



Business Economics-Macro
Macroeconomics
[Core Course]

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|----------------------|-------------------|-----------------------------|---------------------|
| Semester: III | Credits: 3 | Subject Code: C32104 | Lectures: 48 |
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Course Outcomes:

At the end of this course, the learner will be able to:

- Understand the basic macroeconomic concepts like National Income; Circular Flow
- Understand and apply the graphical and mathematical tools of economic analysis including numerical problem solving
- Understand and compare Theoretical Perspectives on important macroeconomic issues
- Understand and analyse economy wide issues like, income, investment and their interrelationships
- Comprehend the macroeconomic issues like unemployment in the light of their social implications

Unit 1: Introduction to Macroeconomics

08

- Meaning, Nature and Scope of Macroeconomics
- Importance and Limitations of Macroeconomics
- Paradoxes of Macroeconomics
- Macro Variables and Inter relationships among Macro variables

Unit 2: Circular Flow of Income & Expenditure, National Income and Economic Growth

12

- Circular Flow- 2,3, and 4 sector model
- Withdrawals and leakages form the Circular Flow
- National Income- Meaning and Definition
- Importance of National Income
- Concepts of National Income- GDP and GNP; NDP & NNP; NI at Market Prices and NI at Factor Cost; Numerical Problems
- Difficulties in the measurement of National Income
- Meaning and factors leading to Economic Growth
- Obstacles in Economic Growth

Unit 3: Theories of Income and Employment

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- Full Employment, Underemployment and Unemployment – A conceptual view

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| <ul style="list-style-type: none"> • Classical Theory of Income & Employment- <ul style="list-style-type: none"> ○ Features/assumptions ○ Say's Law of Markets ○ Pigou's Wage Cut Policy • Limitations of Classical Theory of income & Employment • Keynesian Theory of Income & Employment • Features • Principle of Effective Demand • Underemployment Equilibrium • Application of Keynesian Theory in real life | |
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| Unit 4: Theories of Consumption, Savings and Investment | 16 |
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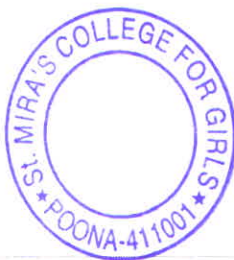
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| <ul style="list-style-type: none"> • Consumption Function <ul style="list-style-type: none"> ○ Psychological Law of Consumption ○ Numerical and Graphical Derivation of Consumption Function ○ Technical Attributes of Consumption Function- APC and MPC ○ Factors Influencing Consumption Function ○ Significance of the concept of Consumption Function • Diverse views on Savings Function <ul style="list-style-type: none"> ○ Classical View- Savings as a function of Rate of Interest ○ Keynesian View- Savings as a function of Income; APS and MPS; Motives for Savings • Investment <ul style="list-style-type: none"> ○ Autonomous investment and Induced Investment ○ Investment Multiplier- Meaning; Assumptions; Working; Leakages and Limitations of Multiplier ○ Investment Function- MEC and rate of interest ○ Factors affecting MEC | |
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#12 contact hours for Assignments, Visits, Research, Field Studies, etc.

Recommended Basic Reading:

- Ahuja, H.L. *Macroeconomic Theory and Policy*. S. Chand and Co.: New Delhi; 2008.
- Dwivedi, D.N. *Macroeconomics Theory and Policy*. Tata McGraw Hill Publishing Co. Ltd.: New Delhi; 2008.
- Misra, S.K. and Puri, V.K. *Modern Macroeconomic Theory*. HPH: Mumbai;
- Misra, S.K. and Puri, V.K. *Business Economics*. HPH: Mumbai; 2007.
- Seth M.L. *Macroeconomics*. L. N. Agarwal Publishers: Agra;
- Vaish, M.C. *Macroeconomic Theory*. Wishwa Prakashan (A division of Wiley Eastern Ltd.): New Delhi;

