**FEDERAL PUBLIC SERVICE COMMISSION**

**COMPETITIVE EXAMINATION FOR**
**RECRUITMENT TO POSTS IN BPS-17 UNDER**
**THE FEDERAL GOVERNMENT, 2007**

## Economics Paper - I

**TIME ALLOEED: THREE HOURS MAXIMUM MARKS :100**

**NOTE: (i) Attempt ONLY FIVE questions in all, including QUESTION NO.8, Which is COMPULSORY. All questions carry EQUALL marks.**
**(ii) Extra attempt of any question or any part of the attempted question will not be Considered.**
**(iii) Candidate must draw two straight lines(==========) at the end to Separate each question attempted in Answer Book.**

**Q. 1** Discuss the marginal productivity theory to determine the prices of factors of production.

**Q.2** What id meant by Oilgopoly? Explain "Zero-sum" game in relation to Game theory.

**Q.3** explain the concepts of marginal propensity to save and marginal propensity to consume. Also discuss the existing relationship between Marginal propensity to consume and multiplier.

**Q.4** Explain the quantity Theory of Money with suitable examples.

**Q,5** What are the basic types of Taxes? Which one is more suitable for developing economy?

**Q.6** What are the components of Balance of payments? Explain each with suitable example.

**Q.7**. consumer credit is more suitable for developing economy? explain.

## COMPULSORY QUESTION

**Q. 8** write only the correct answer in the Answer book. Do not reproduce the question.

1) In perfect competition if a firm maximizes profit, then equilibrium:
a) MR=MC.
b) AR = AC
c) MR = AR = PRICE = MC
d) ALL of these

2) The production function will be affected by changes in the prices of:
a) Inputs b) out puts c) Neither d)all of the above

3) If a firm can fund an investment from its own sources, the opportunity cost of its investment is
a) less than Zero b) Zero c) more than zero d) neither

4) The funds used for further Investment in joint stock company refers to:
a) Distributed
b) Undistributed
c) Remaining
d) All of the above

5) The % change in quantity demanded due to % change in income is:
a) Price elasticity
b) Prices cross elasticity
c) Income elasticity
d) All of these

6) Indifference curves shows various combinations of:
a) One commodity
b) Two
c) Three
d) All of these.

7) equilibrum price is a price at which
a) Quantity demanded is equal to quantity supplied
b) Quantity demanded minus quantity supplied is zero
c) Quantity demanded = quantity supplied
d) All of these.

8) in oligopoly market seller are :
a) Few
b) Four
c) Some
d) A large number

9) monopoly market is characterized by:
a) A large number of sellers
b) Only one seller
c) Thousands of seller
d) All of these

10) A demand curve shows the relationship between the quantity demanded for a commodity over a given time and:
a) The tastes of consumer.
b) The money income of consumer
c) The price of related commodities
d) The price of the commodity

11) a supply schedule shows the relationship between the quantity supplied of a commodity over a given time and:

a) Factor prices
b) Technology
c) Both (a) and (b)
d) The price of the commodity

12) The intersection of market demand and supply curves for a given commodity determines
a) The equilibrium price of the commodity
b) The equilibrium quantity of the commodity
c) The point of neither surplus nor shortage for the commodity
d) All of these

13) If the % change in quantity demanded is more than % change in price coefficient of price elasticity is:
a) > 1 b) < 1 c) =1 d) =Zero

14) Disposable income is:

a) Income less taxes b) Income less Direct taxes c) Income less indirect taxes d) All of these

15) If the coefficient of Price elasticity is less than one:
a) It is normal good b) It is inferior good c) It is luxury good d) All of these

16) If the coefficient of income elasticity is negative:
a) It is inferior good
b) It is normal good
c) It is luxury good
d) All of these

17) If in a market the seller is charging different prices for the same commodity from different consumers, it is known as:
a) Price discrimination b) Efficient selling c) Profit maxi-mizer in Monopoly d) All of these

18) The locus of equilibrium of consumers due to changes in price of a commodity is known as:
a) Price consumption curve b) Income consumption curve
c) Production possibility curve d) none of these

19) a pure number by which change in investment is multiplied to change in income is called:
a) Multiplier
b) Accelerator
c) Stabilizer
d) All of these

20) There is positive relationship between multiplier and:
a) Marginal propensity to consume
b) Marginal propensity to save
c) Marginal efficiency of capital
d) All of these.

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## Economics Paper - II

**TIME ALLOEED: THREE HOURS MAXIMUM MARKS :100**

**NOTE: (i) Attempt ONLY FIVE questions in all, including QUESTION NO.8, Which is COMPULSORY. All questions carry EQUALL marks.**
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**Q. 1** Critically examine the post 9/ 11 growth experience of Pakistan and its position in the south Asia region, identify the main issue and recommend a strategy to maintain the posture of Pakistan.

