



**Macroeconomics**  
**Macroeconomic Theory and Policy**  
**[Core Course]**

<b>Semester: III</b>	<b>Credits: 3</b>	<b>Subject Code: C32103</b>	<b>Lectures: 48</b>
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**Course Outcomes:**

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

- Relate and describe the macroeconomic variable and macroeconomic policy
- Recognize and demonstrate concepts relating to National Income, Consumption Function, Savings Function and Keynesian Multiplier along with numerical illustrations
- Explain and analyze the concept of Aggregate Demand and Underemployment Equilibrium and interpret real-life situations
- Apply and analyze the macroeconomic policy in real-life situations

**Unit 1: Macroeconomic Variables and Macroeconomic Policy**

**08**

- Macroeconomic Variables- Meaning and Types
  - Stock Variable and Flow Variables; Nominal Variables and Real Variables; Autonomous Variables and Induced Variables, Exogenous Variables and Endogenous Variables
- Concepts of Equilibrium and Disequilibrium, Partial Equilibrium and General Equilibrium
- Static Analysis and Dynamic Analysis
- Macroeconomic Policy: Scope, Objectives and Formulation

**Unit 2: The Circular Flow of Income and Expenditure and National Income**

**14**

- The Circular Flow of Income in a Closed Economy
- The Circular flow of Income in an Open Economy
- National Income-Meaning and Concepts
- Measurement of National Income- Measures and Difficulties in measurement
- National Income Data, Economic Policy and Social Welfare
- Numerical Problems- Concepts and Measurement

**Unit 3: Theory of Income and Employment (Keynesian Theory)**

**12**

- The Principle of Effective Demand
- Aggregate Demand and Aggregate Supply
- Underemployment Equilibrium
- Keynesian Economics-The Economics of Depression

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**Unit 4: Theory of Aggregate Consumption and Theory of Investment**

**14**

- Consumption Function and Saving Function
  - Concept of APC and MPC, Concept of APS and MPS
  - The Psychological Law of Consumption, Numerical Problems
- Factors affecting Consumption Function; Motives for Savings
- The Keynesian Multiplier
  - Concept of Multiplier, Assumptions & Leakages, Calculation
- Investment Function
  - Determinants of Investment Demand, Factors affecting Investment Demand
  - Decision to Invest- Marginal Efficiency of Capital and Interest Rate

**#12 contact hours for Assignments, Visits, Research, Field Studies, etc.**

**Recommended Basic Reading:**

- Agarwal Vanita (2018) 'Macroeconomics Theory and Policy' Pearson
- Ahuja, H.L (2016) " *Macroeconomic Theory & Policy*", S. Chand & Co., ND
- Dwivedi, D.N (2018) " *Macroeconomics Theory and Policy*" Tata McGraw Hill Pub Co. Ltd., N. Delhi
- Sivakumar s. N.V (2019) 'Macroeconomics and Policy for Managers: An Indian Perspective' Cengage Learning India

**Recommended Reference Books:**

- Baumol a W. J, Blinder A. S. (2009) 'Macroeconomics Theory and Applications' Cengage Learning [Latest Reprint 2015]
- Froyen Richard T (2013) *Macroeconomics Theories and Policies*, Pearson Educators
- Hubbard R. Glenn & O'Brien, Anthony Patrick (2017)- " *Macro Economics*", Pearson Education
- Sloman, John & Sutcliffe, Mark (2004) " *Economics for Business*", 3<sup>rd</sup> Ed. Pearson Education Ltd.

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**Macroeconomics**  
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<b>Semester: IV</b>	<b>Credits: 3</b>	<b>Subject Code: C42103</b>	<b>Lectures: 48</b>
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**Course Outcomes:**

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

- Explain the theoretical framework relating to the Demand for and Supply of money and its implications in real-life situations
- Relate to and describe the Inflation and Deflation and the phenomena of trade cycles
- Analyze the macroeconomic policies of Money Supply, Trade Cycles, Value of Money and analyze its implications
- Recognize and interpret the various concepts of public finance and apply in real-life situations- public revenue, public expenditure and public debt, fiscal policy, budget and deficits

