Program: Bachelor of Commerce (Economics and Analytics)				Semester: 1	
Course: Principles of Macroeconomics AY: 2024-25				Course Code:	
Teaching Scheme				**Evaluation Scheme**	
Lecture (Hours per week)	**Practical(Hours perweek)**	**Tutorial(H ours perweek)**	**Credit**	**Continuous Assessment and Evaluation(CAE)**	**Term End Examinations (TEE)**
03	-	-	03	40	60

Course Outcomes:

After completion of the course, learners would be able:

CO1: To analyze national income trends and measures to stabilize the economy.

CO2: To discuss the consumption and savings function and its implications on the economy.

CO3: To classify different types of investment and the factors affecting investment function.

CO4: To discuss the meaning and impact of investment multiplier on national income and employment.

CO5: To justify the role of Central Bank in designing of monetary policy to achieve macroeconomic objectives.

Outline of Syllabus: (per session plan)

Module	Description	No of Lectures (Hrs.)
I	Economy in the short run	10
II	Introduction to Keynesian Economics	12
III	Investment function and Investment Multiplier	11
IV	Money and Interest rate	12
	Total	**45**

DETAILED SYLLABUS		
Module: I	**Economy in the short run** • Macroeconomics: scope and significance; Circular flow of income- closed economy: two-sector and three-sector models, open economy: four sector model. Leakages and injections – their impact on circular flow of income. • Concepts of national Income: GNP, GDP, NNP at market prices, NNP at factor cost, Personal Income, Disposable Income, Real and Nominal GDP, Current and Nominal GDP, Green GDP, Measurement of National Income. Numerical problems. • Business cycles: meaning, features and phases. Case studies.	**10**
Module: II	**Introduction to Keynesian Economics** • Theory of Income and Employment- Classical Theory: Say's law of markets and modern theory of Keynes. • Determination of national income: Principle of effective demand – two sector, three sector and four sector models with government expenditure multiplier and tax multiplier, inflationary and deflationary gap; • Consumption and Saving function, fundamental psychological law of consumption, average and marginal propensity to consume and their implications, factors affecting consumption- subjective and objective. **(Case studies and numerical problems)**	**12**
Module : III	**Investment function and Investment Multiplier** • Types of investment, meaning of investment function, determinants of investment function- marginal efficiency of capital and rate of interest, factors affecting MEC - prospective yield and supply price, relationship between MEC and rate of interest. • Investment Multiplier- meaning, assumptions, working, limitations and leakages, reverse working of multiplier, significance of private investment multiplier vs public investment multiplier • Introduction to the concept of acceleration; Numerical problems and case studies	**11**
Module: IV	**Money and Interest rate** • Supply of Money –components of money supply, determinants of money supply: high powered money and money multiplier, RBI's measures of money supply- old and new measures, liquidity aggregates, Velocity of circulation of money. • Demand for Money: Keynesian motives – transactions,	**12**

	precautionary and speculative demand for money- Keynesian liquidity preference theory of interest, liquidity trap. • Introduction to modern monetary theory; Introduction to digital money.	

Essential Readings:
1. Ahuja. H.L Macroeconomics: Theory and Policy, 20th edition, S.Chand Company Ltd. New Delhi
2. N Gregory Mankiw (2022): "Principles of Macroeconomics" Cengage Learning India.
3. Mc Connell & Brue (2020): "Macroeconomics", McGraw-Hill Education Private Ltd. New Delhi

Supplementary Readings:
1. R. Glenn Hubbard &O'Brien (2020): 'Macroeconomics', Pearson Education, New Delhi.
2. Errol D'Souza (2012): 'Macroeconomics', Pearson Education, New Delhi.
3. Dornbusch & Fischer (2018): 'Macroeconomics' McGraw Hill Education, New Delhi.
4. D N Dwivedi: (2021): 'Managerial Economics' Vikas Publishing House.

Evaluation Pattern

The performance of the learner will be evaluated in two components. The first component will be a Continuous Assessment with a weightage of 40% of total marks per course. The second component will be a Semester end Examination with a weightage of 60% of the total marks per course. The allocation of marks for the Continuous Assessment and Semester end Examinations is as shown below:

a) **Details of Continuous Assessment (CA)**
   40% of the total marks per course:

Continuous Assessment	Details	Marks
Component 1 (CA-1)	Class Test	20 marks
Component 2 (CA-2)	Assignment	20 marks

b) **Details of Semester End Examination**
   60% of the total marks per course. Duration of examination will be two and half hours.

Question Number	Description	Marks	Total Marks
Q1.	Answer any One out of Two (Module I)	12 x 1	12
Q2.	Answer any One out of Two (Module II)	12 x 1	12
Q3.	Answer any One out of Two (Module III)	12 x 1	12
Q4.	Answer any One out of Two (Module IV)	12 x 1	12
Q5.	(a) Case Study	6 x 1	6
	(b) Give economic reasons/ Explain the following statements	3 x 2	6
	Total Marks		**60**