



**Economics S2**  
**Macroeconomics**  
**[Discipline Specific Course]**

<b>Semester: III</b>	<b>Credits: 3</b>	<b>Subject Code: A32110</b>	<b>Lectures: 48</b>
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**Course Outcomes:**

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

- Apply various concepts and measurement of National Income
- Recognize the mechanism of income determination in an economy
- Discuss the theoretical base of consumption and investment functions
- Apply and analyze the different approaches to consumption
- Demonstrate problem solving under National Income and Consumption

**Unit 1: Introduction to Macroeconomics and National Income Accounting**

14

- Introduction to Macroeconomics – Meaning, Importance, Scope and Limitations of Macroeconomics
- Macroeconomic Paradoxes
- Concepts of National Income- GDP, GNP, NNP, NDP, National Income, PI, PDI, Per Capita Income, GDP at factor cost and GDP at market price, Nominal GDP and Real GDP; Numerical Problems
- Methods and Importance of Measuring National Income
- Difficulties and Limitations in measuring National Income
- Circular Flow of Income - a Two-sector, a Three- sector and an Open Economy model
- Withdrawals and Injections in a Circular Flow of Income
- Conditions of Equilibrium Level of Income

**Unit 2: Theories of Income and Employment**

12

- Classical Theory of Income and Employment – Say's Law of Market, Capital Market Equilibrium, Labour Market Equilibrium
- Keynes Criticism of Classical Theory
- Keynesian Theory of Income and Employment- Effective Demand, Aggregate Supply Function, Aggregate Demand Function, Under-employment Equilibrium
- Comparison between Classical and Keynesian Principles of Economics

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### Unit 3: Consumption Function

12

- Concepts - Consumption Function, APC and MPC, Savings Function, APS and MPS; Numerical Problems
- Determinants of Consumption Function
- Keynes Psychological Law of Consumption
- Post-Keynesian Approaches to Consumption

### Unit 4: Investment Function

10

- Concepts – Investment, Capital, Investment Function, Marginal Efficiency of Capital
- Types of Investment
- Factors affecting Marginal Efficiency of Capital
- Theory of Investment Multiplier, Importance, Leakages and Limitations of the Theory of Multiplier; Numerical Problems
- Principle of Acceleration and a Concept of Super-multiplier

# 12 hours for Library work, practical or field work or research purposes

#### Recommended Text Books:

- A.B.Abei, B.S. Bernake, D. Croushore (2020) 'Macroeconomics' Pearson Education; 10<sup>th</sup> edition
- Ahuja H.L. (2016) 'Macroeconomics Theory and Policy' S.Chand and Co. New Delhi, 20<sup>th</sup> edition
- August Swanenberg (2005) 'Macroeconomics Demystified' McGraw Hill Publications, A Self Teaching Guide
- Dwivedi D.N. (2018) 'Macroeconomics- Theory and Policy' The McGraw Hill Companies, New Delhi, 5<sup>th</sup> edition
- Fisher S and Dornbusch (2018) 'Economics' McGraw Hill International Book Co.; 13<sup>th</sup> edition
- Gordon R. and Harris S.G. (1998) 'Macroeconomics and Economics' Addison Wesley
- Mankar V.G. (1999) 'Business Economics', Macmillan Publishers India.
- Mankiw Gregory and Mark Taylor (2017) 'Macroeconomics' Cengage Learning India Pvt. Ltd; 4<sup>th</sup> edition
- Richard T Froyen (2013) 'Macroeconomics – Theories and Policies' Pearson Education India; 10<sup>th</sup> edition
- Shapiro Edward (2013) 'Macroeconomic Analysis' Galgotia Publications, New Delhi, 5<sup>th</sup> edition
- SoumyenSikdar (2011) 'Principles of Macroeconomics' Oxford University Press, 2<sup>nd</sup> edition

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### Reference Books:

