



**ZIAUDDIN UNIVERSITY**  
EXAMINATION BOARD

**RESOURCES FOR**  
**“HSC-I ECONOMICS”**  
**ZUEB EXAMINATIONS 2021**



**PREFACE:**

The ZUEB examination board acknowledges the serious problems encountered by the schools and colleges in smooth execution of the teaching and learning processes due to sudden and prolonged school closures during the covid-19 spread. The board also recognizes the health, psychological and financial issues encountered by students due to the spread of covid-19.

Considering all these problems and issues the ZUEB Board has developed these resources based on the condensed syllabus 2021 to facilitate students in learning the content through quality resource materials.

The schools and students could download these materials from [www.zueb.pk](http://www.zueb.pk) to prepare their students for the high quality and standardized ZUEB examinations 2021.

The materials consist of examination syllabus with specific students learning outcomes per topic, Multiple Choice Questions (MCQs) to assess different thinking levels, Constructed Response Questions (CRQs) with possible answers, Extended Response Questions (ERQs) with possible answers and learning materials.

**ACADEMIC UNIT ZUEB:**

## 2. Constructed Response Questions (CRQs)

### HOW TO ATTEMPT CRQs:

- Write the answer to each Constructed Response Question/ERQs in the space given below it.
- Use black pen/pencil to write the responses. Do not use glue or pin on the paper.

### SECTION B (SHORT ANSWER QUESTIONS)

- **Explain Micro and Macro Economics.?**

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

S.NO	CRQ	ANSWER	CL	DL
<b><u>MICROECONOMICS</u></b>				
1.	Explain Micro and Macro Economics.	<p>Microeconomics is a branch of economics that studies the behaviour of individual units such as households, individuals and enterprises within the economy.</p> <p>Macroeconomics is a branch of economics that deals with how an economy functions on a large scale. It differs from microeconomics, which deals with how individual economic players, such as consumers and firms, make decisions.</p>	K/A	E
2.	Describe the different kinds of mobility of Labour.	<p>There are two primary types of labor mobility: geographic and occupational.</p> <p>Geographic mobility refers to a worker's ability to work in a particular physical location, while occupational mobility refers to a worker's ability to change job types.</p>	K/A	E

3.	Distinguish between stock and supply	Stock is the total quantity of goods available for sale with a seller at a particular point in time. Supply refers to the quantity of goods that a seller is able and willing to offer for sale at a particular price during a certain period of time. Stock is generally more than supply.	K/A	E
4.	Discuss the characteristics of monopoly.	A monopoly market is characterized by the profit maximizer, price maker, high barriers to entry, single seller, and price discrimination. Monopoly characteristics include profit maximizer, price maker, high barriers to entry, single seller, and price discrimination.	U	E
5.	Define, price elasticity of demand	The elasticity of demand refers to the responsiveness of the demand due to the change in the determinants of the demand. There are three types of elasticity of demand viz. price elasticity of demand, the income elasticity of demand and cross elasticity of demand.	K/A	E
6.	Write the characteristics of Labour	Characteristics of Labour as a Factor of Production 1] Perishable in Nature. ... Browse more Topics under Theory Of Production And Cost. ... 2] Labour is Inseparable from the Labourer. ... 3] Human Effort. ... 4] Labour is Heterogeneous. ... 5] Labour has Poor Bargaining Power. ... 6] Not Easily Mobile. ... 7] Supply of Labour is relatively Inelastic.	U	E
7.	Discuss the relative importance of the factors of production.	Factors of production are the resources used by a company to produce goods and services. The universally recognized factors of production include land, labor, and capital. Some scholars include enterprise - entrepreneurship - as a fourth factor while many argue that it should fall under labor.	K/A	M

8.	Name the laws of return and explain any one	<p>Earlier economists differentiated between three laws of returns also referred to as laws of production, law of diminishing, increasing and constant returns. Modern economists are of the view that these three laws are really three aspects of same law ,the Law of variable proportions.</p> <p>Diminishing returns, also called law of diminishing returns or principle of diminishing marginal productivity, economic law stating that if one input in the production of a commodity is increased while all other inputs are held fixed, a point will eventually be reached at which additions of the input yield .</p>	K/A	M
9.	How is the equilibrium price determined?	<p>The equilibrium price is the price at which the quantity demanded equals the quantity supplied. It is determined by the intersection of the demand and supply curves. A decrease in demand will cause the equilibrium price to fall; quantity supplied will decrease and vice versa.</p>	K/A	E
10.	Distinguish between Micro and Macro Economics	<p>Microeconomics is the branch of economics that deals with the study of individual, and firm's behavior in decision making and allocation of resources. It comprises market of goods and services and deals with economic issues.</p> <p>Macroeconomics is the branch of economics that deals With the study of behavior And performance in total/</p>	K/A	E

