

**Class: X****MODEL PAPER 2026****Time Allowed: 20 minutes****SUBJECT: ECONOMICS****Q1:****SECTION "A" (MULTIPLE CHOICE QUESTIONS)****Marks: 15**

Note: Attempt **ALL** the MCQs from Section "A". Each MCQ carries **ONE** mark.

1. How is personal income used?
 - A. For consumption and savings
 - B. For investment and government spending
 - C. For exports and imports
 - D. For production and distribution
2. What is GDP?
 - A. Gross Development Product
 - B. Gross Domestic Product
 - C. Gross Defined Product
 - D. Gross Deposited Product
3. Which type of investment is influenced by changes in income?
 - A. Induced investment.
 - B. Autonomous investment.
 - C. Public investment.
 - D. Private investment.
4. What is personal income?
 - A. The total value of goods and services produced by a country.
 - B. The income earned by individuals from various sources.
 - C. The profit earned by businesses.
 - D. The revenue collected by the government.
5. Which of the following is an indicator of economic growth?
 - A. Increase in life expectancy.
 - B. Decrease in poverty rate.
 - C. Increase in Gross Domestic Product Per Capita.
 - D. Decrease in literacy rate.
6. What was the primary purpose of introducing money into the economy?
 - A. To control inflation.
 - B. To facilitate trade and commerce.
 - C. To reduce unemployment.
 - D. To increase government revenue.
7. What type of financial market deals with the buying and selling of short-term securities?
 - A. Stock market.
 - B. Bond market.
 - C. Money market.
 - D. Foreign exchange market.
8. Which type of bank provides financial services to farmers and rural communities?
 - A. Agricultural bank.
 - B. Industrial bank.
 - C. Commercial bank
 - D. Microfinance bank.
9. What is the primary purpose of trade?
 - A. To promote economic growth.
 - B. To reduce unemployment.
 - C. To increase government revenue.
 - D. To exchange goods and services between countries.
10. Which of the following is a major export of Pakistan?
 - A. Machinery.
 - B. Electronics.
 - C. Textiles.
 - D. Automobiles.
11. What is globalization?
 - A. The process of increasing trade barriers.
 - B. The integration of economies and societies around the world.
 - C. The reduction of foreign investment.
 - D. The increase in government control over the economy.
12. Which of the following is a benefit of international trade?
 - A. Increased dependence on foreign goods.
 - B. Decreased economic growth.
 - C. Increased competition and innovation.
 - D. Reduced consumer choice.
13. What is the primary source of revenue for the government?
 - A. Taxation.
 - B. Public borrowing.
 - C. Private investment.
 - D. Foreign aid.
14. Why is taxation an important source of public revenue?
 - A. It reduces economic growth
 - B. It increases income inequality
 - C. It provides revenue for public goods and services
 - D. It decreases government intervention
15. What is the main objective of the Islamic economic system?
 - A. To promote economic growth
 - B. To reduce poverty
 - C. To increase individual wealth
 - D. To achieve collective welfare or 'Falah'

END OF SECTION "A"



Class: X

MODEL PAPER 2026

Time: 2 hours 40 minutes

SUBJECT: ECONOMICS (SECTION "B" & SECTION "C")
SECTION "B" (SHORT ANSWER QUESTIONS)Total Marks: 60
Marks: 30**Note:** Attempt any **SIX** questions from Section "B". Each question carries **FIVE** marks.

Q.2 Define the concept of income in economics.

Q.3 State the concept of Gross National Product (GNP).

Q.4 Explain how increased national income can improve the standard of living of its citizens.

Q.5 Define cyclical unemployment and explain its causes.

Q.6 Explain the role of commercial banks in Pakistan's economy.

Q.7 List the tools used by the State Bank of Pakistan to implement monetary policy.

Q.8 Explain how a surplus in the current account balance can impact Pakistan's foreign exchange reserves.

Q.9 Identify the demerits of engaging in international trade for Pakistan.

Q.10 Explain the impact of a budget deficit on Pakistan's economy.

Q.11 Describe the importance of private revenue for individuals and businesses.

SECTION "C" (DETAILED ANSWER QUESTIONS)**Marks: 30****Note:** Attempt any **THREE** questions from Section "C". Each question carries **TEN** marks.

