FEDERAL PUBLIC SERVICE COMMISSION
COMPETITIVE EXAMINATION - 2016
FOR RECRUITMENT TO POSTS IN BS-17
UNDER THE FEDERAL GOVERNMENT

**Roll Number**

# ECONOMICS, PAPER-I

| | |
|---|---|
| **TIME ALLOWED: THREE HOURS**<br>**PART-I(MCQS): MAXIMUM 30 MINUTES** | **PART-I (MCQS) MAXIMUM MARKS = 20**<br>**PART-II MAXIMUM MARKS = 80** |

**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)** All the parts (if any) of each Question must be attempted at one place instead of at different places.
**(iv)** Candidate must write Q. No. in the Answer Book in accordance with Q. No. in the Q.Paper.
**(v)** No Page/Space be left blank between the answers. All the blank pages of Answer Book must be crossed.
**(vi)** Extra attempt of any question or any part of the attempted question will not be considered.

## 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)**
(a) Personal and disposable income
(b) Net domestic and gross domestic product
(c) Consumer price index and producer price index
(d) Multiplier and accelerator

***************

FEDERAL PUBLIC SERVICE COMMISSION
COMPETITIVE EXAMINATION - 2016
FOR RECRUITMENT TO POSTS IN BS-17
UNDER THE FEDERAL GOVERNMENT

**Roll Number**

# ECONOMICS, PAPER-II

| | |
|---|---|
| **TIME ALLOWED: THREE HOURS**<br>**PART-I(MCQS): MAXIMUM 30 MINUTES** | **PART-I (MCQS) MAXIMUM MARKS = 20**<br>**PART-II MAXIMUM MARKS = 80** |

**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)** All the parts (if any) of each Question must be attempted at one place instead of at different places.
**(iv)** Candidate must write Q. No. in the Answer Book in accordance with Q. No. in the Q.Paper.
**(v)** No Page/Space be left blank between the answers. All the blank pages of Answer Book must be crossed.
**(vi)** Extra attempt of any question or any part of the attempted question will not be considered.

## PART-II

**Q. No. 2.** Faster development leads to environmental degradation. Explain how development can be sustained without degrading the environment? **(20)**

**Q. No. 3.** Critically evaluate major monetary and fiscal measures taken in Pakistan to promote agriculture development. **(20)**

**Q. No. 4.** Critically evaluate import substitution and export led policies adopted in Pakistan for industrial development. **(20)**

**Q. No. 5.** Explain factors responsible for deterioration of terms of trade for Pakistan. How Pakistan can improve its terms of trade? **(20)**

**Q. No. 6.** Present a detailed account of Pakistan's experience of privatization process. **(20)**

**Q. No. 7.** Has interest-free banking been successful in Pakistan? Highlight the weaknesses and strengths of interest-free banking in Pakistan. **(20)**

**Q. No. 8.** Energy crisis in Pakistan has slowed down the growth process in Pakistan. In your opinion, how the energy shortage can be overcome? **(20)**

***************

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

**Roll Number**

# ECONOMICS, PAPER-I

| | |
|---|---|
| **TIME ALLOWED: THREE HOURS**<br>**PART-I(MCQS): MAXIMUM 30 MINUTES** | **PART-I (MCQS) MAXIMUM MARKS = 20**<br>**PART-II MAXIMUM MARKS = 80** |

**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)** All the parts (if any) of each Question must be attempted at one place instead of at different places.
**(iv)** Candidate must write Q. No. in the Answer Book in accordance with Q. No. in the Q.Paper.
**(v)** No Page/Space be left blank between the answers. All the blank pages of Answer Book must be crossed.
**(vi)** Extra attempt of any question or any part of the attempted question will not be considered.

## 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

*************

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

**Roll Number**

## ECONOMICS, PAPER-II

| | |
|---|---|
| **TIME ALLOWED: THREE HOURS**<br>**PART-I(MCQS): MAXIMUM 30 MINUTES** | **PART-I (MCQS) MAXIMUM MARKS = 20**<br>**PART-II MAXIMUM MARKS = 80** |

**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)** All the parts (if any) of each Question must be attempted at one place instead of at different places.
**(iv)** Candidate must write Q. No. in the Answer Book in accordance with Q. No. in the Q.Paper.
**(v)** No Page/Space be left blank between the answers. All the blank pages of Answer Book must be crossed.
**(vi)** Extra attempt of any question or any part of the attempted question will not be considered.

## PART-II

**Q. No. 2.** Explain the characteristics of Less Developed Countries (LDCs) with particular reference to Pakistan. **(20)**

**Q. No. 3.** Critically evaluate the economic planning strategy of Pakistan. What policy measures would you suggest for sound economic planning? Discuss. **(20)**

**Q. No. 4.** Elaborate the difference between agricultural development and rural development. What are the limitations of agricultural and rural development policies of Pakistan? Discuss. **(20)**

**Q. No. 5.** Explain the major monetary and fiscal measures taken in Pakistan for industrial development for the last 20 years. **(20)**

**Q. No. 6.** Highlight and explain changes in direction of trade in recent years. Also explain trends in exports and imports of Pakistan. **(20)**

**Q. No. 7.** Delineate the difference among privatization, deregulation and decentralization. Evaluate the experience of Pakistan in privatization. **(20)**

**Q. No. 8.** Write short notes on TWO of the following: **(10 each)** **(20)**

**(a)** Export-led Growth Strategy

**(b)** Growth vs. Distribution

**(c)** Energy Crisis in Pakistan

*************

**FEDERAL PUBLIC SERVICE COMMISSION**
**COMPETITIVE EXAMINATION-2018**
**FOR RECRUITMENT TO POSTS IN BS-17**
**UNDER THE FEDERAL GOVERNMENT**

**Roll Number**

# ECONOMICS, PAPER-I

| | |
|---|---|
| **TIME ALLOWED: THREE HOURS**<br>**PART-I(MCQS): MAXIMUM 30 MINUTES** | **PART-I (MCQS) MAXIMUM MARKS = 20**<br>**PART-II MAXIMUM MARKS = 80** |

**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)** All the parts (if any) of each Question must be attempted at one place instead of at different places.
**(iv)** Candidate must write Q. No. in the Answer Book in accordance with Q. No. in the Q.Paper.
**(v)** No Page/Space be left blank between the answers. All the blank pages of Answer Book must be crossed.
**(vi)** Extra attempt of any question or any part of the attempted question will not be considered.

## PART-II

**Q. No. 2.** **(a)** State the bases of IS-LM framework (equations &establish equilibrium) and comment whether it is a short run or long run analysis. State bases for your answer. **(15)**

**(b)** Do you think this approach (a) above, is still applicable for policy formulation. **(5)** **(20)**

**Q. No. 3.** **(a)** How the concepts of notional aggregate demand (Keynesian) and real aggregate demand (neo-classical), leads to economic fluctuations in the economy. **(10)**

**(b)** How equilibrium is established in the market under the above (a) approaches. **(10)** **(20)**

**Q. No. 4.** **(a)** Analyze three different shapes of Aggregate Supply Curve (Constant, positively sloped and vertical). **(10)**

**(b)** Explain the role of shifts in Aggregate Demand and their impacts on economy in all three types of Aggregate Supply Curves. Relate such impacts in response to Fiscal policy. **(10)** **(20)**

**Q. No. 5.** **(a)** Explain Arc and Cross elasticities and analyze their role in decision making by the consumers. **(10)**

**(b)** Point out application of these theories; quote such examples and explain. **(10)** **(20)**

**Q. No. 6.** **(a)** Discuss major cannons of taxation and their relevance to tax system in Pakistan. **(10)**

**(b)** Do you think that the tax system in Pakistan is based upon cannons of taxation (restrict your discussion to the application of cannons of taxation). **(10)** **(20)**

**Q. No. 7.** **(a)** What is Balance of Payment? Point out its major components. **(10)**

**(b)** Analyze any one years' BOP of Pakistan. **(10)** **(20)**

**Q. No. 8.** Write short note on any **TWO** of the followings. **(10 each)** **(20)**

**(i)** Perfect and Pure competition

**(ii)** Monetary policy and its tools to control of money supply

**(iii)** Balanced and Un-balanced growth theory

*************

**FEDERAL PUBLIC SERVICE COMMISSION**
**COMPETITIVE EXAMINATION-2018**
**FOR RECRUITMENT TO POSTS IN BS-17**
**UNDER THE FEDERAL GOVERNMENT**

**Roll Number**

# ECONOMICS, PAPER-II

| | |
|---|---|
| **TIME ALLOWED: THREE HOURS**<br>**PART-I(MCQS): MAXIMUM 30 MINUTES** | **PART-I (MCQS) MAXIMUM MARKS = 20**<br>**PART-II MAXIMUM MARKS = 80** |

**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)** All the parts (if any) of each Question must be attempted at one place instead of at different places.
**(iv)** Candidate must write Q. No. in the Answer Book in accordance with Q. No. in the Q.Paper.
**(v)** No Page/Space be left blank between the answers. All the blank pages of Answer Book must be crossed.
**(vi)** Extra attempt of any question or any part of the attempted question will not be considered.

