

Course Code: ECON-104

Title: Principles of Macroeconomics

Credit Hours: 03

Course Objectives:

This course is designed for the beginners with no formal background or little acquaintance with economics. The objective is to give the students an idea of the basic concepts, tools of analysis and terminologies used in macroeconomics. Emphasis will be on the use of graphs, diagrams and numerical tables/schedules for exposition.

Learning Outcomes:

Upon the completion of the course, students should be able to

- Understand the structure of the economy and have a thorough understanding of the key macroeconomic terminologies
- Apply these macro-economic theories to the real world situations.

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, Price Indices and Inflation, the simple macroeconomic models, Lead and Lagged variables, Exogenous and Endogenous variables and their functional relationships, Macro-models as abstraction from the real economy.
Macroeconomics: The Classical Framework	Ingredients of the classical model: The Says Law of Market, The Quantity theory of money, The marginal productivity theory, Equilibrium in the goods and money market, A critical appraisal of classical model, classical dichotomy.
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.
Money and Banking	Money: definition, forms and functions, The demand for money, The Liquidity Preference/ Portfolio Balance Approach, the supply of money: M1, M2, M3 concepts, the money supply multiplier and the role of banking system, Instruments of credit control and the role of central bank, Commercial banking, Monetary policy: brief introduction. Central Bank and its functions with reference to the State Bank of Pakistan.
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, Fiscal policy: meaning and objectives.
International Trade	Global distribution of resources, Concept of imports and exports, Currency exchange rates, Balance of Payments: causes of deficits in BOP of Pakistan and remedial measures,

Teaching Methodology:

- To deliver lectures on topics included in course outline
- To require each student to solve independent assignments on topics included in the course.

Evaluation Criteria:

Evaluation Method	Total Percentage
Quizzes/Assignments	25%
Mid-Term Exam	35%
Final-Term Exam	40%

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)

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