Q.12 Discuss the significance of traditional means of communication for the economic development of Pakistan.

Q.13 Analyze the causes of inflation in Pakistan and evaluate its impact on the value of money.

Q.14 Discuss the difficulties of the barter system and explain why it is impractical in modern economies like Pakistan.

Q.15 Examine the factors contributing to Pakistan's negative Balance of Payments.

Q.16 Compare the principles of wealth distribution in Islamic economics with conventional economic systems.

END OF PAPER



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Answer Key- Sec A
Economics X Model Examination Paper 2026

S #	Option
1	A
2	B
3	A
4	B
5	C
6	B
7	C
8	A
9	D
10	C
11	B
12	C
13	A
14	C
15	D



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Model Examination Paper 2026

Class: X

Subject: Economics

Section: B

Q.2 Define the concept of income in economics.

Level	Unsatisfactory	Marginal	Good	Exemplary
Max. Marks	0	1-2	3-4	5
Description	Provides no response or provides irrelevant response	<ul style="list-style-type: none">- Lists 1 aspect of income in economics- Shows limited understanding of income concept- Lacks specific examples or explanations about income- Fails to address parts of the question	<ul style="list-style-type: none">- Defines income with 1-2 relevant points- Shows some understanding of income in economics- Provides some examples or explanations about income- Addresses most parts of the question	<ul style="list-style-type: none">- Clearly defines income with 3+ relevant points- Shows clear understanding of income concept- Provides relevant examples and explanations about income- Addresses all parts of the question effectively

Q.3 State the concept of Gross National Product (GNP).

Level	Unsatisfactory	Marginal	Good	Exemplary
Max. Marks	0	1-2	3-4	5
Description	Provides no response or provides irrelevant response	<ul style="list-style-type: none"> - Lists 1 aspect of Gross National Product (GNP) - Shows limited understanding of GNP concept - Lacks specific examples or explanations about GNP - Fails to address parts of the question 	<ul style="list-style-type: none"> - Defines GNP with 1-2 relevant points - Shows some understanding of GNP meaning - Provides some examples or explanations about GNP - Addresses most parts of the question 	<ul style="list-style-type: none"> - Clearly defines GNP with 3+ relevant points - Shows clear understanding of GNP concept - Provides relevant examples and explanations about GNP - Addresses all parts of the question effectively

Q.4 State how increased national income can improve the standard of living of its citizens.

Level	Unsatisfactory	Marginal	Good	Exemplary
Max. Marks	0	1-2	3-4	5
Description	Provides no response or provides irrelevant response	<ul style="list-style-type: none"> - Fails to define standard of living. - Does not recognize relationship between national income and standard of living. - Lacks understanding of economic impact. - Provides vague or inaccurate information. 	<ul style="list-style-type: none"> - Defines standard of living (e.g., access to goods and services). - Recognizes increased national income improves standard of living (e.g., more resources for healthcare, education). - Mentions benefits like increased purchasing power and employment opportunities. - Shows basic understanding of the relationship. 	<ul style="list-style-type: none"> - Clearly explains how increased national income improves standard of living (e.g., better infrastructure, social services). - Analyzes specific ways national income growth benefits citizens (e.g., improved healthcare, education, housing). - Provides examples or data to support explanation (e.g., reduced poverty rates, increased life expectancy). - Demonstrates thorough understanding of the impact of national income on citizens' well-being.

Q.5 Define cyclical unemployment and explain its causes.

Level	Unsatisfactory	Marginal	Good	Exemplary
Max. Marks	0	1-2	3-4	5
Description	Provides no response or provides irrelevant response	<ul style="list-style-type: none"> - Fails to define cyclical unemployment. - Does not recognize its causes. - Lacks understanding of economic fluctuations. - Provides vague or inaccurate information. 	<ul style="list-style-type: none"> - Defines cyclical unemployment (e.g., unemployment due to economic downturns). - Recognizes causes (e.g., recession, economic fluctuations). - Mentions factors like reduced demand and business cycles. - Shows basic understanding of cyclical unemployment. 	<ul style="list-style-type: none"> - Clearly defines cyclical unemployment and its relationship to economic cycles. - Thoroughly explains causes (e.g., aggregate demand shocks, business cycle contractions). - Provides specific examples or data to support explanation (e.g., unemployment rates during recessions). - Demonstrates in-depth understanding of cyclical unemployment's role in the economy.

