



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

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
