

Macroeconomics
Business Economics- Macro

Semester: III

Subject Code: C31603

Lectures: 60

Objectives:

At the end of the Semester, a student opting for the paper : Business Economics (Macro) should be equipped to understand –

- The basic theoretical framework underlying the field of Macroeconomics
- The macroeconomic concepts with the help of numerical problems and graphical presentations.
- The importance of macroeconomic variables and their relevance to everyday life.

Unit 1: Introduction to Macroeconomics

8

- Introduction to Macroeconomic Concepts-
 - Equilibrium and Disequilibrium
 - Macro Static and Macro Dynamic
 - Endogenous and Exogenous Macro Variables
- Macroeconomics-
 - Meaning, Nature and Scope of Macroeconomics
 - Importance and Limitations of Macroeconomics
 - Paradoxes of Macroeconomics

Unit 2: National Income

12

- Meaning of National Income
- Circular Flow of Income – 4 Sector Model, Withdrawals and Injections
- Gross Domestic Product (GDP) and Gross National Product (GNP)
- Net Domestic Product (NDP) and Net National Product (NNP)
- National Income at Market Price and National Income at Factor Cost
- National Income at Current Prices and National Income at Constant Prices
- Personal Income, (PI) and Disposable Income (DI)



- Methods of measurement of National Income
- Difficulties in the measurement of National Income
- Numerical Examples

Unit 3: Theories of Income and Employment

10

- Classical Theory of Income and Employment-
- Concept of Full Employment
- Features of Classical Theory of Income and Employment
- Say's Law of Markets; Pigou's Wage Cut Theory
- Limitations of Classical Theory
- Features of Keynesian Theory of Income and Employment
- Principle of Effective Demand-Aggregate Demand Function(ADF) & Aggregate Supply Function(ASF)
- Underemployment Equilibrium.

Unit 4: Consumption Function & Savings Function

10

- Meaning of Consumption Function
- Keynes' Psychological Law of Consumption
- Average Propensity to Consume (APC) & Marginal Propensity to Consume (MPC);
- Savings Function- Average Propensity to Save (APS) & Marginal Propensity to Save (MPS);
- Factors affecting Consumption Function
- Motives for Savings
- Post Keynesian Developments- Absolute Income, Relative Income and Permanent Income Hypothesis

Unit 5: Investment Function

8

- Investment Multiplier-



- Concept, Working, Assumptions
- Leakages and Limitations of Multiplier
- Investment Function –
 - Marginal Efficiency of Capital(MEC) and Rate of Interest
 - Factors affecting Marginal Efficiency of Capital(MEC)
- Principle of Acceleration
- Multiplier- Accelerator Interaction

***Assignments and library hours – 12 hours**

Recommended Text Books:

- Ahuja, H.L (2008)-“ *Macroeconomic Theory & Policy*”, S.Chand & Co., N.Delhi.
- Dwivedi, D.N(2008)-“ *Macroeconomics Theory and Policy*” Seventh Reprint, Tata McGraw Hill Publishing Co. Ltd., N.Delhi.
- * • Misra, S.K & Puri, V.K “*Modern Macroeconomic Theory*”, latest ed, Himalaya Publishing House, Mumbai.
- * • Misra, S.K & Puri, V.K (2007)-“ *Business Economics*” Himalaya Publishing House, Mumbai.
- Seth M.L (latest ed.)-“ *Macroeconomics*”, L. N. Agarwal Publishers, Agra.
- Vaish, M.C -“*Macroeconomic Theory*”, WishwaPrakashan (A division of Wiley Eastern Ltd.), N. Delhi, latest ed.

Reference Books:

- C.R. McConnell and H.C. Gupta (1987)-“*Introduction to Macroeconomics*”, Tata McGraw Hill Publishing Company, N.Delhi.
- Paul Samuelson and William Nordhaus-“*Economics*”, latest ed. McGraw Hill Book Company.
- F.S. Brooman (1971)-“*Macroeconomics*”, George Allen and Unwin, London.



- Harvey, J and Johnson, M (1971)-"*Introduction to Macroeconomics*", Macmillan Press Ltd.
- Lipsey, R. G. & Chrystal, A. "*An Introduction to Positive Economics*" ELBS, latest ed, Oxford Univ. Press.
- Suraj B. Gupta "*Monetary Economics*", S. Chand and Co., New Delhi, latest ed..
- D. Wrightsman (1983)- "*An Introduction to Monetary Theory and Policy*", The Free Press, New York.
- Ackley, G (1978)- "*Macroeconomic Theory*", Collier Macmillan Publishers.
- Shapiro, E (1984)- "*Macroeconomic Analysis*", Galgotia Publications, New Delhi.
- Fisher, S & Dornbusch, R (1983)- "*Economics*", McGraw Hill International Book Co.
- Fischer S, Dornbusch R & Schmalensee R (1988)- "*Economics*", Second International edition, McGraw Hill Book Co.
- Begg D, Fisher S & Dornbusch R- "*Economics*", 3rd ed, McGraw Hill Book Co.
- Hubbard R. Glenn & O'Brien, Anthony Patrick (2006)- "*Macro Economics*", Pearson Education Ltd.
- Sloman, John & Sutcliffe, Mark (2004)- "*Economics for Business*", 3rd Ed. Pearson Education Ltd.
- Eugene A. Diulio: Schaum's Outline of "*Theory and Problems of Macroeconomics*", 3rd ed. Tata Mc-Graw Hill Publishing Company Ltd., New Delhi.

