



**FEDERAL PUBLIC SERVICE COMMISSION**  
**COMPETITIVE EXAMINATION-2022**  
**FOR RECRUITMENT TO POSTS IN BS-17**  
**UNDER THE FEDERAL GOVERNMENT**

Roll Number

**ECONOMICS, PAPER-I**

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

**PART-II**

- Q. No. 2.** Differentiate among the own price elasticity, cross-price elasticity and income elasticity of demand. Explain the practical significance/uses of own price elasticity and income elasticity of demand. **(20)**
- Q. No. 3.** What happens to interest rate if prices change along a given Aggregate Demand Schedule? Explain with the help of IS-LM model. **(20)**
- Q. No. 4.** Discuss the significance of investment in human capital for economic development in Pakistan. How the brain drain from a developing country retards the process of economic development? **(20)**
- Q. No. 5.** Differentiate among the tax, fee and price. Express your views about tax collection to GDP ratio in Pakistan. Suggest measures to enhance and rationalize tax revenue in Pakistan. **(20)**
- Q. No. 6.** State and explain the functions of a central bank. How successful the State bank of Pakistan has been in achieving its objectives over time? Discuss. **(20)**
- Q. No. 7.** Specifically describe the types of inflation. Which type of inflation is the most disturbing in Pakistan? Suggest measures to address the identified inflation problem. **(20)**
- Q. No. 8.** Write short notes on any two of the followings. **(10 each) (20)**
- (i)** Size distribution vs. functional distribution of income
  - (ii)** Privatization
  - (iii)** International trade and cartels

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