## සියලු හිමිකම් ඇවිරිණි / All Rights reserved



Provincial Department of Education NWP Provincial Departm

## Third Term Test - Grade 13 - 2016

Index No:	Economics I	Two Hours
maex No:		1 WO 110013

## **Important**

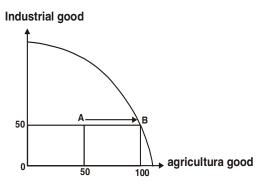
- Answer for all the questions.
- Select the correct or most suitable answer and write the correct number on the given dotted line.
- 1. Which of the following statement indicates a micro economic component?
  - 1. Increase in population.
  - 2. Increase the Gross National Production in India gradually.
  - 3. Increase in Commodity price due to increase in VAT from 11% to 15%.
  - 4. Increase in price of sim cards.
  - 5. Engage an economy into international trade.

( .......... )

- 2. Economic resources means,
  - 1. Scarce resources which have a limited supply.
  - 2. Production resources like land, labour, capital & entrepreuureship.
  - Goods and services which have a price and produced utilizing scarce resources
  - 4. All the resources given by the nature.
  - 5. All the resources essential for production process.

( .....)

3. Following production possibilities curve depicts the economy that agricultural good and industries goods are produced.



Which of the following is caused to shift the point A to B in above curve?

- 1. Increase in unemployment in agricultural goods.
- 2. Increase in agricultural output due to increase in resource productivity.
- 3. Increase in agricultural output due to increase in demand.
- 4. Producing agricultural goods with 50 of oppot-unity cost.
- 5. Arrival of emmigrated agricultural workers to the mother country back. ( ......... )

1

4.	If the	e wages for labour and the income earn	ed on pro	perty are spent on the consu	mption decisions by
	peop	le in a certain economy; it implises,			
	1.	The way production is determined by	a market	economy.	
	2.	That the consumption level of that eco	onomy is	high.	
	3.	The choice happens between income	and cons	umption	
	4.	The way the consumption is determine	ned in a co	ommand economy.	
	5.	That a higher proportion of earned in	come is s	pent on the cosumption in a m	narket economy.
					( )
5.	Whe	n the production lies on a certain point on	the produ	action possibilities curve,	
	1.	The production of one good can be in	ncreased	without sacrificing from the	other.
	2.	There is a production inefficiency of	f the econ	omy.	
	3.	The availability of resources are fully	utilized.		
	4.	The technology is changed.			
	5.	It shows an increase in the productivi	ty.		( )
6.	An e	ffect created within the economy due to	specializa	tion is,	
	1.	increase in unit cost.	2.	Increase in consumer satisf	faction.
	3.	increase in facror productivity.	4.	increase the tatal production	on cost.
	5.	Descrease in marginal production.		•	()
7.	A ce	rtain mango producer produces 100 ma	ngoes an	d sells each at Rs. 10/=. Th	e price elasticity of
	dema	and of this is -2.0. If the mango price is	reduced	by 20% in the next term, the	total revenue of the
	farm	er is,			
	1.	incresed by Rs. 1000.00	2. <b>P</b>	increased by Rs. 520.00	
	3.	decreased by Rs. 480.00	4.		
	5.	increased by Rs. 480.00		s	()
8.	If the	e price of one commodity increased from	Rs. <b>25</b> .00	to Rs. 62.50 The quantity de	emanded of the other
		duced from 40 to 20 units what would be		/ /	
	1.	The elasticity is 2.0 and they are subs		/ // /	,
	2.	The elasticity is 0.2 and they are com			
	3.	The elasticity is 2 and they are compl		/	
	4.	The elasticity is 2.5 and they are subs	T	100	
	5.	The elasticity is 2.5 and they are com			()
9.			-15	<b>,</b> ··-·	( )
			$\downarrow$		

According to the above diagram, which of the following shows the elasticity of point A related to S and  $S_1$  respectively,

1. Esp = 2.5 and 0.62

1.5 and 0.8

2. Esp = 0.8 and 1.5

3. Esp = 1.0 and 0.8

4. Esp = 0.62 and 2.5

10. Qd = 600 - 10 PQs = 100 + 10 P

Esp

5.

