

**ASSOCIATE DEGREE IN ARTS / SCIENCE
ECONOMICS (ELECTIVE)-II**

**APPENDIX 'A'
(Outlines of Test)**

PAPER 'II': Macroeconomics and Economic Development of Pakistan

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Appendix 'b'

(Syllabi and courses of reading)

NOTE

In Paper "IP" six questions will be best 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.

PAPER-B:

MACRO ECONOMICS AND ECONOMIC DEVELOPMENT OF PAKISTAN

SECTION – I MACRO ECONOMIC:

1. A FRAME – WORK FOR MACRO ECONOMICS

Macro Economics Vs Micro Economics. Macro Economics. Macro Economic Problems: Unemployment, Inflation And Growth.

2. DETERMINATION OF NATIONAL INCOM AND EMPLOYMENT (two sector Economy)

(i) The Classical Theory of Employment:

Say's Law of Market. 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. Investment 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 Principals 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 IS Curve. The Derivation of LM Function in the - Money Market. The Demand for and Supply of Money. The Interest Rate. The Slope of 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.

8. INTERNATIONAL TRADE AND INCOME DETERMINATION

Theory of Comparative Advantage. Classical and Hackcher-Ohlin Theory. Balance of Payments. Disequilibrium and Adjustment Policies. Devaluation and Revaluation. 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.

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SECTION - II: ECONOMIC DEVELOPMENT OF PAKISTAN

1.THE CONCEPT AND MEASUREMENT OF ECONOMIC DEVELOPMENT:

Main Features of Developing Economy with Special Reference to Pakistan.

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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 Objective 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 Critic Evaluation of the Last Five Year Plan (Seventh Five Year Plan) with reference to 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). In paper "A" four questions will be set from Section-I and six questions from Section-II. The candidates will be required to attempt 05 questions in all selecting 03 questions from section-I and 02 questions from section-II.

(ii) In Paper "B" six questions will be set 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:

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| (i) Chieng, Alpha C, | Fundamentals Methods of Mathematical Economics' 3 rd Edition. |
| (ii) J.Parry Lewis | "An Introduction of Mathematics Theory" And 2 nd Edition. |
| (iii) Ferguson & Gould's | "Microeconomics Theory" 6 Edition. |
| (iv) Glahe, Fred R. | "Macroeconomics" 2 nd Edition. |
| (v) Prof. Abdul Ghani Chaudhary | "Rahber-e-Muashiat" |
| (vi) Dr. Muhammad Hussain Chaudhary | "Economic Theory" |
| (vii) M. Hanif Aslam | "Economic Theory" |