



**FEDERAL PUBLIC SERVICE COMMISSION  
COMPETITIVE EXAMINATION-2017  
FOR RECRUITMENT TO POSTS IN BS-17  
UNDER THE FEDERAL GOVERNMENT**

**Roll Number**

**ECONOMICS, PAPER-I**

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

**PART-II**

- Q. No. 2.** How does the Indifference Approach to analyzing consumer demand avoid having to measure utility? Explain. **(20)**
- Q. No. 3.** Explain the Lewis Model of Modern-Sector Growth in a Two-Sector Surplus-Labour Economy with graphical analysis. **(20)**
- Q. No. 4.** What do you know about ‘Demand-Side’ Inflation and ‘Supply-Side’ Inflation? Explain with the help of graphs and briefly explicate the policies to tackle both sides Inflation. **(20)**
- Q. No. 5.** How does the IS-LM model allow equilibrium to be shown in both Goods and Money Markets simultaneously? Elucidate with graphs. **(20)**
- Q. No. 6.** What is the concept of Public debt? Explain the dimensions for tackling the debt problems of developing countries like Pakistan. **(20)**
- Q. No. 7.** Examine the causes of Balance of Payments problem under Fixed Exchange Rate in short-run keeping in view the New Classical and Keynesian Analyses. **(20)**
- Q. No. 8.** Explicate the following briefly: **(5 each) (20)**
- (a)** Difference between Development and Human Development
  - (b)** Difference between Income Inequality and Poverty
  - (c)** Sources of Government Revenue
  - (d)** Functions of Central Bank

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