## PART-II

**Q. No. 2.** What are the causes of over time worsened income distribution in Pakistan? Give some practicable options to overcome poverty and income inequalities in the country. **(20)**

**Q. No. 3.** Express your views about trends in the balance of trade in Pakistan and factors affecting them. How the situation can be made favourable for Pakistan? **(20)**

**Q. No. 4.** Agriculture's share in GDP and employment in Pakistan has reduced over time. Express your views about this decline in the light of the experience of some developed countries in the world. **(20)**

**Q. No. 5.** Critically examine the performance of fiscal policy adopted in Pakistan overtime. Express your views about the appropriateness of fiscal policy tools applied for the chosen fiscal policy. **(20)**

**Q. No. 6.** Specifically describe the history of nationalization, denationalization and privatization in Pakistan. Why denationalization of the nationalized organizations became inevitable in Pakistan? **(20)**

**Q. No. 7.** Identify and prioritize three factors hindering the economic progress in Pakistan. What measures would you propose for the sustainable growth of the economy? **(20)**

**Q. No. 8.** Briefly explain any **TWO** of the followings: **(10 each)** **(20)**

**(a)** Government Efforts to address Energy Crisis in Pakistan

**(b)** Scope of Import Substitution Strategy in Pakistan

**(c)** Climate Change Challenges for the economy of Pakistan

*************

# FEDERAL PUBLIC SERVICE COMMISSION
**COMPETITIVE EXAMINATION-2019**
**FOR RECRUITMENT TO POSTS IN BS-17**
**UNDER THE FEDERAL GOVERNMENT**

**Roll Number**

## ECONOMICS, PAPER-I

| TIME ALLOWED: THREE HOURS<br>PART-I(MCQS): MAXIMUM 30 MINUTES | PART-I (MCQS) MAXIMUM MARKS = 20<br>PART-II MAXIMUM MARKS = 80 |
|---|---|

**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)** All the parts (if any) of each Question must be attempted at one place instead of at different places.
**(iv)** Candidate must write Q. No. in the Answer Book in accordance with Q. No. in the Q.Paper.
**(v)** No Page/Space be left blank between the answers. All the blank pages of Answer Book must be crossed.
**(vi)** Extra attempt of any question or any part of the attempted question will not be considered.

## PART– II

**Q. No. 2.** Use the IS-LM model to discuss the Neutral effect of monetary expansion in the case of open economy. Distinguish between Keynesian and Classical Views on neutrality of money. **(20)**

**Q. No. 3.** What do you understand by Monetary Transmission Mechanism (MTM)? Evaluate and explain at least three different channels of MTM. **(20)**

**Q. No. 4.** What do the slopes of an isoquant line and iso-cost line measure? Describe theoretically and graphically the conditions that are satisfied when a firm has chosen a least cost technique for producing a given output. **(20)**

**Q. No. 5.** What are tariff and nontariff barriers to international trade? Why do countries sometimes restrict international trade? **(20)**

**Q. No. 6.** Extricate among fixed, flexible and managed floating exchange rate regimes. **(20)**

**Q. No. 7.** Describe the underdevelopment trap. Highlight the main ways in which poor countries attempt to overcome their poverty. **(20)**

**Q. No. 8.** Distinguish between any FOUR. **(5 each)** **(20)**

**a.** Comparative advantage and Absolute advantage.

**b.** Consumer surplus and producer surplus

**c.** Progressive and regressive taxes

**d.** Economic growth and economic development

**e.** Real GNP and nominal GNP

**f.** Consumer price index and GDP deflator

**********

# FEDERAL PUBLIC SERVICE COMMISSION
**COMPETITIVE EXAMINATION-2019**
**FOR RECRUITMENT TO POSTS IN BS-17**
**UNDER THE FEDERAL GOVERNMENT**

**Roll Number**

## ECONOMICS, PAPER-II

| | |
|---|---|
| **TIME ALLOWED: THREE HOURS**<br>**PART-I(MCQS): MAXIMUM 30 MINUTES** | **PART-I (MCQS) MAXIMUM MARKS = 20**<br>**PART-II MAXIMUM MARKS = 80** |

**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)** All the parts (if any) of each Question must be attempted at one place instead of at different places.
**(iv)** Write Q. No. in the Answer Book in accordance with Q. No. in the Q.Paper.
**(v)** No Page/Space be left blank between the answers. All the blank pages of Answer Book must be crossed.
**(vi)** Extra attempt of any question or any part of the question will not be considered.

## PART-II

**Q. No. 2.** Describe the salient features of Nurkse, Ropan and Hirchman theories. Comment on the relevancy of each with reference to Pakistan? **(20)**

**Q. No. 3.** Critically examine the surplus labor model presented by Arthur Lewis. Can this model be used to initiate industrial development in Pakistan? **(20)**

**Q. No. 4.** Differentiate between the concepts of poverty and income inequality. How can public policy help in alleviating poverty and reducing inequality in a developing country like Pakistan? **(20)**

**Q. No. 5.** Explain various types of inflation. To what extent should it be controlled? How can fiscal and monetary policy measures help control inflation in Pakistan? **(20)**

**Q. No. 6.** Analyze the role of international trade in the economic development of Pakistan. How might WTO affect the terms of trade in an otherwise free economy? **(20)**

**Q. No. 7.** Examine the role of Agriculture Sector in the economic development of Pakistan. Should the country continue investing in it or there exist better options as alternate plans? **(20)**

**Q. No. 8.** What are the reasons for the adverse balance of trade in Pakistan? Suggest the possible measures to improve the balance of trade scenario of Pakistan. **(20)**

**********

# FEDERAL PUBLIC SERVICE COMMISSION
**COMPETITIVE EXAMINATION-2020**
**FOR RECRUITMENT TO POSTS IN BS-17**
**UNDER THE FEDERAL GOVERNMENT**

**Roll Number**

## ECONOMICS, PAPER-I

| | |
|---|---|
| **TIME ALLOWED: THREE HOURS**<br>**PART-I(MCQS): MAXIMUM 30 MINUTES** | **PART-I (MCQS) MAXIMUM MARKS = 20**<br>**PART-II MAXIMUM MARKS = 80** |

**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)** All the parts (if any) of each Question must be attempted at one place instead of at different places.
**(iv)** Write Q. No. in the Answer Book in accordance with Q. No. in the Q.Paper.
**(v)** No Page/Space be left blank between the answers. All the blank pages of Answer Book must be crossed.
**(vi)** Extra attempt of any question or any part of the question will not be considered.

## PART-II

**Q. No. 2.** Critically examine the marginal productivity theory of income distribution. **(20)**

**Q. No. 3.** Define Balance of Payment (BOP) and identify and explain its major components with reference to any one year’s BOP of Pakistan. **(20)**

**Q. No. 4.** List the main functions of money. Define and discuss the quantity theory of money. **(20)**

**Q. No. 5.** Discuss importance of human capital investment for the economic development of Pakistan. **(20)**

**Q. No. 6.** Pakistan’s Tax to GDP ratio is among the lowest in the world and its share of indirect taxes in the total tax receipts is much higher. Describe and discuss reasons behind these phenomena and suggest measures to improve tax to GDP ratio in Pakistan. **(20)**

**Q. No. 7.** Use the IS-LM model to discuss the neutral effect of monetary expansion in the case of an open economy. Distinguish between Keynesian and classical views on neutrality of money. **(20)**

**Q. No. 8.** Write a short note on any **TWO** of the following:- **(10 each)** **(20)**

**(a)** Phillips Curve and NAIRU
**(b)** Laffer Curve
**(c)** Marshallian and Hicksian Demand

**********

# FEDERAL PUBLIC SERVICE COMMISSION
**COMPETITIVE EXAMINATION-2020**
**FOR RECRUITMENT TO POSTS IN BS-17**
**UNDER THE FEDERAL GOVERNMENT**

**Roll Number**

## ECONOMICS, PAPER-II

| | |
|---|---|
| **TIME ALLOWED: THREE HOURS**<br>**PART-I(MCQS): MAXIMUM 30 MINUTES** | **PART-I (MCQS) MAXIMUM MARKS = 20**<br>**PART-II MAXIMUM MARKS = 80** |

**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)** All the parts (if any) of each Question must be attempted at one place instead of at different places.
**(iv)** Write Q. No. in the Answer Book in accordance with Q. No. in the Q.Paper.
**(v)** No Page/Space be left blank between the answers. All the blank pages of Answer Book must be crossed.
**(vi)** Extra attempt of any question or any part of the question will not be considered.

