

Course Outlines for MS Economics & Finance

Course Description for Compulsory Courses
EC 501 - Microeconomic Theory
Nature, scope and methods of economics, basics problems of an economy, equilibrium, statics and dynamics. Theory of choice & demand under uncertainty & risk. Intertemporal choices, technology, production functions & laws of production, isoquants or equal product curve, cost analysis and profit maximization. Competition, monopoly, oligopoly, game theory, moral hazards and adverse selection. Signaling, optimal contracts, general equilibrium and welfare economics.
<i>Indicative Reading:</i> <ul style="list-style-type: none">• <i>H Varian 'Microeconomic Analysis' (Latest Edition) Published by W. W. Norton & Company</i>• <i>Micro Economics Theory & Application by G.S. Marialn Ellen Miller McGraw Hill International Edition</i>• <i>P. Ghai, A. Gupta, Microeconomics Theory And Applications, Publisher: Sarup & Sons 2002</i>

EC 502 - Macroeconomic Theory

Theory and measurement of national income Accounts, product side and income side. measurement of the Components of national accounts, price indices, Construction and problems, real VS nominal GNP. Aggregate demand, determination of equilibrium level of income & output, effects on equilibrium of shifts in aggregate demand (Multiplier Analysis) of changes in government Spending, taxes and transfer payment. Theories of consumption, investment, money supply and money demand. The IS-LM model and the interaction of fiscal and monetary policies. Rational expectations and uncertainty in macroeconomic models. Macroeconomic equilibrium with internationally mobile capital, sticky prices and exchange rate overshooting.

Indicative Reading:

- *W H Branson 'Macroeconomic Theory and Policy, (Latest Edition) Publisher: Harper and Row,*
- *Abel, Andrew B. & Hernanke. Ben S. (1995), Macroeconomics, (Latest edition) Wesley Publishing Company*
- *David Romer's, Advanced Macroeconomics, (Latest Edition) McGraw-Hill*

EC 503 - Mathematics for Economics and Finance

The nature of mathematical economics and finance. The theory of finance and economics. Mathematical economics; input-output model, constraint and unconstrained optimization, integral calculus, first and higher order differential equations, simultaneous differential equations, and linear programming. Mathematical finance; time value of money, bond valuation and duration, stock valuation, financial decision making models under certainty and uncertainty, minimizing risk on the portfolio and the capital asset pricing model.

Indicative Reading:

- *A C Chiang 'Fundamental Methods of Mathematical Economics' (Latest Edition)
Published by McGraw-Hill International*
- *S J Khoury 'Mathematical Methods in Finance and Economics' (Latest Edition), West
Publishing Co.*
- *Simon, C.P. and L. Blume Mathematics for economists. (Latest Edition), New York:
W.W Norton*

Software: Excel, Minitab, SPSS

EC 504 – Econometrics

Definition and scope of econometrics, theoretical and applied econometrics, methodology of econometric research. Types of data, econometric models and functional forms. deterministic and stochastic model, The simple and general regression models, least squares estimation, hypothesis testing, Econometric problems autocorrelation, heteroscedasticity, and multicollinearity, concepts, consequences, tests and remedial measures. Extension of the linear regression model, violation of the classical least squares assumptions, generalized least squares, measurement errors, distributed lag models, seasonality, simultaneous equation models, identification, cointegration, error correction models and application of econometric in finance.

Indicative Reading:

- *W Greene 'Econometric Analysis' (Latest Edition,) Publisher, Prentice Hall,*
- *H R Fogler & S Ganapathi 'Financial Econometrics' (Latest Edition) Published by Prentice-Hall,*
- *Gujrati, N. D. Basic Econometrics Harper, Row, (latest Edition)*
- *Johnston, J.J. Econometric Methods (Latest Edition) McGraw Hill*

Software: Excel, Minitab, SPSS, EViews, R-643

EC 505 - Financial Accounting

Financial statements, recording business transactions, completion of accounting cycles and preparation of financial statements, receivables and payables. Inventory system, capital, revenue and expenditures. Plant and equipment and analysis of financial statements, depreciation analysis. Partnership, accounting for corporation, analysis and interpretation of financial statement, ratio analysis, investment in marketable securities, stockholders, equity, retained earnings, and dividends.

