



**Spring Term**

**Basic Information:**

<b>Title:</b>	Macroeconomics	<b>Code:</b>	ECON-231
<b>Program:</b>	BBIT	<b>Credit Hours:</b>	Three (03)
<b>Sessions:</b>	30 Classes + Mid Term + Final Term	<b>Pre-Requisite:</b>	

**Course Description:**

*The course provides an introduction and analysis of important macroeconomic variables i.e. output, employment, inflation etc. that are key factors to influence business decision making. This module will develop student's understanding regarding working of economy and interaction of households, business and government.*

**Learning Outcomes:**

*After the completion of this course, it is expected that students who will involve themselves in the knowledge base working of the course will be capable to*

1. *Explain what macroeconomic variables are and how they work in an economy.*
2. *Describe and analyze the economic working of Pakistan.*
3. *Comprehend the working of international trade policies and their effects on growth of an economy.*
4. *Formulate and describe the exchange rate system of the country.*
5. *Explain how IMF and World Bank policies direct monetary and fiscal policies of an economy.*

**Teaching Learning Methodology:**

*Direct and interactive teaching methodology encouraging T-S and S-T interaction. Active student participation in and contribution to all forms of teaching and learning i.e. lectures, discussions, research assignments and projects. Lectures will be twice a week of 90 min each.*

**Group Configurations:**

*One of the objectives of this course is to encourage and facilitate teamwork. Class will have to make a group of four for projects and research assignments. It is recommended that student will form their own groups. As a general guideline, your group should have members with diverse skill sets including people who are proficient or have aptitude for different subject areas.*

**Weekly Term Plan**

<b>Wk.</b>	<b>Lecture Topic</b>
01	<i>Introduction to Macroeconomics and its Important issues.</i>
02	<i>Concept of National Income.</i>
03	<i>Measurement of National income</i>
04	<i>Determination of Equilibrium level of National Income.</i>
05	<i>Simple theory of Aggregate demand and supply.</i>
06	<i>Fiscal policy – Government spending.</i>
07	<i>Money Banking and monetary policy.</i>
08	<i>Mid Term Examination.</i>
09	<i>Inflation and unemployment.</i>
10	<i>The Global world – concept of Globalization.</i>
11	<i>Concept and need of International trade.</i>
12	<i>Balance of payment.</i>
13	<i>Determination of foreign exchange rate</i>
14	<i>Economic integration</i>
15	<i>International Financial systems and Economic growth</i>
16	<i>Final Term Examination</i>



**Spring Term**

**Topics in Detail**

**The Measurement of National Income.**

*Concept and Measurement of National Income.  
 Circular Flow of Income and Factors of National Income.*

**Determination of Equilibrium Level of Income.**

*Consumption Function and The Determination of Equilibrium Income and Output.  
 Inflationary and Deflationary Gap.  
 Determinants of Investment and The Marginal Efficiency of Capital.*

**The Simple Theory of Aggregate Supply and Demand.**

*Introduction and Concept of Aggregate Supply and Demand.  
 Causes and Effect of Shifts in Aggregate Demand and Supply.  
 Aggregate Production Function and Aggregate Market Equilibrium.*

**Fiscal Policy- Government Spending**

*Public Vs. Private Finance - Government Spending and Its Effect of Output.  
 Taxation and Its Impact on Output.  
 Combine Effects of Spending.*

**Money, Banking and Monetary Policy**

*Evolution and Types of Money and Its Functions.  
 Money Demand, Supply and Determination of Interest Rate.  
 Monetary Policy, Instruments and Objectives of Monetary Policy.*

**Inflation and Unemployment**

*Types, Causes and Consequences of Inflation and Unemployment.  
 Relation Between Inflation and Unemployment.  
 Methods of Controlling Inflation and Unemployment.*

**The Global World.**

*The Globalization of The World Economy and Globalization Challenge.  
 Concepts, Need and Factors of International Trade and Trade Openness.  
 The International Flow of Goods, Services, Labor and Capital.  
 Current International Economic Problems and Challenges.  
 International Trade Theory - Principals of Absolute and Comparative Advantage.*

**Balance of Payment**

*Concept, Structure and Balance of Payment Equilibrium.  
 Why Does Disequilibrium in Balance of Payment Occur? What Are Its Consequences?  
 Control of Balance of Payment Disequilibrium.*

