

JYOTI NIVAS COLLEGE AUTONOMOUS
Syllabus (2021 Onwards)
B.A –DSC 2.3
ECONOMIC ANALYSIS -II
(SECOND SEMESTER)

45 HOURS: 3 CREDITS

LEARNING OBJECTIVES:

- To describe the integrated working of the economy.
- To state the basics of national income accounting.
- Explain business cycle, the significance of monetary policy/fiscal policy during inflation and recession.
- Examine the dynamic interaction between the domestic and world economy.
- Assess the significance of foreign investment in a global economy.
- To develop the basics for the study of other branches of economics.

LEARNING OUTCOMES / COURSE OUTCOMES[CO]

At the end of the course the student should be able to:

- Identify the operation of the overall economic system.
- Explain concepts of national income and related aggregates.
- Examine the relationship between macroeconomic aggregates.
- Analyze the nature of business cycles and policies towards controlling them.
- Evaluate the macroeconomic policies for solving major problems like poverty and unemployment.
- To apply the principles / theories of macroeconomics towards understanding decision-making and policy execution.

UNIT I -MACROECONOMIC CONCEPTS AND RELATIONSHIPS
12 HOURS

Chapter 1: Macroeconomy

4 HOURS

Macroeconomics – Meaning and concepts; Introduction to National Income Accounting- definition of national income

Concepts of national income - GDP, GNP, NNP, PI, DPI, PCI

Approaches to calculating GDP-income method, expenditure method, value added method, personal income, Nominal and real GDP- concept of GDP Deflator

Limitations of the GDP concept

Chapter 2: Monetary economy

4 HOURS

Money – definition, features, Characteristics of a monetary economy

The demand for money- definition, classical approach, Keynesian approach-liquidity preference, Milton Friedman’s theory of demand for money.

The supply of money- meaning, components- M1, M2, M3, M4, overall liquidity position-meaning, factors affecting liquidity position.

Credit creation by commercial bank- meaning, process, limitations.

Chapter 3: Inflation

4 HOURS

Inflation – Meaning, types, causes of inflation- demand -pull and cost-push inflation.

Calculating inflation rate- cost of living index/consumer price index

Impact of inflation on production, distribution, and consumption

Application/Skill development:

1. Understanding the relationships between various NI concepts used in India’s NI accounting;
2. Estimating the components of money supply and interpreting the various price indices.

UNIT II - MACROECONOMIC CHALLENGES AND POLICIES

12 HOURS

Chapter 4: Macroeconomic challenges

3 HOURS

Unemployment- meaning, types, causes; Economic Growth- definition, factors affecting economic growth; Business Cycles-definition, stages

Chapter 5: Monetary Policy

3 HOURS

Objectives, Instruments- quantitative and qualitative

Chapter 6: Fiscal Policy

6 HOURS

Public finance vs. Private finance; Fiscal functions and role of government: allocation, distribution and stabilization; Characteristics of public goods, Rationale of public provision of public goods

Application/Skill development:

1. Reviewing the monetary policy of RBI;

2. A project to identify the nature and causes of poverty and the latest central budget

UNIT III - PUBLIC POLICY AND GLOBALIZATION **18 HOURS**

Chapter 7: Poverty and public policy **4 HOURS**

Poverty- Meaning, measurement and types; Poverty alleviation strategies in India

Chapter 8: International Trade **12 HOURS**

The economic basis for trade—absolute advantage and comparative advantage. Terms of trade- meaning, types- gross, net and income terms of trade. Exchange rates- definition, fixed and flexible exchange rate

Trade Barriers-tariffs- meaning, types, subsidies- meaning, types of trade subsidies, quotas – meaning.

Balance of Payments- definition, difference between BOT and BOP, structure of the BOP- The current and capital account.

Chapter 9: Globalization **2 HOURS**

Meaning, Importance, Pros and cons of Globalization

APPLICATION/SKILL DEVELOPMENT:

1. Survey on identification of poor;
2. Calculating the components of BOP of India

BASIC READING LIST

1. Cohen, A.J. (2020). Macroeconomics for Life: Smart Choices for All? + MyLab Economics with Pearson eText (updated 2nd ed.). Toronto, ON: Pearson Canada Inc. Type: Textbook: ISBN: 9780136716532
2. Jhingan M.L- International Economics (2009), 6th Edition, Vrinda Publications Pvt. Limited.
3. Jhingan M.L- Macro Economic Theory, 12th Edition, Vrinda Publications Pvt. Limited.
4. Mankiw, N. Gregory (2013), Macroeconomics, 9th Edition, Worth Publishers.
5. Salvatore, Dominick (2019), International economics, 13th edition, Wiley & Sons, Inc.

ADDITIONAL READING LIST

1. Cohen, A.J. (2015). *Microeconomics for Life: Smart Choices for You + MyLab Economics with Pearson eText* (2nd ed.). Toronto, ON: Pearson Canada Inc. Type: Textbook: ISBN: 9780133899368
2. Case Karl E. and Fair Ray C. *Principles of Economics*, Pearson Education Asia, 2014.
3. Stiglitz J.E. and Walsh C.E. *Principles of Economics*, W.W. Norton & Co, New York, 2011.