Indicative Reading:

- *W B Meigs and R F Meigs 'Accounting: the Basis for Business Decisions' (Latest Edition), Published by McGraw-Hill*
- *Needles, Anderson & Caldwell, "Principles of Accounting" Houghton Mifflin Company.*
- *Frank Wood 8th Edition by Pitman Publishing.*

Software: sage

Course Description for Elective Courses

EC 506 – Money and Banking

Money: Its nature and function. Monetary Theory: The Classical Model, quantity theory of money, interest rate determination in classical model. Monetary Theory: The Keynesian Model Keynes Macro Economics Policy (Monetary and Fiscal Policy), IS – LM Curves. Modern Monetary Theory, Monetarism, New Classical Economics and Real Business Cycle Theory Post – Keynesians. Managing Money, Making money in capital list Financial System, Money Multiplier and Credit Multiplier. Monetary Policy (Objectives and Intermediate targets). Open Market operation \ Discount rate Operation \ Reserve Requirements \ Selective Credit Central \ Credit Ceiling \ Credit planning. Central Bank (State Bank of Pakistan) Operational Mandates, Structure and Operations. Commercial Banks, Functions of Commercial and its Scope. Financial Market in Pakistan, Money Market, Market for Foreign Exchange, Equity Market, Bond Market

Indicative Reading:

- *Money and Banking V. 2.0 (2012) by Robert E. Wright and Vincenzo Quadrini (Saylor foundation)*
- *Rose S. Peter Commercial Bank Management 3rd ed. Chicago: Richard D. Irwin, Inc.*
- *Simpson D Thomas “Money Banking & Economics Analysis” Prentice Hall College Div; 3 Sub edition (December 1986)*

EC 507 - Financial Markets and Institutions

Financial markets; the stock market, the bond market, the money market, the foreign exchange market, the forward market the futures market, the option market, the swap market, the Eurocurrency market and their structure, functions and place in the global economy. Financial institutions; the theory of financial structure, bank and non-bank financial institutions, risk management, the money supply process and the central bank and the conduct of monetary policy.

Indicative Reading:

- *F S Mishkin 'Financial Markets, Institutions and Money' (Latest edition), Macmillan's Global Publishing*

EC 508 - International Trade and Finance

The neo-classical trade theories and the new trade theories emphasizing on economies of scale and imperfect competition, the benefits, pitfalls and problems in foreign trade, trade policies, the roles of international financial and trade bodies, multinational enterprises, foreign exchange markets, balance of payments and theories of balance of payments. Theories of exchange rate determination, exchange rate arrangements, cash & spot exchange markets, forward, futures & optional markets, the purchasing power parity theory, interest parity, the international financial system and the international debt crisis.

Indicative Reading:

- *L Copeland 'Exchange Rates and International Finance' (Latest Edition) , Publisher Prentice Hall, and*
- *Dominick Salvatore 'Introduction to International Economics' (Latest Edition), John Wiley and Sons*

EC 509 - Investment Analysis and Portfolio Management

The investment background, development in investment theories, valuation principles and practices. Analysis and management of bonds, stocks and derivative securities. Securities markets and indicators. Development in investment theory; efficient capital market, portfolio management, asset pricing model and testing of asset pricing theories. Derivative markets and securities. Valuation principles and practices; analysis of financial statements, valuation of bonds and common stocks. Industry analysis, company analysis, technical analysis and derivative security analysis.

Indicative Reading:

- *F K Reilly and K C Brown 'Investment Analysis and Portfolio Management' (Latest Edition), John Wiley and Sons*

EC 510 - Project Appraisal and Management

Basic Ideas of Projects, Main Features of Projects, Capital Budgeting, Importance and Difficulties, Project Development Cycle. Aspects of Appraisal, Objective of Investment Decision Making, Basic Consideration: Risk and Return. Market Appraisal, Technical Appraisal, Financial Aspects of Appraisal. Cost of Project and Means of Financing: Cost of Project, Major Components and their Details. Means of Financing: Planning the Capital Structure of a New Company: Financial and Development Financial Institutions. Profitability: Financial Projections. Economic and Financial Appraisal – Single Project, Project Selection Criteria, Preparation of Appraisal (Feasibility) Report

Indicative reading:

- *Steve Curry & John Weiss, “Project Analysis in Developing Countries”, St. Martin Press Inc. USA (Latest Edition)*
- *Ch. Muhammad Hussain, “Project Appraisal, Monitoring & Evaluation Process, Karachi Royal Book Co. Karachi.*
- *Prasanna Chandra “Projects, Preparation, Appraisal, Budgeting and Implementation”, (Second Edition), Indian Institute of Management, Banglore,*

EC 511 - International Business Strategy

The world of international business; the challenge of international business, the multinational enterprise, the triad and international business. The international business environment; international politics, culture, trade and finance. International business strategy, global strategic planning, operational strategy, production strategy, marketing strategy, human resource management strategy, political risk and negotiation strategies and international financial management. International business strategy in actions; doing business in the European community, Japan, North America and Nontriad nations. Future challenges in international business.

