



University of Management and Technology
School of Commerce and Accountancy
Quaid e Azam Campus

Course Outline

| Course Title: Fundamentals of Economics (EC-213) | |
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| Program | Please chose the relevant program |
| Credits Hours | 3 |
| Duration | 15 Weeks / 30 Sessions |
| Prerequisites | |
| Resource Person | |
| Contact/Email | |

Course Description:

This course provides an introduction to a broad range of economic concepts, theories and analytical techniques. It considers both microeconomics - the analysis of choices made by individual decision-making units (households and firms) - and macroeconomics - the analysis of the economy as a whole. The use of a market, supply and demand, model will be the fundamental model in which trade-offs and choices will be considered through comparison of costs and benefits of actions. Production and market structure will be analysed at the firm level. Macroeconomic issues regarding the interaction of goods and services markets, labour and money at an aggregate level will be modelled. The role of government policy to address microeconomic market failures and macroeconomic objectives will be examined.

Learning Objectives:

After studying this course the students will be able to:

1. Describe and explain how microeconomic models can be used to consider fundamental economic choices of households and firms.
2. Describe and explain how macroeconomic models can be used to analyze the economy as a whole.
3. Describe and explain how government policy influences microeconomic choices and macroeconomic outcomes.
4. Interpret and use economic models, diagrams and tables and use them to analyze economic situations.

Teaching-Learning Methodology:

- Lectures
- Recommended Text/Supplementary Texts
- Handouts
- Case Studies
- Skill Development Exercises
- Guest Speakers
- Industrial/Corporate Visits
- Project Report/Term Paper

Recommended Text Book:

1. Mankiw, N. G. (2014). Principles of macroeconomics. Cengage Learning.
2. Mankiw N. G. (2012). Macroeconomics. Worth Publishers.

Supplementary Text Books:

1. Samuelson N. and Nordhaus W. (2010), Economics. McGraw Hill, Inc.
2. McConnel C., Brue S., and Flynn S. (2009) Economics; Principles, Problems, and Policies. McGraw Hill Irwin

Assessment & Evaluation:

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| Quizzes | 15% | |
| Assignments | } | |
| Final Project | | 20% |
| Project Presentation/Presentations | | |
| Mid Term | 25% | |
| <u>End Term Exam</u> | <u>40%</u> | |
| Total: | 100 | |

SCHEDULE OF ACTIVITIES

| Week | Contents/Topics to be Taught | Tasks/Activities |
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| 1 | <p>Class discussion</p> <ul style="list-style-type: none"> • Course objectives • Perception about economics and its importance <p>Introduction to Economics</p> <ul style="list-style-type: none"> • Why Economics • Economics vs Economy • Studying Choice in a World of Scarcity: • Opportunity Cost and trade off • Goods and services • Types of goods | Course Outline Distribution |
| 2 | <p>Introduction to Microeconomics</p> <ul style="list-style-type: none"> • Micro Economic Versus Macro Economics | |

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| | <ul style="list-style-type: none"> • Defining Microeconomics • Agents of the economy and their objectives • Production possibility frontier • Efficient, unattainable and inefficient choice • Positive Versus Normative Economics • Calculating slope of a curve | |
| 3 | Consumer Behavior-I <ul style="list-style-type: none"> • Cardinal Approach/Utility Analysis • Marginal Utility • Law of Diminishing Marginal Utility • Law of Equi-Marginal Utility • Consumer Equilibrium | Assignment 1 |
| 4 | Consumer Behavior-I <ul style="list-style-type: none"> • Ordinal Approach of Consumer Behavior • Indifference Curves • Features of Indifference Curves • Budget Line • Consumer Equilibrium • Comparison between two approaches | Quiz 1 |
| 5 | Demand <ul style="list-style-type: none"> • Demand Function • Law of Demand • Shift in Demand • Change in Demand • Factors Affecting Demand | |
| 6 | Supply <ul style="list-style-type: none"> • Supply Function • Law of Supply • Changes in Supply • Price Equilibrium Market Equilibrium <ul style="list-style-type: none"> • Shifts in equilibrium Applications <ul style="list-style-type: none"> • Consumer and producer surplus Ceiling and Floor pricing | Assignment 2 |
| 7 | Elasticity of Demand & Supply <ul style="list-style-type: none"> • Price Elasticity of Demand & Supply • Income Elasticity of Demand • Cross Elasticity of demand • Mid-Point method of Elasticity • Implications | Quiz 2 |

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| | Conclusion | |
| 8 | The Theory of production <ul style="list-style-type: none"> • The Production Function • Total, average and marginal product • Laws of Returns MID TERM EXAMINATION | |
| 9 | Theory of Cost Short run Theory of Cost <ul style="list-style-type: none"> • Seven family cost curves • Relationship between Production and Cost Curves Long-run Theory of Cost <ul style="list-style-type: none"> • Graphical Representation of Long Run Cost • Economies, Diseconomies and Constant Returns to Scale | |
| 10 | Market Structure-I <ul style="list-style-type: none"> • Perfect Competition/ Pure Competition • Different Possibilities of SR firm Equilibrium • Profit Maximization in the Short-run and long-run • Supply curve of competitive firm Market Structure-II <ul style="list-style-type: none"> • Monopoly • Short run and Long run Equilibrium under Monopoly • Barriers of entry • supply curve of monopoly Conclusion (Comparison of both) | Assignment 3 |
| 11 | <ul style="list-style-type: none"> • Pre assessment with macroeconomics A Frame Work Of Macro Economics <ul style="list-style-type: none"> • Definition • Evolution of Macro Economics • Scope of Macro Economics • Integration of Micro and Macro Economics • Influence of Macroeconomics to different people in society • Objectives of macroeconomics • Difference between function and equation | Quiz 3 |

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| 12 | <p>Measuring Economic Performance</p> <ul style="list-style-type: none"> • Concepts of National Income • Circular flow of National Income • Measurement of National Income • Special cases of GDP • Income Approach • Expenditure Approach • Components of GDP <ul style="list-style-type: none"> Real vs nominal GDP • GDP Deflator • Is GDP good measure of Economic wellbeing? | |
| 13 | <p>Measuring cost of living</p> <ul style="list-style-type: none"> • Purpose of measurement • The consumer price index • Problems in measuring cost of living • The GDP Deflator versus the consumer price index • Correcting economic variables for the effects of inflation • Real and Nominal variables • Costs of inflation | Assignment 4 |
| 14 | <p>Gauging Joblessness</p> <ul style="list-style-type: none"> • Types of unemployment • Identifying unemployment • Discourages workers • Why there is always some unemployment • The theory of efficiency wages • Minimum wage laws | Quiz 4 |
| 15 | <p>Miscellaneous</p> <ul style="list-style-type: none"> • Barter system • Money: its meaning, function, kinds and scales • Banks and the money supply • Monetary Policy • Tools of monetary control • supply of money • demand of money • Money Market • Quantity theory of money • Fiscal policy and tools | |
| 16 | END TERM EXAMINATION | |

