FEDERAL PUBLIC SERVICE COMMISSION

COMPETITIVE EXAMINATION FOR RECRUITMENT TO POSTS IN BS-17 UNDER THE FEDERAL GOVERNMENT, 2013

Roll Number

ECONOMICS, PAPER-I

TIME ALLOWED:	**(PART-I MCQs)**	**30 MINUTES**	**MAXIMUM MARKS: 20**
THREE HOURS	**(PART-II)**	**2 HOURS & 30 MINUTES**	**MAXIMUM MARKS: 80**

NOTE: **(i)** **First** attempt **PART-I (MCQs)** on separate **OMR Answer Sheet** which shall be taken back after **30** minutes.

(ii) **Overwriting/cutting of the options/answers will not be given credit.**

PART-I ((MCQs) (COMPULSORY)

Q.1. (i) Select the best option/answer and fill in the appropriate Circle ● on the **OMR Answer Sheet. (20x1=20)**

(ii) Answers given anywhere, other than OMR Answer Sheet, shall not be considered.

1. Income elasticity of demand for an inferior good is:
(a) Positive **(b)** Zero **(c)** Both (a) & (b) **(d)** None of these

2. Convexity means averages are _____ than extremes:
(a) Worse (b) Positive (c) Better **(d)** None of these

3. Sum of MPC and MPS equals:
(a) 2 **(b)** 3 **(c)** 4 **(d)** None of these

4. During the Liquidity Trap, LM curve is:
(a) Less elastic **(b)** Positive **(c)** Perfectly elastic **(d)** None of these

5. The dominant factor of production is:
(a) Energy **(b)** Labour **(c)** Technology **(d)** None of these

6. GDP deflator is a ratio between:
(a) Input prices **(b)** Output prices **(c)** Both (a) & (b) **(d)** None of these

7. During monopoly, the equilibrium condition is:
(a) MC=P **(b)** MC>MR **(c)** MC=MR **(d)** None of these

8. During perfect competition, the firm would earn a normal profit when:
(a) AC>AR **(b)** AR<AC **(c)** P=MP **(d)** None of these

9. Roy's identity is applied on:
(a) Food **(b)** Bread **(c)** Utility **(d)** None of these

10. The following is the narrowest measure of supply of money:
(a) M2 **(b)** M3 **(c)** M1 **(d)** None of these

11. A positive externality in which a consumer wishes to possess a good in part because others do:
(a) Supply **(b)** Concavity **(c)** Money demand **(d)** None of these

12. The profit function is of:
(a) Homogeneous of degree = 1 **(b)** Homogeneous of degree = 2
(c) Homogeneous of degree = 0 **(d)** None of these

13. The derivative of cost function with respect to output price provides:
(a) Input supply function **(b)** Output supply function
(c) Both (a) & (b) **(d)** None of these

14. A strategy that is optimal, no matter what an opponent does:
(a) Dominant firm **(b)** Duopoly **(c)** Dominant strategy **(d)** None of these

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15. A devaluation of a currency takes place under
(a) Flexible exchange rate **(b)** Fixed exchange rate
(c) Clean floating system **(d)** None of these

16. Nominal interest rate is:
(a) Inflation minus Tax **(b)** Tax plus Indirect Tax
(c) Real interest rate minus Inflation **(d)** None of these

17. An un-anticipated increase in money supply is neutral during:
(a) Short run period **(b)** Medium run period
(c) Both (a) & (b) **(d)** None of these

18. A rise in general price level shifts the LM curve:
(a) Down and to the right **(b)** Up and to the left
(c) Positively sloped **(d)** None of these

19. Decrease in tax shifts the IS curve:
(a) Down and to the left **(b)** Negatively sloped
(c) Up and to the right **(d)** None of these

20. Gross National Product is:
(a) GDP - NNP **(b)** NFA - GNI **(c)** GDP - NX **(d)** None of these

PART-II

NOTE: **(i)** **Part-II** is to be attempted on the separate **Answer Book.**
(ii) Candidate must write **Q. No.** in the **Answer Book** in accordance with **Q. No.** in the **Q. Paper.**
(iii) Attempt **ONLY FOUR** questions from **PART-II. ALL** questions carry **EQUAL marks.**
(iv) Extra attempt of any question or any part of the attempted question will not be considered.

Q. No.2. Under perfect competition, how the firms earn abnormal and normal level of profits both in the short run and long run period? Explain with suitable diagrams. **(20)**

Q. No.3. In the face of substantial crowding out, which will be more successful – fiscal or monetary policy? Explain in detail. **(20)**

Q. No.4. What are the problems of excess sensitivity and excess smoothness? Does their existence disproves or invalidates the LC-PIH? Explain. **(20)**

Q. No.5. As per Keynesian analysis, an increase in government spending raises the aggregate demand, so the fiscal policy by itself can be a source of inflation. Is this statement true, false or uncertain? Explain. **(20)**

Q. No.6. What is meant by public expenditure growth? What are various causes of expenditure growth? Explain. **(20)**

Q. No.7. What is the economics of dumping? Explain in detail. **(20)**

Q. No.8. Differentiate and explain monetary policy multiplier and fiscal policy multiplier? **(20)**

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ECONOMICS, PAPER-II

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THREE HOURS	**(PART-II)**	**2 HOURS & 30 MINUTES**	**MAXIMUM MARKS: 80**

NOTE: **(i)** **First** attempt **PART-I (MCQs)** on separate **OMR Answer Sheet** which shall be taken back after **30** minutes.