Macroeconomics
Business Economics- Macro

Semester: IV

Subject Code: C41603

Lectures:60

Objectives:

At the end of the Semester, a student opting for the paper: Business Economics- Macro should be equipped to understand –

- The basic theoretical framework underlying the field of Macroeconomics
- The macroeconomic concepts with the help of numerical problems and Graphical presentations.
- The importance of macroeconomic variables and their relevance to everyday life.

Unit 1: Money I

10

- Meaning, Evolution and Functions of Money
- Supply of Money-Concept and Determinants of Money Supply
- Role of Commercial Banks- Credit Creation
- Role of Central Bank- Credit Control

Unit 2: Money II

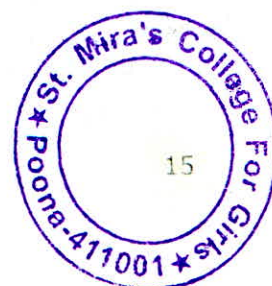
8

- Demand for Money- Meaning
- Keynesian Approach-Motives for Liquidity Preference- Liquidity Trap
- Value of Money-Meaning
- Quantity Theory of Money-
 - Fisher's Approach
 - Cambridge Approach

Unit 3: Inflation and Deflation

10

- Inflation – Meaning and Definition
- Types of Inflation



- Concepts of Stagflation and Reflation
- Demand- Pull Inflation and Cost- Push Inflation
- Causes and Effects of Inflation
- Deflation – Meaning, Causes and Effects of Deflation

Unit 4:Trade Cycles

10

- Meaning, Types and Features of Trade Cycles
- Phases of Trade Cycles
- Causes of Trade Cycles
- Control Of Trade Cycles

Unit 5:Public Finance

10

- Meaning, Scope and Importance of Public Finance
- Comparison Between Public Finance and Private Finance
- Principle of Maximum Social Advantage
- Public Revenue – Tax and Non- Tax Revenue; Meaning and Features of Tax, Impact, Shifting and Incidence of Tax; Direct and Indirect Taxes
- Public Expenditure – Meaning and Types; Causes of rising Public Expenditure
- Budget – Concept, Composition, and Types of Budget

***Assignments and library hours – 12 hours**

Recommended Text Books:

- Ahuja, H.L (2008)-“ *Macroeconomic Theory & Policy*”, S.Chand & Co., N.Delhi.
- Dwivedi, D.N(2008)- “ *Macroeconomics Theory and Policy*” Seventh Reprint, Tata McGraw Hill Publishing Co. Ltd., N.Delhi.
- Misra, S.K & Puri, V.K “*Modern Macroeconomic Theory*”, latest ed, Himalaya Publishing House, Mumbai.
- ✱ • Misra, S.K & Puri, V.K (2007)- “ *Business Economics*” Himalaya Publishing House, Mumbai.
- Seth M.L(latest ed.)- “ *Macroeconomics*”, L. N. Agarwal Publishers. Agra.
- Vaish, M.C-“*Macroeconomic Theory*”, WishwaPrakashan



(A division of Wiley Eastern Ltd.), N. Delhi, latest ed.

Reference Books:

- C.R. McConnell and H.C. Gupta (1987)-*"Introduction to Macroeconomics"*, Tata McGraw Hill Publishing Company, N.Delhi.
- Paul Samuelson and William Nordhaus-*"Economics"*, latest ed. McGraw Hill Book Company.
- F.S. Brooman (1971)-*"Macroeconomics"*, George Allen and Unwin, London.
- Harvey, J and Johnson, M (1971)-*"Introduction to Macroeconomics"*, Macmillan Press Ltd.
- Lipsey, R. G. & Chrystal, A. *"An Introduction to Positive Economics"* ELBS, latest ed, Oxford Univ. Press.
- Suraj B. Gupta *"Monetary Economics"*, S. Chand and Co., New Delhi, latest ed.
- D. Wrightsman (1983)- *"An Introduction to Monetary Theory and Policy"*, The Free Press, New York.
- Ackley, G (1978)-*"Macroeconomic Theory"*, Collier Macmillan Publishers.
- Shapiro, E (1984)-*"Macroeconomic Analysis"*, Galgotia Publications, New Delhi.
- Fisher, S & Dornbusch, R (1983)-*"Economics"*, McGraw Hill International Book Co.
- Fischer S, Dornbusch R & Schmalensee R (1988)-*"Economics"*, Second International edition, McGraw Hill Book Co.
- Begg D, Fisher S & Dornbusch R-*"Economics"*, 3rd ed, McGraw Hill Book Co.
- Hubbard R. Glenn & O'Brien, Anthony Patrick (2006)- *"Macro Economics"*, Pearson Education Ltd.
- Sloman, John & Sutcliffe, Mark (2004)-*"Economics for Business"*, 3rd Ed. Pearson Education Ltd.
- Eugene A. Diulio: Schaum's Outline of *"Theory and Problems of Macroeconomics"*, 3rd ed. Tata McGraw Hill Publishing Company Ltd., New Delhi.
- Musgrave R.A (1959), *"The Theory of Public Finance"*, International Student ed, McGraw Hill Co.
- Sundaram, KPM & Andley, K.K (2001)-*"Theory and Practice of Public Finance"*, S. Chand & Co. N. Delhi.

