



**Business Economics-Macro  
Macroeconomics  
[Core Course]**

**Semester: III**

**Credits: 3**

**Subject Code: C32104**

**Lectures: 48**

**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**

**12**

- Full Employment, Underemployment and Unemployment – A conceptual view

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- Classical Theory of Income & Employment-
  - 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

#### Unit 4: Theories of Consumption, Savings and Investment

16

- Consumption Function
  - 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
  - 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
  - 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

#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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### Recommended Reference Books:

- McConnell C.R. and Gupta H.C. *Introduction to Macroeconomics*. Tata McGraw Hill Publishing Company: New Delhi; 1987.
- Samuelson Paul and Nordhaus William. *Economics*. latest ed. McGraw Hill Book Company: ; .
- Brooker, 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", 3<sup>rd</sup> 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*. 3<sup>rd</sup> Ed. Pearson Education Ltd.: 2004.
- Eugene A. Diulio: Schaum's Outline of "Theory and Problems of Macroeconomics", 3<sup>rd</sup> 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=tZvh1dxz08>
- <https://epgp.inflibnet.ac.in/Home/ViewSubject?catid=11>

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**Business Economics-Macro**  
**Macroeconomics**  
**[Core Course]**

**Semester: IV**

**Credits: 3**

**Subject Code: C42104**

**Lectures: 48**

**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

**Unit 1: Money**

**12**

- 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

**Unit 2: Inflation and Deflation**

**14**

- 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

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- Meaning; Features and Types of trade Cycles
- Phases of Trade Cycles
- Theories of trade Cycles –
  - 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

### Unit 4: Public Finance

10

- 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

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

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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.
- 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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- Paul Samuelson and William Nordhaus. *Economics*. 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: 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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VC Nominee	Dr. Sailee Belsare	Sailee Belsare 01/06/2021
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