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- Samuelson Paul and Nordhaus William. *Economics*. latest ed. McGraw Hill Book Company: ; .
- Brooman, F.S. *Macroeconomics*. George Allen and Unwin: London; 1971.
- Harvey, J. and Johnson, M. *Introduction to Macroeconomics*. Macmillan Press Ltd.: 1971.
- Lipsey, R. G. and Chrystal, A. *An Introduction to Positive Economics*. ELBS, latest ed, Oxford Univ. Press.
- Gupta Suraj, B. *Monetary Economics*. S. Chand and Co.: New Delhi; latest ed.
- Wrightsman, D. *An Introduction to Monetary Theory and Policy*. The Free Press: New York; 1983.
- Ackley, G. *Macroeconomic Theory*. Collier Macmillan Publishers: 1978.
- Shapiro, E. *Macroeconomic Analysis*. Galgotia Publications: New Delhi; 1984.
- Fisher, S. and Dornbusch, R. *Economics*. McGraw Hill Co.: 1983.
- Fischer S, Dornbusch R & Schmalensee R(1988)-“*Economics*”, Second International edition, McGraw Hill Book Co.
- Begg D, Fisher S & Dornbusch R-“*Economics*”, 3rd ed, McGraw Hill Book Co.
- Glenn Hubbard, R. and O'Brien, Anthony Patrick. *Macro Economics*. Pearson Education Ltd.: 2006.
- Sloman, John and Sutcliffe, Mark. *Economics for Business*. 3rd Ed. Pearson Education Ltd.: 2004.
- Eugene A. Diulieo: Schaum's Outline of “*Theory and Problems of Macroeconomics*”, 3rd ed. Tata Mc-Graw Hill Publishing Company Ltd., New Delhi.

E-resources:

- Dasgupta, A. (2003). Keynesian Economics and Underdeveloped Countries. *Economic and Political Weekly*, 38(28), 2919-2922. Available on <http://www.jstor.org/stable/4413769>
- Keynesian Economics By Alan S. Blinder <https://www.econlib.org/library/Enc/KeynesianEconomics.html>
- <https://www.khanacademy.org/economics-finance-domain/macroeconomics/income-and-expenditure-topic/macroeconomics-keynesian-economics-and-its-critiques/v/keynesian-economics>
- <https://www.economicshelp.org/blog/6801/economics/keynesian-economics/>
- <https://www.youtube.com/watch?v=d8uTB5XorBw>
- <https://www.youtube.com/watch?v=tZvjh1dxz08>
- <https://epgp.inflibnet.ac.in/Home/ViewSubject?catid=11>

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| Semester: IV | Credits: 3 | Subject Code: C42104 | Lectures: 48 |
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Course Outcomes:

At the end of this course, the learner will be able to:

- Recognize the basic macroeconomic concepts like Money, Trade Cycles
- Relate and apply the graphical and mathematical tools of economic analysis including numerical problem solving
- Explain and compare the theoretical Perspectives on important macroeconomic issues like Inflation
- Describe and analyse economy wide issues like trade cycles, inflation and the policy measures to tackle these problems
- Comprehend the macroeconomic issues like inflation, taxes, public expenditure etc in the light of their social implications

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| Unit 1: Money | 12 |
| <ul style="list-style-type: none"> • Meaning and Functions of money • Forms of Money • Role of Money in a Modern Economy • Demand for Money- Keynes's approach and Post Keynesian Approach • Supply of Money- Determinants • Credit Creation • Credit Control • Value of Money- meaning and determinants | |

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| Unit 2: Inflation and Deflation | 14 |
| <ul style="list-style-type: none"> • Meaning; Definition and Measurement of Inflation • Types of inflation • Demand Pull and Cost Push Inflation • Reflation; Disinflation; Stagflation • Causes and Effects of inflation • Causes and Effects of Deflation • Inflation v/s Deflation | |

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| Unit 3: Trade Cycles | 12 |
| <ul style="list-style-type: none"> • Meaning; Features and Types of trade Cycles • Phases of Trade Cycles • Theories of trade Cycles – <ul style="list-style-type: none"> ○ The Sun Spot theory (Stanley Jevons Theory); ○ The Pure Monetary Theory (RG Hawtrey Theory); ○ The Under Consumption Theory (Douglas & Hobson Theory) • Causes of Trade Cycles | |

