

Program: Bachelor of Commerce (Economics)				Semester: II	
Course: Applied Macroeconomics Academic Year: 2024-25				Course Code:	
Teaching Scheme				Evaluation Scheme	
Lecture (Hours per week)	Practical (Hours per week)	Tutorial (Hours per week)	Credit	Continuous Assessment and Evaluation(CAE)	Term End Examinations (TEE)
03	-	-	03	40 marks	60 marks
<p>Learning Objectives:</p> <p>CLO 1: Students will be able to define key macroeconomic concepts such as unemployment, inflation, aggregate demand and supply, fiscal and monetary policy tools.</p> <p>CLO 2: Students will be able to analyze the effects of changes in government spending, taxes, interest rates, and money supply using models like the AD- AS and the IS-LM framework.</p> <p>CLO 3: Students will evaluate the effectiveness of fiscal and monetary policies in addressing economic challenges such as recession and inflation.</p> <p>CLO4: Students will synthesize their understanding of macroeconomic theories and policies to propose practical solutions for addressing contemporary economic issues.</p>					
<p>Learning Outcomes:</p> <p>After completion of the course, learners would be able to:</p> <ol style="list-style-type: none"> 1. Students will be able to demonstrate a strong understanding of core macroeconomic concepts through exams and quizzes. 2. Students will be able to use macroeconomic models like the IS-LM framework to analyze real-world scenarios and predict the effects of policy changes. 3. Students will apply critical thinking skills to interpret economic phenomena, identify causal relationships, and propose appropriate policy responses to address challenges such as recession and inflation. 4. Demonstrate the ability to apply macroeconomic theories and policy tools to real-world scenarios through a practical assignment that involves analyzing current economic data, formulating policy recommendations, and evaluating their potential impact on economic outcomes. 					
DETAILED SYLLABUS					
Module: I	<p><u>Business Cycle, Unemployment and Inflation</u></p> <ul style="list-style-type: none"> • Analysis of Business cycle: Features, Phases, Causes: (Causation: A First Glance, Cyclical Impact: durables & Nondurables) Theories of Business Cycle – Pure Monetary Theory, Monetary Over-Investment Theory, Schumpeter’s Innovation Theory, Samuelson’s Multiplier-Accelerator Theory. • Unemployment: Measurement of Unemployment, Types of Unemployment: Frictional, structural, Cyclical, Involuntary unemployment & Labor Market Equilibrium, Definition of Full-employment, Economic & noneconomic Costs of Unemployment. 				10

	<ul style="list-style-type: none"> • Inflation: Meaning, Concepts, Measurement, Types: Demand-pull & Cost-Push Inflation, Complexities, Social Costs and effects of Inflation: Costs of Anticipated Inflation, Costs of Unanticipated Inflation, Effects of inflation, Measures to control inflation. Hyperinflation: Concept, Causes, Effects & Measures <p>Case Study: Zimbabwe, Venezuela, Bolivia, Portugal, Germany.</p>	
Module: II	<p><u>Aggregate Demand and Aggregate Supply</u></p> <ul style="list-style-type: none"> • Aggregate Demand Curve, Changes in Aggregate Demand, aggregate Supply, Nature of Aggregate Supply curve, Changes in Aggregate Supply, Long run Aggregate Supply curve, Shifts in Long run aggregate Supply Curve, Macroeconomic Equilibrium : AD-AS Model, Economic Fluctuations: AS-AD model, Role of Fiscal & Monetary policies on aggregate output. • Economic Stabilisation: Introduction – goals of Macroeconomic Policy – Discretionary Fiscal Policy, Non-Discretionary Fiscal Policy: Automatic Stabilizers – Crowding-Out Effect & Effectiveness of Fiscal Policy. • Economic Stabilisation: Introduction – Monetary policy – Introduction- Tools of Monetary Policy – Expansionary & Contractionary Monetary Policy. 	12
Module: III	<p><u>Post-Keynesian developments in Macroeconomics</u></p> <ul style="list-style-type: none"> • IS-LM Curves Model: The goods market & money market: goods market equilibrium: the derivation of IS curve, shift in IS Curve – money market equilibrium: The LM Curve, shift in LM Curve, • Intersection of IS-LM Curves: simultaneous equilibrium of the goods and money market, algebraic analysis of IS-LM model, Numerical Problems; • Supply-side economics – basic propositions - adverse supply shocks – Tax Revenue & Laffer Curve, critical appraisal of supply-side economics. • Major debates in Economics: Should Monetary & Fiscal Policymakers try to stabilize the Economy? Should the Government Fight Recessions with Spending Hikes Rather Than Tax Cuts? Should Monetary Policy be made by Rule Rather than by Discretion? Should the Central Bank Aim for Zero Inflation? Should the Government Balance its Budget? Should the Tax Laws be reformed to Encourage Saving? 	13
Module: IV	<u>Government and the Macroeconomy</u>	10

	<ul style="list-style-type: none"> • Public Expenditure: Importance, Types, Growth of Public Expenditure, Effects of Public Expenditure on production and distribution • Taxation: Direct and Indirect tax, Progressive and Proportional Taxes, Canons of Good Tax System, Benefits Received and Ability to Pay Theories • Deficit Financing of Budget Deficit and Money Financing of Budget Deficit: Wealth Effect, Ricardian Equivalence, Printed Money and Inflation Tax, Inflation Tax Revenue 	
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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. Dornbusch & Fischer (201
3. 8): ‘Macroeconomics’ McGraw Hill Education, New Delhi.
4. Errol D’Souza (2012): ‘Macroeconomics’, Pearson Education, New Delhi.
5. 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

Signature

HOD
Principal
(Ms. Sneh Choithani)
Ajagaonkar)

Signature

Approved by
(Dr. Parag