## PART-II

**Q. No. 2.** Briefly explain theoretical justification for major sources of agriculture growth and analyze which of them are valid for Pakistan. Also state why green revolution did not continue to play its role in agriculture **(20)**

**Q. No. 3.** Pakistan has persistent trade deficit. Analyze this pattern and sources. Based upon your analysis, propose relevant and applicable policy for its improvement. **(20)**

**Q. No. 4.** Point out three major economic issues pertaining to the failure of fiscal policy to achieve sustainable economic growth in Pakistan. Propose appropriate measures to solve these issues. **(20)**

**Q. No. 5.** Point out major sources of inflation in Pakistan. Justify these sources empirically and discuss how this issue was managed in the last three decades. **(20)**

**Q. No. 6.** Briefly explain and critically evaluate the role of public and private investment in Pakistan. Also point out their role in achieving sustainable economic growth of Pakistan. **(20)**

**Q. No. 7.** Why internationally developed poverty lines may not be relevant to Pakistan. State poverty lines relevant to Pakistan and discuss its justifications and poverty trends in Pakistan. Also propose applicable policy measures to solve the issue. **(20)**

**Q. No. 8.** Theoretically justify the role of public debt, either to play positive or negative. Analyze its role in Pakistan. Also discuss steps taken to solve this problem. **(20)**

**********

# FEDERAL PUBLIC SERVICE COMMISSION

**COMPETITIVE EXAMINATION-2021**
**FOR RECRUITMENT TO POSTS IN BS-17**
**UNDER THE FEDERAL GOVERNMENT**

**Roll Number**

## ECONOMICS, PAPER-I

| TIME ALLOWED: THREE HOURS | PART-I (MCQS) | MAXIMUM MARKS = 20 |
|---|---|---|
| PART-I(MCQS): MAXIMUM 30 MINUTES | PART-II | MAXIMUM MARKS = 80 |

**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)** All the parts (if any) of each Question must be attempted at one place instead of at different places.
**(iv)** Write Q. No. in the Answer Book in accordance with Q. No. in the Q.Paper.
**(v)** No Page/Space be left blank between the answers. All the blank pages of Answer Book must be crossed.
**(vi)** Extra attempt of any question or any part of the question will not be considered.

## PART-II

**Q. No. 2.** Elaborate the own-price, cross-price and income elasticity theoretically and empirically. Also explain the relationship between own-price elasticity and the total revenue. **(20)**

**Q. No. 3.** What are the three different approaches to measure the Gross Domestic Product (GDP)? Discuss. Why should the three approaches yield the same result? Do you think one approach can be preferred over the other? Justify your arguments. **(20)**

**Q. No. 4.** What are the functions of the International Monetary Fund (IMF)? What practices IMF adopt in order to assist countries facing financial crisis? Evaluate the IMF lending to the developing countries with reference to Financial Action Task Force (FATF) status. **(20)**

**Q. No. 5.** Explain the macroeconomic outlook of economy of Pakistan and suggest any policy framework for formulation of budget and reducing budget deficit. **(20)**

**Q. No. 6.** Differentiate between the exchange rate systems vis-à-vis fixed, flexible and managed floating exchange rate system. Which regime is currently being pursued by Pakistan? **(20)**

**Q. No. 7.** What is the Lewis turning point? How can it be attained? What happens if, within the framework of Two-Sector model, the transfer of labor from subsistence to modern sector continues beyond this point? Elaborate. **(20)**

**Q. No. 8.** What were the major macroeconomic consequences of COVID-19 Pandemic for the economy of Pakistan? Suggest some realistic measures which can be adopted to tackle the issue. **(20)**

**********

**FEDERAL PUBLIC SERVICE COMMISSION**
**COMPETITIVE EXAMINATION-2021**
**FOR RECRUITMENT TO POSTS IN BS-17**
**UNDER THE FEDERAL GOVERNMENT**

**Roll Number**

# ECONOMICS, PAPER-II

| | |
|---|---|
| **TIME ALLOWED: THREE HOURS**<br>**PART-I(MCQS): MAXIMUM 30 MINUTES** | **PART-I (MCQS) MAXIMUM MARKS = 20**<br>**PART-II MAXIMUM MARKS = 80** |

**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)** All the parts (if any) of each Question must be attempted at one place instead of at different places.
**(iv)** Write Q. No. in the Answer Book in accordance with Q. No. in the Q.Paper.
**(v)** No Page/Space be left blank between the answers. All the blank pages of Answer Book must be crossed.
**(vi)** Extra attempt of any question or any part of the question will not be considered.

## PART-II

**Q. No. 2.** What is meant by economic development? Compare and contrast various measures of economic development. **(20)**

**Q. No. 3.** Can Pakistan support indefinitely a set of loss-making public enterprises, both in the energy sector and outside? Suggest and discuss policies for their restructuring and privatization. **(20)**

**Q. No. 4.** Evaluate the Theory of Vicious Circle of poverty. What are the factors necessary to break through this circle in a developing country like Pakistan? **(20)**

**Q. No. 5.** Compare and contrast the theories of balanced and unbalanced growth. Which of these do you think better suit a developing country like Pakistan? **(20)**

**Q. No. 6.** Describe and discuss the role of corruption and governance in the economic development of Pakistan. **(20)**

**Q. No. 7.** How has Arthur Lewis explained the emergences of industrial society from an agrarian economy? Can this model be used to explain industrial development in Pakistan? **(20)**

**Q. No. 8.** Write short notes on any **TWO** of the following:- **(10 each)** **(20)**

**(a)** Population growth and economic development

**(b)** Ehsaas Programs

**(c)** Climate change and Food Security

**********

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

**Roll Number**

## ECONOMICS, PAPER-I

| | |
|---|---|
| **TIME ALLOWED: THREE HOURS**<br>**PART-I(MCQS): MAXIMUM 30 MINUTES** | **PART-I (MCQS) MAXIMUM MARKS = 20**<br>**PART-II MAXIMUM MARKS = 80** |

**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)** All the parts (if any) of each Question must be attempted at one place instead of at different places.
**(iv)** Write Q. No. in the Answer Book in accordance with Q. No. in the Q.Paper.
**(v)** No Page/Space be left blank between the answers. All the blank pages of Answer Book must be crossed.
**(vi)** Extra attempt of any question or any part of the question will not be considered.

## 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

**********

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

**Roll Number**

## ECONOMICS, PAPER-II

| | | |
|---|---|---|
| **TIME ALLOWED: THREE HOURS** | **PART-I (MCQS)** | **MAXIMUM MARKS = 20** |
| **PART-I(MCQS): MAXIMUM 30 MINUTES** | **PART-II** | **MAXIMUM MARKS = 80** |

**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)** All the parts (if any) of each Question must be attempted at one place instead of at different places.
**(iv)** Write Q. No. in the Answer Book in accordance with Q. No. in the Q.Paper.
**(v)** No Page/Space be left blank between the answers. All the blank pages of Answer Book must be crossed.
**(vi)** Extra attempt of any question or any part of the question will not be considered.

