



FEDERAL PUBLIC SERVICE COMMISSION
COMPETITIVE EXAMINATION-2018
FOR RECRUITMENT TO POSTS IN BS-17
UNDER THE FEDERAL GOVERNMENT

Roll Number

ECONOMICS, PAPER-I

TIME ALLOWED: THREE HOURS	PART-I (MCQS)	MAXIMUM MARKS = 20
PART-I(MCQS): MAXIMUM 30 MINUTES	PART-II	MAXIMUM MARKS = 80

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

PART-II

- Q. No. 2.** (a) State the bases of IS-LM framework (equations & establish equilibrium) and comment whether it is a short run or long run analysis. State bases for your answer. (15)
(b) Do you think this approach (a) above, is still applicable for policy formulation. (5) (20)
- Q. No. 3.** (a) How the concepts of notional aggregate demand (Keynesian) and real aggregate demand (neo-classical), leads to economic fluctuations in the economy. (10)
(b) How equilibrium is established in the market under the above (a) approaches. (10) (20)
- Q. No. 4.** (a) Analyze three different shapes of Aggregate Supply Curve (Constant, positively sloped and vertical). (10)
(b) Explain the role of shifts in Aggregate Demand and their impacts on economy in all three types of Aggregate Supply Curves. Relate such impacts in response to Fiscal policy. (10) (20)
- Q. No. 5.** (a) Explain Arc and Cross elasticities and analyze their role in decision making by the consumers. (10)
(b) Point out application of these theories; quote such examples and explain. (10) (20)
- Q. No. 6.** (a) Discuss major cannons of taxation and their relevance to tax system in Pakistan. (10)
(b) Do you think that the tax system in Pakistan is based upon cannons of taxation (restrict your discussion to the application of cannons of taxation). (10) (20)
- Q. No. 7.** (a) What is Balance of Payment? Point out its major components. (10)
(b) Analyze any one years' BOP of Pakistan. (10) (20)
- Q. No. 8.** Write short note on any **TWO** of the followings. (10 each) (20)
(i) Perfect and Pure competition
(ii) Monetary policy and its tools to control of money supply
(iii) Balanced and Un-balanced growth theory
