FEDERAL PUBLIC SERVICE COMMISSION
COMPETITIVE EXAMINATION-2020
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) 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 question will not be considered.

PART-II

Q. No. 2. Critically examine the marginal productivity theory of income distribution. **(20)**

Q. No. 3. Define Balance of Payment (BOP) and identify and explain its major components with reference to any one year's BOP of Pakistan. **(20)**

Q. No. 4. List the main functions of money. Define and discuss the quantity theory of money. **(20)**

Q. No. 5. Discuss importance of human capital investment for the economic development of Pakistan. **(20)**

Q. No. 6. Pakistan's Tax to GDP ratio is among the lowest in the world and its share of indirect taxes in the total tax receipts is much higher. Describe and discuss reasons behind these phenomena and suggest measures to improve tax to GDP ratio in Pakistan. **(20)**

Q. No. 7. Use the IS-LM model to discuss the neutral effect of monetary expansion in the case of an open economy. Distinguish between Keynesian and classical views on neutrality of money. **(20)**

Q. No. 8. Write a short note on any **TWO** of the following:- **(10 each)** **(20)**

(a) Phillips Curve and NAIRU
(b) Laffer Curve
(c) Marshallian and Hicksian Demand

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PART-II

Q. No. 2. Briefly explain theoretical justification for major sources of agriculture growth and analyze which of them are valid for Pakistan. Also state why green revolution did not continue to play its role in agriculture **(20)**

Q. No. 3. Pakistan has persistent trade deficit. Analyze this pattern and sources. Based upon your analysis, propose relevant and applicable policy for its improvement. **(20)**

Q. No. 4. Point out three major economic issues pertaining to the failure of fiscal policy to achieve sustainable economic growth in Pakistan. Propose appropriate measures to solve these issues. **(20)**

Q. No. 5. Point out major sources of inflation in Pakistan. Justify these sources empirically and discuss how this issue was managed in the last three decades. **(20)**

Q. No. 6. Briefly explain and critically evaluate the role of public and private investment in Pakistan. Also point out their role in achieving sustainable economic growth of Pakistan. **(20)**

Q. No. 7. Why internationally developed poverty lines may not be relevant to Pakistan. State poverty lines relevant to Pakistan and discuss its justifications and poverty trends in Pakistan. Also propose applicable policy measures to solve the issue. **(20)**

Q. No. 8. Theoretically justify the role of public debt, either to play positive or negative. Analyze its role in Pakistan. Also discuss steps taken to solve this problem. **(20)**

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