

ALLAMA IQBAL OPEN UNIVERSITY, ISLAMABAD  
(Department of Economics)

## Warning

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**Course: Economics (402)**  
**Level: B.A.**

**Semester Autumn, 2025**  
**Total Marks: 100**  
**Pass Marks: 40**

## Assignment No. 1

### Units 1-4

- Q. No. 1      Is economics a positive or negative science? What are the considerations on the basis of which those economic systems can be differentiated from one another? What are the determinants of an economic system? Also, enumerate different economic systems and then write a note on the functions of free enterprises.
- (20)

- Q.No.2. (a) What is the law of equi-marginal utility? Also, explain this law with the help of a table.  
(10)
- (b) Is the income effect always positive? Explain with the help of a diagram.  
(10)
- Q. No. 3. (a) What is meant by elasticity of demand and supply? Write down the formulas of point and arc- elasticity.  
(06)
- (b) Given the supply and demand equations:

$$\begin{aligned} Q_s &= 15 + p \\ Q_d &= 60 - 2p \end{aligned}$$

Estimate

- (i) Equilibrium price and quantity
  - (ii) Elasticities of demand and supply at the equilibrium position.
- (14)

- Q. No. 4 (a) What is meant by total cost? Also, differentiate between inputs and their cost with the help of a table. (10)  
 (b) Enumerate the relationship between production and total cost with the help of a table and diagram. (10)
- Q. No. 5. Write a note on the following:  
 a. Adam Smith's definition of economics.  
 b. Demand curve in the case of an inferior good.  
 c. Is the substitution effect always negative?  
 d. Production and total cost. (5+5+5+5)

**Assignment No. 2**  
**Units 5-8**

- Q.No.1. Can you differentiate between perfect and imperfect competition? Explain with the help of daily life examples. (20)
- Q. No. 2. What is market equilibrium? Explain the equilibrium of a firm under perfect competition with the help of diagrams in the short- run. (20)
- Q. No. 3. Define land and discuss its importance and characteristics. Also, write a note on the mobility of land. (20)
- Q.No.4. What are the laws of return? Also, explain the law of increasing returns to scale with the help of a table and diagram. (20)
- Q.No.5. What is a variable? Enumerate its types. Also, explain with examples the terms constant, parameter and the real number system. (20)

**Assignment No. 3**  
**Units 9-13**

- Q. No. 1 Define national income. With the help of two-sector circular flow diagram, the portray the concept of national income in two ways:  
 (a) Income method (b) Expenditure method (20)

- Q. No.2      What is meant by the equilibrium level of national income? Explain the concept of average and marginal propensity to consume with the help of a hypothetical consumption table. Also discuss the factors which determine the consumption behavior. (20)
- Q. No. 3      What is meant by the quantity theory of money? Also discuss its different objectives. Why is money demanded? Explain. (20)
- Q. No. 4      Define bank. Also, discuss in detail the different functions of a central bank. (20)
- Q.No.5.      Write a note on the classical theory of comparative cost in the field of international trade. (20)

**Assignment No. 4**  
**Units 14-18**

- Q. No. 1      What is meant by free trade? Also, write a detailed note on the merits and demerits of free trade. (20)
- Q. No.2      What is public debt? Enumerate its different types. Also, furnish a detailed discussion on temporary and permanent debt. (20)
- Q. No. 3      What are the tools of fiscal policy? Also, write a note on the objectives of fiscal policy in detail. (20)
- Q.No.4      Write a detailed note on the criterion for the measurement of economic development. (20)
- Q.No.5      Enumerate different sections of planning machinery? Also, discuss in detail the process of planning and its problems in a country like Pakistan. (20)