

ECONOMICS

SCHEME OF STUDIES:

PART-I 3rd Year

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| 1. Micro Economics | 60 |
| 2. Basic Mathematics & Statistics | 40 |

PAPER-II (4th Year)

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| 1. Macro Economics | 60 |
| 2. Economic Development of Pakistan | 40 |

B.A. LEVEL

PAPER-I (Part-I 3rd Year)

QUANTITATIVE METHODS FOR ECONOMICS AND ECONOMIC THEORY

A compulsory question comprising of parts with short answers from the whole syllabus

(MICRO ECONOMICS) Total marks = 60

Section-I (2 questions out of 4)

1. INTRODUCTION

Nature, scope and importance of economics, the concepts of Scarcity, Choice and Production Possibility Frontier. Economic analysis at micro & macro level in an economy

2. THEORY OF CONSUMER BEHAVIOUR

Utility & Indifference curve approaches to the consumer behaviour. Consumer equilibrium through both approaches. Marginal rate of substitution. Price effect, income and substitution effects. Goods. Normal, inferior and Giffen goods. Graphical derivation of demand curve using Slutsky and Hicks approaches.

3. **ELEMENTARY THEORY OF DEMAND AND SUPPLY.** Demand - supply. Laws of Demand and Supply. Price determination in the market. Elasticity of Demand and Supply. Forms of Elasticity and its measurement. The implications for revenue and business decision for price income and cross-elasticities of demand.

4. **THEORY OF PRODUCTION:**

A Production Function:

Isoquants, Marginal rate of technical substitution ISO-cost curves. Law of Variable Proportion. Optimal Level of Production.

B. Cost Function:

Total cost, Average Cost And Marginal cost curves
Short & Long Run Costs. Derivation of Short Period and Long period Costs Curves

C. Revenue Function:

Total Revenue, Average Revenue. & Marginal Revenue
• Curves, in Perfect and Imperfect Competition.
Relationship with elasticity of demand.

5. **MARKET STRUCTURE.**

Types of markets, & Equilibrium of a Firm (Short-Run & Long Run) under Perfect Competition, Monopoly, Monopolistic Competition, and Oligopoly. Problem of price discrimination. Collusive and Non-collusive models of Oligopoly.(Kinked demand curve, Price Leadership & Cartel models)

Efficient Resource Allocation:

- i. Productive And Allocative Efficiency
- ii. Pareto Optimality
- iii. Dynamic Efficiency

6. Theory of income Distribution and Pricing of the Factors of Production Marginal Productivity Theory, The demand curve for one factor and many factors. and Factor pricing under Perfect Competition.

1. Richard G. Lipsey, (1983) An Introduction to Positive Economics. The English Language Book Society, Latest edition.
2. Paul A. Samuelson & Nordhaus, Economics., Mc.Graw Hill, Latest edition.
3. R.H. Leftwich, The Price system and Resource Allocation. The Dryden Press. Hinsdale. Illinois. 1976.
4. Abdul Haleem Khavvaia, Economic Theory, KHAWJA & KHAWJA PUBLISHING HOUSE, ISLAMABAD.
5. Economics for Cambridge International, Terry Cork & R.Taylor, Oxford press.
6. Rohber Economics-part-1, Abdul Ghani Chaudhary Qureshi Brothers Publishers. Urdu Bazar Lahore.
7. Muhammad Hussain Chaudhary, Economics Theory Volume -1, Caravan Book House, Lahore 2002

Additional Readings

- i. Wonnacott & Wonnacott Economics.
- ii. C.E. Ferguson & J.P. Gould, Microeconomic Theory (Latest Edition).

QUANTITATIVE METHODS FOR ECONOMICS AND ECONOMIC THEORY

PART-B BASIC MATHEMATICS AND STATISTICS Marks =40

Section-II (I questions out of 2)

1. Equations:

Equations and identities. Simple and simultaneous equations. Importance of unknowns, constants, parameters, coefficients and powers as symbols of equations.

Linear and nonlinear equations, & their solutions.

2. Derivatives and Application:

Concept of limits and continuity of functions. Method of finding the limit of a function. Theorems of limits.

3. Meaning of derivatives. The rules of derivative. its

application in Economics. Concepts of maxima, minima. & point of inflection. Differential and Partial Derivatives and Constrained Optimization.

Section-III (1 questions out of 2)Central Tendencies & Dispersion:

Calculation of average mean, mode, median, quartiles, deciles. percentiles, range. mean deviation and standard deviation and Variance.

Index Numbers:

Need for index numbers, method of constructing index numbers, simple index numbers, weighted index numbers, Laspeare index paasche index. Fisher index and marshal - Edgeworth index.

Basic Text Books:

1. A.C. Chiang. Fundamental Methods of Mathematical Economics. Mc.Graw Hill Book Company 1985.
2. K. Holden & A.W. Pearson, Introductory Mathematics for EconomiSts, Macmillan Press, London.1983.
3. Mohammad Riaz Chaudhry, Polymer Elementary Statistics, Polymer Publications.
Ahsan Hussain, Mathematics for the Students of Economics, Kifayat Academy 2000
4. Principle of Economics-1 A.Hamid Shahid , Ilmi Kitab Khana Lahore

P APER-II (4th Year)MACRO ECONOMICS & ECONOMIC DEVELOPMENT OF PAKISTAN,

One compulsory question of 20 marks

Section-1 (2 questions out of 4)

(MACRO ECONOMICS)

1. National Income & its Measurement:
 - a. Introduction & Definition of Macro Economics, variables and their mutual relationship. Concepts of national income GDP, GNP, NNP, Disposable income, Three methods Computing national income. Real Vs Nominal Income. GNP Deflator.

