



**மாகாணக் கல்வித் திணைக்களம்  
வடக்கு மாகாணம்**  
**Provincial Department of Education, Northern Province**



**First Term Examination -2024**

**Grade - 12 (2025)**

**Economics -I&II**

**Three hours 10 minutes**

**Index No .....**

**Part I**

❖ **Instructions**

- Answer all the questions.
- Write your Index Number in the space provided in the answer sheet.
- In each of the questions 1 to 20 picks one of the alternatives from (1), (2), (3), (4), (5) which is correct or most appropriate and mark your response on the answer sheet with a cross (X) in accordance with the instructions given in the back of the answer sheet.

1. Which one of the following is the **Macro Economy Positive** statement?

- 1) It should increase monthly salary of every garden workers
- 2) Continuous increase in milk powder leads to effect children nutrition
- 3) Continuous increase in General Price level of an economy is known as inflation.
- 4) positive relationship between price and the quantity supplied
- 5) Sri Lanka's tea Price fell in last year that leads to decreased income of tea companies

2. Which one of the following is a reason for opportunity cost

- 1) Scarcity of resources and limited wants
- 2) Alternative of resources and unlimited wants
- 3) Unlimited Human wants and Choice
- 4) Scarcity of resources, Alternative of resources and choice
- 5) Limited need and unlimited wants

3. Which one of the following is Main Characteristic of an Economic Good

- 1) It has a Price Value and Marginal Cost
- 2) It has a Production cost and opportunity cost
- 3) It has unlimited in Supply cost and opportunity cost
- 4) It has an Alternative uses and opportunity cost
- 5) It has a Consumption Cost and Price Value

4. Which one of the following is a Land in Economy

- 1) Fort City -Colombo
- 2) " Irranaimadu" dam
- 3) Gem base in Ratnapura
- 4) Lotus tower
- 5) luxshapana Electricity Firm

5. Find the Characteristic of Natural resources

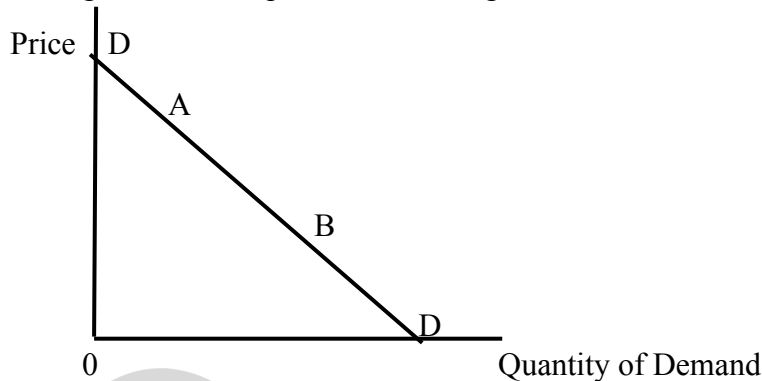
- 1) It has a Price Value
- 2) Limited in Supply
- 3) Natural Gift without resource cost
- 4) It has a Human involvement
- 5) It has a marginal cost for additional consumption