Macr  
with  
econ  
macr  
(CDI

					Macr cover
					Ma na pri
					It is a
					It cov infor more
					Significan e
					It p so de un
					It l co pro tru for
11.	Discuss the relative importance of the factors of production	The factors of production are land, labor, capital, and entrepreneurship, which are seamlessly interwoven together to create economic growth. Improved economic growth raises the standard of living by lowering production costs and increasing wages.	K/A	E	

12.	Name the laws of returns and law of costs	<p>There are three laws of costs in terms of cost against the three laws of returns. These are:</p> <ol style="list-style-type: none"> <li>1. Law of decreasing cost</li> <li>2. Law of constant cost</li> <li>3. Law of increasing costs</li> </ol> <p>These laws are briefly explained below:</p> <p>Law of Decreasing Costs:</p> <p>In terms of costs, the <a href="#">law of increasing returns</a> means the lowering of the marginal costs as successive units of variable factors are employed. Se we are moving towards the optimum business point. It is called law of decreasing costs. Therefore, the other name of law of increasing returns is the law of decreasing costs.</p> <p>Law of Constant Costs:</p> <p>In terms of costs, the <a href="#">law of constant returns</a> means the constant marginal costs as the industry is expanded by employing more units of variable factors. By constant costs, the industry moves on the path of optimum business unit. Therefore, the other name of the law of constant is known as the law of constant costs.</p> <p>Law of Increasing Costs:</p> <p>The law of <a href="#">decreasing returns</a> means the increasing of the marginal cost. So we are moving afterwards the optimum business unit. The tendency on the part of marginal cost to rise is called the law of increasing cost. Therefore, the other name of law of decreasing returns is known as the law of increasing costs.</p>	U	E
13.	State the laws of diminishing marginal utility	<p>The Law Of Diminishing Marginal Utility states that all else equal as consumption increases the marginal utility derived from each additional unit declines. Marginal utility is derived as the change in <a href="#">utility</a> as</p>	K/A	E

		<p>an additional unit is consumed.</p> <p>Utility is an economic term used to represent satisfaction or happiness. Marginal utility is the incremental increase in utility that results from consumption of one additional unit.</p>		
14.	State Malthusian theory of population	<p>The Malthusian Theory of Population is the theory of exponential population and arithmetic food supply growth. The theory was proposed by Thomas Robert Malthus. He believed that a balance between population growth and food supply can be established through preventive and positive checks.</p> <p>The theory states that food production will not be able to keep up with growth in the human population, resulting in disease, famine, war, and calamity.</p>	U	E
15.	What are the advantages of large scale production?	<p>(a) Advantages of Large Scale Production:</p> <p>Internal Economies: Internal economies arise within the firm because of the expansion of the size of a particular firm.</p> <p>External Economies: External economies arise with the expansion of the industry.</p> <p>Division of Labour: per worker output increases, hence, labour cost per unit decrease.</p> <p>Use of machines: all the advantages of the use of machinery are available.</p> <p>More Production: The large scale industries can produce more goods.</p> <p>Economies of Organisation: With an increase in the size of the firm, the cost of management is reduced.</p> <p>Low Cost of Production: As fixed cost remains same with the increase in production, cost per unit for production decreases.</p> <p>Cheap and Easy Loans: Banks and other financial institutions willingly advance loans to these enterprises at a very low rate of interest.</p>	K/A	M
16.	State the law of supply	<p>The law of supply is the microeconomic law that states that, all other factors being equal, as the price of a good or service increases,</p>	K/A	M



		the quantity of goods or services that suppliers offer will increase, and vice versa.		
17.	State the main features of a perfect competitive market.	<p>A perfectly competitive market has the following characteristics:</p> <p>There are many buyers and sellers in the market.</p> <p>Each company makes a similar product.</p> <p>Buyers and sellers have access to perfect information about price.</p> <p>There are no transaction costs.</p> <p>There are no barriers to entry into or exit from the market.</p>	K/A	E

### PAKISTAN ECONOMICS

18.	Mention the sources of agricultural credit	In Pakistan, formal agricultural credit is mainly provided to farmers through ZTBL, commercial banks, domestic private banks, cooperatives and Khushhli Bank Limited. These formal sources of credit are working under the supervision of State Bank of Pakistan.	K/A	E
19.	State the problems of agricultural sector in Pakistan.	<p>Problems in Agriculture of Pakistan:</p> <p>Lack of modern agricultural technology.</p> <p>Poor Financial Position of Farmer.</p> <p>Limited Cultivable Area.</p> <p>Waterlogging and salinity.</p> <p>Slow Growth of Allied Product.</p> <p>Low per Hectare Yield.</p> <p>Inadequate Infrastructure.</p> <p>Uneconomic Land holdings.</p>	K/A	E
20.	Review the energy crisis in Pakistan	The energy crisis is the largest single drain on Pakistan's economy. This crisis stems from a fuel mix transformation initiated two decades ago, when power generation came to rely more on imported furnace oil than hydropower. The resultant increased power generation costs, coupled with the high proportion of line losses, have led to the need to increase tariffs, while causing	K/A	E

