



University of Management *and* Technology

**EC754 Seminar in Monetary and Fiscal Policy**

Resource Person:	
Email:	
Contact Hours:	
Office Address:	
Programme:	
Section:	
Semester:	
Course Pre-requisites:	
Credit Hours:	
Course Type:	
Venue/Day/Time:	
Course URL (if any):	

**Course Description:**

- The main objective of this course is to develop analytical reasoning and skills to analyze both monetary and fiscal policy issues. The course consists of review of articles related to monetary and fiscal policy issues in the developing economy like Pakistan. The course is a blend of theory, quantitative and applied research. At the end of this course, the student would be able to critically analyze the prevalent monetary policy and fiscal issues and policies and they will be able to critically discuss issues relating to advanced economic theory and business decision making. It helps in preparing scholars to start their careers at both fiscal policy institutions like Ministry of Finance, Planning commission and Monetary Regulatory Authority i.e. the Central Bank of Pakistan.

**Course Teaching Methodology:**

- Lecture and Discussion
- Online Webinars and discussion
- Interactive Classes
- Case based teaching
- Class activities
- Projects
- Presentations

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<b>Programme Educational Objectives (POs):</b>	
PO-1	To inculcate the analytical reasoning, critical thinking and methodological skills required to evaluate, design, and conduct original research related to Monetary and Fiscal Policy Issues and its impact on Economic Growth.
PO-2	To demonstrate the ability to communicate the results of research in a clear and effective manner.
PO-3	To demonstrate an understanding and concern for the high ethical standards in business research, teaching, and service.
PO-4	To demonstrate the ability to teach and provide valuable educational experience to students in academic settings.
PO-5	To demonstrate an ability to work effectively with other people from various ethnic, educational, and work experience backgrounds.

<b>Programme Learning Outcomes (PLOs):</b>	
<b>After completing this degree programme, students shall be able to:</b>	
	<b>Mapping the PLOs with POs</b>
PLO-1	<p><b>Research, Critical / Creative Thinking and Content Knowledge:</b> Demonstrate a thorough knowledge of the literature and a comprehensive understanding of methods and techniques applicable to graduates own research. Ability to plan and conduct research or implement projects under the guidance of an advisor while developing the intellectual independence that typifies true scholarship. Proven ability to write grant proposals, mastery in advanced statistics including quantitative and qualitative methods, discover, interpret and communicate new knowledge through original research of publishable quality which satisfies peer review.</p>
PLO-2	<p><b>Personal Efficacy:</b> Apply a significant range of advanced and specialized skills and be able to act autonomously in the planning and implementation of research. Practice a proactive, self-critical and self-reflective approach based on research for problem solving and decision.</p>
PLO-3	<p><b>Research Governance, Ethics and Service to the Community:</b> Follow the principles of ethics in field of specialization and in academia. Demonstrate, through service, the value of their discipline to the academy and community at large. Critically and creatively evaluate current issues, research and advanced scholarship in area of specialization. Managing complex business, ethical, professional issues to make informed judgements on ethical codes and practices.</p>

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PLO-4	<b>Communication and Leadership:</b> Demonstrate skills in oral and written communication sufficient to publish and present work in graduates' field and to prepare grant proposals. Interact productively with people from diverse backgrounds as both leaders/mentors and team members with integrity and professionalism. Demonstrating leadership and originality in tackling and resolving problems and issues, through communication and working effectively with others.	
PLO-5	<b>Teaching and Content Knowledge:</b> Demonstrate a mastery of skills and knowledge at a level required for college and university teaching in graduates' discipline and assessment of student learning.	
PLO-6	<b>Continuous Influence, Impact, and Life-long Learning:</b> The graduates shall have the basic knowledge, understanding and skills needed for life-long learning, professional development, influence and impact on the academic, social, cultural, economic and broader context.	

Course Objectives (COs)	
CO-1	This course is related to monetary and fiscal policy issues like, money, inflation, output and unemployment conditions and participants will critically review the underlying theories & literature related to these issues, causes and policies.
CO-2	To develop the critical thinking and analytical reasoning ability to review and analyze the current monetary and fiscal issues and government policies.
CO-3	To develop the ability to plan out and conduct research on the monetary and fiscal policy areas independently.
CO-4	To develop the ability to implement their research ideas independently as well as group under the minimal guidance of an Advisor.
CO-5	To develop the ability to understand, review, critically analyze the role of different stakeholders e.g. consumers, investors and participating institutions like Ministry of Finance, Planning commission, Central Banks and IMF etc.