6. Which one of the following is One of the Characteristic of Social market Economy
- 1) All resources are nationalized property
  - 2) Basic economic problems are solved by Central planning
  - 3) Production and consumption are organized by government
  - 4) Government is involved to maintain the social welfare
  - 5) Wages and Prices are decided by Central planning
7. Which one of the following is a Basic Characteristic of market Economy
- 1) Private ownership of all resources
  - 2) Basic economic problems are solved by the Price mechanism
  - 3) Public ownership of all resources.
  - 4) degree of government involvement in economy in greater.
  - 5) degree of Private involvement in economy in greater for achieve the efficiency
8. Basic Economic problem of “What and how to Produce” is means
- 1) the technical problem of using scare resources
  - 2) among whom the total product of the economy is to be distributed.
  - 3) allocating scare resources to suitable production.
  - 4) allocating scare resources to suitable goods and services by using price mechanism.
  - 5) allocating scare resources to increase social welfare by using central planning.
9. Which one of the following criteria is being used to classify economic systems.
- 1) Basic economic problems
  - 2) Intervention of Government
  - 3) Intervention of Private
  - 4) decision co- ordination mechanism ownership of resources and property rights
  - 5) different Individual wants
10. which one of the following is always true of an economy operating on the production possibilities frontier?
- 1) It has achieved an economic efficiency
  - 2) It has achieved an allocative efficiency
  - 3) It has achieved the maximum satisfaction of Human wants
  - 4) It has achieved government efficiency
  - 5) It has achieved a production efficiency
11. Identify the correct answer from the following, When the economy allocated more resources towards the consumption in present
- 1) sacrifice present living standard
  - 2) sacrifice future consumption
  - 3) sacrifice the resource for the production of capital
  - 4) economic growth rate will be higher in future
  - 5) to get resources to produce in present

12. Increase in injection of foreign investments how to affect the production possibilities frontier?

- 1) the point on the production possibilities frontier is moving to left side
- 2) production level will increase in present.
- 3) the point inside of the production possibilities frontier is moving upward
- 4) the real production capacity of economy will be increased
- 5) production possibilities frontier move because of allocation of resource changed

13. The diagram below represent a certain good



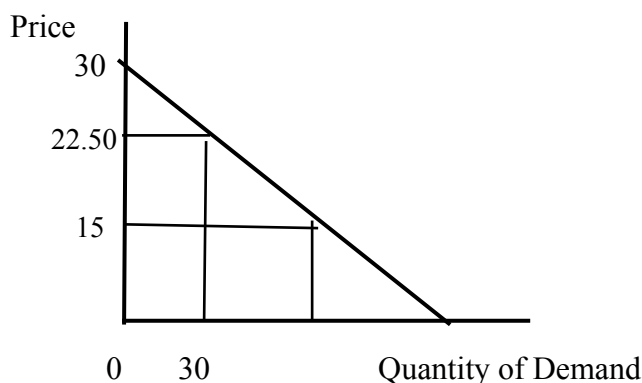
in the above diagram, which one of the following is a cause of point B to A moves along the demand curve

- 1) an Increase of the consumer income
- 2) a decrease of the consumer income
- 3) a decrease in relative price of the good
- 4) a decrease of the consumer real income
- 5) decrease of the preferences of consumers

14. Which one of the following is a cause for the positive relationship between price and Quantity of Demand for giffen Good

- 1) giffen goods are one of the types of inferior good.
- 2) Substitution effect of a price change is negative
- 3) Substitution effect of a price change is positive
- 4) Income effect of a price change is positive
- 5) Income effect of a price change is negative

15. The diagram below represent a certain good



Which one of the following is the correct Demand equation for this graph?

- 1)  $Q_d = 600 - 20p$
- 2)  $Q_d = 120 - 4p$
- 3)  $Q_d = 180 - 4p$
- 4)  $Q_d = 150 - 5p$
- 5)  $Q_d = 60 - 2p$

16. The other factors remain constant when the price of good X is increased from Rs 50 to Rs60 ,producer total revenue increased from Rs 15000to Rs18000 is this good is a

- 1) perfectly elastic Demand
- 2) perfectly inelastic Demand
- 3) elastic Demand
- 4) inelastic Demand
- 5) unitary elastic Demand

17. The demand schedule of a good as follows

Price	consumer income	Quantity of Demand
100	40000	500
100	50000	400

what is the income elasticity of demand of this good?

- 1) -0.8
- 2) 0.8
- 3) -1.25
- 4) 1.25
- 5) -1.0

18. Which one of the following is the two goods are substitute

- 1) Positive income elasticity of demand
- 2) cross elasticity of demand is less than zero
- 3) Price elasticity of demand is less than one
- 4) Positive cross elasticity of demand
- 5) The demand curve is parallel to the horizontal axis.