Indicative Reading:

- *A M Rugman and R M Hodgetts 'International Business: A Strategic Management Approach' (Latest Edition), McGraw-Hill*

EC 512 - International Development and Finance

The scope of economic development, macroeconomic relationships and market structure. Fiscal deficits, public solvency and the macroeconomy. Financial markets, capital mobility and monetary policy. Exchange rate management, credibility, crisis, exchange rate management, devaluation and real exchange rate rules. Analysis of stabilization programs, growth, debt, structural reforms, endogenous growth, political economy and labour markets.

Indicative Reading:

- *P Agenor & P Montiel 'Development Macroeconomics' (Latest Edition), Princeton University Press.*

EC 513 - Multinational Corporations and Finance

Globalization and the multinational firms. The foreign exchange markets; spot, forward futures, options and swap currency markets. International parity condition and currency forecasting. Foreign exchange risk and exposure. International trade, short-term and long-term financing. The cost of capital, international portfolio investment, foreign direct investment and corporate strategy. Capital budgeting and multinational corporations.

Indicative Reading:

- *A C Shapiro (1996) 'Multinational Financial Management' (Latest edition), Prentice Hall*

EC 514 - Managerial Economics

The nature and scope of managerial economics, nature and function of profit, optimization technique and management tools, business decision making under risk and uncertainty. demand analysis; estimation and forecasting, qualitative forecast, time series analysis, smoothing technique, econometric models, production analysis and cost analysis; estimation, forecasting and planning. Pricing analysis; basic pricing models, price leadership and advertising decisions. Profit planning and control. Capital budgeting and investment.

Indicative Reading:

- *D Salvatore 'Managerial Economics: In Global Economy' (Latest Edition), Oxford University Press*

EC 515 – Financial Management and Risk

An Overview of Financial Management, The Goal of Corporation, Short Term Financing, Working Capital Policy, Time Value of Money, Stock and Bond Values, Introduction to Project Risk Analysis, Beta Risk, Risk and Rates of Return, IERR and IFRR, Risk Behavior, Risk Measurement, Risk and other Topics in Capital Budgeting, The Basic of Capital Budgeting, The Cost of Capital, Capital Structure Decisions, Theory of Capital Structure, Dividend Policy and Share Value, Mergers and Divestitures, Bankruptcy and Reorganization, Islamic Financial System.

Indicative reading:

- *Brigham and Houston, Financial Management, The Dryden Press, 2004.*
- *Gitman, Managerial Finance, Prentice Hall.*
- *Houston and Brigham, Financial Management, Theory and Practice, (10th International Edition), Harcourt Brace College Publishers. 2004.*
- *John J. Hampton, Financial Decision Making, Concepts, Problems and Cases, Prentice Hall, Latest Edition.*

EC 516 - Investment Banking and Management

Banking System in Pakistan, Banks, and Customers including different types of customers, Cheques their payment, endorsement, clearing, and collections, Concept, and law of Negotiable Instruments, Principles, and Forms of Lending, Security for loans, and advances, Collateral, Different Types of Collateral and Security, Measurement of Treasury or Fund Management, Non-Fund Based Revenue, Administration of Banking Operation in Pakistan and Other Countries, Foreign Banks in Pakistan, Letters of Credit, Foreign Exchange, Remittances Interest, Free Banking, Foreign exchange Management of Banks.

Indicative reading:

- *Asrar H. Siddiqui, "Practice and Law of Banking in Pakistan", Royal Book Company, Karachi (latest Edition)*
- *Roland I. Robinson, "The Management of Banks Funds", New York, McGraw Hill, (latest edition)*
- *Edward W. Reed, "Commercial Bank Management", New York, Harper & Ron, (latest edition)*

EC 517 Economic Development and Planning

An overview of Economic Development and Planning, The Economic Development Problem, Process of Economic Development, Policy Evolution, Supply Side Approaches, Competing for Business, Indigenous Development, Demand-Side Approaches and Enterprise Development, Technology and Economic Development, Human Resource and Economic Development, Economic Growth and Development Model, [Community-Based Approaches](#) to Economic Development, Economic Development Practices.

Indicative Reading:

- [Edward J. Blakely](#), *Planning Local Economic Development: Theory and Practice*, Newbury Park, CA: Sage, 1994 [second edition].
- [Peter K. Eisinger](#), *The Rise of the Entrepreneurial State: State and Local Economic Development Policy in the United States*, Madison, WI: University of Wisconsin Press, 1988,
- [Richard D. Bingham](#) and Robert Mier (eds), *Theories of Local Economic Development: Perspectives From Across the Disciplines*, Newbury Park, CA: Sage, 1993.

