

**JYOTI NIVAS COLLEGE AUTONOMOUS
SYLLABUS FOR 2018 BATCH AND THEREAFTER**

Programme: B.A

Semester: III

**ECONOMICS PAPER III
MACROECONOMICS**

Course Code: 18IIIEC3

No. of Hours: 75

COURSE OBJECTIVES:

- To enable the student to learn the principles of Macroeconomics.
- To help the student to understand the integrated working of the economy.
- To provide the basis for the study of other branches of economics.
- To understand how the economy's output and employment is determined.

LEARNING OUTCOME

- To apply the principles / theories of macroeconomics towards understanding decision-making and policy execution.
- To understand the dynamic interaction between the domestic and world economy.
- To understand the significance of aggregate demand and aggregate supply, consumption, investment, savings in an economy.
- Understand the causes and consequences of business cycle.
- Understand the significance of monetary policy/fiscal policy during inflation and recession.
- Understand the basics of national income accounting.
- Examine the significance of foreign investment in a global economy.
- Examine the role of households, firms, government and foreign sector in the operation of an economy.

UNIT1: INTRODUCTION TO MACROECONOMICS

11 HRS

Nature and scope of Macroeconomics: importance and limitations of macroeconomics; macro statics, comparative statics and macro dynamics- meaning, micro-macro integration, Circular flow of Income-Two, three and four sector model.

UNIT2: THEORY OF EMPLOYMENT- CLASSICAL AND KEYNESIAN

15 HRS

Introduction, Classical model- Say's law of Markets, wage price flexibility and full employment; savings and investment equality, criticisms of classical theory; Keynesian theory- The principle of Effective Demand-meaning, aggregate demand function & aggregate supply function, determination of effective demand, importance of effective demand, income determination model, criticisms of Keynes' theory, application of Keynes' theory to underdeveloped countries.

UNIT3: THE CONSUMPTION FUNCTION

12 HRS

Meaning of consumption function, technical attributes of consumption function, significance of MPC, Keynes' psychological law of Consumption, determinants of Consumption Function, measure to raise propensity to consume. Post Keynesian developments-Relative Income Hypothesis, Permanent Income Hypothesis, Life Cycle hypothesis (only concepts).

UNIT4: THE INVESTMENT FUNCTION**13 HRS**

Meaning of investment, types of investment, MEC- concept, determinants of inducement to invest, measures to stimulate investment.

Multiplier- definition, working of the multiplier. Leakages & importance of the Multiplier.

Accelerator- meaning and super Multiplier-definition and working.

UNIT5: NATIONAL INCOME AND BUSINESS CYCLES**12 HRS**

National Income-meaning, concepts, GNP, GDP, NNP, PI, DPI, PCI. Methods of measuring National Income, difficulties in the measurement of national income, importance of national income analysis

Business cycles -Meaning, phases of a business cycle, effects of business cycles, measures to control the business cycle- Monetary and fiscal policy.

UNIT6: BALANCE OF TRADE AND BALANCE OF PAYMENTS**12 HRS**

Balance of Trade and Balance of payments; components of balance of payments; disequilibrium in the balance of payments-methods of correction of disequilibrium, exchange rate- fixed and flexible exchange rate [only concept], partial and full convertibility-only concepts. Capital account - FDI and FII- types, role.

REFERECES

1. Ackley Gardner- macro economic theory and policy- collier Macmillan International editions, New York and London
2. Dewett K.K – Modern Economic theory Chand & company Limited, New Delhi.
3. Dwivedi, D.N.- Macro Economics, Vikas Publishing House Ltd., New Delhi, 2004
4. Gupta,S.B (1994) Monetary Economics, S.Chand and company, New Delhi
5. Jhingan M.L- Macro Economic Theory, 12th Edition, Vrinda Publications Pvt. Limited.
6. Mc Connell & Gupta-Introduction to Macroeconomic theory
7. Mankiw,N. Gregory, Macroeconomics, 9th Edition, Worth Publishers.
8. Shapiro. E (1996), Macroeconomic Analysis, Galgotia Publications, New Delhi.

ADDITIONAL REFERECES

1. Rudiger Dornbush and Stanly Fisher, Macroeconomucs-5th Edition, McGraw-Hill, 1987.
2. Samuelson P.A, Nordhaus W.D, Richardson S., Scott G., Wallace R (1995) Economics
3. Stanlake G.F. – Macroeconomics- An Introduction, Longman, 1984