## PART-II

**Q. No. 2.** "In Pakistan, poverty is a rural phenomenon". Elaborate this statement keeping in view uni-dimensional and multidimensional aspects of poverty. **(20)**

**Q. No. 3.** Keeping the economic, political and social systems in perspective, what should be the successful planning strategic framework for Pakistan to achieve Sustainable Development Goals (SDGs) by 2030? **(20)**

**Q. No. 4.** Under CPEC initiatives, what kind of industry needs to be promoted across the trade routes and why? Explain in the context of proposed industrial zones in the country. **(20)**

**Q. No. 5.** What are the trends and tendencies of imports and exports of Pakistan? How the country can enhance its "terms of trade" favorable with particular reference to trade with China? **(20)**

**Q. No. 6.** Clarify the difference between conventional banking and interest free banking. How interest free banking can help in the economic and financial development of Pakistan? **(20)**

**Q. No. 7.** Noble Laureate Richard H. Thaler has made Economics more human. Keeping his ideas of Behavioral Economics, what sort of revolutionary changes are required in the socio-economic fabric of Pakistan? **(20)**

**Q. No. 8.** Write logical notes on two of the following: **(10 each)** **(20)**

**(i)** Environmental Degradation
**(ii)** Debt dilemma of Pakistan
**(iii)** Impact of Climate Change

**********

# FEDERAL PUBLIC SERVICE COMMISSION
**COMPETITIVE EXAMINATION-2023**
**FOR RECRUITMENT TO POSTS IN BS-17**
**UNDER THE FEDERAL GOVERNMENT**

**Roll Number**

## ECONOMICS, PAPER-I

| | |
|---|---|
| **TIME ALLOWED: THREE HOURS**<br>**PART-I(MCQS): MAXIMUM 30 MINUTES** | **PART-I (MCQS) MAXIMUM MARKS = 20**<br>**PART-II MAXIMUM MARKS = 80** |

**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)** All the parts (if any) of each Question must be attempted at one place instead of at different places.
**(iv)** Write Q. No. in the Answer Book in accordance with Q. No. in the Q.Paper.
**(v)** No Page/Space be left blank between the answers. All the blank pages of Answer Book must be crossed.
**(vi)** Extra attempt of any question or any part of the question will not be considered.

## 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 Monetry 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

**********

| | |
|---|---|
| | **Roll Number** |

# FEDERAL PUBLIC SERVICE COMMISSION

**COMPETITIVE EXAMINATION-2023**
**FOR RECRUITMENT TO POSTS IN BS-17**
**UNDER THE FEDERAL GOVERNMENT**

## ECONOMICS, PAPER-II

| | |
|---|---|
| **TIME ALLOWED: THREE HOURS**<br>**PART-I(MCQS): MAXIMUM 30 MINUTES** | **PART-I (MCQS) MAXIMUM MARKS = 20**<br>**PART-II MAXIMUM MARKS = 80** |

**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)** All the parts (if any) of each Question must be attempted at one place instead of at different places.
**(iv)** Write Q. No. in the Answer Book in accordance with Q. No. in the Q.Paper.
**(v)** No Page/Space be left blank between the answers. All the blank pages of Answer Book must be crossed.
**(vi)** Extra attempt of any question or any part of the question will not be considered.

## PART-II

**Q. No. 2.** What is green revolution? How would you explain that it proved an engine of growth rather than development? **(20)**

**Q. No. 3.** Explain the difference between growth and development. **(20)**

**Q. No. 4.** Differentiate between appreciation and depreciation of currency and how it affect trade/economy. **(20)**

**Q. No. 5.** Explain the relationship between unemployment and inflation through Philips curve. **(20)**

**Q. No. 6.** Differentiate between Absolute advantage and comparative advantage. **(20)**

**Q. No. 7.** How comparative advantage becomes the basis of international trade between the two nations. **(20)**

**Q. No. 8.** Write short notes on any TWO of the following: **(10 each) (20)**

**(i)** Globalization and economic growth and development.
**(ii)** Social media and its merits and demerits on Pakistan society and economy.
**(iii)** Factor of productions and two sectors flow diagram of economy.

**********

**FEDERAL PUBLIC SERVICE COMMISSION**
**COMPETITIVE EXAMINATION-2024 FOR RECRUITMENT TO POSTS IN BS-17 UNDER THE FEDERAL GOVERNMENT**

**Roll Number**

## ECONOMICS, PAPER-I

| TIME ALLOWED: THREE HOURS | (PART-I MCQs) MAXIMUM MARKS: 20 |
|---|---|
| PART-I (MCQs) : MAXIMUM 30 MINUTES | (PART-II) MAXIMUM MARKS: 80 |

**NOTE: (i)** First attempt **PART-I (MCQs)** on separate **OMR Answer Sheet** which shall be taken back after **30 minutes.**
**(ii) Overwriting/cutting of the options/answers will not be given credit.**
**(iii)** There is **no negative** marking. All MCQs must be attempted.

### PART-I (MCQs)(COMPULSORY)

**Q.1. (i)** Select the best option/answer and fill in the appropriate Box ■ on the **OMR Answer Sheet.(20x1=20)**
**(ii)** Answers given anywhere else, other than OMR Answer Sheet, will not be considered.

1. **There are strong theoretical reasons to expect that changes in wealth are responsible for changes in consumption. Nonetheless, one reason that we observe a tight link between consumption and disposable income is:**
(A) Credit rationing which changes the intertemporal budget constraint for borrowers.
(B) Households attempt to smooth their consumption.
(C) Household saving provides a buffer between income and expenditure. (D) Ricardian equivalence.
2. **The accelerator principle states:**
(A) If an increase in the growth of output is expected, investment will increase.
(B) If an increase in investment is expected, output will increase.
(C) If an increase in the growth of investment is expected, output will increase.
(D) Small swings in investment are associated with large swings of output.
3. **The optimal capital stock is achieved when the user cost of capital is equal to:**
(A) The interest rate. (B) The depreciation rate.
(C) The marginal product of capital. (D) Tobin's q.
4. **A supply side vicious circle of poverty suggests that poor nations remain poor because:**
(A) Saving remains low (B) Investment remains low
(C) There is a lack of effective government (D) Both (A) & (B)
5. **Which of the following is not typically an element in the structural change that accompanies development?**
(A) Increase in the share of agriculture in GDP (gross domestic product)
(B) Increase in manufacturing as a share of GDP (C) Increase in urbanization (D) All of these
6. **The essence of Engel's law is that as family income rise:**
(A) The savings rate increases (B) The proportion of income spent on food declines
(C) Expenditure on food declines (D) Proportion of income spent on luxuries declines
7. **Economic growth measures the:**
(A) Growth of productivity (B) Increase in nominal income
(C) Increase in output (D) None of these
8. **Non-traded goods do not enter measured GDP because:**
(A) They are intermediate goods (B) They are not traded in the market
(C) There is no value added in the production of such goods
(D) Their value is not captured by the exchange rate method of conversion to a common unit
9. **The concept of opportunity cost is based upon the principle of:**
(A) Need (B) Consumption (C) Scarcity (D) Profit
10. **Which of the following is an INCORRECT statement about a budget constraint?**
(A) Points on a budget constraint represent combinations of the goods that exactly use up income
(B) Points within the budget constraint represent combinations of the goods that do not use up all the income.
(C) If points A and B lie on the budget constraint, we can deduce that people will be indifferent between the two
(D) If the price of one good decreases, all else the same, the budget constraint will swivel or rotate outward
11. **When the manufacturer of power looms expands, there are forward linkage effects due to:**
(A) Lost employment in the hand-loom sector (B) Increased incomes of workers that manufacture looms
(C) Increased output of woven cloth made by the power looms (D) Increased demand for electric motors
12. **The Keynesian assumption is a convenient analytical short cut and turns out to be a rather accurate description of the reality. What does it assume?**
(A) Constant prices (B) Firms cannot reduce fix costs
(C) Output is predetermined (D) The interest rate stimulates growth
13. **What is not a component of the GDP?**
(A) Consumption goods (B) Investment spending by firms on capital goods
(C) Public sector's own demand for goods (D) Employment rate

14. **In short-run macroeconomic analysis, demand is often viewed as the driving force. Which component of total demand is often regarded as being independent of economic conditions and thus exogenous in the model?**
    (A) Consumption and private spending (B) Investment, saving
    (C) Net exports (D) Government spending and tax receipts
15. **Which kind of demand fluctuates the most?**
    (A) Consumption demand. (B) Private demand for investment.
    (C) Aggregated demand. (D) Demand by firms for investment goods.
16. **It is the _______ interest rate that matters for spending decisions and the _______ interest rate that is relevant when we look at monetary questions.**
    (A) Interbank , Exchange (B) Exchange , Interbank (C) Real , Nominal (D) Nominal , Real
17. **A certain amount of goods and services is necessary for a minimum standard of living. This is called:**
    (A) Basic needs (B) Absolute poverty (C) An international standard of living (D) The concept of development
18. **With perfect income equality the Gini coefficient in a country would be**
    (A) Infinity (B) 1 (C) .5 (D) 0
19. **The aggregate production function for the Solow growth model assumes ___________ returns to scale and _____________marginal productivity of labour and capital.**
    (A) Increasing , Diminishing (B) Constant , Diminishing (C) Decreasing , Constant (D) Constant , Creasing
20. **The labour measure (L) is:**
    (A) The average number of workers employed x average hours worked
    (B) The average number of workers (employed + unemployed) x average hours worked
    (C) The total number of workers employed x average hours worked
    (D) The total number of workers (employed + unemployed) x average hours worked

# 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)** All the parts (if any) of each Question must be attempted at one place instead of at different places.
**(iv)** Write Q. No. in the Answer Book in accordance with Q. No. in the Q.Paper.
**(v)** No Page/Space be left blank between the answers. All the blank pages of Answer Book must be crossed.
**(vi)** Extra attempt of any question or any part of the question will not be considered.

