

B.Com. II
Semester III
Economics Paper III (compulsory)
Aspects of Macro Economics
Computer Code 345305
4 credits

Objectives

1. To familiarize the students with the various aspects of Macro Economics and explain how they are inter-related.
2. To enable students to understand contemporary economic environment

Unit	Topic	Weightage %	Lecture s
I	<p>National Income & its Determinants.</p> <p>a. Circular flow of national Income in a closed & open economy. b. Different Concepts of National Income - GNP, GDP, NNP, NDP, National Income - at Factor Cost, Personal Income, Disposable Income</p> <p>Measurement of National Income</p> <ul style="list-style-type: none"> ◦ Value Added Method ◦ Income Method ◦ Expenditure Method ◦ Green Accounting Method <p>c. Trade Cycles : Meaning and its Phases</p>	25	15
II	<p>Keynesian Economics</p> <p>a) Principle of Effective Demand - Aggregate Demand - Aggregate Supply b) Consumption Function: Average and Marginal Propensities to Consume and Save; Determinant of propensity to consume - subjective and objective factors influencing propensity to consume, Importance of Consumption Function c) Investment Demand – Marginal efficiency of capital, MEC & Rate of Interest; Liquidity Preference theory of Rate of interest d) Principle of Investment Multiplier</p>	30	18

III	Post- Keynesian Economics a) IS-LM Model of Integration of Commodity and Money Market b) Principle of Accelerator; Interaction between Multiplier and Accelerator c) Post Keynesian Theories of Consumption (Only Concepts In Brief) <ul style="list-style-type: none"> ▪ Relative Income Hypothesis, ▪ Permanent Income Hypothesis and ▪ Life Cycle Hypothesis 	15	09
IV	Money : Supply and Demand a. Supply of money –determinants of money supply, velocity of circulation of money, concept of money supply in India – M1, M2, M3 & M4. b. Demand for money – Meaning and Determinants. c. Value of money – Fisher’s Cash transactions theory, Cash Balance theory d. Inflation – Meaning, Cost Push and Demand Pull Inflation and other Causes, Effects & Measures to control of inflation. e. Inflation - Unemployment Relationship : Philips Curve f. Meaning of deflation, Stagflation : Meaning and Causes	30	18

Suggested Readings

1. Ahuja, H.L; Macro Economics, Theory and Policy, S. Chand and Co. Ltd.
2. Sheth, M.L., Monetary Economics, Lakshmi Narain Agarwal,
3. Dornbush , Fisher Macro Economics
4. M L Jhingan Principles of Economics
5. Shapiro E 1996 Macro Economic Analysis

Note

1. Case Studies are to be used where applicable, during teaching.
2. Recommended Project Work for Internal Assessment (Any one or Similar)
 - Comparison of National Income data of 2-3 countries obtained from World Bank data
 - Global Financial Crisis

Following skills are expected to be acquired during project work :

- a) Use of Microsoft Excel for basic calculation of percentage growth rates, etc.
- b) Making appropriate diagrams using Microsoft Excel or similar spreadsheet package
- c) Basic interpretation of data
- d) Ability to apply theoretical understanding to contemporary economic situations.