

**JYOTI NIVAS COLLEGE AUTONOMOUS
SYLLABUS FOR 2019 BATCH AND THEREAFTER**

Programme: M.Voc. (Banking and Finance)

Semester: II

MACRO ECONOMICS FOR BUSINESS DECISIONS

Course Code: 19MVB202

No. of Hours: 60

COURSE OBJECTIVES:

- To acquaint with the concepts and techniques used in Macro-Economic Theory
- To enable them to apply the knowledge in business decision making.
- Emphasis is given to changes in the nature of business firms in the context of globalization.

LEARNING OUTCOMES:

- To enable students to understand the monetary Policy and fiscal Policy.
- Having a brief understanding of circular flow income.
- Understanding inflation and deflation of the economy.

UNIT I:

12 HRS

Introduction to economics, Macroeconomics and its interface with business and industry. Resources and goals of economic systems - Free market and mixed economy.

Circular flow of income- four sector model; National income and product- concept, computation of national income and related aggregates (GNP, NNP, GDP, NDP, GNP at market price, GNP at Factor price, NNP at market price, real & nominal income, per-capita income, personal income, disposable income); methods of measurement of national income, Problems / Difficulties in computation of national income.

UNIT II:

12 HRS

Consumption, Savings, Investment; Consumption function- Average and Marginal Propensity to consume, Keynes Psychological Law of Consumption; Determinants of consumption, average and marginal Propensity to save. Paradox of thrift, Income and employment determination (Keynesian). Investment multiplier (working and leakages).

UNIT III:

12 HRS

Monetary System- Money - functions, financial intermediaries (commercial banks, NBFC, Co-operative Banks) and role of credit.

Interest rates: meaning, IS-LM theory and macroeconomic equilibrium.

Central Bank - Monetary management and policy.

Fiscal Policy - Objectives, tools, Co-ordination of monetary and fiscal policies.

UNIT IV:**12 HRS**

Economic growth, factors determining economic growth, growth models, capital output ratio, problems of growth. Policies towards economic stability, business cycle, inflation and deflation, control measures, conflicts between growth and stability.

UNIT V:**12 HRS**

Policies towards economic stability- Monetary Policy, Fiscal Policy.

Business cycle- Meaning, features; Inflation and Deflation - Meaning and control measures.

Conflicts between growth and stability

PRACTICAL COMPONENTS:

- Write a report on the products which have changed the market demand.
- Using regression analysis/method, explain how demand is forecasted, with an example from data available.
- Describe four products which were introduced to solve business problems technically.
- Using current economic data, report on inflation in today's economy and the reasons for the current rate of inflation.
- How will you price a banking service product sold by a small private bank. Mention all the factors to be considered and the price in today's market.
- Calculation of CPI and WPI.
- Calculation of GDP and other aggregates.
- Discuss the topic Stagflation.
- Mention the importance of Phillip's Curve.
- Write a report on challenges of technology and employment

BOOKS FOR REFERENCE:

1. Gupta G. S. - Macroeconomic theory- Tata Mc-Graw Hill publications
2. Samuelson, Paul – Economics, Tata Mc-Graw Hill publications
3. Dornbush R & Fisher S – Macroeconomics – Tata Mc-Graw Hill publications
4. Blanchard O. J & Stanley Fischer – Lectures on Macro-economics – Tata Mc Graw Hill publications
5. Dwivedi D N – Managerial Economics – Vikas publications
6. J. K. Bhagawathi – Economics of Underdeveloped Countries – All India Traveler Book Seller Publishing Company.