PUNJAB PUBLIC SERVICE COMMISSION

COMBINED COMPETITIVE EXAMINATION FOR RECRUITMENT TO THE POSTS OF PROVINCIAL MANAGEMENT SERVICE, ETC -2021 CASE NO. 3C2022

SUBJECT: ECONOMICS (PAPER-I)

TIME ALLOWED: THREE HOURS **MAXIMUM MARKS: 100**

NOTE:

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

Attempt any SIX Questions in all. FOUR from Part-I and TWO from Part-II. You must use graphs and Math./Equations to explain your point of view. Attempt in Urdu or English. Calculator is allowed (Not programmable).

PART-I

Q No. 1: i) Briefly explain and differentiate between changes in supply and changes in quantity supplies. Point out such impact on price of commodity (s).
ii) Analyze backward bending supply curve of labor. Explain its special shape and market conditions. **(10+6=16 Marks)**

Q No.2 i) Describe Elasticity of demand so that you can identify demand for normal commodity, Giffen goods and inferior goods.
ii) Explain Engel curve and justify the shape of Indifference curve you applied in this case. Besides, also point out whether Indifference curve could be straight line, if so, then how consumer will make a decision. **(10+6=16 Marks)**

Q No. 3 i) Explain Income and Substitution effect, as a result of price change. You must apply Hicksian method to explain your point of view.
ii) Apply (i) above in the case of demand for potato; identify the nature of this commodity i.e. normal or inferior commodity etc. **(10+6=16 Marks)**

Q No.4 i) Explain any two types of production functions and discuss their characteristics.
ii) Explain Iso-cost and Iso quants and apply cost minimization for decision making. How economies of scale affect such curves. **(10+6=10 Marks)**

Q No.5 i) Explain Monopoly and Monopsony. Analyze price determination under monopoly.
ii) Why monopolist prefer price discrimination and under which conditions monopolist can succeed in it. **(10+6=16 Marks)**

Q No.6 i) Analyze industry's demand for factors of production under perfect competition.
ii) Describe expansion path (due to changes in wages of factor of production) and its implication for factors demand for firm. **(10+6=16 Marks)**

Q No. 7 **Write a note on any TWO of the following:**

i) How duopoly is different from oligopoly? Also explain decisions of firms (supply and prices) under these conditions.
ii) Analyze efficiency losses under monopoly. How such losses may be avoided or minimized by imposing taxes or subsidy?
iii) Derive average cost and marginal cost curve from total cost curve and discuss its economic implications. How their magnitudes (values) change along the curves. **(8+8=16 Marks)**

PART-II

Q No.8 Consider the following model:

$Y=C+I_o+G_o$ $C=20+5\ y½$

$I_o=14$ $G_o=16$

Find

(a)

(i) Y and C
(ii) Value of multiplier

(b) What is the significance of derivatives in Economics? **(14+4=18 Marks)**

Q No.9 (a) Given the following demand and average cost Functions:

$Q=300-2P$

$AC=7Q+3+\frac{100}{Q}$

And that a subsidy of Rs.3 Per unit is paid to the firm

(i) Find profit maximizing price and output
(ii) Find profit maximizing price and output in the absence of the subsidy.

(b) Given the following demand and supply Functions:

Demand $=250-9P-4P^2$ Supply$=200+4P^2$

Find elasticity of demand **(12+6=18 Marks)**

Q No.10 (a) What are Maxima, Minima and point of Inflection?

(b) Maximize:

$\Pi=64x-2x^2+4xy-4y^2+32y-14$

Subject to $x+y=79$ **(6+12=18 Marks)**