**Q.2** "Agriculture is the mainstay of Pakistan Economy" justify the statement and identify the focal areas of strength. Suggest measures to boost and stabilize the performance of the sector and its sub sectors.

**Q.3** What are the indicators of poverty? Review the poverty trends experiences in Pakistan. Evaluate the effectiveness of the steps being taken by the Government and suggest ways and means to further improve the micro indicators of prosperity for reducing the poverty.

**Q.4** Review the decision of WTO regarding liberalization of trade and globalization. Examine the implications and way forward for UDCs like Pakistan.

**Q,5** Analyze the factors that lead to the current account surplus after 9/ 11 and the growing deficit in the current account of the balance of payments later during the fiscal year 2004 – 05. what policy steps be undertaken to stabilize the growth of current account surplus?

**Q.6** the weight of industrial (non-agriculture commodity producing sector) in the GDP structure is 26%. Evaluate its performance and contribution on the overall growth of the economy, exports, price stability, employment and investment climate. Reflect upon the future path of action to further harness its potential.

**Q.7**. Highlight the significant contemporary issues, which have emerged or could not be addressed by the explicit or implicit strategies of development planning in Pakistan. Suggest alternative options to tackle the issues both in the short and long run.

## COMPULSORY QUESTION

8. **Write only correct answer in the Answer Book. Do not reproduce the question.**

(1) A market is in equilibrium, when:
(a) AC = P
(b) MC = MR
(c) AC = AR
(d) TC = TR
(e) None of these

(2) Consumer's surplus occurs, when:
(a) Personal valuation exceeds the market valuation
(b) Market valuation exceeds the personal valuation
(c) Market valuation equals the personal valuation
(d) Market valuation equals the market price
(e) None of these

(3) Livestock is:
(a) An independent Sector
(b) Sub-sector of Agriculture
(c) Should be a part of Agriculture
(d) Would become a part of Agriculture

(4) Unemployment Rate is a percentage relation with reference to:
(a) Total Population
(b) Civilian Labour Force
(c) Employed Persons
(d) Unemployed Persons
(e) None of these

(5) Devaluation of rupee would result into:
(a) Expensive exports
(b) Expensive Imports
(c) Expensive Labour
(d) Overvalued Rupee
(e) None of these

(6) Indirect Taxes are:
(a) Direct Taxes - Subsidies
(b) Subsidies
(c) Sales Taxes
(d) Income Taxes
(e) None of these

(7) Negative taxation refers to:
(a) Tax Rebate
(b) Subsidies
(c) Tax Evasion
(d) Tax Avoidance
(e) None of these


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(8) Most commonly referred indicator of Inflation is:
(a) Wholesale Price Index
(b) Retail Price Index
(c) Sensitivity Price Index
(d) Consumer Price Index
(e) None of these

(9) If saving Rate is 12.0%, ICOR Value is 3% and Population Rate is 2.0%, then the Growth Rate would be:
(a) 2.0%
(b) 3.6%
(c) 4.0%
(d) 6.0%
(e) None of these

**NOTE: Data in the following questions refer to Pakistan Economic Survey: Fiscal Year 2005-06**

(10) National Income Accounts of Pakistan have registered GDP & GNP (at market prices) as:
(a) GDP = GNP
(b) GDP < GNP
(c) GDP > GNP
(d) GDP = NNP
(e) None of these

(11) Pakistan's Economic Growth was:
(a) 7.5%
(b) 8.6%
(c) 6.6%
(d) 5.1%
(e) None of these

(12) Weight of Agriculture Sector in GDP Structure is:
(a) 47.7%
(b) 21.6%
(c) 24.0%
(d) 38.9%
(e) None of these

(13) Unemployment Rate is:
(a) 6.5%
(b) 7.7%
(c) 7.8%
(d) 8.3%
(e) None of these

(14) Tax/GDP Ratio is:
(a) 9.2%
(b) 10.4%
(c) 11.0%
(d) 13.2%
(e) None of these

(15) Overall Fiscal Deficit with reference to GDP is:
(a) 2.4%
(b) 3.3%
(c) 4.2%
(d) 5.0%
(e) None of these

(16) Domestic Savings with reference to GDP is:
(a) 14.4%
(b) 15.7%
(c) 18.1%
(d) 22.0%
(e) None of these

(17) Health Expenditure with reference to GDP is:
(a) 0.5%
(b) 0.6%
(c) 0.7%
(d) 0.8%
(e) None of these

(18) Education expenditure with reference to GDP is:
(a) 1.6%
(b) 1.7%
(c) 1.9%
(d) 2.1%
(e) None of these

(19) As % of GDP, External Debt Liabilities declined in March 2006 to
(a) 30.9%
(b) 32.6%
(c) 28.3%
(d) 20.0%
(e) None of these

(20) The number of SOEs privatized upto April 2006 are:
(a) 140
(b) 151
(c) 160
(d) 184
(e) None of these