**Q. No. 2.** Why do economists use the *ceteris paribus* assumption? Many changes are affecting the market for oil. Predict how each of the following events will affect the equilibrium price and quantity in the market for oil. In each case, state how the event will affect the supply and demand diagram. Create a sketch of the diagram if necessary. **(20)**
a. Cars are becoming more fuel efficient, and therefore get more miles to the gallon.
b. Landlords install additional insulation in buildings.
c. The price of solar energy falls dramatically

**Q. No. 3.** What is the Consumer Price Index (CPI)? How is it constructed, and how does it measure inflation? Why is it so important to so many people in Pakistan today? What are some of its weaknesses? **(20)**

**Q. No. 4.** How does the existence of money simplify the process of buying and selling? What is the double-coincidence of wants? State and explain the concept of the money multiplier. **(20)**

**Q. No. 5.** Which kind of monetary policy would you expect in response to high inflation: expansionary or contractionary? Why? How might each of the following factors complicate the implementation of monetary policy: long and variable lags, excess reserves, and movements in velocity? **(20)**

**Q. No. 6.** How can an unexpected fall in exchange rates injure the financial health of a nation's banks? What is the difference between a floating exchange rate, a soft peg, a hard peg, and dollarization? **(20)**

**Q. No. 7.** What do you understand economic development to mean? Given the diversity of developing countries, do you think that there could ever be a single, unified theory of development? Explain your answer. **(20)**

**Q. No. 8.** Write short notes on any two of the following: **(10 each)** **(20)**
**(a)** Possibilities of export promotion in developing nations **(b)** Demographic transition
**(c)** Environmental Sustainability with special reference to developing countries

**********

# FEDERAL PUBLIC SERVICE COMMISSION
## COMPETITIVE EXAMINATION-2024 FOR RECRUITMENT TO POSTS IN BS-17 UNDER THE FEDERAL GOVERNMENT

**Roll Number**

## ECONOMICS, PAPER-II

| | |
|---|---|
| **TIME ALLOWED: THREE HOURS** | **(PART-I MCQs) MAXIMUM MARKS: 20** |
| **PART-I (MCQs) : MAXIMUM 30 MINUTES** | **(PART-II) MAXIMUM MARKS: 80** |

**NOTE: (i)** First attempt **PART-I (MCQs)** on separate **OMR Answer Sheet** which shall be taken back after **30 minutes.**
**(ii) Overwriting/cutting of the options/answers will not be given credit.**
**(iii)** There is **no negative** marking. All MCQs must be attempted.

## PART-I (MCQs)(COMPULSORY)

**Q.1. (i)** Select the best option/answer and fill in the appropriate Box ■ on the **OMR Answer Sheet. (20x1=20)**
**(ii)** Answers given anywhere else, other than OMR Answer Sheet, will not be considered.

1. **Core inflation measures:**
(A) CPI based inflation (B) GDP Deflator inflation (C) WPI inflation (D) None of these
2. **During FY 2022-23, Pakistan's industrial sector growth rate is:**
(A) 6.5% (B) -2.94 % (C) -10% (D) None of these
3. **The CPI inflation for FY 2022-23 is:**
(A) 20% (B) 45% (C) 29.3% (D) None of these
4. **Goal 1 of Sustainable Developments Goals relates to:**
(A) Hunger (B) Economic growth (C) Education (D) None of these
5. **Okun's Law defines the relationship between:**
(A) Unemployment and Inflation (B) Inflation and Economic growth
(C) Unemployment and GDP growth (D) None of these
6. **Exchange rate depreciation improves:**
(A) Economy (B) Markets (C) Trade balance (D) None of these
7. **GDP measures "all goods and services __________________________ produced in a given year".**
(A) Domestically (B) Nationally (C) Excluding exports and imports (D) None of these
8. **The monetary policy tools are used for:**
(A) Price stability (B) Financial stability (C) Economic growth (D) All of these
9. **Pakistan sought "International Monetary Fund's Financial Assistance" ________ times in 75 years.**
(A) 25 (B) 23 (C) 12 (D) None of these
10. **Financial Inclusions mean:**
(A) Having a financial account (B) Using the financial products
(C) Having and using mobile accounts (D) All of these
11. **Quantity theory of money states that when quantity of money increases, value of money:**
(A) Increases (B) Declines (C) Remains same (D) None of these
12. **Fiscal and monetary policies are used to:**
(A) Improve markets (B) Stabilize economy (C) Improve trade deficit (D) None of these
13. **According to the State Bank of Pakistan (SBP) redefined Act 2022, the primary function of SBP is:**
(A) Price stability (B) Treasury management (C) Exchange rate stability (D) None of these
14. **Gini coefficient is the measure of:**
(A) Poverty (B) Inequality (C) Development (D) All of these
15. **GNP measures:**
(A) Total production of nation (B) Total income of a nation
(C) Total wealth of a nation (D) Both (A) and (B)
16. **Economic development is measured by:**
(A) Sustenance (B) Freedom (C) Self esteem (D) All of these
17. **Unemployment rate is relatively higher in _______ in Pakistan as per Labor Force Survey 2020-21.**
(A) Young Adults (B) Youth (C) Middle aged (D) None of these
18. **Pakistan's 1st digital population censes was conducted in the year:**
(A) 2000 (B) 2009 (C) 2023 (D) None of these
19. **In Pakistan, investment as percentage of GDP is lower than:**
(A) India (B) China (C) Bangladesh (D) All of these
20. **Economic recession is defined as reduced economic activities and employment levels for at least:**
(A) Two consecutive quarters (B) One year (C) 5 years (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)** All the parts (if any) of each Question must be attempted at one place instead of at different places.
**(iv)** Write Q. No. in the Answer Book in accordance with Q. No. in the Q.Paper.
**(v)** No Page/Space be left blank between the answers. All the blank pages of Answer Book must be crossed.
**(vi)** Extra attempt of any question or any part of the question will not be considered.

**Q. No. 2.** Differentiate between the "Economic growth" and "Economic Development". Explain various measures of both. **(20)**

**Q. No. 3.** During FY23, inflation in Pakistan has touched its highest peak over the 75 years. Describe in brief the factors behind this high inflation and explain the monetary and fiscal policy actions to improve upon the situation. **(20)**

**Q. No. 4.** Pakistan Nationalization Act was promulgated in year 1972. Discuss its advantages and disadvantages on Pakistan Economy. **(20)**

**Q. No. 5.** Pakistan has experienced "Green Revolution" in mid 1960s. What are the main determinants of Green Revolution? Explain the essential policy actions needed, if we want to revive again the "Green revolution" in Pakistan. **(20)**

**Q. No. 6.** Describe in brief the IMF's Financial Assistance program, its objectives and stringent conditionalities. Does it helpful in resolving the balance of payments problems and structural issues of a heavily indebted less developed countries like Pakistan? **(20)**

**Q. No. 7.** According to the Labor Force Survey (LFS) 2020-21, overall employment to population ratio is 42.1 percent and this ratio is higher in male (64.1 percent) as compared to female (19.4 percent). (i) Explain what are the main reasons behind the female low employment levels in Pakistan? (ii) Suggest the policy actions and reforms to increase the female labor force participation in the economy. **(20)**

**Q. No. 8.** Write short notes on any TWO of the following: **(10 each)** **(20)**

**(i)** Cities are engine of economic growth

**(ii)** Russia-Ukraine war and supply shocks

**(iii)** Pakistan's inefficient state-owned enterprises

**********

# FEDERAL PUBLIC SERVICE COMMISSION
## COMPETITIVE EXAMINATION-2025 FOR RECRUITMENT TO POSTS IN BS-17 UNDER THE FEDERAL GOVERNMENT

**Roll Number**

## ECONOMICS, PAPER-I

| TIME ALLOWED: THREE HOURS | (PART-I MCQs) MAXIMUM MARKS: 20 |
|---|---|
| PART-I (MCQs) : MAXIMUM 30 MINUTES | (PART-II) MAXIMUM MARKS: 80 |

**NOTE: (i)** First attempt **PART-I (MCQs)** on separate **OMR Answer Sheet** which shall be taken back after **30 minutes.**
**(ii) Overwriting/cutting of the options/answers will not be given credit.**
**(iii)** There is **no negative** marking. All MCQs must be attempted.

