

BACHELOR OF ARTS
Economics: Semester-II
Principles of Macroeconomics

Course Outcomes (COs):

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

1. To understand basic macroeconomic concepts.
2. To understand foundational macroeconomic theories.

Module I	<p>Basics of Macroeconomics Meaning of Economics - Macroeconomics: - Importance of Macroeconomics – Basic Concepts - Markets - Stocks, Flow, Real, Nominal, Equilibrium – Disequilibrium-Partial and General equilibrium. Circular Flow of Income – Two sector –Three Sector and Four Sector Models.</p>
Module II	<p>National Income Accounting National Income and National Product — Concepts of National Income: GDP, GNP, NNP, NNP at FC, Personal Income and Personal Disposable Income – GDP Deflator - Measurement of National Income - Value Added Method - Expenditure Method - Income Method - Nominal GNP and Real GNP - The Concept of Green GDP.</p>
Module III	<p>Theory of Employment and Output Classical Theory – Assumptions - Say’s Law of Market – Wage Price flexibility - Criticisms of Classical Theory. Keynesian Theory - Principle of Effective Demand – Aggregate Demand & Aggregate Supply functions – Underemployment Equilibrium— Problem of Demand Deficiency - Determination of Employment & National Income: Saving-Investment Approach—Equilibrium Level of National Income.</p>
Module IV	<p>Consumption and Investment Theories Consumption Function: Average and Marginal Propensity to Consume – Savings Function: Average and Marginal Propensity to Save- Keynes’s Psychological Law of Consumption - Determinants of MPC Investment – Meaning- Autonomous and Induced Investment - Determinants of Investment: Marginal Efficiency of Capital. Monetary and Fiscal Policy Measures for Investment. Accelerator and Multiplier theory of Investment.</p>
Module V	<p>General Price and Business Cycles Inflation – Meaning – types – Cause and effects – Inflationary Gap – WPI and CPI - Inflation and Unemployment - Phillips Curve. Monetary and Fiscal Policy measures to control Inflation. Deflation - Meaning – types – effects – Deflationary Gap. Business Cycles - Meaning – Phases of Business Cycles – Keynes – Samuelson and Hicks theory of Business Cycle. Monetary and Fiscal Policy Measures of Business Cycles.</p>
Text Book	<ul style="list-style-type: none"> • Ahuja, H. L (2020) Macroeconomics (Theory & Policy). S. Chand & Company, New Delhi. • Mankiew N. Gregory (2003) Macroeconomics, Worth publications, New York.