

KHYBER PAKHTOON KHWA PUBLIC SERVICE COMMISSION
COMPETITIVE EXAMINATION FOR THE POSTS OF PROVINCIAL
MANAGEMENT SERVICE (BPS-17) 2010

ECONOMICS PAPER –I

TIME ALLOWED: THREE HOURS

MAXIMUM MARKS: 100

Note: Attempt any Five questions. Please be brief and to the point. Support your answer through diagrams examples and verbal arguments. All questions carry equal marks.

- Q1:** Distinguish between the total utility and the marginal utility. Show that total utility is maximum when marginal utility equals zero?
- Q2:** State and explain the Law of Variable Proportions with the help of schedule and diagram.
- Q3:** Illustrate graphically Sweezy's kinked demand curve theory of rigidity in oligopoly. Are prices in oligopoly really sticky?
- Q4:** What is National Income? Explain different concepts of National Income.
- Q5:** What is meant by Balance of Payments? How would you correct an adverse BOP of a country?
- Q6:** What is money? What are its functions?
- Q7:** Define the concept and methods of deficit financing. What are the reasons for deficit financing in Pakistan?
- Q8:** What is the equation of exchange and the velocity of circulation? What assumptions are necessary to make the equation of exchange the quantity theory of money?