Course Learning Outcomes (CLOs)		Mapping PLOs, Cos and CLOs
CLO-1	Students will be able to critically review the underlying theories & literature, causes and policies related to fiscal and monetary policies.	PLO1, PLO2
CLO-2	Students would be able to plan out and conduct research on the monetary and fiscal policy areas.	PL2
CLO-3	Students would be able to implement their research ideas independently under the minimal level of guidance of an Advisor.	
CLO-4	Students will be able to learn, review, critically analyze the role of different stakeholders e.g. economic agents' behavior and participating institutions like Ministry of Finance, Planning commission, Central Bank and IMF etc.	
<b>Assurance of Learning and Assessment Items:</b>		

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<i>Specify Assessment Items that will assure student learning through application and achieve objectives of specific PLOs / COs / CLOs</i>		
Assessment Item	Application/ Objectives PLO / CO / CLO	
Quizzes	All	
Assignments	All	
Class Activities (Presentations, Take home problems set, short projects and case study)	All	
Mid-term exam	All	
Final exam	All	

<b>Assessment Structure and Grading Policy*:</b>		
Assessment Item	Weight (%)	Execution Plan
Quizzes	10%	Four-time assessment
Assignments	10%	4-time assessment
Class Activities, In class exercises (Presentations, Take home problems set)	05%	weekly assessment
Term Paper	35%	
Mid-term exam	20%	One-time assessment
Final exam	20%	One-time assessment
<b>Total</b>	<b>100</b>	

### **Notes – Norms and Important Class Policies:**

*(such as submission guidelines, academic honesty, make-up policy, code of conduct)*

- **Be On Time**  
You need to be at class at the assigned time. After 10 minutes past the assigned time, you will be marked absent
- **Mobile Policy**  
TURN OFF YOUR MOBILE PHONE! It is unprofessional to be texting or otherwise
- **Email Policy**  
READ YOUR EMAILS! You are responsible if you miss a deadline because you did not read your email. Participants should regularly check their university emails accounts regularly and respond accordingly.
- **Class Attendance Policy**  
A minimum of 80% attendance is required for a participant to be eligible to sit in the final examination. Being sick and going to weddings are absences and will not be counted as present. You have the opportunity to use 6 absences out of 30 classes. Participants with less than 80% of attendance in a course will be given grade 'F' (Fail) and will not be allowed to take end term exams. International students who will be leaving for visa during semester should not use any days off except for visa trip. Otherwise, they could reach short attendance.
- **Withdraw Policy**

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Students may withdraw from a course till the end of the 12th week of the semester. Consequently, grade W will be awarded to the student which shall have no impact on the calculation of the GPA of the student. A Student withdrawing after the 12th week shall be automatically awarded “F” grade which shall count in the GPA.

- Moodle  
UMT –LMS (Moodle) is an Open-Source Course Management System (CMS), also known as a learning Management System (LMS). Participants should regularly visit the course website on MOODLE Course Management system, and fully benefit from its capabilities. If you are facing any problem using moodle, visit <http://oit.umt.edu.pk/moodle>. For further query send your queries to [moodle@umt.edu.pk](mailto:moodle@umt.edu.pk)
- Harassment Policy  
Sexual or any other harassment is prohibited and is constituted as punishable offence. Sexual or any other harassment of any participant will not be tolerated. All actions categorized as sexual or any other harassment when done physically or verbally would also be considered as sexual harassment when done using electronic media such as computers, mobiles, internet, emails etc.
- Use of Unfair Means/Honesty Policy  
Any participant found using unfair means or assisting another participant during a class test/quiz, assignments or examination would be liable to disciplinary action.
- Plagiarism Policy  
All students are required to attach a “Turnitin” report on every assignment, big or small. Any student who attempts to bypass “Turnitin” will receive “F” grade which will count towards the CGPA. The participants submit the plagiarism report to the resource person with every assignment, report, project, thesis etc. If student attempts to cheat “Turnitin”, he/she will receive a second “F” that will count towards the CGPA. There are special rules on plagiarism for final reports etc. all outlined in your handbook.
- Communication of Results  
The results of quizzes, midterms and assignments are communicated to the participants during the semester and answer books are returned to them. It is the responsibility of the course instructor to keep the participants informed about his/her progress during the semester. The course instructor will inform a participant at least one week before the final examination related to his or her performance in the course.