For the above market if government imposes Rs. 40.00 of minimum price and if the surplus is not been purchased by the government, the commodity price would be,

1. Rs. 40.00

2. Rs. 10.00

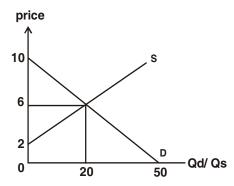
3. Rs. 20.00

4. Rs. 25.00

5. Rs. 15.00

( .....)

11. The equilibrium market for cetain good is as follows.



What would be the minimum income expected by the producer by selling 20 units from this good?

1. Rs. 80.00

2. Rs. 180.00

3. Rs. 120.00

4. Rs. 40.00

5. Rs. 160.00

- ( ......... )
- 12. The demand and supply equations of a certain good in a certain market within a given time period are as follow.

P	Qd	Qs
80	500	900
70	600	800
60	700	700
50	800	600

Related to this good, if government imposes Rs. 10/= of unit tax on the producer, what would be the excess supply at Rs. 70.00 after the taxation.

1. 200

2. -200

3. 100

- 4. -100
- 5. 300

- ( .........
- 13. If the market demand function of a certain good is Qd = 20 2P and excess demand function is ED = 30 6P, what would be the production surplus at the equilibrium?
  - 1. 25

- 2. 22.50
- 3. 12.50

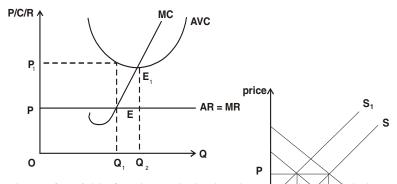
- 4. 75.00
- 5. 25.50

( ......... )

14. The demand and supply curves of a certain good are as follow.

select the reason that can be caused to shift the equlibrium quantity from Q to Q1,

- 1. Production subsidy and consumer tax.
- 2. Increase in cost and price reduction of complement price.
- 3. Technological improvement and reduction in consumer income.
- 4. Production tax and pricr reduction of substitute goods.
- 5. Price increase in complement goods and lower consumer desire on the particular good.( ..........)
- 15. Which of the following statement that can be agreed accoording to the given diagram.



- 1. The profit of this firm is maximised at the output level related to E<sub>1</sub>.
- 2. At the output level related to 'E', firm earns economic profit.
- 3. The firm earns an economic loss at the output level related to ED1 D Qs / Qd
- 4. The short run supply curve of the firm is the upwart slope of the Marginel Cost curve which lies above 'E'
- 5. The minimum supply price of the firm is P. ( ......... )
- 16. When Marginal Production of labour equals to its Average Production,
  - 1. The Marginal Production of labour is maximized.
  - 2. The Marginal Cost and the Average Cost of the Production are zero.
  - 3. The Marginal Cost of the production equal to the minimum average variable cost.
  - 4. Average Total Cost gets a minimum value.
  - 5. The Total Production gets maximum value. ( .......... )
- 17. A perfectly competitive firm sells 200 units at Rs. 250/= of each per week. The cost of the firm given as below.

Total fixed cost 20,000
Total variable cost 60,000
Marginal cost 200

	<ul> <li>What has to be done by the firm to maximize the profit or minimize the cost in the</li> <li>1. Terminating the entire production.</li> <li>2. Expansion of output.</li> <li>3. Contraction of output.</li> <li>4. Increase in price.</li> </ul>	short run?
	<ol> <li>Increase in price.</li> <li>Maintaining the output at cuurent level.</li> </ol>	( )
18.	What is meant by the 'Perfectly elastic demand curve' of the perfectly competitiv  1. The ability of selling unlimited amount of commodities at the exsisting pric  2. When output levels is increased, the marginal cost remain unchanged.  3. The total revenue of the firm can be increased by raising the price of the co  4. The total revenue of the firm remains constant at whatever quantity that firm produces, the price remains unchange.	ce of the firm.
19.	Normal profit means,  1. The average profit amount that firm earns within a certain years.  2. The average profit an industry earns within a certain years.  3. The minimum requied profit expected, to employ the production factor at cut.  4. The required profit amount of the firm to maintain the production at the equ.  5. The profit which is crated when marginal cost equals to the marginal rever.	ilibrium.
20.	Which of the following would be the reason to have a lower level of Gross National Donestic production, calculated at market price in a certain year.  1. Negative net indirect tax. 2. Negative Net Foreign Fa. 3. Negative net exports. 4. Negative foreign resource. 5. Positive net indirect tax.	ctor income.
21.	What would be the index which shows the situation of a higher rate of expending income of an economy in a certain year.  1. Increase in state expenditure.  2. Decrease in income of foreign investment.  3. Negative value in Balance of Payment.  4. Contraction in the income amount.  5. Negative net foreign transfers.	ture than the national
22.	Among following what would be the factor which causes for the overestimation Production, when it is included under the expenditure approach?  1. Fixed capital expenditure 2. Consumer expenditure 3. Expenditure made to purchase second hand commodities. 4. Expenditure on final products. 5. Inventory changes.	on of Gross Domestic
23.	<ol> <li>Which of the following would not be included in national income?</li> <li>Undevided company profits.</li> <li>Net earnings of farmers.</li> <li>Aid given by the government for senior generation in households.</li> <li>Income earned by a musician.</li> <li>Interest payment done by businessmen for supplying financial capital.</li> </ol>	( )

