

## 9. Economics

### B.A. Economics-I

Total Mark: 100

#### Appendix 'A'

#### (Outlines of Tests)

Basic Mathematics and Micro Economics

:

100 Marks

#### Appendix 'B'

#### (Syllabi and Courses of Reading)

**Basic Mathematics and Micro Economics**

**100 Marks**

#### Section-I: Basic Mathematics:

##### 1. Functions and Equations:

(i) Functions: Relation vs. Function Variable, Constants and Parameters. Types of Functions: Linear and Non-Linear: Exponential and Logarithmic. Graphical Presentation of Functions. Examples from Micro and Macro Economics.

(ii) Equations : Equations vs. Identities. Solution of Linear, Quadratic and Simultaneous Equations. Equilibrium Analysis in Economics; Partial Market Equilibrium; Linear and Quadratic Models. Equilibrium in National Income.

##### 2. Derivatives:

The concept of Derivative. The concepts of Limit and its relevance to Derivatives. Slope vs. Elasticity of a Function. Rules of Differentiation; A Constant, A power. Sum-Difference. Product and Quotient Function Rule The derivation of Marginal Quantities in Economics. The calculation of Elasticity of Demand and Supply.

##### 3. Maxima and Minima of Functions:

Optimum values vs. Extreme Relative Maxima and Minima, point of Inflexion, Criteria for Relative Maxima and Minima. First order condition and Second order. Condition. Constrained Optimization. Problems of optimization in Economics: Profit, Utility and Revenue Maximization. Cost Minimization. The Equilibrium of a Consumer and a Firm The least cost combination of Inputs.

#### Section-II: Micro Economics:

##### 1. The Nature and Importance of Micro Economics:

Basic problems of Micro Economic Theory. The Determination of Output and position. The Allocation of Resources. The Distribution of the Product and the Maintenance and Expansion to the Productive Capacity of the Economy. Market Economy and the Treatment of Basic Economic Problems. The Relative Importance of Market Mechanism in Capitalism, Socialism and Islamic Economic System.

##### 2. The Theory of Consumer Behaviour:

The Utility Theory of Consumer Behaviors. Indifference curves Analysis. Indifference Curves and Marginal rate of Substitution, Consumer Equilibrium. Income, Substitution and Price Effect of a Normal, Inferior and Giffen Good, Derivation of Demand Curve from Price-Consumption Curve, Revealed preference Theory, Price, Income and Cross Elasticities of Demand and their Measurement.

##### 3. The Theory of Production, Costs and Revenues:

The Concept of Production Function. Iso-Quant and Iso-Cost Curves. Marginal Rate of Technical Substitution. Optimal Combination of Resources. The Costs and Revenues of a Firm.

##### 4. The Theory of Firm Behaviour and Market Organization:

**(a) Perfect Competition:**

Assumptions of Perfect Competition. Equilibrium of a Firm and Industry during Short and Long periods. Short and Long period Supply Curve of a Firm and Industry.

**Monopoly:**

The Nature and Extent of Monopoly. Short-run and long-run Equilibrium under Pure Monopoly. Dumping and Price Discrimination. Welfare effects of Monopolies.

**(b) Imperfect Competition:**

Monopolistic Competition and its Main Characteristics, short-run and Long-run Equilibrium under Monopolistic Competition. Pricing and Output Determination under Oligopoly. Price Leadership and Cartels. Inefficiencies due to Imperfect Competition.

**5. Pricing and Employment Resources:**

The Marginal Productivity Theory of Resource Pricing. The Modern Theory of Resource pricing and Employment. The input Demand Curve of a Firm with One Variable Resource. The Demand Curve of a Firm with Several Variable Resources. The Market Demand Curve. The Supply Curve of Resources. Resources Pricing under perfect Competition. Monopoly and Monopsony

**Note:**

(i) Four questions will be set from Section-I and six questions from Section-II. The candidates will be required to attempt five questions in all, selecting two questions from Section-I and three questions from Section-II.

**Recommended Books:**

- (i) Chiang, Alpha C. Fundamental Methods of Mathematical Economics' 3rd Edition.
- (ii) J. Parry Lewis "An Introduction to Mathematics, 2nd Edition.
- (iii) Ferguson & Gould's "Microeconomic Theory" 6th Edition.
- (iv) Glahe, Fred R. "Macroeconomics" 2nd Edition.
- (v) Prof. Abdul Ghani Chaudhary رہبر معاشیات
- (vi) Dr. Muhammad Hussain Chaudhary نظریات معاشیات

It is hereby notified that the Syndicate at its meeting held on 3-9-1999 approved that inclusion of the following two books of Mr. Muhammad Hanif Aslam as prescribed Readings in B.A./B.Sc. Course.

نظریہ معاشیات (حصہ اول) پولیمر پبلیکیشنز، لاہور  
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