



**FEDERAL PUBLIC SERVICE COMMISSION**  
**COMPETITIVE EXAMINATION-2023**  
**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) 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.** Is the slope of an indifference curve at a particular point known as the marginal rate of substitution (MRS)? Justify your answer with a graph. If good 1 is a 'neutral', what is its MRS for good 2? **(20)**
- Q. No. 3.** Define opportunity costs and explain why the economic definition of profit requires that we value all inputs and the outputs at their opportunity cost? **(20)**
- Q. No. 4.** Briefly describe the functions of International Monetary Fund (IMF). How does the IMF help countries trapped in financial issues? **(20)**
- Q. No. 5.** The central bank in a country is responsible for its monetary policy. What are the objectives and tools of monetary policy? Use diagrams to explain your answer. **(20)**
- Q. No. 6.** What is the theory of liquidity preferences? How does it explain the downward slope of the aggregate-demand curve? Use the theory of liquidity preference to explain how a decrease in the money supply affects the aggregate-demand curve in a closed economy. **(20)**
- Q. No. 7.** Considering the current economic scenario of our economy, recommend an effective policy framework that can reduce budget deficit and improve the developmental outlook. **(20)**
- Q. No. 8.** Write short notes on any **FOUR** of the following: **(5 each) (20)**
- a. Public Goods
  - b. Draw self-explanatory functions of: MPC, Aggregate demand, Multiplier
  - c. Cost minimization by a small firm.
  - d. Two methods of national income accounting.
  - e. Fuel poverty
  - f. Welfare economics

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