Q.6 Explain the role of commercial banks in Pakistan's economy.

Level	Unsatisfactory	Marginal	Good	Exemplary
Max. Marks	0	1-2	3-4	5
Description	Provides no response or provides irrelevant response	<ul style="list-style-type: none"> - Fails to define commercial banks. - Does not recognize their role. - Lacks understanding of financial services. - Provides vague or inaccurate information. 	<ul style="list-style-type: none"> - Defines commercial banks (e.g., financial institutions providing banking services). - Recognizes role in accepting deposits and providing loans. - Mentions services like account management and payment facilitation. - Shows basic understanding of commercial banking. 	<ul style="list-style-type: none"> - Clearly explains commercial banks' role in Pakistan's economy (e.g., financial intermediation, credit creation). - Analyzes specific services and their impact (e.g., mobilizing savings, financing businesses). - Provides examples or data on commercial banks' contribution to Pakistan's economy (e.g., lending to SMEs, agricultural sector). - Demonstrates thorough understanding of commercial banks' significance in Pakistan's financial system.

Q.7 List the tools used by the State Bank of Pakistan to implement monetary policy.

Level	Unsatisfactory	Marginal	Good	Exemplary
Max. Marks	0	1-2	3-4	5
Description	Provides no response or provides irrelevant response	<ul style="list-style-type: none"> - Fails to identify monetary policy tools. - Does not recognize State Bank of Pakistan's role. - Lacks understanding of monetary policy implementation. - Provides vague or inaccurate information. 	<ul style="list-style-type: none"> - Lists some monetary policy tools (e.g., interest rates, reserve requirements). - Recognizes State Bank of Pakistan's role in implementing monetary policy. - Mentions tools like open market operations. - Shows basic understanding of monetary policy tools. 	<ul style="list-style-type: none"> - Accurately lists multiple monetary policy tools used by State Bank of Pakistan (e.g., repo rate, reverse repo rate, cash reserve requirement). - Clearly explains the purpose and impact of each tool (e.g., controlling inflation, regulating liquidity). - Provides specific examples or data on tool usage (e.g., recent changes in interest rates). - Demonstrates thorough understanding of State Bank of Pakistan's monetary policy framework.

Q.8 Explain how a surplus in the current account balance can impact Pakistan's foreign exchange reserves.

Level	Unsatisfactory	Marginal	Good	Exemplary
Max. Marks	0	1-2	3-4	5
Description	Provides no response or provides irrelevant response	<ul style="list-style-type: none"> - Fails to define current account balance. - Does not recognize impact on foreign exchange reserves. - Lacks understanding of trade balance. - Provides vague or inaccurate information. 	<ul style="list-style-type: none"> - Defines current account balance (e.g., trade balance, net income from abroad). - Recognizes surplus increases foreign exchange reserves. - Mentions impact on currency value and economic stability. - Shows basic understanding of current account balance. 	<ul style="list-style-type: none"> - Clearly explains how a surplus in the current account balance increases foreign exchange reserves. - Analyzes implications for Pakistan's economy (e.g., improved import capacity, reduced external debt vulnerability). - Provides specific examples or data on surplus impact (e.g., reserve accumulation, exchange rate stability). - Demonstrates thorough understanding of the relationship between current account balance and foreign exchange reserves.

Q.9 Describe the demerits of engaging in international trade for Pakistan.

Level	Unsatisfactory	Marginal	Good	Exemplary
Max. Marks	0	1-2	3-4	5
Description	Provides no response or provides irrelevant response	<ul style="list-style-type: none"> - Fails to identify demerits of international trade. - Does not recognize potential risks. - Lacks understanding of trade challenges. - Provides vague or inaccurate information. 	<ul style="list-style-type: none"> - Lists some demerits (e.g., dependence on foreign markets, potential trade deficits). - Recognizes impact on domestic industries (e.g., competition from imports). - Mentions risks like global market fluctuations. - Shows basic understanding of international trade challenges. 	<ul style="list-style-type: none"> - Clearly describes multiple demerits of international trade for Pakistan (e.g., vulnerability to global economic shocks, potential environmental and labor concerns). - Analyzes specific examples or case studies (e.g., impact of imports on local industries). - Provides data or statistics to support explanation (e.g., trade deficit figures). - Demonstrates thorough understanding of the complexities and challenges of international trade for Pakistan.