(ii) **Overwriting/cutting of the options/answers will not be given credit.**

PART-I ((MCQs) (COMPULSORY)

Q.1. (i) Select the best option/answer and fill in the appropriate Circle ● on the **OMR Answer Sheet. (20x1=20)**

(ii) Answers given anywhere, other than OMR Answer Sheet, shall not be considered.

1. Foreign aid comprises of:
(a) Grants **(b)** Loans **(c)** Both (a) and (b) **(d)** None of these

2. Per capita income of Pakistan during the fiscal year 2011-12 was:
(a) $ 1258 **(b)** $1372 **(c)** $1025 **(d)** $ 1050 **(e)** None of these

3. The GINI coefficient is measure of:
(a) Inequality **(b)** Poverty **(c)** Growth **(d)** Development **(e)** None of these

4. During the last decade income inequality in rural areas of Pakistan has:
(a) Increased **(b)** Decreased **(c)** Remained unchanged **(d)** None of these

5. The share of agriculture in GDP is:
(a) 21% **(b)** 10% **(c)** 12% **(d)** 17% **(e)** None of these

6. During 1970's the planning was concerned to:
(a) Industrial planning **(b)** Export promotion **(c)** Import substitution
(d) Structural planning **(e)** None of these

7. National Savings as a percent of GDP during 2011-2012 was:
(a) 10.7 **(b)** 13.1 **(c)** 9.5 **(d)** 8.8 **(e)** None of these

8. The growth rate of manufacture sector during 2011-12 was:
(a) 1.7% **(b)** 4.1% **(c)** 5.2% **(d)** 3.6% **(e)** None of these

9. The best measure of economic development among following is:
(a) NNP **(b)** HDI **(c)** GDP **(d)** All of these **(e)** None of these

10. The main objective of Monetary or fiscal policy is:
(a) Economic stablization **(b)** Efficiency **(c)** Both (a) and (b) **(d)** None of these

11. Direct taxes during 2011-12 were around _____ of total tax revenue.
(a) 37% **(b)** 63% **(c)** 15% **(d)** None of these

12. Public debt as a percent of GDP for 2011-12 was:
(a) 58% **(b)** 65% **(c)** 50% **(d)** 45% **(e)** None of these

13. Govt. of Pakistan borrows from:
(a) Internal sources **(b)** External sources **(c)** Pakistani banks
(d) All of these **(e)** None of these

14. Growth rate of agriculture sector during 2011-12 was:
(a) 3.1% **(b)** 5.4% **(c)** 2.9% **(d)** 2.1% **(e)** None of these

15. Nationalization of industries took place during the regime of:
(a) ZA Bhutto **(b)** Zia ul Haq **(c)** Ayub Khan **(d)** None of these

16. Development economics is concerned with:
(a) Efficient allocation of scarce resources **(b)** Economic, social and political institutions.
(c) Imperfect resource and commodity markets. **(d)** (a) and (b) only **(e)** None of these

17. The last land reforms in Pakistan were introduced in:
(a) 1972 **(b)** 1977 **(c)** 1981 **(d)** 1958 **(e)** None of these

18. IMF advances loan for:
(a) Construction **(b)** Balance of payment **(c)** Travelling **(d)** None of these

19. Sixth five year plan covers the period:
(a) 1965-70 **(b)** 1960-65 **(c)** 1988-93 **(d)** 1983-88 **(e)** None of these

20. The unemployment rate in Pakistan during 2010-11 was:
(a) 7% **(b)** 5% **(c)** 3% **(d)** 6% **(e)** None of these

PART-II

NOTE: **(i)** **Part-II** is to be attempted on the separate **Answer Book.**
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(iii) Attempt **ONLY FOUR** questions from **PART-II. ALL** questions carry **EQUAL marks.**
(iv) Extra attempt of any question or any part of the attempted question will not be considered.

Q. No.2. What is meant by economic development? Compare and contrast various measures of economic development? **(20)**

Q. No.3. Explain the concept of economic planning and critically evaluate the planning experience in Pakistan. **(20)**

Q. No.4. Define and discuss the role of human capital planning in the economic development of Pakistan. **(20)**

Q. No.5. Agricultural development is indispensable for industrial development in Pakistan. Discuss this statement. **(20)**

Q. No.6. Discuss the nexus between foreign trade and economic growth in Pakistan. **(20)**

Q. No.7. Define and discuss the role of FDI in the growth of private sector in Pakistan. **(20)**

Q. No.8. Write notes on any **TWO** of the following: **(10 each)**
(a) Absolute and relative poverty.
(b) Farm Size – Productivity Relationship in Pakistan.
(c) Growth and Income Distribution.

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