*\*Rubrics for all assessments (including mid and final exams) will be provided separately to the students.*

<b>Weekly Sessions Plan:</b>			
<b>Wee k</b>	<b>Topics / Contents</b>	<b>Activity</b>	<b>Application/Objectives PLO / CO / CLO</b>
1	Introduction course outline What is money, why we need it? What are different types of money. Monetary Policy, How Monetary Policy Arises? How Monetary Policy Works? Monetary Policy Instruments;	Lecture, discussio n on literature	Getting familiar with money and Monetary policy process.
2	Monetary policy: Role of Central Banks in Money Supply process; Tools of Monetary Policy; Conduct of Monetary Policy : Strategy and Tactics goals,		Getting familiar with the Monetary Policy process, MP objectives

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			instruments and role of central banks.
3	<p>Money supply creation process. Three players, central bank, financial institutions and Public Three instruments, OMO, reserve requirements and loans to financial institutions</p>	Lecture & Discussion, on relevant articles	Getting familiar with the Monetary Policy process, MP objectives instruments and role of central banks.
4	How monetary Policy works in Pakistan.	Lecture & Discussion, on relevant articles	Getting familiar with the underlying theories.
5	<p>Monetary Theories: Monetary Theories: (i)Quantity Theory of Money (Milton Friedman) (ii) Budget deficits, Monetary theory and policy and Inflation; Fiscal dominance Hypothesis</p>	Lecture & Discussion on relevant articles	Getting familiar with the underlying theories.
6	<p>Monetary Theories: (iv) Keynesian theories of Money Demand and its empirical investigations; (v)Portfolio theories of Money demand and its applications (vi) Rule vs discretion: Taylor rule Empirical review of literature on Taylor rule in reference to developing economy and relevance to Pakistan</p>	Lecture & Discussion on relevant articles	Getting familiar with the underlying theories.
7	<p>Inflation dynamics: Core and non-core inflation; Inflation Dynamics in Pakistan Money, Inflation and Output Relationship Threshold Level of Inflation; Monetary Policy and Inflation Speaker 1: Mr. Fida Hussain- Additional Director MPD SBP; March 10,2022 START 11:00 am. Registration link: <a href="https://us02web.zoom.us/webinar/register/WN_if8rTpTwRYCMKMxVJv5zCA">https://us02web.zoom.us/webinar/register/WN_if8rTpTwRYCMKMxVJv5zCA</a></p>	Lecture, discussion on relevant research articles both in context of developing countries and Pakistan	Getting familiar with inflation, core and non-core inflation, And inflation dynamics in Pakistan.
8	<p>State Bank of Pakistan, Evolution, Function, SBP Act, Goals, Objectives and Instruments, Independence: <a href="https://www.sbp.org.pk/m_policy/About.asp">https://www.sbp.org.pk/m_policy/About.asp</a></p>	Lecture and discussion	Getting familiar with SBP ACT and SBP history

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9	Central bank Independence and Monetary Policy; Fiscal dominance hypothesis: Electoral Politics and central bank independence	Lecture, discussion, Attend available online webinars	Getting familiar with central bank independence
10	MID TERM		
11	Role of Fiscal Policy In Economic Growth	Lecture, discussion and Relevant papers	Participants will learn about the role of Fiscal policy
12	Debt Sustainability	Lecture, discussion on Relevant papers	Participants will learn about the role of Fiscal policy
13	Fiscal vulnerability	Lecture, discussion on Relevant papers	Participants will learn about the role of Fiscal policy
14	IMF Structural Reforms	Lecture, discussion on Relevant papers	Participants will learn about the IMF Structural reforms undertaken in Developing countries
15	Students Term Paper Presentations	Students will present their term papers	Participants will learn how to communicate, present their research findings.
16	Final Term Examination		

### Primary Text Book (s):

- Frederic, S. Mishkin, The Economics of Money, Banking and Financial Markets, Pearson Education Limited.
- Carl, E Walsh, Monetary Theory and Policy, Second Edition, The MIT Press Cambridge, Massachusetts London, England
- Jordi Gali, "Monetary Policy, Inflation and Business Cycles, An Introduction to the New Keynesian Framework" Princeton University Press, Princeton and Oxford

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### Reference / Supplementary Reading (s):

Transmission Mechanism of Monetary Policy in Pakistan  
<https://www.sbp.org.pk/repec/sbp/journal/Article-1.pdf>

Effectiveness of SBP's Monetary Policy Communication  
<https://www.sbp.org.pk/research/bulletin/2019/Vol-15.1/Effectiveness.pdf>.

Threshold inflation in Pakistan  
<https://www.sbp.org.pk/publications/wpapers/2017/wp94.pdf>

Assessing the Role of Money versus Interest Rate in Pakistan  
<https://www.sbp.org.pk/publications/wpapers/2016/wp79.pdf>

### Useful Online / Web Resources:

- [www.sbp.org.pk](http://www.sbp.org.pk)
- [Imf.org](http://Imf.org)
- Will be provided in class

Online Webinars

PIDE Webinar On "The Autonomy For SBP: A Fresh Look At Central Bank Independence" Part IV. <https://pide.org.pk/webinar/webinar-on-the-autonomy-for-sbp-a-fresh-look-at-central-bank-independence-part-iv/>

PIDE SBP lecture series.