

INSTITUTE	FACULTY OF MANAGEMENT STUDIES
PROGRAM	BACHELOR OF BUSINESS ADMINISTRATION
SEMESTER	2
COURSE TITLE	MACROECONOMICS
COURSE CODE	04BB0201
COURSE CREDITS	4

Course Outcomes: After completion of this course, student will be able to:

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

Pre-requisite of course:None

Teaching and Examination Scheme

Theory Hours	Tutorial Hours	Practical Hours	ESE	IA	CSE	Viva	Term Work
4	0	0	50	30	20	0	0

Contents : Unit	Topics	Contact Hours
1	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
2	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

Contents : Unit	Topics	Contact Hours
3	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
4	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
5	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	8
Total Hours		48

Textbook :

- 1 Macro Economics, H.L.Ahuja, S Chand Publishing, 2019

References:

- 1 Macroeconomics, Macroeconomics, Dornbusch, Fisher, Startz (2005), Tata Mcgraw Hill; Publishing Company Ltd New Delhi, 2005
- 2 Macroeconomics Theory and policy, Macroeconomics Theory and policy, D. N. Dwivedi, Tata Mcgraw Hill, 2018
- 3 Principles of Economics, Principles of Economics, R.G. Lipsey and K.A. Chrystal, Oxford University Press, 1999
- 4 Macro-Economic Theory, Macro-Economic Theory, Ackley, G., Macmillan, New York, 2016
- 5 Macroeconomic Analysis, Macroeconomic Analysis, Shapiro, E, Galgotia Publication, New Delhi, 2013

Suggested Theory Distribution:

The suggested theory distribution as per Bloom’s taxonomy is as follows. This distribution serves as guidelines for teachers and students to achieve effective teaching-learning process

Distribution of Theory for course delivery and evaluation					
Remember / Knowledge	Understand	Apply	Analyze	Evaluate	Higher order Thinking
20.00	30.00	25.00	15.00	10.00	

Instructional Method:

- 1 Theory

Supplementary Resources:

- 1 <https://byjus.com/commerce/national-income-accounting>
- 2 <http://ppup.ac.in/download/econtent/pdf/keynesiantheoryofincomedetermination-140303110359-phpapp02.pdf>
- 3 https://www.richmondfed.org/~media/richmondfedorg/publications/research/economic_review/1974/pdf/er600301.pdf
- 4 <https://www.imf.org/external/pubs/ft/fandd/basics/30-inflation.htm#:~:text=Inflation%20is%20typically%20a%20broad,as%20a%20haircut%2C%20for%20example.>
- 5 <https://economictimes.indiatimes.com/definition/macroeconomics>
- 6 2) https://www.uh.edu/~bsorensen/Macro_Lecture_Notes.pdf
- 7 3) <https://www.worldbank.org/en/topic/macroeconomics>