

## 9. Economics

### B.A. Economics-II

Total Mark: 100

#### Appendix 'A'

#### (Outlines of Tests)

Macro Economics and Economic: Development of Pakistan:

100 Marks

#### Appendix 'B'

#### (Syllabi and Courses of Reading)

**Macro Economics and Economic: Development of Pakistan**

**100 Marks**

#### Section-I: Macro Economics

#### 1. A FRAME-WORK FOR MACRO ECONOMICS

Macro Economics vs Micro Economics. Macro-Economic Problems: Unemployment, Inflation and Growth.

#### 2. DETERMINATION OF NATIONAL INCOME AND EMPLOYMENT (two Sector Economy) :

##### (i) The Classical Theory Employment

Say's Law of Markets. Aggregate Demand and the Quantity Theory of Money. Real Wage Function. Classical Macro Economics System, its Diagrammatic representation. Keynesian Critique of the Classical System.

##### (ii) Keynesian Theory of Income and Employment:

Equilibrium Level of National Income: Saving and Investment Approach ; Consumption and Investment Approach. Relation between Investment and Income. In-vestment Multiplier. Inflationary and Deflationary Gaps and Full Employment level.

#### 3. DETERMINANTS OF NATIONAL INCOME (Two Sector Economy) :

##### (i) Consumption:

Consumption and Saving Functions. Keynesian Psychological Law of Consumption. Determinants of Consumption. Explanation of the Observed Relationship between consumption and Income: Relative Income. Permanent Income and Life Cycle Theories of Consumption.

##### (ii) Investment:

Investment and Capital Determinants of Investment. Marginal Efficiency of Capital (MEC) and Marginal Efficiency of Investment (MEI) Optimal Level of Investment. The Principles of Acceleration.

#### **4. GENERAL EQUILIBRIUM IN THE GOODS AND MONEY MARKET:**

The Derivation of IS Function in the Goods Market. The Slope and position of its Curve. The Derivation of L.M Function in the - Money Market. The Demand for and Supply of Money. The Interest Rate. The Slope and position of LM Curve. Simultaneous Equilibrium in the goods and Money Market Adjustments towards Equilibrium.

#### **5. FLUCTUATIONS IN NATIONAL INCOME:**

Business Cycles and their main Features. Interaction of Multiplier and Accelerator. Counter-Cyclical Measures.

#### **6. MONETARY INFLUENCE ON INCOME DETERMINATION:**

Monetary Policy: Its Nature, Objectives and Instruments. Influence of Monetary Policy on Income Determination (by affecting  $C + I + G$ . Money and Inflation Stagflation.

#### **7. FISCAL POLICY AND INCOME DETERMINATION:**

Fiscal Policy: Its Nature. Objectives and instruments. The Impact of Government Expenditure, Taxes and Transfer Payments in the Equilibrium Level of National Income.

#### **INTERNATIONAL TRADE AND INCOME DETERMINATION:**

Theory of Comparative Advantage. Classical and Heckscher-Ohlin Theory. Balance of Payments. Disequilibrium and Adjustment Policies. Devaluation and Re-valuation. Depreciation and Appreciation of Exchange Rates. Determination of National Income in a Four Sector Economy. The Foreign Trade Multiplier and Changes in the Level of Income.

### **Section-II: Economic Development of Pakistan**

#### **1. THE CONCEPT AND MEASUREMENT OF ECONOMIC DEVELOPMENT**

Main Features of Developing Economy with Special Reference to Pakistan.

#### **2. AGRICULTURE AND INDUSTRY:**

Relative Importance of Agricultural and Industrial Sectors in the Economic Development of Pakistan.

#### **3. ECONOMIC DEVELOPMENT THROUGH PLANNING:**

Need and Role of Development Planning. Market Imperfections and Price Distortions. Short Term, Medium Term and Long Term Plans. Formulation of Objectives, Targets and Strategy in Development Planning.

#### 4. ECONOMIC PLANNING IN PAKISTAN

Planning Machinery in Pakistan. Justification of Economic Planning in Pakistan.

Factors Prohibitive in Effective Planning in Pakistan. Main Contours and Critical Evaluation of the Last Five Year Plan (Seventh Five Year Plan) with reference to its Strategies, Objectives, Targets and Achievements. Role of Annual Planning in Economic Development.

#### 5. RESOURCE MOBILIZATION FOR PLANNED ECONOMIC DEVELOPMENT IN PAKISTAN :

(i) Financial Resources:

Domestic and Foreign Resources of Pakistan. Extent of Pakistan's Dependence on Foreign Aid and Debt Servicing Problem.

(ii) Human Resources :

Human Resource Mobilization in Pakistan. The Need and Role of Manpower Planning.

#### NOTE

(i) Six questions will be let from Section-I and four questions from Section-II. The candidates will be required to attempt five questions in all selecting three questions from Section-I and two questions from Section-II.

#### Recommended Books:

1. Chiang, Alpha C. Fundamental Methods of Mathematical Economics'3rd Edition.
2. J. Parry Lewis "An Introduction to Mathematics, 2nd Edition.
3. Ferguson & Gould's "Microeconomic Theory" 6th Edition.
4. Glahe, Fred R. "Macroeconomics" 2nd Edition.
5. Prof. Abdul Ghani Chaudhary رہبر معاشیات
6. 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

نظریہ معاشیات (حصہ دوم) پولیمر پبلیکیشنز، لاہور