EC 518 – Analysis of Financial Statement (Prerequisite: Financial Accounting)

Financial statements, their structure, importance and their limitations. Analysis and interpretation of financial statements. Comparative financial statements, current position analysis, stability analysis, profitability analysis and market valuation analysis. Emphasis is placed on the interpretation of financial data by means of comparative statements, trend percentages, detailed analysis of working capital and extensive use of various generally accepted ratios, special problems resulting from current accounting practices in Pakistan and to limitations of statement analysis.

Indicative Reading:

- *L A Bernsten 'Financial Statement Analysis: Theory, Application and Interpretation' (Latest Edition), McGraw-Hill*
- *Karen Schoenebeck, Interpreting and Analyzing Financial Statements, 6th Edition 2012, Pearson.*

EC 519 - Corporate Finance

Forms of business organization, goals of a corporate firm, the role of the financial manager and the agency problems. Financial statements of corporations and their analysis. Financial securities, time value of money and valuation models. Risk-return analysis, portfolio model and the capital asset pricing model. Capital budgeting decisions and criteria. The cost of capital, the theory of capital structure and the Modigliani-Miller theorems. The dividend policy, the theories of dividend policy and ingredients of optimal dividend policy. Short-term financing, long-term financing takeovers and mergers.

Indicative Reading:

- *J F Weston and T E Copeland 'Managerial Finance' (Latest Edition), Blackwell Publishers,*
- *Richard A. Brealey, Stewart C. Myers, Alan J. Marcus, Fundamentals of Corporate Finance, (5th Edition) McGraw-Hill*

EC 520 - Corporate Planning and Performance

Scope of corporate Performance, Performance Evaluation as a Tool of Management Procedure , Review of Systems of control , Corporate Objectives, Strategies, Plans and Performance , Evaluation of Working Papers, Evaluation of Over All Performance / Analysis of Financial Position, Ratio Analysis, Corporate Budgeting, Determining the sources of Purchases, Purchase Prices, Appraisal of Production Management, Management, Quality control Management and R & D (Research and Development)

Indicative Reading:

- *Charles A. Mills, "The Quality Audit", McGraw Hills (Latest Edition)*
- *Leehatt, "Effective Performance Measurement , Pitman (Latest Edition)*

EC 521 - Islamic Banking and Finance

Nature and methodology of Islamic economics, Islamic banking and public finances in Islamic perspective. Prohibition of riba, rationale of Islamic banking, alternative models of Islamic banking, liquidity problems in Islamic banking, deposit and credit creation. Central banking, monetary management, tradeable financial instruments, international transactions, riba-free micro financing, consequences of profit-sharing, the problems of moral hazards and adverse selection in Islam.

Indicative Reading:

- *Asma siddqui (edited) Anthology of Islamic Banking and Insurance, IIBI London*
- *Accounting Issues in Islamic Banking published by IIBI London*
- *IIIE's Blueprint on Islamic Financial System' and Selective Readings.*

EC 522 - Business Management

Motives and functions of a business, business ethics and social responsibility, selecting a form of business ownership. Management, levels of management, functions of manager, managerial skills, human resource management. Marketing, creating, maintaining and strengthening marketing, Improving productivity and quality, resources used for production process, production process and control. Entrepreneurship, developing a business plan, risk management by entrepreneurs.

Indicative Reading:

- *Jeff Madura, Introduction to Business, South–Western Cengage Learning, 2007.*
- *Khan A. Matin, Business in its Broader Perspective, New Urdu Bazar, Karachi, 2001.*
- *Koontz & Fulmer, A Practical Introduction to Business, Richard D. Irwin Inc., 2000.*
- *Louise E. Boone, David L. Kurtz, Contemporary Business, Harcourt College Publishers, 2002.*

EC 523 – Entrepreneurship

The Concept of Entrepreneurship, Foundation of Entrepreneurship, The Economist View of Entrepreneurship, Entrepreneurship and Management, The Practice and Process of Entrepreneurship, Entrepreneurship and Innovation, Sources of Innovation Opportunities, Developing an Entrepreneur, Factors Influencing Entrepreneurship, Entrepreneurship Organization, Entrepreneurship and SMEs, Entrepreneurial Marketing, Entrepreneurship and Economic Development, Case Studies of Successful Entrepreneurs.

