



**FEDERAL PUBLIC SERVICE COMMISSION**  
**COMPETITIVE EXAMINATION-2020**  
**FOR RECRUITMENT TO POSTS IN BS-17**  
**UNDER THE FEDERAL GOVERNMENT**  
**ECONOMICS, PAPER-I**

Roll Number

<b>TIME ALLOWED: THREE HOURS</b>	<b>PART-I (MCQS)</b>	<b>MAXIMUM MARKS = 20</b>
<b>PART-I(MCQS): MAXIMUM 30 MINUTES</b>	<b>PART-II</b>	<b>MAXIMUM MARKS = 80</b>
<p><b>NOTE: (i) Part-II is to be attempted on the separate Answer Book.</b></p> <p><b>(ii) Attempt ONLY FOUR questions from PART-II. ALL questions carry EQUAL marks.</b></p> <p><b>(iii) All the parts (if any) of each Question must be attempted at one place instead of at different places.</b></p> <p><b>(iv) Write Q. No. in the Answer Book in accordance with Q. No. in the Q.Paper.</b></p> <p><b>(v) No Page/Space be left blank between the answers. All the blank pages of Answer Book must be crossed.</b></p> <p><b>(vi) Extra attempt of any question or any part of the question will not be considered.</b></p>		

**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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