



**FEDERAL PUBLIC SERVICE COMMISSION**  
**COMPETITIVE EXAMINATION - 2016**  
**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> |
| <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.** Explain and prove mathematically that marginal revenue is less than price in case of monopolistic market structure. **(20)**
- Q. No. 3.** Explain diagrammatically, how an increase in price generates income and substitution effect for a normal good? **(20)**
- Q. No. 4.** Explain the inflation and unemployment relationship for pre and post 70s market economy. **(20)**
- Q. No. 5.** Deliberate on the various theories developed to study the price and money supply relationship **(20)**
- Q. No. 6.** Discuss the evolution of international monetary systems adopted by the world economies. **(20)**
- Q. No. 7.** Discuss the Rostow's stage of growth with special reference to Pakistan **(20)**
- Q. No. 8.** Differentiate between the following: **(5 each) (20)**
- Personal and disposable income
  - Net domestic and gross domestic product
  - Consumer price index and producer price index
  - Multiplier and accelerator

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