

HAILEY COLLEGE OF COMMERCE  
UNIVERSITY OF THE PUNJAB, LAHORE

Course Title: Macroeconomics  
Course Code: BSC-301

Credit Hours: 3  
Semester: 05

---

**1.0 Introduction to the Course:**

This course provides an introduction and insight into the basics of a broad range of macroeconomic concepts, theories, application and analytical techniques. It is aimed at the analysis of aggregate economic concepts related to government, regional or international economy.

This course is designed for a four-year degree class starting after intermediate for the purpose of preparing the students of commerce to critically analyze the behavior of aggregate economic variables. It covers national income, investment, trade theories and Keynesian macroeconomics. It will provide a foundational understanding of Macroeconomics.

**2.0 Prerequisite Course(s) or other requirements/skills:**

The prerequisite is that the student has studied Microeconomics.

**3.0 Course Objectives:**

- i. The objective of this course is to provide a basic overview of macroeconomic principles.
- ii. The course provides an overview of the foundational concepts related to the subject

**4.0 Course Learning Outcomes:**

- i. Student will be able to understand Macroeconomic Concepts and comprehensive understanding of those concepts.
- ii. Student will be able to apply the concepts learnt to make basic aggregate or governmental level economic decisions as required by a graduate in the area of commerce.

## 5.0 Course Contents

### Unit-I: Introduction to Macroeconomics

- 1.1 Definitions of Macroeconomics
- 1.2 Nature and scope of Macroeconomics
- 1.3 Subject matter of Macroeconomics
- 1.4 Basic Terminology
  - 1.4.1 Economy
  - 1.4.2 National Income
  - 1.4.3 World bank & IMF data

#### MLO Statements

1. Define the subject and understand basic concepts that will be used in further units
2. Understand the nature and contents in Macroeconomics

### Unit-II: National Income Accounting

- 1.1 Definition of National Income
- 1.2 GNP, GDP and other concepts
- 1.3 Measurement of National Income
- 1.4 Data related to National Income
- 1.5 Per Capita Income
- 1.6 Circular flow of income

#### MLO Statements

1. Understand and explain the concepts of National Income
2. Explain how National Income is gauged

### Unit-III: Consumption

- 3.1 What is consumption?
- 3.2 Keynesian Psychological Law
- 3.3 MPC, APC, MPS and APS
- 3.4 Other theories of consumption
- 3.5 Determinants of Consumption

#### MLO Statements

3. Understand and explain the concepts of Consumption
4. Understand the Keynesian theory of consumption

### Unit-IV: Investment

- 4.1 Definition of Investment
- 4.2 Net Present Value
- 4.3 Marginal Efficiency of Capital
- 4.4 Investment and MEC
- 4.5 Determinants of Investment

#### MLO Statements

1. Understand What Investment is
2. Understand what MEC is
3. Explain the relation of MEC and investment

**Unit-V: Keynesian Theory of Employment**

- 5.1 Classical Macroeconomic Theory
- 5.2 The Great Depression
- 5.3 Keynesian Theory of Income and Employment
- 5.4 Investment Multiplier
- 5.5 Inflationary and Deflationary Gaps
- 5.6 IS-LM analysis

MLO Statements

1. Understand the classical macroeconomic concepts
2. Understand Keynesian macroeconomic basics
3. Understand what Multiplier is

**Unit-VI: International Trade**

- 6.1 Dynamics of international trade
- 6.2 Theory of Absolute Advantages
- 6.3 Theory of Comparative Advantages
- 6.4 Modern theory of Trade
- 6.5 Trade Cycles

MLO Statement

Understand and explain the theory of trade

**Unit-VII: International Organizations**

- 7.1 Bretton-Woods Agreement
- 7.2 International Monetary Fund
- 7.3 The World Bank Group
- 7.4 World Trade Organization

MLO Statement

Know the objectives and basic functions of related international organizations

**Unit-VIII: Inflation & Unemployment**

- 8.1 Inflation
- 8.2 Types of inflation
- 8.3 Causes of inflation
- 8.4 Stagflation
- 8.5 Unemployment

MLO Statements

1. Understand inflation and its types
2. Understand the causes of inflation and

**Unit-IX: Basics of Public Finance**

- 9.1 Meaning of Public Finance
- 9.2 Difference in Private and Public Finance
- 9.3 Revenue & Expenditure of Public Bodies
- 9.4 Public Goods

MLO Statement

Understand what Public Finance is

**Unit-X: Taxation**

- 10.1 Definition and types of taxes
- 10.2 Canons of Taxation
- 10.3 Tax Systems

*MLO Statement*

Understand and explain the concepts of taxes

## **Unit-XI: Fiscal & Monetary Policies**

- 11.1 What is Fiscal Policy?
- 11.2 Tools of Fiscal Policy
- 11.3 What is Monetary Policy?
- 11.4 Tools of Monetary Policy
- 11.5 Effectiveness of Fiscal & Monetary Policy

*MLO Statement*  
Understand and learn  
the tools of fiscal and  
monetary policy

## **Unit-XII: Balance of Payments**

- 12.1 What is Balance of Payment?
- 12.2 Different sections of the BOP
- 12.3 Favorable and unfavorable BOP
- 12.4 How to improve the BOP

*MLO Statement*  
Explain the concept of  
BOP and know various  
sections of it

## **6.0 Teaching & Learning Strategies**

Lectures, Discussions, Quiz, Assignments and Presentations

## **7.0 Assignments**

Student will be required to submit assignments on regular basis

## **8.0 Assessment and Examinations**

### **9.0 Textbooks**

1. Mankiw, N. G. (2015). **Macroeconomics**. Cengage Learning . ISBN 978-0-324-58999-3.
2. *Krugman, p. and Wells, R., Macroeconomics, Worth Publishers; Fourth edition (April 14, 2015)*
3. *Rizavi, SS., An Introduction to Economics, Syed Mobin & Co. Urdu Bazar Lahore, 2023*

### **10.0 Suggested Reading and additional text**

1. CAF-02 Introduction to Economics and Finance by ICAP
2. McConnell, C. R., Brue, S. L., & Flynn, S. M. (2005). Economics: Principles, problems, and policies. New York: McGraw-Hill/Irwin.
3. Samuelson, P. A., & Nordhaus, W. D. (2009). Macroeconomics 19e.