FEDERAL PUBLIC SERVICE COMMISSION
COMPETITIVE EXAMINATION FOR
RECRUITMENT TO POSTS IN BPS-17 UNDER
THE FEDERAL GOVERNMENT, 2010

ECONOMICS, PAPER-I

Roll Number

TIME ALLOWED:	**(PART-I) 30 MINUTES**	**MAXIMUM MARKS:20**
	(PART-II) 2 HOURS & 30 MINUTES	**MAXIMUM MARKS:80**

NOTE: (i) **First** attempt **PART-I (MCQ)** on separate **Answer Sheet** which shall be taken back after **30 minutes.**
(ii) **Overwriting/cutting of the options/answers will not be given credit.**

PART – I (MCQ)
(COMPULSORY)

Q.1. Select the best option/answer and fill in the appropriate box on the Answer Sheet. (20)

(i) Demand curve in case of Giffen good is:
(a) Negatively sloped (b) Vertical
(c) Positively sloped (d) None of these

(ii) Price consumption curve in case of complementary goods is:
(a) Downward sloping (b) Vertical
(c) Upward sloping (d) None of these

(iii) In case of two goods, following utility approach, a consumer is in equilibrium when:
(a) MUx/Px = MUy/Py (b) MUx/Px < MUy/Py
(c) MUx/Mx > MUy/Py (d) Both (b) and (c)

(iv) In short run:
(a) Labour is variable (b) Both labour and capital are variable
(c) Both labour and capital fixed (d) None of these

(v) When MC is equal to AC, the AC:
(a) Increases (b) Decreases
(c) Remains constant (d) None of these

(vi) Normal profit, excess profit and loss of the firm depends on level of:
(a) Average costs in short run (b) Total costs in short run
(c) Marginal costs in short run (d) All of these

(vii) In case of perfect competition, the sellers are:
(a) Two (b) A few
(c) Very large (d) None of these

(viii) The firm is in equilibrium when:
(a) Slope of TC = Slope of TR (b) Slope of TC is less than slope of TR
(c) Slope of TC is more than slope of TR (d) None of these

(ix) The Marginal Revenue Product of labour MRP_L is:
(a) MR x MP (b) MR / MP
(c) MR – MP (d) Both (b) and (c)

(x) In case of imperfect competition the MRP_L is the:
(a) Supply of labour curve (b) Demand for labour curve
(c) Both of these (d) None of these

(xi) Per Capita Income is calculated as:
(a) N.I+Population (b) N.*Population
(c) N.I/Population (d) Both (a) and (c)

(xii) Gross Domestic Product equals:
(a) GNP – NFI (b) GNP + NFI
(c) GNP – indirect taxes (d) Both (a) and (c)

(xiii) The deposit multiplier is always:
(a) Greater than one (b) Less than one
(c) Equal to one (d) None of these

(xiv) Money can be a standard of deferred payments only if the value of money itself:
(a) Remains stable (b) increases
(c) Decreases (d) None of these

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(xv) The fiscal policy with a deliberate policy action is:
(a) Expansionary fiscal policy (b) Concretionary fiscal policy
(c) Discretionary fiscal policy (d) All of these

(xvi) Trade based on absolute advantage was presented by:
(a) Alfred Marshall (b) Adam Smith
(c) Lionel Robbins (d) None of these

(xvii) According to Keynes, the relationship between money supply and rate of interest is:
(a) Negative (b) Positive
(c) Indirect (d) None of these

(xviii) An object that is generally accepted in exchange for goods and services is called:
(a) Standardized money (b) Medium of exchange
(c) Unit of account (d) All of these

(xix) The account in balance of payment that consists of all transactions in financial assets is known as:
(a) Capital account (b) Current account
(c) Official Reserve account (d) None of these

(xx) The difference between exports and imports of visible items of a country is called:
(a) Budget surplus (b) Balanced budget
(c) Balance of trade (d) Both (a) and (c)

PART – II

NOTE:	**(i)** **PART-II** is to be attempted on the separate **Answer Book.** **(ii)** Attempt **ONLY FOUR** questions from **PART-II**. All questions carry **EQUAL** marks. **(iii)** Extra attempt of any question or any part of the attempted question will not be considered.