### PART-I (MCQs)(COMPULSORY)

**Q.1. (i)** Select the best option/answer and fill in the appropriate Box ■ on the **OMR Answer Sheet.(20x1=20)**
**(ii)** Answers given anywhere else, other than OMR Answer Sheet, will not be considered.

1. **The elasticity of demand for cigarettes by a non-smoker is**
(A) Unitary price elastic (B) Relatively price inelastic
(C) Perfectly price elastic (D) Perfectly price inelastic
2. **Which of the following is not a basic assumption of perfect competition?**
(A) Free entry and exit (B) Many small sellers and buyers
(C) Perfect information (D) Homogenous product
3. **_______________ is unemployment directly related to swings in the business cycle.**
(A) Seasonal (B) Frictional (C) Cyclical (D) Structural
4. **Which of the following does not apply to Pareto efficiency?**
(A) Consumptive efficiency (B) Productional efficiency (C) Allocative efficiency (D) Equity
5. **The marginal utility of a good refers to the:**
(A) Total utility of the good prior to consumption of the last unit
(B) Extra utility associated with consuming another unit of the good
(C) Utility associated with consuming an alternative good
(D) Consumer surplus associated with the consumption of an alternative good
6. **Disposable income is:**
(A) The same as personal income (B) Income that is used only for consumption
(C) Personal income remaining after income taxes (D) Exclusive of social security payments or welfare.
7. **A country that makes large net income payments to investors in another country is likely to:**
(A) Have a large GDP than GNP (B) Have smaller GDP than GNP
(C) Grow slower economically than the other country (D) grow faster economically than the other country.
8. **According to Keynes, the relationship between money supply and rate of interest is:**
(A) Negative (B) Positive (C) Indirect (D) None of these
9. **Trade based on absolute advantage was presented by:**
(A) Alfred Marshall (B) Adam Smith (C) Lionel Robbins (D) None of these
10. **The doctrine of comparative advantage says that there are gains from international trade:**
(A) Only if both comparative and absolute advantage are present in both countries.
(B) If opportunity costs are the same in the countries involved.
(C) Only there are economies of scale available.
(D) If countries specialize in the production of goods in which they are relatively more efficient.
11. **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
12. **Monopolistic Competition is different from Perfect Competition because of:**
(A) The large number of firms in the industry; (B) The lack of barriers to the entry and exit of firms;
(C) The differentiation of the product; (D) The lower level of price competition in Monopolistic Competition
13. **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
14. **LM curve represents:**
(A) Equilibrium in goods market (B) Budget balance
(C) Equilibrium in financial market (D) None of these
15. **Classical economics is the:**
(A) Supply side economics (B) Demand side economics (C) Both (A) & (B) (D) None of these

16. **Which of the following is not a component of GDP?**
(A) Consumption by households (B) Investment by firms
(C) Public Spendings (D Rate of unemployment
17. **The relationship between inflation and unemployment is represented by:**
(A) Okun's law (B) Philips curve (C) Say's law (D) U shape curve
18. **Increase in supply of money will positively affect:**
(A) Economic growth of the country (B) Rate of unemployment
(C) Labour force participation rate (D) Rate of inflation
19. **Automatic stabilizers are one of the _____________ policy tools.**
(A) Monetary (B) Trade (C) Fiscal (D) Investment
20. **The World Bank classifies countries into four groups. This classification is based upon:**
(A) Economic growth rate (B) Labour force participation rate
(C) Unemployment rate (D) Gross National Income per capita

# 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)** All the parts (if any) of each Question must be attempted at one place instead of at different places.
**(iv)** Write Q. No. in the Answer Book in accordance with Q. No. in the Q.Paper.
**(v)** No Page/Space be left blank between the answers. All the blank pages of Answer Book must be crossed.
**(vi)** Extra attempt of any question or any part of the question will not be considered.

**Q. No. 2.** How can a consumer attain equilibrium under ordinal approach? Also explain the effects of changing income and prices on consumer's equilibrium in case of normal and inferior commodities. **(20)**

**Q. No. 3.** What are the different stages of production? Explain in the light of law of variable proportions using schedule and diagrams. **(20)**

**Q. No. 4.** Explain circular flow of national income in two sector, three sector & four sector economy. Discuss the methods by which national income can be measured. Also explain advantages & shortcomings of each method. **(20)**

**Q. No. 5.** Explain quantity theory of money (QTM) and elaborate significant ingredients for effective monetary policy to accelerate economic growth in developing countries. **(20)**

**Q. No. 6.** Elaborate different canons of taxation. How these canons can be used optimally? Suggest some policy options to maximize tax revenue in a developing country like Pakistan. **(20)**

**Q. No. 7.** Differentiate between economic growth and economic development by discussing traditional and modern measures of growth/development. **(20)**

**Q. No. 8.** Write short notes on any **FOUR** of the following: **(5 each)** **(20)**
**a.** Accelerator Principle
**b.** Price Discrimination
**c.** Balance of Payments
**d.** Human Development Index
**e.** Public VS Private Goods

**********

**FEDERAL PUBLIC SERVICE COMMISSION**
**COMPETITIVE EXAMINATION-2025 FOR RECRUITMENT TO POSTS IN BS-17 UNDER THE FEDERAL GOVERNMENT**

**Roll Number**

# ECONOMICS, PAPER-II

| | |
|---|---|
| **TIME ALLOWED: THREE HOURS** | **(PART-I MCQs) MAXIMUM MARKS: 20** |
| **PART-I (MCQs) : MAXIMUM 30 MINUTES** | **(PART-II) MAXIMUM MARKS: 80** |

**NOTE: (i)** First attempt **PART-I (MCQs)** on separate **OMR Answer Sheet** which shall be taken back after **30 minutes.**
**(ii) Overwriting/cutting of the options/answers will not be given credit.**
**(iii)** There is **no negative** marking. All MCQs must be attempted.

## PART-I (MCQs)(COMPULSORY)

**Q.1. (i)** Select the best option/answer and fill in the appropriate Box ■ on the **OMR Answer Sheet. (20x1=20)**
**(ii)** Answers given anywhere else, other than OMR Answer Sheet, will not be considered.

1. **Which economist is associated with the concept of "Development as Freedom"?**
(A) Paul Samuelson (B) Amartya Sen (C) Milton Friedman (D) None of these
2. **Which of the following was a key objective of Pakistan's land reforms?**
(A) Increasing urbanization (B) Encouraging large-scale industrialization
(C) Improving agricultural marketing (D) None of these
3. **A key criticism of Pakistan's privatization policy is:**
(A) Reduced tax revenues (B) Lack of transparency and accountability
(C) Over-regulation of privatized sectors (D) None of these
4. **The Agreement on Agriculture under the WTO primarily affects:**
(A) Industrial subsidies (B) Export regulations
(C) Domestic support and market access for agriculture (D) None of these
5. **Which of the following factors is most responsible for Pakistan's persistent balance of payments crisis?**
(A) High reliance on remittances (B) Low export diversification and competitiveness
(C) Inadequate foreign direct investment inflows (D) None of these
6. **The tax-to-GDP ratio in Pakistan has historically remained low due to:**
(A) High reliance on indirect taxes (B) Over-dependence on agriculture
(C) Lack of tax base documentation and enforcement (D) All of these
7. **Which of the following is a major constraint on Pakistan's industrial growth?**
(A) Lack of skilled labor (B) Energy shortages (C) Weak infrastructure (D) All of these
8. **In terms of poverty alleviation, the main challenge for Pakistan has been:**
(A) Ensuring equitable access to resources (B) Improving microcredit availability
(C) Reducing rural-urban disparities (D) None of these
9. **The informal economy in Pakistan is estimated to contribute approximately what percentage to GDP?**
(A) 10-20% (B) 30-40% (C) 45-55% (D) None of these
10. **Which of the following is the most significant factor affecting Pakistan's food security?**
(A) Land ownership inequalities (B) Poor agricultural productivity
(C) Climate change and water scarcity (D) None of these
11. **The Chinn-Ito index, often used in research on Pakistan's economy, measures:**
(A) Industrial productivity (B) Capital account openness
(C) Exchange rate stability (D) None of these
12. **Pakistan's economy is categorized as a:**
(A) Low-income developing economy (B) Upper-middle-income economy
(C) Lower-middle-income developing economy (D) None of these
13. **Pakistan's energy mix is heavily dependent on:**
(A) Renewable energy sources (B) Imported oil and gas (C) Nuclear energy (D) None of these
14. **Water scarcity in Pakistan is primarily caused by:**
(A) Mismanagement of water resources (B) Population growth and urbanization
(C) Climate change impacts (D) All of these
15. **The primary reason for inefficiency in Pakistan's energy sector is:**
(A) Overcapacity in energy generation (B) Transmission and distribution losses
(C) High energy tariffs (D) None of these