- 24. A situation that is possible in moving from trough to peak in the business cycle.
  - 1. Increase in real output, Increase in employment, Increase in inflation.
  - 2. Increase in real output, Decrease in employment, Decrease in inflation.
  - 3. Increase in real output, Increase in employment, Decrease in inflation.
  - 4. Increase in potential output, Decrease in employment, Inflation is created.
  - 5. Increase in potential output, Decrease in real output, Decrease in inflation. ( .......... )
- 25. In national accounting, what would be the national account concept that wages + Interest + Profit + Property income + primary income balance in balance of payment.
  - 1. Gross National Income
- 2. Net Domestic Production
- 3. Net Domestic Income
- 4. Gross National Production

5. National Income

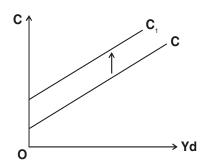
- ( ......... )
- 26. What would be the value of GDP deflator, when Nominal Gross Domestic Production is Rs. 1600 million and Real Gross Domestic Production in Rs. 1200 million?
  - 1. 0.75

- 2. 133.3
- 3. 75

4. 1.66

5. 220

- ( .......... )
- 27. Which of the following defines the 'equilibrium output level' accurately in macro economic analysis?
  - 1. Any output level which can be mintained without getting fluchations from the excitiving value.
  - 2. The constant output level which can be maintained above the unemployment level.
  - 3. Income or output level which is dermined on the PPC without fluctuations.
  - 4. Maintaing the exsisting employment level at a minimum level.
  - 5. Full employment level or equilibrium output level which lies above that. ( .......... )
- 28. Due to the changes occured in consumption of a certain economy, the changed consumption curve is as follows.



According to the given diagram, select the statement which can be agreed.

Natio	nal Income	Marginal Propensity to consume	Average propensity to save
1.	Increase Descrease Increase No change Decrease	Decrease	No change
2.		Increase	Descrease
3.		No change	Inscrease
4.		No change	Increase
5.		Increase	Decrease

( .....)