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| Unit 4: Public Finance | 10 |
| <ul style="list-style-type: none"> • Introduction to Public Finance- Meaning; scope and importance • Distinction between Public Finance and Private Finance • Public Revenue- Meaning and Sources of Public Revenue- Tax and Non-Tax Revenue • Direct and Indirect Taxes- meaning; merits and demerits • Public Expenditure- Meaning, causes of rising public expenditure • Classification of Public Expenditure • Budget- Meaning; Classification; Composition of Budget | |

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- Dwivedi D.N. *Macroeconomics Theory and Policy*. Tata McGraw Hill Publishing Co. Ltd.: New Delhi; 2008.
- Misra, S.K and Puri, V.K. *Modern Macroeconomic Theory*. Himalaya Publishing House: Mumbai.
- Misra, S.K and Puri, V.K. *Business Economics*. Himalaya Publishing House: Mumbai; 2007.
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- Paul Samuelson and William Nordhaus. *Economics*. Hill Book Company.
- Brooman, F.S. *Macroeconomics*. George Allen and Unwin: London; 1971.
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- Lipsey, R. G. and Chrystal, A. *An Introduction to Positive Economics*. ELBS: Oxford

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Univ. Press.

- Suraj B. Gupta. *Monetary Economics*. S. Chand and Co.: New Delhi.
- Wrightsman, D. *An Introduction to Monetary Theory and Policy*. The Free Press: New York; 1983.
- Ackley, G. *Macroeconomic Theory*. Collier Macmillan Publishers: 1978.
- Shapiro, E. *Macroeconomic Analysis*. Galgotia Publications: New Delhi; 1984.
- Fisher, S. and Dornbusch, R. *Economics*. McGraw Hill International Book Co.: 1983.
- Fischer S, Dornbusch R and Schmalensee R. *Economics*. McGraw Hill Book Co.: 1988.
- Begg D, Fisher S and Dornbusch R. *Economics*. McGraw Hill Book Co.
- Hubbard R. Glenn and O'Brien, Anthony Patrick. *Macro Economics*. Pearson Education Ltd.: 2006.
- Sloman, John and Sutcliffe, Mark. *Economics for Business*. Pearson Education Ltd.: 2004.
- Eugene A. Diulio: *Schaum's Outline of Theory and Problems of Macroeconomics*. Tata Mc-Graw Hill Publishing Company Ltd.: New Delhi.

E-resources:

- <https://oveit.com/blog/2020/07/16/the-evolution-of-money-from-barter-to-digital-currencies/>
- <https://www.khanacademy.org/economics-finance-domain/core-finance/inflation-tutorial/inflation-basics-tutorial/v/what-is-inflation>
- <https://www.youtube.com/watch?v=UMAELCrJxt0>
- <https://corporatefinanceinstitute.com/resources/knowledge/economics/stagflation/>
- <https://epgp.inflibnet.ac.in/Home/ViewSubject?catid=11>

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| Faculty | Dr. Arwah Madan | <i>Arwah Madan</i> 11/6/21 |
| Faculty | Dr. Meenakshi Wagh | <i>MSWagh</i> 11/6/21 |
| Faculty | Mrs. Amruta Basu | <i>Amruta Basu</i> 11/6/21 |
| Subject Expert (Outside SPPU) | Dr. Ishita Dutt | <i>Ishita Dutt</i> 11/6/21 |
| Subject Expert (Outside SPPU) | Dr. Subhash Patil | <i>Subhash Patil</i> 11/6/21 |
| VC Nominee | Dr. Sailee Belsare | <i>Sailee Belsare</i> 01/06/2021 |
| Industry Expert | Dr. Nishant Upadhyay | |
| Alumni | Ms. Asha Panicker | <i>Asha Panicker</i> 11/6/21 |

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