Indicative Reading:

- *Burns Paul and Hurst Jim Dew, Small Business and Entrepreneurship, McMillan, 1997*
- *Drucker Peter F., Innovation and Entrepreneurship, McGraw Hill, Inc. N.Y., 2007.*
- *Mariotti Steve, National Foundation for Teaching Entrepreneurship, Prentice Hall, 2007.*

EC 524 - Research Methodology

Introduction to research in applied economics. The Role of Business Research. Research process and stages. Developing Research Proposals. Research framework and designs. Literature review and Referencing. Qualitative Research Techniques: Ethnography, Narrative Inquiry, Action research, Case study, Grounded theory, Content analysis. Primary data, Secondary data Quantitative Research Techniques: Descriptive, Experimental, Survey. Measurement and scaling. Data collection tools, Interviews, Questionnaire, Observation, Document analysis, Sampling and its types. Reliability and Validity .Ethical issues in research.

Indicative Reading:

- *Cooper, Donald R., and Pamela S. Schindler, Business Research Methods, (7th Edition), Burr Ridge, IL: McGraw Hill, 2001.*
- *Research Methodology by R. Panneerselvam Prentice Hall of India Pvt. Ltd. 2004*
- *Doing Quantitative Research in the Social Sciences: An Integrated Approach to Research*

Design, Measurement, and Statistics. Black, T. R. London, UK: Sage.1999

- *Social Research Methods, by Alan Bryman, (4th edition), Oxford University Press. 2012*
- *Social Research Methods – Qualitative and Quantitative approaches (7th edition) by W*

Lawrence Neuman, Pearson Education. 2009

• *Qualitative Research for Education: An Introduction to Theory and Methods (3rd edition) Bogdan, R. C., Biklen, S. K. New York: Allyn and Bacon. 1998*

- *Research design: Qualitative, Quantitative, and Mixed Methods Approaches. Creswell, J. W. London: Sage Publication.2003*
- *Doing and Writing Qualitative Research. Holliday, A. London: Sage. 2000*

Course Description for Customized Courses

EC 401 - Principles of Economics

Economic Issues, scarcity and the competing use of resources, the role of the market, the scope of economics, microeconomics and macroeconomics, diversity of economics, the three problems of economic organization: market, command and mixed economies, the methods of economics, positive economics, normative economics, issues and applications, theories and models, theory of consumer behavior, theory of firm, profit maximization, market structures, general equilibrium, The role of national income accounting, short-run macroeconomic models and policy multipliers, The aggregate supply curve in the new Keynesian and the new Classical models, Equilibrium in the open economy, business cycle theories.

Indicative Reading:

- *H R Varian 'Intermediate Microeconomics: A Modern Approach,' (Latest Edition), W. Norton & Company and*
- *Dornbusch and Fischer 'Macroeconomics (Latest Edition), McGraw-Hill*

EC 402 - Mathematical Economics

Economic models, equilibrium analysis, sets, relations and functions and graphic representation. linear equations and inequalities, system of linear equations, linear functions and its application, simultaneous equations, break – even models, matrix algebra, Introduction to Matrices, Types of Matrices, Matrix Operations and Determinant limit, continuity and derivatives, differentiation, rules of differentiation, average rate of change instantaneous rate of change. Integral calculus, the antiderivative concept, rules of integration, differential equations, optimization, and applications in economics.

Indicative Reading:

- *A C Chiang 'Fundamental Methods of Mathematical Economics' (Latest edition), McGraw-Hill*
- *Budnick Frank S., Applied Mathematics for Business Economics and Social Sciences, McGraw Hill, 1993.*
- *Lawson Michel and Hubbord Stephen and Paul Pugh, Maths and Statistics for Business, Longman Singapore Publishers, 1993.*

EC 403 - Introduction to Accounting

This course basically deals with the fundamentals of accounting. The objectives of this course is to provide the students with an applied knowledge of accounting concepts, principles, procedures, systems for preparation of financial statements, accounting treatment of current assets and liabilities, tangible and intangible assets, inventory valuation, Students should become adept at classifying problems, situations and applying the required accounting principles.

Indicative Reading:

- *John R. Dyson, Accounting for Non Accounting Student (latest Edition), Prentice Hall*
- *Horngren, Harrison, Robinson, Accounting, Prentice Hall Inc., 3rd Edition, 1995.*
- *Robert. Meigs, Williams Jan R., Haka Susan F., Bettner Mark S., Accounting, McGraw Hill, 10th Edition, March 1996.*
- *Sticky and Weif, Financial Accounting, Harcourt, 9 th Edition, 2000.*