**Determination of Foreign Exchange Rate.**

*How International Trade and Balance of Payment Are Related? and How Is Exchange Rate Determined?  
 Concept, Types of Exchange Rate System and Its Determination.  
 Foreign Exchange Risks, Hedging and Speculation.  
 Exchange Rate Regimes in International Financial System.*

**Economic Integration: Custom Unions and Free Trade Areas.**

*Introduction of Trade Creating and Trade Deviating Customs Unions.  
 Major Economic Unions and Dynamic Benefits of Economic Union.  
 The Theory of Second Best.*

**International Financial Systems and Economic Growth.**

*Exchange Rate Regimes in The International Financial System.  
 The Structure, Function and Role of IMF in The Determination of Exchange Rate System.  
 World Bank: Introduction, Function and Its Role in Development of Less Developed World.  
 GATT, Rounds of GATT and The New World Order, WTO Functions and Working.*

**Text & Recommended Readings**

1. *Macroeconomics*  
N. Gregory Mankiw  
7<sup>th</sup> Edition 2009 ISBN: 13:978-1-4292-1887-0
2. *Macroeconomics Theory and Policy*  
Fred R. Glahe, Second Edition
3. *The Economy of Money, Banking and Financial Market*, Fredric S. Mishkin 9<sup>th</sup> Edition.
4. *Issues in Pakistan Economy*  
S. Akbar Zaidi, Revised Edition.

**Assignment Specification**

*Microsoft Word for Documentation*  
 Headings Times New Roman 14pt Bold  
 Sub-headings Times New Roman 12pt Italic  
 Normal Text Times New Roman 12pt  
 Header Footer Times New Roman 8pt  
 Paragraph Single Line Spacing  
 First Line Indent 1.0 cm  
 Page Margins 2 cm from each side



**Spring Term**

**Grading Policy:**

Final Grade for this course will be the cumulated result of the following term work with relevant participation according to the quoted percentage.

<b>Sessional</b>	<b>25%</b>	<b>Mid Term</b>	<b>35%</b>	<b>Final Term</b>	<b>40%</b>
Assignments	10 %	Mid Term Exam	25%	Final Exam	30%
Quizzes	10%	Major Report/Work	10%	Case Study/ Project/ Term Paper	10%
Presentations	05%				

*Remember subdivision of Mid Term and Final Term Examination should be done only in extreme cases of very essential and major Grading Instruments.*

**Dishonest Practices & Plagiarism**

Any student found responsible for dishonest practice/cheating (e.g. copying the work of others, use of unauthorized material in Grading Instruments) in relation to any piece of Grading Instrument will face penalties like deduction of marks, grade 'F' in the course, or in extreme cases, suspension and rustication from IBIT.

For details consult Plagiarism Policy of PU at <http://pu.edu.pk/dpcc/downloads/Plagiarism-Policy.pdf>

**Grading System:**

<b>Letter Grade</b>	<b>Grade Point</b>	<b>Num Equivalence</b>
A	4.00	85 – 100 %
A-	3.70	80 – 84 %
B+	3.30	75 – 79%
B	3.00	70 – 74 %
B-	2.70	65 – 69 %
C+	2.30	61 – 64 %
C	2.00	58 – 60 %
C-	1.70	55 – 57 %
D	1.00	50 – 54 %
F	0.00	Below 50 %
I	Incomplete	*
W	Withdraw	*

**Norms to Course:**

- ✓ Submission Date and Time for the term instruments is always **Un-Extendable**.
- ✓ 5 Absentees in class will result in forced withdrawal. **(PU Policy)**
- ✓ Re-sit in Mid and Final Term will cause you a loss of 2 and 3 grade marks respectively. **(PU Policy)**
- ✓ This is your responsibility to keep track of your position in class evaluation units.
- ✓ After the submission date, NO excuse will be entertained.
- ✓ **Keep a copy of all submitted Grading Instruments.**
- ✓ Assignment is acceptable only in its Entirety.
- ✓ No make up for any assignment and quiz.
- ✓ Copied & Shared work will score Zero.
- ✓ Assignments are Individual.

**Good Luck**  
 For the Spring Term