



PUNJAB PUBLIC SERVICE COMMISSION

COMBINED COMPETITIVE EXAMINATION 2017 **FOR RECRUITMENT TO THE POSTS OF** **PROVINCIAL MANAGEMENT SERVICE, ETC.**

SUBJECT: ECONOMICS (PAPER-II)

TIME ALLOWED: THREE HOURS

MAXIMUM MARKS: 100

NOTE: **Attempt FIVE Questions in All. Attempt in Urdu or English.**

SECTION-A

(Answer Any Three Questions)

- Q No. 1:** The effect of monetary policy on interest rate seen only in the context of money market is not as huge when seen in the context of IS-LM framework. Diagrammatically show and explain this phenomenon such that both goods and money market are simultaneously in equilibrium before you introduce the monetary policy. **(20 Marks)**
- Q No. 2:** What is Fiscal Policy? Write objectives and tools of Fiscal Policy. How these tools can be used to curb unemployment. **(5+5+10 Marks)**
- Q No. 3:** a) **Differentiate between the following:**
- i) Real GDP vs Nominal GDP.
 - ii) GDP Deflator vs Consumer Price Index.
 - iii) Actual vs Potential Output.
- b) Explain in detailed Cambridge Approach to the 'Quantity Theory of Money'. **(9+11 Marks)**
- Q No. 4:** a) What do you know about the 'Keynes Liquidity Trap'?
- b) Compare and contrast the Classical and Keynesian models of Macroeconomics. **(5+15 Marks)**

SECTION-B

(Answer Any Two Questions)

- Q No. 5:** Privatization has remained a hot issue in Pakistan for the last 25 years. Trace the history of privatization process in Pakistan and describe the faults and failures in the process of privatization in Pakistan from economic perspective. **(20 Marks)**
- Q No. 6:** a) Define Economic Growth and Economic Development. Do you think that Economic Growth is a fundamental ingredient of Economic Development? If yes, substantiate this statement.
- b) What are the most common characteristics of Developing Economies like Pakistan? **(8+12 Marks)**
- Q No. 7:** a) Describe the implications of Foreign Direct Investment (FDI) to Pakistan's Economy.
- b) Debt in itself is not a good or bad. It is its use that makes it good or bad. Discuss it in the light of Pakistan's economy and her performance. **(10+10 Marks)**