

Program: Bachelor of Commerce (Economics)				Semester: 1	
Course: Principles of Macroeconomics Academic Year: 2023-24 Batch: 2023-27				Course Code:	
Teaching Scheme				Evaluation Scheme	
Lecture (Hours per week)	Practical(Hours perweek)	Tutorial(Hours 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	<u>Economy in the short run</u> <ul style="list-style-type: none"> • 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	<u>Introduction to Keynesian Economics</u> <ul style="list-style-type: none"> • 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. <p>(Case studies and numerical problems)</p>	12
Module : III	<u>Investment function and Investment Multiplier</u> <ul style="list-style-type: none"> • 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	<u>Money and Interest rate</u> <ul style="list-style-type: none"> • 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, 	12

	liquidity aggregates, Velocity of circulation of money. <ul style="list-style-type: none"> • Demand for Money: Keynesian motives – transactions, precautionary and speculative demand for money- Keynesian liquidity preference theory of interest, liquidity trap. • Introduction to modern monetary theory; Introduction to digital money. 	
<u>Essential Readings:</u>		
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		
<u>Supplementary Readings:</u>		
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

Courses carrying 3 or 4 credits shall be evaluated for total of 100 marks, which means 60 marks Semester End Examination and 40 marks for Internal Continuous Assessment.

- a. For Internal Continuous Assessment, there shall be three tests of 10 marks each held at regular intervals during the semester. These tests may be conducted either in online mode or as a pen paper test. Total of marks obtained at best of two out of three tests shall be considered as final marks.

The other component for 20 marks shall be chosen by the department. This can be a project/ assignment/ field study/ seminar/group discussion and so on.

- b. For Semester End Examination, the question paper pattern shall be as follows:

Maximum Marks: 60

Duration: Two hours

All questions are compulsory. There will be 4 questions carrying 15 marks each.

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| Q. 1 Answer any two out of three (Module 1) | (15 marks) |
| Q. 2 Answer any two out of three (Module 2) | (15 marks) |
| Q. 3 Answer any two out of three (Module 3). | (15 marks) |
| Q. 4 Answer any two out of three (Module 4) | (15 marks) |

Note: 1 or 2 sub questions (upto 15 marks) will be application-based questions/case study

