



National Officers Academy
Mock Exams CSS-2026
ECONOMICS, PAPER-I

TIME ALLOWED:	THREE HOURS	PART-I (MCQS)	MAXIMUM MARKS = 20
PART-I(MCQS):	MAXIMUM 30 MINUTES	PART-II	MAXIMUM MARKS = 80

NOTE:

- i. **Part-II** is to be attempted on the separate **Answer Book**.
- ii. Attempt **ONLY FOUR** questions from **PART-II**. **ALL** questions carry **EQUAL** marks.
- iii. All the parts (if any) of each Question must be attempted at one place instead of at different places.
- iv. Write Q. No. in the Answer Book in accordance with Q. No. in the Q. Paper.
- v. No Page/Space be left blank between the answers. All the blank pages of Answer Book must be crossed.
- vi. Extra attempt of any question or any part of the question will not be considered.

SUBJECTIVE PART — PART-II

- Q. 2.** “IS–LM is a short-run model with limited applicability in supply-constrained economies.” Assess this statement by incorporating structural rigidities, weak financial markets & informal sector dominance. **(20)**
- Q. 3.** Critically evaluate the IS–LM model as a tool for macroeconomic stabilization in developing countries. Compare its usefulness with AD–AS analysis, highlighting strengths and limitations. **(20)**
- Q. 4.** The Keynesian framework emphasizes demand management, while the Classical school stresses market self-correction. Critically evaluate both approaches in addressing inflation and unemployment, particularly in economies facing supply-side constraints. **(20)**
- Q.5** Using theoretical and practical arguments assess the role of central bank as regulator of commercial banks and lender of last resort. How effective are these functions in preventing financial crisis in weak institutional settings? **(20)**
- Q. 6.** Assess the impact of non-tariff barriers (NTBs) on global trade flows. Why do NTBs pose greater challenges for developing countries compared to tariffs? **(20)**
- Q. 7.** Elaborate the own-price, cross-price and income elasticity theoretically and empirically. Also explain the relationship between own-price elasticity and the total revenue. **(20)**
- Q.8.** Pakistan frequently faces twin deficits: fiscal & Current account. Analyze the causes, consequences and policy options to break this cycle and achieve long term BOP stability. **(20)**

Best of Luck for CSS-2026