

**KHYBER PAKHTUNKHWA PUBLIC SERVICE COMMISSION**  
**COMPETITIVE EXAMINATION FOR THE POST OF PMS (2018)**

**(ECONOMICS PAPER-I)**

**Time Allowed: 03 Hours**

**Total Marks: 100**

**NOTE:** Attempt any five questions in all, selecting at least two questions from each part. Support your answers by suitable diagrams/mathematical treatment, where necessary. Keep up to the point and avoid unnecessary details.

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- Q1.** Explain and illustrate the law of diminishing marginal utility. Discuss the assumptions, exceptions and importance of this law.
- Q2.** Distinguish between extension and contraction of demand and rise and fall in demand. On what factors change in demand depends?
- Q3.** What is meant by iso-product curves? Explain firm's equilibrium by the help of iso-product and iso-cost curves.
- Q4.** Write a compressive notes on any two of the following:
- i) Determinants of demand.
  - ii) Properties of indifference curve and budget line.
  - iii) Nature of prefect competitions.

**PART-B**

- Q5.** Discuss the carious concepts of national income. Mention the difficulties involved in the measurement of national income.
- Q6.** Discuss the various canons of taxations and distinguish between progressive and proportional taxations.
- Q7.** Discuss the role of central bank as:
- i) The note issuing agency.
  - ii) Banker of the state.
  - iii) As bankers bank.
- Q8.** What do you understand by the term balance of payment? How does disequilibrium arises in the balance of payment and how does it can be corrected.
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