2. Determinants of National Income;
 - a. Classical and Keynesian. Consumption function, and Consumption theories
 - b. Absolute income hypotheses
 - c. The relative income hypotheses
 - d. Permanent income hypotheses
 - e. Life cycle income hypotheses

Saving functions and investment functions. Marginal efficiency of capital.
3. Determination of National Income and Employment:
 - a. Equilibrium level of national income, saving and investment, identity, Inflationary and Deflationary gaps. The IS-LM model. Derivation of IS — LM curves and equations. General equilibrium level of national income and rate of interest. Mathematical solution of IS —LM model(derivation of aggregate demand curve). Classical and Keynesian theory of employment.
4. National Income Fluctuations and Inflation

Concepts of Multiplier and Accelerator principle and their interactive role in business fluctuations. Features and remedies for business cycles. Meaning and measurement of inflation. Demand Pull inflation , Cost Push inflation.
5. Monetary Policy & National Income

Monetary policy its objectives and tools. Impact of Monetary policy upon C, I, & G.
6. Fiscal Policy and National Income

Fiscal policy; meaning and its objective and tools. Public expenditure, taxes, national debt and income determination. Deficit budget and its role in inflation.
7. Foreign Trade and National Income;

Role of foreign trade in effecting national income. Classical and modern theories of comparative advantages. Balance of Trade Balance of Payments. Terms of Trade and adversity. Foreign exchange determination. Causes and remedies of deficit in Balance of Payments Role of I.M.F &. World Bank. Trade and Investment, Role of Multinationals and Foreign Direct Investment (FDI). Impact of corruption, & importance of Legal Framework in an Economy.

Basic Text Books:

1. Edward Shapiro, Macro Economic Analysis. Harcourt Brace Jovanovich. Inc.New York, (Latest Edition)
2. R.Dornbush & S. Fischer, "Macroeconomics" Mc.Graw Hill INC.1994 (Latest Edition).

3. Richard T. Froyen," Macroeconomics, Theories and Policies (Latest Edition)
Macmillan Publishing Company.
4. Mankiv., N. Gregory., Macroeconomics. 2nd Edition Worth Publisher.
5. Abel
6. Muhammad Hussain Ch., Economics Theory, Carvan Book House, Lahore.

PAPER-II

MACRO ECONOMICS & DEVELOPMENT OF PAKISTAN.

Section-H (2 questions out of 4)

1. Concept of Economic Development and its measurement; Characteristics of a developed country versus those of a developing country. The concept of economic development and methods to measure it.
2. Factors of Economic Development:

Role of natural, human and capital resources in promoting economic development along with role of infrastructure with special reference to economy of Pakistan. Role of food, health, education and training in generating accelerated economic development.

3. Economic Planning in theory and Practices:

Imperfections of market. Need for economic planning and its objectives. Types of economic planning. Key decisions in formulating a five year plan. Historical perspective of various Five Years Plans and Review of the latest five year plan in detail.

4. Role of Strategic Sectors:

Importance and problems of agriculture, Industry, Human capital transport and communications in the economy of Pakistan, Solution and government policies in these spheres.

5. Banking as a sector in Pakistan:

Role of commercial and central banks in mobilizing and utilizing, capital resources in Pakistan. Growth of banking as an industry, nationalization and privatization of banks in the country. Role of money and monetary policy in expanding economic growth in Pakistan. Inflation: causes and remedies. Experience of interest free banking in the country.

6. External Trade as an engine of Growth:

a. Role of foreign trade and foreign aid in economic growth of Pakistan. Export-promotion measures and import- substitution policy of the government and their results. Deteriorating terms of trade Role of foreign remittances and foreign aid in Economic Development of Pakistan.

7. Fiscal System in Pakistan:

Sources of public revenues for the federal and provincial government and head of expenditure. Budget formulation and fiscal policy in various years.

Basic Text Books:

1. Kh. Amjad Saecd,, "The Economy of Pakistan". S.A.Salman Publications (Latest Edition).
2. Vaaar Ahmad & Rashid Amjad, The Management of Pakistan's Economy. Oxford University Press, Karachi.

3. Different Economic Surveys. Published by Government of Pakistan.
(Latest).
4. S. Akbar Zaidi, Issues of Pakistan Economy, Oxford University. Preis.

RECOMMENDATIONS

1. Course on Economics at graduation level has never been goal - oriented. It always missed its link with realities of life. Students failed to develop sense for solving problems of manufacturing and commercial firms. Nilost of the performance has been founded on cram - work. There is clarion call for bringing about radical change in the format of the courses and course content.
2. Students at this stage of learning may be asked to prepare and maintain a practical note book, which should entitle them for 20 marks.
3. Students at this level of education without exception, should be taken around the industrial units, commercial concerns, manufacturing plants etc to virtually calculate costs and resource and develop various relevant course in their practical note books.
4. Topics involving a great deal of history of economic thought like theories of interest profit and employment etc. may be dropped oft the list and may be supplanted by current economic issues at national and international level.
5. A model book for each course may be developed by the HEC for setting pace for authors/teachers to bring out their own books.
6. Some ideal help book for practice at home may originally be devised or edited by the HEC for avoiding need on the part of the students to resort to cheap books of low standard for cramming or cheating papers.
7. As observed that an over whelming majority of graduate intend to give up pursuing further education find themselves being left on the lurch to apply their gained knowledge in practical life, hence need to overhaul course contents to suit to the requirements with an intent to make them self sufficient.
8. Repeated refresher course for in service teachers of Economics is arranged for their exposure to over glowing world of economic realities.
9. About 20% weightage be assigned to internal assessment of students done through at least 4 home so as to make them devote mere towards studies.
10. One compilkory queqion of 20 marks worth of objective type may he added to each paper as the same has already been executed at intermediate level.