29.	incre Which 1. 2. 3.	a certain closed economy, that the consumption function is C = 100 + 0.8 yd the government purchases reased by Rs. 30 billion and to raise funds on that, autonounus tax was raised by Rs. 30 billion. aich of the following would be an effect of that?  Increase in equilibrium National Income by Rs. 100 billion.  Decrease in aggregate demand by Rs. 30 billion.  Decrease in equilibrium National income by Rs. 100 billion.					
	4. 5.	Increase in aggregate No any change create					()
30.	What	would be the investmen	t level o	of a simple economy i	if C = 30 + 0	0.6  y and y = 100	0
	1.	630	2.	2500	3.	370	
	4.	3000	5.	600			( )
31.		imple economy, the Margi ne due to increase in auto	_	s investment by Rs. 15		ould be the expans	sion of equilibrium
	1.	Rs. 375 billion	2.	Rs. 15 billion	3.	Rs. 60 billion	
	4.	Rs. 9 billion	5.	Rs. 68 billion			()
32.	1. 2. 3. 4.	h would be the cost give Cost included in priva The advantages which The cost which is not The cost on production	nte acco n can be gained on factor	unts of the producer.  obtained by the exte by the producer but I rs that are belonged to	rnal parties on the external parties of the external contract the external contract the contract the external	due a production y the external so al parties.	ociety.
	5.	External costs like dro	oughts v	vhich cannot be contr	folled by the	producer.	()
33.	Whic	h of the following gives		-		-	dget?
	1.	Government savings		-	current exp	ences.	
	2.	Positive government s	avings.				
	3.	Public busineses shou	ld be so	old to the private sector	or.		
	4.	Capital expenditure h	as to be	reduced.			
	5.	Loans have to be obta	ined to	maintain the econom	ic activities	of the governme	nt.( )
34.	Ident	ify the credit approach c	ause to	not to create an inflat	tionary effec	t due to state bu	dget deficit.
	1.	Getting low from the	Central	Bank.			
	2.	Getting loans from the	e Insure	nce Companies.			
	3.	Getting loans from Co	mmerc	ial Banks.			
	4.	Getting loans from for	reign se	ctor.			
	5.	Getting loans from Sa	mpath I	Bank.			( )
35.	Amo	ung following which wo	ıld be m	nore appropriate for 'C	Common res	ources'	
	1.	Goods which have a c	ompetit	ion in consumption a	nd that the co	onsumption cann	ot be limited.
	2.	Goods that the consun	nption c	an be limited but no c	ompetition i	n consumption.	
	3.	Goods which can be c	onsumr	ned collectively.			
	4.	Goods which can be c		•	uld but no co	ompetition.	
	5.	Goods that the social		•		-	()

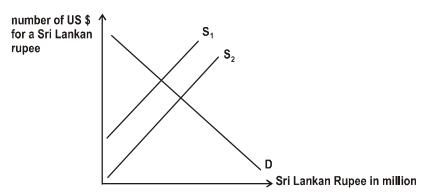
26	W/1			1	41 1			
36.	w nei	n an additional person i Infinite	is provided 2.	has to bear	3.	negative		
	4.	Zero	5.	positive	3.	negative	()	
		2410	٥.	positive			(	
37.	Whic	ch of the following is n	ot a compo	onent in M <sub>2</sub> b of mon	etary aggreg	ates?		
	1.	Private deposits of	licened spe	ecialized banks.				
	2.	Recidential deposit	s in foreigi	n banks.				
	3.	Saving deposits of	commercia	al banks by the name	of public.			
	4.	Current account bal	lance of pu	ablic.				
	5.	Currencies belonge	d to public	2.			( )	
38.	An in	idividual deposits Rs. 4	800 in his	current account of a	commercial b	oank. What woul	d be the maximum	
		ant of loans which can						
	1.	Rs. 22200	3.	Rs. 19200	5.	Rs. 16200		
	2.	Rs. 18200	4.	Rs. 24000			()	
39.	Whic	th of the following is ca	nused to lir	nit the profitability o	of the Comme	ercial Bank?		
57.	1.	not exsiting excess		int the promability o	T the Commit	Total Bank.		
	2.	Lowering the prima		29				
	3.	Lowering the interest	•					
	4.	Lowering the secon		rves				
	5.	A higher level of liq	-	1 1 05.			()	
	٠.	rimgher lever of hig	arary.				()	
40.	The export competition can be increased,							
	1.	When a higher infla	tion is pre	vailed in this econom	ıy.			
	2.	When the inflation	rate is high	ner compared with o	ther countrie	S.		
	3.	When lowering the	domestic	currency payment to	oword a unit	of foreign curre	ncy.	
	4.	When increase in the	ne paymen	t of domestic curren	cy units for a	a foreign currenc	ey unit.	
	5.	When there is a hig	her demar	nd for exports.			()	
41.	Asig	nificant change done ir	n the comp	osision of BOP is,				
	1.	_	_	he goods and service	es account.			
	2.	Combining both cu	rrent acco	unt and the financial	account.			
	3.	Renaming the curre	ent transfei	r account into the pri	mary income	e account.		
	4.	Differentiating capi	tal and fin	ancial account.				
	5.	Increase in current	account u	p to four of sub acco	ounts.		()	
42.	Whic	th of the following that	cannot be	e agreed?				
	1.	-		hrmful for the socia	l welfare.			
	2.		-	ownment of an econ		nparative advanta	age of an economy	
		can be changed.			• •	1	,	
	3.	_	ctionism F	Rate is reduced when	rariff is imp	osed on importe	ed inputs.	
	4.			for imports and expo	_	-	-	
		for the balance of			. 1	8		
	5.			than export price, th	ne terms of T	rade reduces.	()	