		losses to power generation, transmission and distribution companies. This in turn has given rise to the phenomenon of circular debt in the energy sector, whereby slippages in the payment of bills (particularly on the part of public institutions) trigger a chain of delayed payments for imported furnace oil, natural gas or other inputs to the thermal generation system, which in turn hamper the operation of the power plants and result in less than optimum capacity usage. In addition, the energy crisis is a significant drain on the government's resources, with energy subsidies taking up a substantial part of the federal budget.		
21.	State the problems of industries in Pakistan	problems of industries in Pakistan may broadly be grouped into industrial and trade policy distortions, a narrow industrial base, low productivity levels, poor quality of products, the role of public sector enterprises, higher costs of production, problems in the regulatory framework, and weak infrastructure.	U	E
22.	State the reason of poverty in Pakistan	The following are the three main causes of poverty in Pakistan. Population growth. At 1.86%, Pakistan has the highest population growth rate in the world. ... Largely uneducated populace. About half of Pakistan's population is illiterate, and 7.26 million children are out of school due to poverty. ... Imbalanced Taxes.	K/A	E
23.	Discuss the mechanization of agricultural in Pakistan	Being an agrarian country, mechanization can be called as back bone of Pakistan's economy as it optimizes the use of biological, chemical and hydrological inputs.  So far, Pakistan has only experienced selective farm mechanization as this concept has	U	E

		<p>remained limited to use of tractors only and at the country level, the temporal analysis shows that an increase in tractor population from 1975 -1984 was about 341% while it was 61% from 1984-1994. At present there are about 0.94 million tractors in Pakistan, which alone provides 0.84 hp/acre. Land preparation is the only operation that is nearly 100% mechanized in the country for almost all crops with 901 thousand chisel plough and 108 thousand Mould board ploughs. The market of planting and spraying machinery has grown from 70 and 21 thousands in 2004 to 295 and 1438 thousands in 2014 respectively due to the inclination of the farming community towards mechanized sowing and spraying.</p> <p>The thrasher's market in Pakistan is estimated at 20,000-30,000 units annually by sales resulting in nearly 100% mechanized threshing operation for cereal crops. By increasing the available horse power per hectare and by the proper management of agricultural machinery the average crop yield can be enhanced.</p>		
24.	Write the resources of Pakistan	<p>Pakistan has immense reserves of a number of minerals and natural resources that include coal, gold, copper, bauxite, mineral salt, chromite, iron ore, and many others. Pakistan also mines a variety of precious and semi-precious minerals including ruby, topaz, and emerald.</p>	K/A	M

25.	Explain the importance of cottage industries in the economics development of Pakistan and assess their problems	<p>Small-scale cottage industries also are an important source of employment, especially in rural areas. For farmers, operating a cottage industry out of the home can supplement the income raised from selling crops. In winter, when farming activities tend to abate, a cottage industry can create extra income.</p> <p>Problems of Cottage and Small-Scale Industries</p> <p>Non-availability of timely and adequate credit.</p> <p>Inefficient management.</p> <p>Lack of infrastructure.</p> <p>Technological obsolescence.</p> <p>Limited availability of raw materials.</p> <p>Marketing problems.</p> <p>Competition with large-scale industries and imports.</p> <p>Excessive burden of local taxes.</p>	K/A	M
26.	What are the main economics problems of Pakistan	There is almost a consensus that the major economic challenges facing Pakistan are rising poverty and unemployment, heavy external and domestic indebtedness, high fiscal deficit and low investment.	K/A	E
27.	What are the causes of inflation in Pakistan	<p>CAUSES OF INFLATION IN PAKISTAN</p> <p>Increase in Money Supply.</p> <p>Increase in Velocity of Money.</p> <p>More Investment.</p> <p>Non-productive Expenditures.</p> <p>Corruption &amp; Black Money.</p> <p>Deficit Financing.</p> <p>Foreign Remittances.</p> <p>Foreign Aids.</p>	K/A	E
28.	What does the agricultural sector in Pakistan need agricultural credit	The basic role of credit in Agriculture is to provide capital to acquire any kind of productive assets, land and/or machinery. Credit provides the means for many farmers to adjust their operations to keep up with the constant changes and, by doing so, to	K/A	E

		<p>improve their operations. These institutional sources of agricultural credit have been playing a key role in providing financial support to the agriculture sector and rural households in Pakistan. ... In order to enable farmers to buy modern inputs and technologies to improve agricultural productivity and improve their living standards.</p>		
--	--	---	--	--