

## Economics - ICS Part 1 Economics English Medium Full Book Short Questions Test

Q1. Define Constant.

**Ans 1:** A constant is a number that has a fixed value or it is a symbol whose value is assumed during a discussion.

Q2. What is substitution effect.

**Ans 1:** If the price of some commodity say, mangoes decrease while the price of substitutes remain the same, people feel that this relatively cheaper. So, they decrease the purchase of apples and buy more. This is called substitution effect.

Q3. Write problems and issues in health sector.

**Ans 1:**  
1- Less GDP spent on health  
2- Lower life expectancy  
3- High infant and maternal mortality rate  
4- Lack of basic health services in rural areas.

Q4. What is Charity

**Ans 1:** Charity is always voluntary. A person may give in charity any share of his income or wealth but he must pay zakat at least in the minimum rate prescribed by Islam or at a higher rate.

Q5. What is cost of energy.

**Ans 1:** Renewable energy has negligible or zero marginal cost because the wind and the sunlight are free. But it has a problem that wind turbines and solar panels generate energy only part of the time.

Q6. Types of E-commerce.

**Ans 1:**  
Product Transactions  
Service transactions  
Auctions  
Business to Business transactions.

Q7. What is agriculture sector.

**Ans 1:** Agriculture is the single largest sector of our economy contributing 20% of gross domestic product.

Q8. What is Land (Natural Resources)

**Ans 1:** Land is the basic resources without which nothing can be produced. The term land means all the free gifts of nature. available for human use.

Q9. What is Federal Excise tax.

**Ans 1:** This is the fourth largest position in revenue collection of the federal govt. Excise duties are levied on goods produced in the country e.g. sugar, cement, cloth, cigarette,.

Q10. What is Insurance companies.

**Ans 1:** Insurance companies are the institutions, which provide social security and compensate the loss to life and property of the people.

Q11. Formula of Per capita income.

**Ans 1:** Per capita income = National income / Population.

Q12. Define National Income.

**Ans 1:** The total annual income of all residents of a country is called National Income.

Q13. Define Elasticity of demand.

**Ans 1:** "Elasticity of demand is the measure of responsiveness of quantity demanded to changes in price"

Q14. Define higher education commission.

**Ans 1:** Higher Education commission is playing a vital role in making the economy knowledge based that contributes to innovation and creativity. It is working to transform Pakistani institutions into world class seats of learning. Laptops have been distributed among students to promote e-learning.

Q15. What is the extension and contraction of supply.

**Ans 1:** The effect of change in market price on supply is known as extension or contraction of supply.

Q16. What is income effect.

**Ans 1:** When price decreases, purchasing power of people so they can buy more with the same amount of money this is called income effect.

Q17. What is Equilibrium

**Ans 1:** It is represents a situation where there is no tendency to change.

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Q18. Per capita income sources in Pakistan.

**Ans 1:** 1- World Bank indicators  
2- Economic Survey of Pakistan.

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Q19. What is Capitalism

**Ans 1:** Capitalism is the economic system based on the principle of private ownership of economic resources and individual freedom in all economic matters.

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Q20. What is living standard.

**Ans 1:** Living standard rises only when production per person increases.

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