- Ackley G. (1978) 'Macroeconomics Theory and Policy' Collier Macmillan International Student Edition,
- Begg, Fischer, Dornbusch (1994) 'Economics'; McGraw Hill Book Company, 4<sup>th</sup> edition
- Damodaran Suma (2010) 'Managerial Economics' Oxford University Press; New Delhi; 2<sup>nd</sup> edition
- Eugene A. Diulio (2016) 'Schaum's Outline of Theory and Problems of Macroeconomics' Tata McGraw Hill Publishing Company Ltd.; New Delhi. 3<sup>rd</sup> edition
- F.S. Broome (1970) 'Macroeconomics' George Allen and Unwin, London; 4<sup>th</sup> edition.
- Fisher, Dornbusch and Schmalensee (1988) 'Economics' McGraw Hill International Edition; 2<sup>nd</sup> edition
- Fisher and Stanley (1988) 'Economics' McGraw Hill Companies; 2<sup>nd</sup> edition
- Rüdiger Dornbusch and Stanley Fischer and Richard Startz (2018) 'Macroeconomics'; McGraw Hill Companies; 13<sup>th</sup> edition
- Harrison B. Smith C. and Davies B. (2002) 'Introductory Economics' Macmillan Press Ltd. London
- Jha R. (2019) 'Contemporary Macroeconomic Theory and Policy' New Age International (P) Ltd. New Delhi; 2<sup>nd</sup> edition
- Lipsey, R.G. and Chrystal, A. (2015) 'Economics' Oxford University Press; 13<sup>th</sup> edition
- Lloyd G. Reynolds (1982) 'Macroeconomics' Richard D. Irwin Inc. 4<sup>th</sup> edition
- Mankiw, Gregory (2008) 'Economics: Principles and Applications' Cengage Learning India, New Delhi
- Mankiw, N.G. and Romer, D. (1991) 'New Keynesian Economics' (2 volumes) MIT Press Cambridge.
- Paul Samuelson and William Nordhaus (2019) 'Economics' McGraw Hill India; 20<sup>th</sup> Edition

### Websites:

- <https://ocw.mit.edu/courses/economics/14-451-macroeconomic-theory-i-spring-2007/>
- <https://libguides.humboldt.edu/openedu/econ>

### E-Resources:

- <https://epgp.inflibnet.ac.in/Home/ViewSubject?catid=11> – E PG Pathshala

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**Economics S2**  
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<b>Semester: IV</b>	<b>Credits: 3</b>	<b>Subject Code: A42110</b>	<b>Lectures: 48</b>
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**Course Outcomes:**

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

- Apply the various concepts of Monetary Economics
- Explain and apply the concepts and theories of Inflation, Deflation and Stagflation
- Discuss the conceptual and theoretical framework of Business Cycles
- Analyze the role and the instruments of Monetary and Fiscal Policies
- Demonstrate sensitivity towards the effects of economic crisis like Inflation, Deflation and Business Cycles
- Describe the framework of macroeconomic policies and apply and analyze the macroeconomic policies

**Unit 1: Money**

**14**

- Concepts -Money, Value of Money, Supply of Money
- Evolution, Characteristics and Functions of Money
- Determinants of Money Supply
- Credit Creation by Commercial Banks
- Credit Control Measures by the Central Bank: objectives,quantitative and qualitative instruments and their limitations
- RBI's New Monetary Aggregates
- Approaches to Demand for Money - Classical (Fisher), Neoclassical (Cambridge), Keynesian and Friedman's Approaches

**Unit 2: Inflation and Deflation**

**14**

- Concepts - Inflation, Deflation and Stagflation
- Types of Inflation - Demand Pull and Cost Push Inflation and other types
- Causes and Effects of Inflation
- Causes and Effects of Deflation
- Control of Inflation and Deflation – Fiscal and Monetary Policy
- Trade-off between Inflation and Unemployment – Short Run Phillips Curve

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### Unit 3: Business Cycles

10

- Meaning, Features, Types and Causes of Business Cycles
- Phases of Business Cycles
- Keynesian Theory of Business Cycles
- Control of Business Cycles – Fiscal and Monetary Policy

### Unit 4: Macroeconomic Objectives and Policies

10

- Objectives of Macroeconomic Policies – Price Stabilization, Economic Growth, Full Employment and Social Justice
- Monetary Policy – Meaning, Instruments, Advantages and Limitations
- Fiscal Policy - Meaning, Instruments, Advantages and Limitations

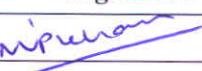
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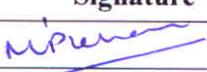
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Faculty	Dr. Meenal Sumant	<i>Meenal</i> S16121
Subject Expert (Outside SPPU)	Dr. Manjushreee Bobade	<i>Manjushreee</i> S16121
Subject Expert (Outside SPPU)	Dr. Subhash Patil	<i>Subhash</i> S16121
VC Nominee	Dr. Saili Belsare	<i>Saili</i> S16121
Industry Expert	Dr. Girija Lagad	<i>Girija</i> S16121
Alumni	Ms. Suchismita Mohanty	<i>Suchismita</i> S16121

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