



**FEDERAL PUBLIC SERVICE COMMISSION**  
**COMPETITIVE EXAMINATION-2019**  
**FOR RECRUITMENT TO POSTS IN BS-17**  
**UNDER THE FEDERAL GOVERNMENT**

Roll Number

**ECONOMICS, PAPER-I**

<b>TIME ALLOWED: THREE HOURS</b> <b>PART-I(MCQS): MAXIMUM 30 MINUTES</b>	<b>PART-I (MCQS)</b> <b>PART-II</b>	<b>MAXIMUM MARKS = 20</b> <b>MAXIMUM MARKS = 80</b>
<b>NOTE: (i) Part-II is to be attempted on the separate Answer Book.</b> <b>(ii) Attempt ONLY FOUR questions from PART-II. ALL questions carry EQUAL marks.</b> <b>(iii) All the parts (if any) of each Question must be attempted at one place instead of at different places.</b> <b>(iv) Candidate must write Q. No. in the Answer Book in accordance with Q. No. in the Q.Paper.</b> <b>(v) No Page/Space be left blank between the answers. All the blank pages of Answer Book must be crossed.</b> <b>(vi) Extra attempt of any question or any part of the attempted question will not be considered.</b>		

**PART- II**

- Q. No. 2.** Use the IS-LM model to discuss the Neutral effect of monetary expansion in the case of open economy. Distinguish between Keynesian and Classical Views on neutrality of money. **(20)**
- Q. No. 3.** What do you understand by Monetary Transmission Mechanism (MTM)? Evaluate and explain at least three different channels of MTM. **(20)**
- Q. No. 4.** What do the slopes of an isoquant line and iso-cost line measure? Describe theoretically and graphically the conditions that are satisfied when a firm has chosen a least cost technique for producing a given output. **(20)**
- Q. No. 5.** What are tariff and nontariff barriers to international trade? Why do countries sometimes restrict international trade? **(20)**
- Q. No. 6.** Extricate among fixed, flexible and managed floating exchange rate regimes. **(20)**
- Q. No. 7.** Describe the underdevelopment trap. Highlight the main ways in which poor countries attempt to overcome their poverty. **(20)**
- Q. No. 8.** Distinguish between any FOUR. **(5 each) (20)**
- a. Comparative advantage and Absolute advantage.
  - b. Consumer surplus and producer surplus
  - c. Progressive and regressive taxes
  - d. Economic growth and economic development
  - e. Real GNP and nominal GNP
  - f. Consumer price index and GDP deflator

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