43. The added value of a unit of domestic product under the free trade is Rs. 2000/-. The domestic market price of a unit of an imported textile is Rs. 4000/- If 10% tariff is imposed on imported textile and 5% tariff is imposed on imported inputs,

	Non - tariff Effective rate of protectinism on imported inputs	Effective rate of Protectinism on inputs with tariff		
1.	25	10		
2.	20	15		
3.	15	20		
4.	10	25		
5.	22	15		

( .....)

44. The demand and supply for the Sri Lankan rupes in the foreign exchange market is as follows.



Which of the following is caused to shift the above supply curve from  $S_1$  to  $S_2$ .

- 1. Arrival of more tourists to Sri lanka from the USA.
- 2. Increase in exporting the textile to the USA.
- 3. Increase in American investment in the Colombo Stock exchange.
- 4. Sri Lankans tempt to have tours to America.
- 5. Subsidizing export entry industries in Sri Lanka.

( .....)

- 45. Which of the following is resulted when the Sri Lankan rupee value is reduced from Rs. 120 to Rs.96 related to the US \$.
  - 1. When textile is exported, the price of that would be reduced.
  - 2. The imported cloth to Sri Lanka from America would be very expensive.
  - 3. The US \$ value is increased in terms of Sri Lankan rupee.
  - 4. Compaired with the US \$, the Sri Lankan rupee has been depriciated.
  - 5. Sri Lankans who travel to the USA are benefitted.

( .....)

- 46. In measuring the human development, select the essential group of factors for a favourable living standard.
  - 1. Favourable health condition, needy things for a favourable life well-governance.
  - 2. Freedom of choice, security and favourable social relationships.
  - 3. Freedom of choice, well-governance, security.
  - 4. Favourable social relationships, security, Environmental Protection.

Socia	Il Development, of the following wo	environr	onomic structural chemental protection.  considered as the "I \$ 1.90	International l	Povery line" af	() ter 2015.
th one of	the following w	ould be	considered as the "I		Povery line" af	
\$ 1.09	)				Povery line" af	ter 2015.
		2.	¢ 1 00			
\$ 1.00	`		φ 1.9U	3.	\$ 1.25	
	)	5.	\$ 1.52			()
rding to	the new surway	conduct	ed in 2012/2013 th	e Provice and	the District the	at the highest rate
_		conduct	ca 111 2012/2013, til	e i iovice una	the Bistrict the	at the highest fact
<del></del>				٦		
	Province		District			
1.	North		Mulathiw			
2.	Uwa		Badulla			
3.	North		Kilinochchi			
4.	Uwa		Mulathiw			
5.	East		Monaragala			()
				_		
rding to	the World Ponk	alasifiaa	tion when countries	s ara alasifiad	based on nor a	onital income w
_					oased on per e	apitai income, w
		2.	\$ 1025	3.	\$ 1045	
\$ 975			*		*	
r	1. 2. 3. 4. 5.	Province  1. North 2. Uwa 3. North 4. Uwa 5. East	Province  1. North 2. Uwa 3. North 4. Uwa 5. East	Province District  1. North Mulathiw 2. Uwa Badulla 3. North Kilinochchi 4. Uwa Mulathiw 5. East Monaragala	Province  District  1. North 2. Uwa 3. North 4. Uwa 5. East  Mulathiw Mulathiw Mulathiw Mulathiw Mulathiw Mulathiw	Province District  1. North Mulathiw 2. Uwa Badulla 3. North Kilinochchi 4. Uwa Mulathiw 5. East Monaragala  rding to the World Bank clasification, when countries are clasified based on per c

In addition to the social development, what is expected to acheive the sustainable development.

Minimize the poverty, environmental protection.

Equal income dristribution, economic efficiency.

47.

1.

2.