.00	$80
3	20	$160	$240	$400	$20.00	$12.00	$80
4	30	$160	$320	$480	$P	$10.66	$80
5	40	$160	$400	$560	$14.00	$Q	$80
6	50	$160	$480	$640	$12.80	$9.60	$R

_____

_____

_____

_____

_____

_____

_____

_____

Q.7. (Total 3 Marks)

Differentiate between perfect and imperfect competition on the basis of the given criteria.

Basis For Comparison	Perfect Competition	Imperfect Competition
Price Determination		
Product Differentiation		
Entrance or Exit from the market		

H2301-3711120

Q.8. (Total 3 Marks)

The following figures are extracted from an economy:

- Consumption 150 million $
- Investment 120 million $
- Government expenditure 75 million $
- Exports 250 million $
- Imports 150 million $
- Remittance 100 million $
- Foreign payments 50 million $
- Depreciation 150 million $

Compute the following:

i. GDP
ii. GNP
iii. NNP

_____

_____

_____

_____

_____

_____

_____

Q.9. (Total 3 Marks)

Differentiate between balance of trade and balance of payment on the basis of the given criteria.

(Attempt any THREE)

Criteria	Balance of Trade	Balance of Payments
Definition		
Type of transactions included		
Net effect		
How is it calculated		

Q.10. (Total 3 Marks)

Describe the given types of taxation.

Regressive tax _____

_____

Proportional tax _____

_____

Progressive tax_____

_____

PLEASE TURN OVER THE PAGE

Q.11.   (Total 7 Marks)
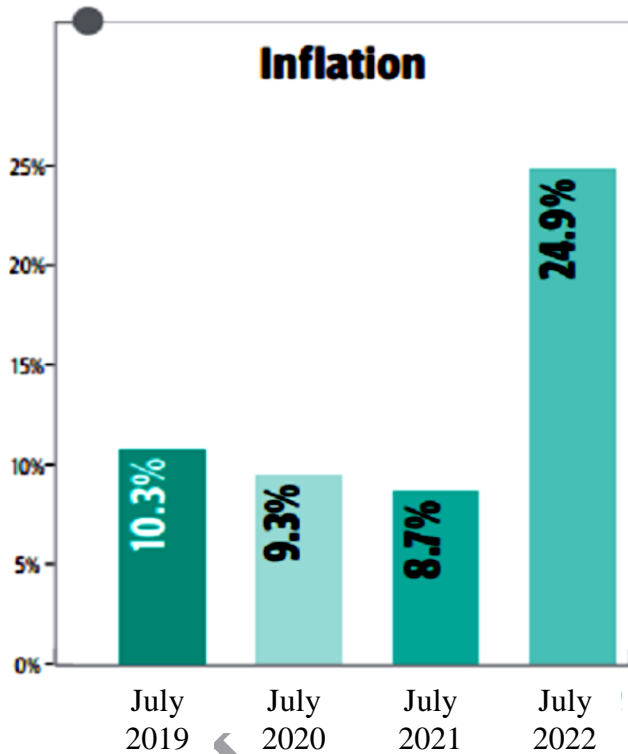
EITHER

a.   Equilibrium price is a price where demand and supply are equal. This equilibrium price is affected by the change in demand and change in supply.

With the help of graphs, explain separately the effect of the following changes on price level:

  i.   increase in demand

  ii.   increase in supply

OR

b.   With reference to the given information, explain any THREE causes of recent inflation in Pakistan.

Inflation

10.3%	9.3%	8.7%	24.9%
July 2019	July 2020	July 2021	July 2022

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

_____

END OF PAPER

Please use this page for rough work