<b>Unit 1: Money</b>	<b>12</b>
<ul style="list-style-type: none"> <li>• Demand for Money: The Keynesian Approach to Demand for Money;             <ul style="list-style-type: none"> <li>○ Motives for Liquidity- Transactions Motive, Precautionary Motive &amp; Speculative Motive</li> <li>○ Liquidity Trap</li> </ul> </li> <li>• Money Supply:             <ul style="list-style-type: none"> <li>○ Role of Commercial Banks in Credit Creation – Process of Credit creation</li> <li>○ Role of Central Bank in Credit Control- Measures of Credit Control</li> </ul> </li> </ul>	

<b>Unit 2: Inflation and Deflation</b>	<b>12</b>
<ul style="list-style-type: none"> <li>• Inflation             <ul style="list-style-type: none"> <li>○ Features and Types, Causes</li> <li>○ Demand- Pull Inflation and Cost- Push Inflation</li> <li>○ Economic and Social Effects of Inflation</li> <li>○ Inflation in India - Wage-Push Inflation, Supply Shock Inflation, Inflation and Food Scarcity, Resource and Infrastructural Bottlenecks, Social and Political Factors</li> <li>○ Policy of Inflation Targeting in India</li> </ul> </li> <li>• Deflation             <ul style="list-style-type: none"> <li>○ Meaning and Effects of Inflation and Deflation</li> </ul> </li> </ul>	

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<b>Unit 3: Trade Cycles</b>	<b>12</b>
<ul style="list-style-type: none"> <li>• Characteristics and Types</li> <li>• Theories of Trade Cycle             <ul style="list-style-type: none"> <li>○ The Pure Monetary Theory (RG Hawtrey Theory)</li> <li>○ The Innovation Theory (J. A. Schumpeter's Theory)</li> <li>○ The Keynesian Contribution to Trade Cycle Theory</li> </ul> </li> <li>• Phases of a Trade Cycle</li> <li>• Global Economy and Trade Cycles</li> <li>• Policy measures to control Trade Cycles- Anti-Cyclical measures to Stabilization</li> </ul>	

<b>Unit 4: Public Finance</b>	<b>12</b>
<ul style="list-style-type: none"> <li>• Public Finance: Meaning and Definition</li> <li>• Public Revenue- Sources, Types of Taxes, Impact and Incidence of a Tax, Shifting of Tax</li> <li>• Systems of Taxation-Proportional Taxation and Progressive Taxation-Concept</li> <li>• Public Expenditure- Classification</li> <li>• Public Debt-Classification</li> <li>• Fiscal Policy-Objectives in Developing Countries</li> <li>• Budget-Composition and Types, Concept of Gender Budget</li> <li>• Budget Deficit- Meaning and Types</li> </ul>	

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- Ahuja, H.L (2016) " *Macroeconomic Theory & Policy*", S. Chand & Co., ND
- Bhatia H.L (2000) "Public Finance " S. Chand & Co, ND
- Dwivedi, D.N (2018) " *Macroeconomics Theory and Policy*" Tata McGraw Hill Publishing Co. Ltd., N. Delhi
- Sivakumar s. N.V (2019) 'Macroeconomics and Policy for Managers: An Indian Perspective' Cengage Learning India
- Vaish, M.C (2010) " *Macroeconomic Theory* ", Vikas Publishing House, ND

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Education

- Hyman David N (2003) 'A Contemporary Application of Theory to Policy' Cengage Learning
- Sloman, John & Sutcliffe, Mark (2004) "Economics for Business", 3<sup>rd</sup> Ed. Pearson Education Ltd.
- Sundaram, KPM & Andley, K.K (2001) 'Theory and Practice of Public Finance', S. Chand & Co. N. Delhi
- Ulbrich Holley H (2003) ' Public Finance in Theory and in Practice' S. Chand & Co. ND

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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>	
Subject Expert (Outside SPPU)	Dr. Ishita Dutt	<i>I. Dutt</i>	9/6/21
Subject Expert (Outside SPPU)	Dr. Subhash Patil	<i>Subhash Patil</i>	11/6/21
VC Nominee	Dr. Sailee Belsare	<i>Sailee</i>	01/06/2021
Industry Expert	Dr. Nishant Upadhyay		
Alumni	Ms. Asha Panicker	<i>Asha Panicker</i>	11/6/21

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