16. **Which of the following best explains Pakistan's rising public debt burden in recent years?**
    (A) High interest rates on domestic borrowing
    (B) Excessive reliance on concessional foreign loans
    (C) Continuous primary deficits and depreciation of the Rupee
    (D) All of these
17. **A major implication of exchange rate misalignment in Pakistan has been:**
    (A) Rising export competitiveness and FDI inflows
    (B) Improved remittance inflows
    (C) Reduction in external debt burden
    (D) None of these
18. **Which of the following is a major criticism of foreign aid to Pakistan?**
    (A) Aid dependency discourages economic reforms
    (B) It increases corruption and political instability
    (C) Most aid is spent on non-productive sectors
    (D) All of these
19. **Foreign aid programs, such as the Kerry-Lugar-Berman Act, were designed to:**
    (A) Promote military cooperation between the US and Pakistan
    (B) Support development in Pakistan's education and energy sectors
    (C) Increase Pakistan's export potential in global markets
    (D) None of these
20. **Which SDG is particularly challenging for Pakistan, given its energy mix and economic structure?**
    (A) SDG 7: Affordable and Clean Energy
    (B) SDG 13: Climate Action
    (C) SDG 8: Decent Work and Economic Growth
    (D) All 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)** All the parts (if any) of each Question must be attempted at one place instead of at different places.
**(iv)** Write Q. No. in the Answer Book in accordance with Q. No. in the Q.Paper.
**(v)** No Page/Space be left blank between the answers. All the blank pages of Answer Book must be crossed.
**(vi)** Extra attempt of any question or any part of the question will not be considered.

**Q. No. 2.** Critically evaluate why Pakistan's economic growth has been inconsistent over the decades. How do political stability and governance quality influence long-term growth prospects? **(20)**

**Q. No. 3.** "Pakistan's industrial policy has favored protectionism over competitiveness." Critically analyze this statement with examples from key industries. **(20)**

**Q. No. 4.** "Rising public debt in Pakistan is more a symptom of weak fiscal management than economic necessity." Discuss this statement critically. **(20)**

**Q. No. 5.** Discuss the role of exchange rate policy in stabilizing Pakistan's economy. What are the trade-offs involved? **(20)**

**Q. No. 6.** "Land reforms in Pakistan have been more symbolic than substantive." Critically examine this statement, with reference to their design, implementation, and outcomes. **(20)**

**Q. No. 7.** Pakistan's energy crisis is often termed as a governance failure rather than a resource issue. Critically evaluate this perspective. **(20)**

**Q. No. 8.** Write Notes on Any **Two** of the following (w.r.t. Pakistan): **(10 each)** **(20)**
- **a.** Digital Transformation and Economic Future
- **b.** Foreign Aid vs Foreign Trade Debate
- **c.** Interest Free Banking

**********

# FEDERAL PUBLIC SERVICE COMMISSION
## COMPETITIVE EXAMINATION-2026 FOR RECRUITMENT TO POSTS IN BS-17 UNDER THE FEDERAL GOVERNMENT

**Roll Number**

## ECONOMICS, PAPER-I

| TIME ALLOWED: THREE HOURS | (PART-I MCQs) MAXIMUM MARKS: 20 |
|---|---|
| PART-I (MCQs) : MAXIMUM 30 MINUTES | (PART-II) MAXIMUM MARKS: 80 |

**NOTE: (i)** First attempt **PART-I (MCQs)** on separate **OMR Answer Sheet** which shall be taken back after **30 minutes.**
**(ii) Overwriting/cutting of the options/answers will not be given credit.**
**(iii)** There is **no negative** marking. All MCQs must be attempted.

### PART-I (MCQs)(COMPULSORY)

**Q.1. (i)** Select the best option/answer and fill in the appropriate Box ■ on the **OMR Answer Sheet.(20x1=20)**
**(ii)** Answers given anywhere else, other than OMR Answer Sheet, will not be considered.

1. **As long as the principle of diminishing marginal utility is operating, any increased consumption of a good:**
   (A) Lowers total utility (B) Produces negative total utility
   (C) Lowers marginal utility and, therefore, total utility (D) Lowers marginal utility, but may raise total utility
2. **Cardinal utility theory assumes that consumers can:**
   (A) Rank basket of goods as to their preference.
   (B) Determine the number of utils that can be derived from consuming all goods.
   (C) Determine the marginal rate of substitution between goods.
   (D) Avoid the law of diminishing marginal utility.
3. **Suppose that a good has an income elasticity of demand of - 0.2. This means that the good is:**
   (A) Normal (B) Substitute (C) Inferior (D) Complements
4. **Suppose the price Firm XYZ can receive for its output is $15 per unit. The average variable cost of production is $12 per unit. The average total cost of production is $17. In the short run, this firm:**
   (A) Is earning economic profit (B) Should shut down
   (C) Earning zero economic profit (D) Should continue producing
5. **Which of the following is not a characteristic of perfect competition?**
   (A) Sellers offer goods that are largely the same. (B) There are many buyers and sellers.
   (C) There are externalities (D) There is free entry and exit.
6. **The conditions necessary for a firm to be able to price discriminate include:**
   (A) Segmentable markets (B) Differences in price elasticity of demand among the segments
   (C) The inability of customers to transfer products (D) All of these
7. **A monopsony is:**
   (A) The sole supplier of an input (B) The sole supplier of an output
   (C) Th sole buyer of some type of input (D) A unionized industry
8. **Which event shifts the short run aggregate supply curve to the right?**
   (A) A decrease in money supply (B) An increase in government spending on military equipment.
   (C) A decrease in oil prices (D) A decrease in Foreign Direct Investment
9. **Transfer payment is:**
   (A) Payment with no goods exchanged (B) Payment for goods with goods
   (C) Payment for goods with money (D) None of these
10. **Which of the following statements is true about a trade deficit ?**
   (A) Net capital outflow must be positive (B) Net exports are negative
   (C) Exports exceed imports (D) None of these
11. **Which of the following is not a reason why the aggregate demand curve slope downward?**
   (A) The exchange rate effect (B) The classical monetary neutrality effect
   (C) The wealth effect (D) The interest rate effect
12. **Stagflation occurs when the economy experiences:**
   (A) Rising prices and rising outputs (B) Falling prices and rising outputs
   (C) Rising prices and falling outputs (D) Falling prices and falling outputs
13. **With reference to the IS-LM model, an increase in tax rates should shift :**
   (A) IS curve right (B) LM curve up (C) LM curve down (D) IS curve left
14. **What causes the LM curve to shift downward?**
   (A) Expected Inflation declines (B) The money supply declines
   (C) Income increases (D) The money supply increases
15. **A rough measure of the degree of economic interdependence of a nation is given by:**
   (A)The percentage of a nation's imports and exports to its GDP (B) The size of the nation's population
   (C) The percentage of its population to its GDP (D) Per capita GDP

16. **If the nation's tastes for its import commodity increases:**
(A) The nation's terms of trade deteriorate (B) The nation's terms of trade remain unchanged
(C) The partner's terms of trade deteriorate (D) Trade volume of a nation decreases.
17. **If with the increase in income, the percentage of income collected as tax remains constant, tax will be called:** (A) Proportional (B) Neutral (C) Progressive (D) Regressive
18. **The term Economic Growth is explained by:**
(A) Structural changes in the economy (B) Increase in per capita production
(C) Increase in per capita income (D) All of these
19. **What does the equation of exchange in the Quantity Theory of Money equate?**
(A) Total value of purchases to total supply of money
(B) Demand for money to supply of money
(C) Velocity of circulation to total amount of goods and services exchanged for money
(D) Price level to quantity bought
20. **What is the primary focus of the Human Development Approach?**
(A) Economic growth (B) Increasing national wealth
(C) Enlarging people's choices and capabilities (D) Women's empowerment

**********

# 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)** All the parts (if any) of each Question must be attempted at one place instead of at different places.
**(iv)** Write Q. No. in the Answer Book in accordance with Q. No. in the Q.Paper.
**(v)** No Page/Space be left blank between the answers. All the blank pages of Answer Book must be crossed.
**(vi)** Extra attempt of any question or any part of the question will not be considered.

