

PROGRAM	Bachelors Of Commerce /Bachelors Of Commerce(Hons)
SEMESTER	II
COURSE TITLE	Macroeconomics
COURSE CODE	04BC0202
COURSE CREDITS	04
COURSE DURATION	48 Hrs (48 sessions of 60 minutes each)

COURSE OUTCOMES:

- To explain the concept of macroeconomics and apply the circular flow of income and expenditure
- To identify with the basics of national income accounting
- To analyze the income determination through classical and Keynesian economics
- To comprehend why household, business, government and global behavior determine the aggregate demand for goods and services.
- Learn the important concepts in money, banking and exchange and their significance in day to day life.
- To relate open economic interpretation to understand the operation of an economy

Teaching and Examination Scheme

Teaching Scheme (Hours)			Credits	Internal Marks (50%)		End-Semester Examination (50%)			Total Marks
Theory	Tutorial	Practical		IA	CSE	Theory	Practical/Viva	Term Work (TW)	
4	0	0	4	30	20	50	0	0	100

Course Contents:

Unit No	Unit/Sub-unit	Sessions
I	Introduction to Macroeconomics & National Income: Nature and Scope of Macroeconomics, Circular Flow of Income and National Income Accounting, Concepts of GDP and NDP- Sectoral Composition of National Income - GDP measured at Factor Price and Constant Prices- Concept of GNP and NNP, Factor Cost and National Income-Per Capita income, Disposable Income and Personal Disposable Income- Measurement of National Income – Difficulties in measuring National Income	10

II	Keynesian Economic Theory Say's Law of Market and its criticism by Keynes. Simple Keynes Model of Income Determination. Concepts of Consumption Function, Saving Function and Investment Function. Average Propensity to consume, Marginal Propensity to Consume, Investment Multiplier–Marginal Efficiency of Capital and factors affecting MEC.	10
III	Money Supply and Central Bank Meaning and Evolution of Money- Definition of Money- Functions of Money – Demand for Money - Quantity Theory of Money- Fisher's Equation of Exchange-Cambridge Theory. Supply of Money – Determinants of Money Supply- Components of Money Supply- RBI's Approach-M1, M2, M3, M4.	10
IV	Business Cycle & Inflation Concepts of Business cycle – Four phases of Business Cycle – Interest rate –Loanable fund Theory and Liquidity preference theory- Motives for liquidity preference-- Transaction Motive, Precaution Motive, Speculative Motive. Factors affecting interest Rate, Inflation-Meaning, Types, Causes, Effects-Inflation and Investment.	10
V	Open Economy Macroeconomics Balance of Payments –Meaning and assessment, Balance of payment and disequilibrium causes and remedies. Introduction to Foreign Exchange Rates-Fixed V/s Flexible foreign exchange rates. Exchange rate determination.	08

Suggested Readings:

Text Books:

Sr.No	Author/s	Name of the Book	Publisher	Edition & Year of Publication
T-01	H.L.Ahuja	Macro Economics	S Chand Publishing	1, Jan 2019

Reference Books:

Sr. No	Author/s	Name of the Book	Publisher	Edition & Year of Publication
R-01	Dornbusch, Fisher, Startz (2005)	Macroeconomics	Tata Mcgraw-Hill; Publishing Company	2005

			Ltd New Delhi	
R-02	D. N. Dwivedi	Macroeconomics Theory and policy	Tata Mcgraw Hill	4 th edition
R-03	R.G. Lipsey and K.A. Chrystal	“Principles of Economics	Oxford University Press	9 th Edition
R-04	Ackley, G.	Macro-Economic Theory	Macmillan, New York	2016
R-05	Shapiro, E	Macroeconomic Analysis	Galgotia Publication, New Delhi	5 th Ed, 2001