Q.2. What is Consumer's Equilibrium? How a consumer can be in equilibrium under Ordinal Approach? **(20)**

Q.3. How is a firm's demand curve for a particular variable factor input constructed when there is (i) only one variable input, (ii) two variable inputs in the productivity process? **(20)**

Q.4. What is National Income? Define and explain different concepts of National Income. **(20)**

Q.5. What is the equation of exchange and the velocity of circulation? What assumptions are necessary to make the equation of exchange the quantity theory of money? **(20)**

Q.6. Differentiate Balance of Payments and Balance of Trade. What are the transactions that are recorded in the current account and the capital account? **(20)**

Q.7. Explain the theory of comparative cost by David Ricardo. **(20)**

Q.8. Define the concept and methods of deficit financing. What are the reasons for deficit financing in Pakistan? **(20)**

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ECONOMICS, PAPER-II

Roll Number

TIME ALLOWED:	**(PART-I) 30 MINUTES**	**MAXIMUM MARKS:20**
	(PART-II) 2 HOURS & 30 MINUTES	**MAXIMUM MARKS:80**

NOTE: (i) **First** attempt **PART-I (MCQ)** on separate **Answer Sheet** which shall be taken back after **30 minutes.**
(ii) **Overwriting/cutting of the options/answers will not be given credit.**

PART – I (MCQ)
(COMPULSORY)

Q.1. Select the best option/answer and fill in the appropriate box on the Answer Sheet. (20)

(i) The best and comprehensive definition of economic development was presented by:
(a) Higgins (b) Maddison
(c) Friedman (d) None of these

(ii) Fishery is the sub sector of:
(a) Agriculture (b) Manufacturing
(c) Mining (d) Both (b) and (c)

(iii) Pakistan was the leading exporter before the separation of East Pakistan:
(a) Cotton (b) Tea
(c) Rice (d) None of these

(iv) Pakistan devalued its currency in 1972 by:
(a) 131% (b) 121%
(c) 100% (d) None of these

(v) Eighth Five Year Plan duration was:
(a) 1983 – 1988 (b) 1993 – 1998
(c) 1978 – 1983 (d) 1988 – 1993

(vi) Export Bonus Scheme (EBS) was introduced in:
(a) 1969 (b) 1979
(c) 1959 (d) 1949

(vii) Primary deficit (primary balance) is the difference between total revenue and:
(a) Non-interest total expenditure (b) Interest expenditure
(c) development expenditure (d) All of these

(viii) Cooperative movement was started in sub-continent in:
(a) 1904 (b) 1914
(c) 1934 (d) None of these

(ix) The Ryotwari system was introduced by the British rules in the provinces of:
(a) Sindh, Madras and Mumbai (b) Sindh, Punjab and Mumbai
(c) Sindh, Madras and NWFP (d) Both (a) and (b)

(x) Pakistan Agricultural Storage and Service Corporation (PASSCO) was established in:
(a) 1973 (b) 1963
(c) 1953 (d) 1983

(xi) Who developed Physical Quality Life Index (PQLI) in his famous book named by "Measuring the Condition of the World's Poor: PQLI in 1987?
(a) Morris D. Morris (b) Higgins
(c) Keynes (d) None of these

(xii) The Human Development Index (HDI) ranks all countries on the scale of:
(a) 0 to 1 (b) 1 to 100
(c) -1 to +1 (d) None of these

(xiii) The United Nations designated The Fourth World as:
(a) Less developed countries (b) Poor countries
(c) Least developed countries (d) All of these

(xiv) According to *'North-South Divide',* the rich countries are called:
(a) South countries (b) North countries
(c) Industrialized countries (d) Advance countries

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(xv) The loan which is given at a nominal rate of interest ranging from 1% to 3% is called:
(a) Hard loan (b) Conditional loan
(c) Soft loan (d) All of these

(xvi) The accumulation of a stock of debt so large as to threaten the country's ability to repay its past loan:
(a) Debt equity swap (b) Debt trap
(c) Debt overhang (d) None of these

(xvii) "Rabi" season which begins in:
(a) April-June (b) October-December
(c) January-February (d) None of these

(xviii) Government of Pakistan announced privatization policy in:
(a) 1981 (b) 1995
(c) 1991 (d) None of these

(xix) The floating debt (short-term) consists of:
(a) Treasury Bills (b) Market Treasury Bills
(c) MTBs for Replenishment (d) All of these

(xx) The currency of IMF is called:
(a) SDRs (b) ODRs
(c) Lira (d) None of these

PART – II

NOTE:	**(i)** **PART-II** is to be attempted on the separate **Answer Book.** **(ii)** Attempt **ONLY FOUR** questions from **PART-II**. All questions carry **EQUAL** marks. **(iii)** Extra attempt of any question or any part of the attempted question will not be considered.

Q.2. Define economic development and economic growth. How can you differentiate between these two? **(20)**

Q.3. Explain the important features and trends of Pakistan foreign trade. **(20)**

Q.4. Discuss the cost and benefits of foreign economic assistance and give some suggestions for the solution to the foreign debt problem. **(20)**

Q.5. Explain the major monetary and fiscal measures to promote industrial development in Pakistan. **(20)**

Q.6. Explain critically the land tenure system in Pakistan. **(20)**

Q.7. What is the difference between collective and cooperative framing? Explain the advantages and causes of failure of cooperative farming in Pakistan. **(20)**

Q.8. Give a critical evaluation of the strategy of economic planning in Pakistan. **(20)**

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