

Department of Economics
University of the Punjab, Lahore
BS (4 Years) Economics
Detailed Scheme of Studies for Eight Semesters
(Valid from September 2017)
Foundation Courses

Code: ECON-101

Title: Principles of Microeconomics

Credit Hours: 03

Objectives:

This course is meant to be an introduction to the decision-making process of households, firms, and government, and the resulting allocation of resources through markets. The course examines how individuals and firms make decisions by weighing up costs and benefits, and how the interaction of their decisions leads to market and social outcomes. The objective of the course is to provide students with a clear understanding of the subject of economics as it pertains to the behavior of consumers, firms, public sector and society and provides basic tools for public policy analysis. By the end of the course, students should be able to understand key economic issues addressed by microeconomics as illustrated by relevant data and case studies from around the world. They should also be able to comprehend various aspects of microeconomics including basic concepts and tools, their use in building economic theories and the application of these theories to critically analyze and explain real world situations.

Course Contents

Preliminaries

The Themes of Microeconomics, Scarcity and Economics, what is a Market? Real versus Nominal Prices, Why Study Microeconomics?

Consumer Choice


Cardinal Approach/Utility Analysis, Marginal Utility, Law of Diminishing Marginal Utility, Law of Equi-Marginal Utility, Consumer Equilibrium, Ordinal Approach of Consumer Behavior, Indifference Curves, Features of Indifference Curves, Budget Line, Consumer Equilibrium. Comparative Statics


The Basics of Demand & Supply

Demand and Supply, The Market Mechanism, Changes in Market Equilibrium.

Elasticities of Demand & Supply

Price Elasticity of Demand, Price Elasticity of Supply, Point versus Arc Elasticities, Computing Elasticities, Price Elasticity and Total Expenditure, Cross-Price Elasticity of Demand, Income Elasticity of Demand.


 (Incharge)
 Department of Economics,
 University of the Punjab,
 Quaid-i-Azam Camps, Lahore


 Dean Faculty of Economics
 & Management Sciences
 P.U. Lahore.

Course Contents

Introduction

The economy in aggregate, Complexities of the world of business, Scope of macroeconomics, Brief account of the development of macro-economic after the World War-II, Concept of business cycles: Boom and Depression, Concepts of Inflation and Unemployment, Macroeconomic variables and their mutual relationship, Macro-models as abstraction from the real economy.

National Income

Definition and concept of national income, Computation of national income: Product, Income and Expenditure approaches, Circular flow of income, Nominal versus Real income, Per capita income and the standard of living. The circular flow of National Income, GDP and GNP, Measurement of GNP: Expenditure (demand), Product (supply) and Income (factor rewards) approach, Value added at factor cost and market prices, Personal and disposable income, Per capita income, GNP as measure of welfare, Injections into and Leakages from the economy: Saving and Investment, Exports and Imports, Domestic Absorption, Nominal and Real income, The GDP deflator, Problems in computation of national income, The underground economy, Components of Aggregate Demand: The closed and open economy models.

Components of Aggregate Demand

The Concept of Open and closed economy models, Concept of aggregate markets: Product, Money, Labor and Capital markets, Components of aggregate demand: Consumption, Investment and Government spending, Income and expenditure identities.

Money and Banking

Money: definition, forms and functions, Central Bank and its functions with reference to the State Bank of Pakistan, Commercial banking, The Quantity Theory of money, Inflation: measurement and impacts, causes of inflation and remedies, Monetary policy: brief introduction.

Public Finance and Taxation

Sources of public revenue, Various forms of taxes: Direct and Indirect, Income and Commodity taxes, Sales, Excise, Customs, Non-tax revenues, Major heads of public expenditure, Revenue and Capital account, Concept of budget deficits and sources of filling the gaps, Deficit financing, Fiscal policy: meaning and objectives.

International Trade

Global distribution of resources, Concept of imports and exports, Theory of absolute and comparative advantage, Currency exchange rates, Balance of Payments: causes of deficits in BOP of Pakistan and remedial measures, Custom Unions, The problem of external debt, Commercial Policy: objectives and scope.

Recommended Books:

- Mankiw, G—Principles of Economics- Latest Edition- South- West Publishers.
- McConnell, Campbell & Stanley Brue, and Sean Flynn, Macroeconomics, Latest Edition. (McGraw-Hill Economics)

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- Samulson and Nordhaus - Economics –Latest Edition - McGraw Hill. Inc.
- Parkin, Michael - Macroeconomics, Latest Edition - Prentice Hall.