

04 - BUSINESS ECONOMICS (Operational Level-2) Practical Industry Knowledge (PIK) Stream

INTRODUCTION

This course is designed to focus on fundamentals concepts of economic and to develop understanding and skills of the students in order to enable them to identify and correlate various economic issues, to cost and management accounting for taking managerial decisions.

OBJECTIVE

This course enables the students to:

- Identify how a market economy functions,
- Develop an understanding of the economic environment, under which business operates,
- Develop the economic analysis for the guidance and information of decision-makers, and
- Identify the economic factors, influencing the behaviour and performance of firms and industries.

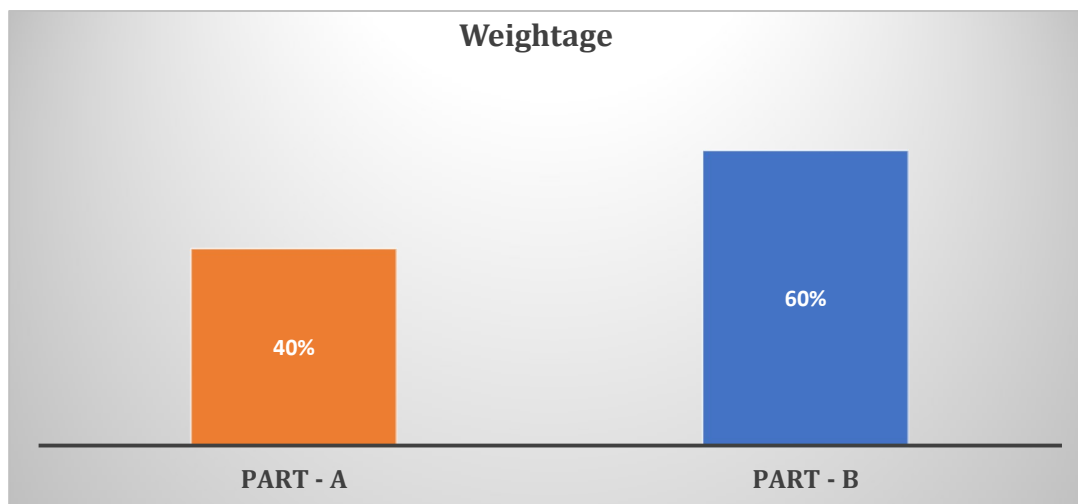
LEARNING OUTCOMES

Upon completion of this course, students will be able to:

- Understand short run and long run cost behaviour

- Realize the impact of long run costs on industry structure;
- Elucidate Supply and Demand Curve along with the formation of Equilibrium price;
- Prepare price stabilisation policy considering the reasons for price instability in markets for primary goods;
- Comprehend implications of price instability for producer Incomes and supply;
- Understand measures of markets competition and concentration;
- Explicate the effects of monopoly and collusive practices;
- Elucidate the nature of externalities and the government measures to deal with it;
- Realize the roles of central banks and state bank of Pakistan
- Understand key features of Pakistan's current fiscal and monetary policies
- Know about the government macroeconomics policy goals;
- Comprehend the causes of imbalance in the balance of payment;
- Ascertain Interest rate determination and its trends in Pakistan

SYLLABUS CONTENTS



PART - A

1. Nature and Scope of Economics

- Micro VS Macro
- Terminology of Economics; land, labour, capital and enterprise

- Basic economics school of thoughts, Classical, new classical and modern school of thought
- Major economics system of the world capitalism, socialism and Islamic

2. Consumer's Behavior and Its Analysis

- Law of Diminishing Marginal Utility
- Consumer's equilibrium through Indifference Curves Techniques
- Income Effect, Price Effect and Substitution Effect
- Consumer's surplus.

3. Demand & Supply Analysis

- Formation of Equilibrium price

4. Price Elasticity

- Calculation of Price Elasticity of Demand
- Impact of Price Elasticity
- **Price Instability and Government Measures**
- Price Stabilization Policies
- Minimum and Maximum Pricing Policies in Markets including factor markets

5. Cost Behavior

- Iso cost and isoquant concepts

6. Competition, Market Effects and Government Measures

- Measures of Market Competition and Concentration
- Effects of Monopoly and Collusive Practices
- Competition Policy

- Government Measures to deal with Externalities

PART - B
7. Macroeconomic: Trade Cycle

- Factors affecting National Income
- Circular Flow of Income
- Impact of the Trade Cycle on Business Environment
- Multiplier effect

8. Macroeconomic: The Role of Government

- Government Macroeconomic Policy Goals
- Elements of Public Finance
- Unemployment
- Inflation
- Fiscal Policy
- Monetary Policy

9. Economy of Pakistan

- Discuss inflation in Pakistan and its causes
- key features of Pakistan's current fiscal and monetary policy
- Function and role of Central bank and state bank of Pakistan
- Balance of payment and trade and their trends in Pakistan, 2025 fiscal policies and CBDC (Central Bank Digital Currency) trends.