**Q. No. 2.** "Scarcity leads to economic choices." Pick one of the famous principles of economics and explain this concept using a graph. Give an example of an economic decision you made and what you gave up when you made your choice. **(20)**

**Q. No. 3.** "No monopoly firm can operate at a loss in the long run; this poses a dilemma for the regulatory agency: either it must abandon its goal of marginal cost pricing, or the government must subsidize the monopoly forever, or allow the firms to opt for two tier pricing systems." Discuss this statement with the help of an appropriate diagram of price regulation for a natural monopoly and calculate the profits before and after the price regulation of natural monopolies. **(20)**

**Q. No. 4.** Define aggregate demand and aggregate supply curves. The long run equilibrium of the economy is found where the aggregate demand curve crosses the long run aggregate supply curve. What will happen to this long run equilibrium when the aggregate supply curve shifts? **(20)**

**Q. No. 5.** Milton Friedman's Quantity Theory of Money is considered better by some economists than the Keynesian Liquidity Preference Theory. Compare and contrast the theories and justify your view. **(20)**

**Q. No. 6.** What does the Trade Theory of Comparative Advantage postulate? What factors does this theorem identify as the fundamental determinant of comparative advantage and trade? **(20)**

**Q. No. 7.** How are the Gini Coefficient and the Lorenz Curve related? Use an example to illustrate how these two can be used as a summary measure of equality and inequality in a nation's distribution of income. **(20)**

**Q. No. 8.** Write short notes on any **TWO** of the following: **(10 each)** **(20)**

**a.** Harrod Domar Growth Model
**b.** Pros and Cons of CPEC
**c.** Laffer Curve

**********

# FEDERAL PUBLIC SERVICE COMMISSION
## COMPETITIVE EXAMINATION-2026 FOR RECRUITMENT TO POSTS IN BS-17 UNDER THE FEDERAL GOVERNMENT

**Roll Number**

## ECONOMICS, PAPER-II

| | |
|---|---|
| **TIME ALLOWED: THREE HOURS** | **(PART-I MCQs) MAXIMUM MARKS: 20** |
| **PART-I (MCQs) : MAXIMUM 30 MINUTES** | **(PART-II) MAXIMUM MARKS: 80** |

**NOTE: (i)** First attempt **PART-I (MCQs)** on separate **OMR Answer Sheet** which shall be taken back after **30 minutes.**
**(ii) Overwriting/cutting of the options/answers will not be given credit.**
**(iii)** There is **no negative** marking. All MCQs must be attempted.

### PART-I (MCQs)(COMPULSORY)

**Q.1. (i)** Select the best option/answer and fill in the appropriate Box ■ on the **OMR Answer Sheet. (20x1=20)**
**(ii)** Answers given anywhere else, other than OMR Answer Sheet, will not be considered.

**1. In Pakistan, "economic development" is best reflected by:**
(A) Only increase in GDP (B) Increase in per capita income with better health and education
(C) Increase in exports only (D) None of these

**2. Which indicator is most commonly used to measure the overall development level of Pakistan in UN reports?**
(A) GDP deflator (B) Human Development Index (HDI)
(C) Consumer Price Index (CPI) (D) Both (A) & (B)

**3. Pakistan's early Five-Year Plans mainly followed which development strategy?**
(A) Export-led industrialisation (B) Services sector-only strategy
(C) Both (A) & (B) (D) Import-substitution industrialisation

**4. A major objective of economic planning in Pakistan has been to:**
(A) Eliminate all imports (B) Reduce inflation
(C) Reduce regional and income inequalities (D) Abolish private property

**5. Land reforms in Pakistan were primarily intended to:**
(A) Increase land revenue only (B) Concentrate land in a few hands
(C) Reduce large landholdings and protect tenants (D) Abolish small farms

**6. In the 1970s, industrial policy in Pakistan was marked by:**
(A) Large-scale privatisation of SOEs (B) Nationalisation of key industries and banks
(C) Complete withdrawal of the state from industry (D) None of these

**7. A common short-run measure used by Pakistan to correct Balance of Payments problems is:**
(A) Increasing foreign exchange reserves through exports only (B) Banning all imports
(C) Fixing the exchange rate permanently (D) Devaluation/depreciation of the rupee

**8. Foreign aid to Pakistan is often criticised because it can:**
(A) Eliminate structural poverty by fully offsetting domestic resource constraints
(B) Reinforce aid dependence and increase the country's external debt vulnerability
(C) Leave macroeconomic policy formation entirely unaffected by donor conditionalities
(D) None of these

**9. A key challenge in Pakistan's energy sector is:**
(A) Excess generation capacity with zero losses (B) Imported fuel costs
(C) Both (A) & (B) (D) High transmission and distribution losses and circular debt

**10. A major reason for low literacy rates in Pakistan is:**
(A) Persistently low public investment in education coupled with systemically poor service delivery
(B) Excess educational infrastructure in rural regions leading to underutilisation
(C) Universal and disproportionately high female participation in formal schooling (D) None of these

**11. Which of the following is a major current issue of Pakistan's economy?**
(A) Unstable population growth (B) Persistent energy shortages and high inflation
(C) Huge surplus in budget and trade (D) None of these

**12. Pakistan's development planning is hindered mainly because of:**
(A) Overabundance of skilled planners (B) Weak implementation and project monitoring
(C) Zero political involvement (D) Both (B) & (C)

**13. The concept of redistributive justice in Pakistan's development stresses:**
(A) Reducing inequalities through fair access to opportunities (B) Increasing tariffs on imports
(C) Expanding foreign borrowing (D) None of these

**14. Major cause of rural poverty in Pakistan is:**
(A) Excess mechanisation (B) High-tech farming everywhere
(C) Small landholdings and low productivity (D) Both (B) & (C)

**15. Industrial development is constrained by:**
- (A) Very high R&D spending
- (B) Full competition and zero market failures
- (C) Both (A) & (B)
- (D) Energy shortages and high production costs

**16. Nationalisation in 1972-77 led to:**
- (A) Greater private sector expansion
- (B) Heavy public sector involvement in banking and industry
- (C) Immediate efficiency gains
- (D) None of these

**17. Weak export performance is due to:**
- (A) Low diversification and reliance on textiles
- (B) High-value technology exports
- (C) Declining global food demand
- (D) Both (A) & (B)

**18. Workers' remittances matter because they:**
- (A) Increase public sector employment
- (B) Improve current account and support consumption
- (C) Reduce money supply
- (D) None of these

**19. FDI inflows remain low due to:**
- (A) Very low returns
- (B) Policy uncertainty and security concerns
- (C) Excess skilled labor
- (D) Both (B) & (C)

**20. Inflation in Pakistan is often driven by:**
- (A) Very low money supply
- (B) Falling global commodity prices
- (C) Currency depreciation, supply shocks and energy prices
- (D) Both (A) & (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)** All the parts (if any) of each Question must be attempted at one place instead of at different places.
**(iv)** Write Q. No. in the Answer Book in accordance with Q. No. in the Q.Paper.
**(v)** No Page/Space be left blank between the answers. All the blank pages of Answer Book must be crossed.
**(vi)** Extra attempt of any question or any part of the question will not be considered.

**Q. No. 2.** Evaluate how corruption, rent-seeking, and weak regulatory frameworks distort economic incentives in Pakistan. Illustrate with examples how these distortions affect investment climate, tax collection, and public expenditure efficiency. **(20)**

**Q. No. 3.** Describe major changes in Pakistan's agricultural policies from 1950 to the present. How have land reforms, Green Revolution strategies, and rural development programmes shaped agricultural growth and inequality? **(20)**

**Q. No. 4.** Explain the evolution of industrial policy in Pakistan. Discuss nationalisation, the rise of development finance institutions, and the shift towards export-led growth, evaluating their impact on industrial performance. **(20)**

**Q. No. 5.** Analyse how Pakistan's export structure, import dependence, and foreign aid flows affect its long-term economic development. What policy changes are needed to reduce external vulnerability? **(20)**

**Q. No. 6.** Critically examine the unemployment situation in Pakistan. Why has the unemployment rate remained high despite various policy initiatives? Discuss with evidence and provide recommendations. **(20)**

**Q. No. 7.** Climate change has become a macro development challenge for countries like Pakistan. Explain how environmental degradation affects economic growth, poverty, and long-term productivity. Suggest policy options that align environmental sustainability with development objectives. **(20)**

**Q. No. 8.** Write short notes on any TWO of the following: **(10 each) (20)**

- **a.** Agrarian Structure and Underdevelopment in Pakistan
- **b.** Role of Foreign Aid in Pakistan's Economic Development
- **c.** Government Finance and Public Sector Governance in Pakistan

**********