

# PUNJAB PUBLIC SERVICE COMMISSION

COMBINED COMPETITIVE EXAMINATION FOR  
RECRUITMENT TO THE POSTS OF  
PROVINCIAL MANAGEMENT SERVICE, ETC - 2014

SUBJECT: ECONOMICS-I

TIME ALLOWED: THREE HOURS  
MAXIMUM MARKS: 100

NOTE: Write answer in English or Urdu.

## SECTION-I (Answer Any Four Question)

- Q.1. Define and derive production possibility curve. What factors are responsible for its shifting?
- Q.2. Describe and discuss Price, Income and cross Elasticities of demand.
- Q.3. Explain how price effect is a combination of income effect and substitution effect with respect to (i) Normal Goods and (ii) Inferior Goods?
- Q.4. Discuss relationship among various costs curves during short Run. How long Run Average Cost Curve is derived?
- Q.5. What is Cartel? Illustrate and explain (a) Market sharing cartels and (b) price leadership models.
- Q.6. How factor price is determined when there is Perfect Competition in product Market and Factor Market?
- Q.7. Write Note on:
- Returns to Scale
  - MRTS
  - Short Run Equilibrium of Monopoly Firm
  - Nash Equilibrium

## SECTION-II (Answer Any Two Question)

Q.8. (a) Distinguish and differentiate between (i) Increasing and decreasing function (ii) single valued and multiple function (iii) Logarithmic and exponential function (iv) Endogenous and Exogenous variables (v) Equation and Identity (vi) Linear and Quadratic function.

(b). Draw graphs of the following functions:

- $Uq=18$
- $TC=400+5(Q)$
- $C=100+0.75Y$
- $S=-100+0.25Y$

Q.9. Determine and Pot the Equilibrium level of National Income when  $C= 75 +Y$  and  $I= 45+0.05Y$

b). Find MPC and MPS of the following:

$C=650-2Y \frac{1}{2} +0.8Y$  at  $Y=25,100$

Q.10. a). Explain the meaning of a Derivate and discuss its application in economic analysis.

b). Give the following functions:  $(Q+16)(P+12)= 480$  and  $P-2Q-4=0$

- Identify supply and demand functions
- Determine equilibrium price and quantity
- Estimate the elasticity of demand at equilibrium price.

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SUBJECT: ECONOMICS-II

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NOTE: Attempt any THREE questions from Section-A and TWO questions from Section-B. Attempt in English or Urdu language. All questions carry equal marks.

## SECTION-A

Q.1. Explain the concept of circular flow of National Income when

- The economy is two sectors
- The economy is three sector

Q.2. Discuss Simon Kuznets contribution to the theory of consumption.

Q.3. How does the simultaneous Equilibrium in goods and Money markets take place. Explain with the help of IS\_LM Curves. Also trace the adjustment Mechanism.

Q.4. What is stagflation? What factors are responsible for stagflation?

## SECTION-B

Q.5. What are the Major Economic and non-economic problems of Pakistan? How can they be solved?

Q.6. Examine the problem Agro-based Industries. What measures have been taken for their development?

Q.7. What is monetary policy? Explain the role on Monetary Policy in economic Development of Pakistan.

To succeed, look at things not as they are, but as they can be. :)