Q.10 Explain the impact of a budget deficit on Pakistan's economy.

Level	Unsatisfactory	Marginal	Good	Exemplary
Max. Marks	0	1-2	3-4	5
Description	Provides no response or provides irrelevant response	<ul style="list-style-type: none"> - Fails to define budget deficit. - Does not recognize economic impact. - Lacks understanding of fiscal policy. - Provides vague or inaccurate information. 	<ul style="list-style-type: none"> - Defines budget deficit (e.g., government spending exceeds revenue). - Recognizes impact on economy (e.g., increased borrowing, inflation). - Mentions effects on interest rates and economic growth. - Shows basic understanding of budget deficits. 	<ul style="list-style-type: none"> - Clearly explains the impact of a budget deficit on Pakistan's economy (e.g., crowding out private investment, increased debt burden). - Analyzes specific consequences (e.g., higher interest payments, reduced government spending on essential services). - Provides data or examples to support explanation (e.g., historical budget deficit data, economic indicators). - Demonstrates thorough understanding of the complexities and challenges of budget deficits in Pakistan's economy.

Q.11 Describe the importance of private revenue for individuals and businesses.

Level	Unsatisfactory	Marginal	Good	Exemplary
Max. Marks	0	1-2	3-4	5
Description	Provides no response or provides irrelevant response	<ul style="list-style-type: none"> - Lists 1 importance of private revenue - Shows limited understanding of revenue role - Lacks specific examples or explanations about importance - Fails to address parts of the question 	<ul style="list-style-type: none"> - Describes 2-3 importance of private revenue - Shows some understanding of revenue significance - Provides some examples or explanations about importance - Addresses most parts of the question 	<ul style="list-style-type: none"> - Clearly describes 3+ importance of private revenue - Shows clear understanding of revenue role - Provides relevant examples and explanations about importance - Addresses all parts of the question effectively

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Class: X

Subject: Economics

Section: C

Q.12 Discuss the significance of traditional means of communication for the economic development of Pakistan.

Level	Unsatisfactory	Marginal	Satisfactory	Good	Exemplary
Max. Marks	0	1-3	4-5	6-7	8-10
Description	Provides no response or provides irrelevant response	<ul style="list-style-type: none">- Lists 1-way traditional communication aids economic growth- Shows little understanding of communication's impact- Lacks specific examples or explanations about significance- Fails to address parts of the question	<ul style="list-style-type: none">- Describes 2 ways traditional communication supports development- Shows some understanding of communication's role- Provides limited examples or explanations about significance- Addresses some parts of the question	<ul style="list-style-type: none">- Discusses 3 ways traditional communication boosts Pakistan's economy- Shows clear understanding of communication's importance- Provides relevant examples or explanations about significance- Addresses most parts of the question	<ul style="list-style-type: none">- Thoroughly discusses 4+ ways traditional communication drives Pakistan's growth- Shows in-depth understanding of communication's impact- Provides strong examples and explanations about significance- Addresses all parts of the question effectively

Q.13 Analyze the causes of inflation in Pakistan and evaluate its impact on the value of money.

Level	Unsatisfactory	Marginal	Satisfactory	Good	Exemplary
Max. Marks	0	1-3	4-5	6-7	8-10
Description	Provides no response or provides irrelevant response	<ul style="list-style-type: none"> - Fails to define inflation. - Does not recognize causes. - Lacks understanding of impact. - Provides vague information. 	<ul style="list-style-type: none"> - Defines inflation (e.g., price increase). - Recognizes some causes (e.g., monetary policy, demand-pull). - Mentions basic impact (e.g., reduced purchasing power). - Shows limited understanding. 	<ul style="list-style-type: none"> - Clearly analyzes causes of inflation in Pakistan (e.g., fiscal policy, supply chain issues). - Evaluates impact on value of money (e.g., erosion of savings, increased cost of living). - Provides some examples or data. - Demonstrates good understanding. 	<ul style="list-style-type: none"> - Thoroughly analyzes multiple causes of inflation in Pakistan (e.g., structural issues, external shocks). - Evaluates complex impact on value of money (e.g., effects on investment, economic stability). - Provides robust examples or data to support analysis. - Demonstrates in-depth understanding of inflation's causes and consequences in Pakistan.

