SYLLABUS FOR THE SUBJECT OF ECONOMICS  
PAPER - I  
MICROECONOMICS  

Total Marks: 100  

Part I  


5. **Market structures and behaviour of firms.**  

Perfectly competitive markets. Assumptions of the model. The supply curve of a firm and an industry in the short run. Short run and the long run equilibrium of the firm and industry. The shape of the long run industry supply curve and the effects of changing technology. The allocative efficiency of perfect competition.  

Imperfectly competitive market structures: Monopolistic competition. The concept of industry and group. Short run and long run equilibrium of a firm. Excess capacity. Comparison with perfect competition and monopoly.

Oligopoly and its basic dilemma. Duopoly. Models of Non-collusive oligopoly: Cournot’s duopoly model, Chamberlain’s oligopoly model, Sweezy’s kinked demand model.


6. **The theory of Factor Pricing:** Demand and Supply of inputs. Input demand in the short run and in the long run. The firm’s demand curve. The firm’s demand curve for a single variable input. The industry’s demand curve for an input. Elasticity of demand for inputs. The supply of inputs. Determination of price, quantity and income of an input. Monopsony.

**RECOMMENDED BOOKS:**

PART II
MATHEMATICAL ECONOMICS.


RECOMMENDED BOOKS


PART I

1. **What is Macroeconomics?** Major macroeconomic issues. Economic models. Stocks and flows, National income accounting, circular flow of income, real versus nominal GDP, the GDP deflator, the consumer price index, economic growth, actual versus potential output, business cycles and their phases, definition of full employment, unemployment, GDP gap, Inflation.


4. **Investment and its determinants:** Marginal efficiency of capital and optimal capital stock, the marginal efficiency of investment. The stock market and Tobin’s q-theory. Inventory investment and the accelerator model. The interaction of multiplier and accelerator. The derivation of IS-curve and its slope. Factors that shift the IS-curve.


8. **Consumption theories and their implications**: Keynesian absolute income hypothesis, Simon Kuznets findings, Duesenbury’s hypothesis, Permanent income hypothesis, life cycle hypothesis, Robert Hall and the Random-walk hypothesis.

**RECOMMENDED BOOKS**


**PART II**

**ECONOMICS OF PAKISTAN**

1. **Economic Development**

2. **Strategic Sectors.**
   Importance and problems of the agricultural, industrial and foreign trade sectors of the economy. WTO and its implications. Foreign direct investment, foreign debt burden and debt servicing problems of Pakistan.

3. **Monetary and Fiscal policies.**
   The role of monetary and fiscal policies in promoting economic growth and tackling the problems of inflation and unemployment in Pakistan. Deficit financing and the annual budget.

**RECOMMENDED BOOKS**