

**Model Paper “Principles of Economics”  
For Bridge Courses of Foundation Diploma of ACCA  
Annual Examination 2017 & Onward**

**Objective  
Part-A**

Roll No: \_\_\_\_\_

**Time: 30 Minutes**

**Total Marks: 20**

**Note: This part is compulsory. It should be attempted on the question paper and returned to the supervisory staff after the prescribed time. Cutting, overwriting and use of lead pencil are not allowed. Supervisory staff is required to attach it with the answer book.**

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**Q.1 Each statement has more than one choice. Select the correct answer from these and encircle it.  
(20x1=20)**

- i. Economics deals primarily with the concept of  
a. Scarcity    b. Poverty    c. Power    d. Change
- ii. “Economics is a science of wealth” is defined by  
a. Alfred Marshal    b. Lionel Robbins    c. Adam Smith    d. Piguo
- iii. The quality of a commodity which satisfies the human want is  
a. Profit    b. Loss    c. Cost    d. Utility
- iv. Reward for labor is  
a. Interest    b. Wages    c. Profit    d. Rent
- v. The supply of goods depend on  
a. Income    b. Price    d. Demand    d. None of these
- vi. The market price is determined when  
a. Supply < Demand    b. Demand < Supply    c. Demand = Supply    d. None of these
- vii. The supply of land is  
a. Fixed    b. Variable    c. Unlimited    d. Marginal
- viii. Balance of payment includes  
a. Goods only    b. Services only    c. Both of these    d. None of these
- ix. If the rate of tax increases as income increases is called as  
a. Direct tax    b. Progressive tax    c. Regressive tax    d. Proportional tax
- x. The cost which change with the change in output is called  
a. Total cost    b. Fixed cost    c. Marginal cost    d. variable cost
- xi. A monopolist firm usually earns  
a. Abnormal loss    b. Normal profit    c. Abnormal profit    d. None of these
- xii. The money, whose face value is equal to intrinsic value is called  
a. Credit money    b. Paper money    c. Token money    d. Standard money
- xiii. An economy gain prosperity during  
a. Depression    b. Recovery    c. Boom    d. None of these
- xiv. Exchange of goods with goods is called  
a. Medium of exchange    b. Store of value    c. Standard of money  
d. Barter system
- xv. When there is deflation then price  
a. Increases    b. Decreases    c. Remains constant    d. Do not change
- xvi. Which amounts are not included in national income  
a. Salaries    b. Profits    c. Tuition fee    d. Charities
- xvii. Cheque is which kind of money  
a. Paper money    b. Legal tender money    c. Credit money    d. Standard money
- xviii. Which is the major source of public revenue  
a. Loans    b. Foreign grants    c. Taxes    d. All of these
- xix. If income of the Government is more than its expenditure, such budget is called  
a. Surplus    b. Balanced    c. Deficit    d. None of theses
- xx. Supply curve moves from left to right upward, this tendency is called  
a. Positive    b. Negative    c. Horizontal    d. Vertical

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**SUBJECTIVE**

**Part-B**

**Time: 02:30 Hours**

**Total Marks: 80**

**Section-I**

**Short Questions**

**10x5=50**

**Q.2 Attempt any ten (10) from the following questions.**

- i. law of supply
- ii. Capitalistic economy
- iii. Perfect competition
- iv. Factors of production
- v. Economic goods
- vi. Public Finance
- vii. Per capita income
- viii. Cannons of taxation
- ix. Stock exchange market
- x. CPEC benefits to Pak economy
- xi. Define Economics
- xii. Utility
- xiii. Consumer behavior

**Section-II**

**Long Questions**

**15x2=30**

**Q.3 Attempt any two (02) from the given questions.**

- 1) Explain the law of demand by the help of diagrammatic representation. Also put the assumptions and exceptions of the law.
- 2) Define Inflation. What are the major causes of inflation in Pakistan?
- 3) Define National Income; discuss the various concepts of national Income.