Q.14 Discuss the difficulties of the barter system and explain why it is impractical in modern economies like Pakistan.

Level	Unsatisfactory	Marginal	Satisfactory	Good	Exemplary
Max. Marks	0	1-3	4-5	6-7	8-10
Description	Provides no response or provides irrelevant response	<ul style="list-style-type: none"> - Fails to define barter system. - Does not recognize difficulties. - Lacks understanding of modern economies. - Provides vague information. 	<ul style="list-style-type: none"> - Defines barter system (e.g., exchanging goods without money). - Recognizes some difficulties (e.g., double coincidence of wants). - Mentions basic limitations (e.g., difficulty in storing value). - Shows limited understanding. 	<ul style="list-style-type: none"> - Clearly discusses difficulties of barter system (e.g., lack of standardization, difficulty in dividing goods). - Explains why it's impractical in modern economies (e.g., complexity, inefficiency). - Provides some examples or comparisons. - Demonstrates good understanding. 	<ul style="list-style-type: none"> - Thoroughly discusses multiple difficulties of barter system (e.g., limited scalability, high transaction costs). - Clearly explains why it's impractical in modern economies like Pakistan (e.g., large population, complex trade needs). - Provides robust examples or data to support explanation. - Demonstrates in-depth understanding of the limitations of barter systems in modern economies

Q.15 Examine the factors contributing to Pakistan's negative Balance of Payments.

Level	Unsatisfactory	Marginal	Satisfactory	Good	Exemplary
Max. Marks	0	1-3	4-5	6-7	8-10
Description	Provides no response or provides irrelevant response	<ul style="list-style-type: none"> - Fails to define Balance of Payments. - Does not recognize factors contributing to negative balance. - Lacks understanding of trade deficits. - Provides vague information. 	<ul style="list-style-type: none"> - Defines Balance of Payments (e.g., record of international transactions). - Recognizes some factors (e.g., trade deficits, foreign debt). - Mentions basic impact (e.g., decreased foreign exchange reserves). - Shows limited understanding. 	<ul style="list-style-type: none"> - Clearly examines factors contributing to negative Balance of Payments (e.g., imports exceeding exports, foreign investment). - Analyzes specific contributors (e.g., large trade deficits, external debt servicing). - Provides some examples or data. - Demonstrates good understanding. 	<ul style="list-style-type: none"> - Thoroughly examines multiple factors contributing to Pakistan's negative Balance of Payments (e.g., structural issues, external shocks, fiscal policy). - Analyzes complex relationships between factors (e.g., impact of imports on foreign exchange reserves). - Provides robust examples or data to support analysis. - Demonstrates in-depth understanding of Pakistan's Balance of Payments challenges.

Q. 16 Compare the principles of wealth distribution in Islamic economics with conventional economic systems.

Level	Unsatisfactory	Marginal	Satisfactory	Good	Exemplary
Max. Marks	0	1-3	4- 5	6-7	8-10
Description	Provides no response or provides irrelevant response	<ul style="list-style-type: none"> - Lists 1 principle of Islamic wealth distribution - Shows little understanding of economic systems comparison - Lacks specific examples or explanations about principles - Fails to address parts of the question 	<ul style="list-style-type: none"> - Describes 2 principles of Islamic economics vs conventional systems - Shows some understanding of distribution differences - Provides limited examples or explanations about principles - Addresses some parts of the question 	<ul style="list-style-type: none"> - Compares 3 principles of Islamic and conventional wealth distribution - Shows clear understanding of economic systems differences - Provides relevant examples or explanations about principles - Addresses most parts of the question 	<ul style="list-style-type: none"> - Thoroughly compares 4+ principles of Islamic and conventional systems - Shows in-depth understanding of distribution philosophies - Provides strong examples and explanations about principles - Addresses all parts of the question effectively