19. Which one of the following is explain that supply curve is accepted law of supply

- 1) the slope of the supply curve increasing
- 2) marginal product decreases in short run
- 3) marginal cost decreases in short run
- 4) the firms profit margin is unchanged.
- 5) marginal utility of consume decreases in short run

20. What is the reason to shift of the demand curve to the right

- 1) Increase in the Price of concerned good
- 2) Decrease in the price of concerned good
- 3) Increase in the price of related goods
- 4) Decrease in the price of related goods.
- 5) Increase in the price of inputs.

## Part II

(Select two questions from this section)

01. 1. What is meant by Scarcity? Why scarcity is a based to leads Opportunity cost?

(4Marks)

2. How do you define economics resources? How do you Classify them?

(4Marks)

3. State two main Characteristics to differentiate between Economic good and non-Economic good

(4Marks)

4. List the four main functions of entrepreneurship.

(4Marks)

5. Determine Which category of Capital each of the following items belongs to

a) Machineries and equipment

b) Railway racks

c) operation theaters

d) working stocks

(4Marks)

02. 1. State the main Characteristics of a command economy? (4Marks)
2. What is the main mechanism to use to solve the basic economic problems in market economy? state the function of this mechanism, (4Marks)
3. category the economic system based on ownership of resources (4Marks)
4. List the reasons for command economy operate inefficiency (4Marks)
5. State the reasons why socialist economy arises? (4Marks)

03. 1. The convey production possibility curve of an economy What will be explain of resource and Opportunity cost of this economy (4Marks)
2. When increase in factor endowment, how to affect the production possibility curve? (4Marks)
3. Explain, the production efficiency with help of production possibility curve (4Marks)
4. Show the following on different production possibility curve
- a) in Economy, too much peoples searching jobs
  - b) Government moderates the agriculture products
  - c) increased in educational level of this economy
  - d) Employees strike
- (4X2 =8Marks)

**(Select two questions from this section)**

04. 1. list the factors to increase demand for a normal good? (4Marks)
2. Distinguish between normal good, inferior good and Giffen good (3Marks)
3. What is meant by Law of Demand? Describe how the income effects explain the Law of Demand (5Marks)
4. Why the negative relationship between Price and quantity of demand for a inferior good (4Marks)
5. The demand schedule for a good as follows

Price	Quantity of Demand
20	90
40	30

- a. Draw the Straight line (liner) demand curve
- b. Calculate Demand equation for this demand curve
- c. Calculate Market Higher Demand (4Marks)

05. 1. Market research obtains the following information about the demand for good X

- \* if the price of good X increases by 10% , 15% fewer units of Z increases
- \* if the consumer income X increases by 10% , 4% fewer units of X increases
- \* if the price of good X increases by 10%, 5% fewer units of X increases

Based on the each of the possible events described above, answer the following questions below

a . What is the price elasticity of good X

b, What is the Cross- price elasticity of good X in relation to Good Y?

c. What is the income elasticity of good X

d Is good X is a substitute for Good Y (4X2 =8Marks)

2. if the price of a particular good increases from Rs10 to Rs 20 the Quantity demanded of good decreased from 4000 units to 2000 units if this good is a unitary price elasticity , explain your answer? (4Marks)

3. Identify the price elasticity of demand ,for following events

- a. if the price of good increased the producer sales revenue decreased
- b. if the price of good decreased the producer sales revenue unchanged (4Marks)

4. What are the important in price elasticity of Demand? අධ්‍යාපන (4Marks)

06. 1 Explain, how to profit increase help to function of law of the supply ? (4Marks)

2. Rise in marginal cost of production is one of the reason of the supply curve has positive slope”

Explain the reasons for the marginal cost increases (4Marks)

3. Explain supply and quantity of supply with help of the graph (6Marks)

4. What is meant by price of related good and explain, change in a price of related good how to effect the supply of concerned good (6Marks)