

JYOTI NIVAS COLLEGEAUTONOMOUS

SEP Syllabus (2024 onwards)

**B.A – MACROECONOMICS [ECONOMICS-II]
(SECOND SEMESTER)**

No. of Credits 5

75 Hours

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 Outcomes (LOs): The Student will be able to:

LO1: Apply the principles / theories of macroeconomics towards understanding decision-making and policy execution.

LO2: Explain the concepts of National Income Accounting.

LO3: Describe the process of Consumption and Investment Functions.

LO4: Explain the concepts of Multiplier and Inflation.

LO5: Analyze the determination of income and employment under Classical and Keynesian framework.

LO6: Explain the nature of Money, Interest and Monetary Policy.

LO7: Define the concept of Inflation and Trade Cycle.

Module 1: Introduction to Macroeconomics

[12 Hours]

Macroeconomics- meaning and scope; Importance and limitations of macroeconomics [3].

National Income-meaning, concepts- GNP, GDP, NNP, PI, DPI, PCI, Real GDP versus Nominal GDP- GDP deflator [3]. Methods of measuring National Income [4], difficulties in the measurement of national income[1], importance of national income analysis[1]

Practicum: GNP and Quality of Life - Net Economic Welfare - Green Income. Gross National Happiness.

Module 2: Classical and Keynesian Macroeconomics

[18 Hours]

Introduction, Classical model- Say's law of Markets, Implications [4], Wage cut in classical model; savings and investment equality [3], criticisms of classical theory [1]; Keynesian theory-

The principle of Effective Demand-meaning, aggregate demand function & aggregate supply function [4], determination of effective demand[2], importance of effective demand[1], income determination model- two sector model[2], criticisms of Keynes' theory[1], application of Keynes' theory to underdeveloped countries[1].

Practicum: Assignment on comparing the classical theory of employment with Keynesian theory, highlighting their differences in terms of assumptions, policy implications, and views on the role of government. Comparative study of Keynesian theory in developed and underdeveloped countries.

Module 3: The Consumption Function and Investment function [17 Hours]

Meaning of consumption function [1], Keynes' psychological law of Consumption - technical attributes of consumption function- APC and MPC [3], determinants of Consumption Function [2]. Post Keynesian developments- Relative Income Hypothesis, Permanent Income Hypothesis, Life Cycle hypothesis (only concepts) [3]

Meaning of investment [1], types of investment [1], MEC- concept [2], measures to stimulate investment [1]. Multiplier- definition, working of the multiplier [2]. Leakages & importance of the Multiplier [1]. Accelerator and Super Multiplier-concept [1].

Practicum- Problems in multiplier and super multiplier.

Module 4: Money, Interest and Monetary Policy [14 Hours]

Money- Meaning, Primary and secondary functions of money[3]; Money supply - determinants of money supply, monetary base. Credit creation. Tools of monetary policy[5].

Demand for money - Quantity Theory of Money–Cambridge version[2], Keynesian approach- Theory of Liquidity Preference and interest rate, Liquidity Trap[3]; IS-LM Model- concept[1].

Practicum: Deposit multiplier; write an assignment on how central banks use monetary tools to achieve macroeconomic objectives such as price stability, full employment, and economic growth

Module 5: Inflation and Trade Cycle [14 Hours]

Inflation: meaning; demand and supply side factors; natural rate theory; Phillips curve: short run[7]. Trade Cycle: meaning, characteristics, phases; Hawtrey's monetary theory; Keynes' view on trade cycle; Control of trade cycles [7].

Practicum: Conduct a case study on a country experiencing inflation and identify demand-side factors (e.g., consumer spending, investment) and supply-side factors (e.g., cost of production, supply chain disruptions). Write an Assignment providing examples of macroeconomic policies and their impact on unemployment, inflation, and economic growth.

Basic Reading List

1. Ackley Gardner, (1978) Macroeconomics: Theory and Policy, Macmillan, New York.
2. Ahuja H L (2013) Macroeconomics: Theory and Policy, S Chand & Company Pvt. Ltd. New Delhi.
3. Dornbusch, R., Fischer, S. and Startz, R., (2010) “Macroeconomics”, McGraw-Hill, 11th Edition.
4. Dwivedi (2004), D.N.- Macro Economics, Vikas Publishing House Ltd., New Delhi.
5. Froyen Richard T, (2013) Macroeconomics-Theories and Policies, Macmillan Pub., Company, NY.
6. Gupta,S.B (1994) Monetary Economics, S.Chand and company, New Delhi
7. Hubbard R. Glenn and Anthony Patrick O’Brien, (2012) Macroeconomics, Pearson Prentice, New Jersey, USA.
8. Jhingan M.L (2016) Macro Economic Theory, 13th Edition, Vrinda Publications Pvt. Limited.
9. Mankiw N. Gregory, (2012) Macroeconomics, Worth Publishers, New York.
10. Oliver Blanchard, (2016) Macroeconomics, Pearson Prentice Hall, New Jersey, USA.
11. Shapiro Edward, (2004) Macroeconomic Analysis, Galgotia Publications Pvt. Ltd, New Delhi.

Additional Reading List

1. Rudiger, Dornbush; Stanly, Fisher (1987), Macroeconomucs-5th Edition, McGraw-Hill.
2. Samuelson P.A, Nordhaus W.D, (2010), Economics- 19th Edition, McGraw-Hill.
3. Stanlake G.F. (1984) – Macroeconomics- An Introduction, Longman.