B.A
CORE COURSE (CC): ECONOMICS
SEMESTER - II
(BAB31201T) MACRO ECONOMICS

MAX.MARKS:100
EXTERNAL:70
INTERNAL:30
PASS:40%
Credits:6

OBJECTIVE

After introducing the students to the issues related to an individual consumer, firm and market in the first semester, this course in the second semester throws light on the national economy as a whole. This course includes the basic theories of determination of income, consumption, investment, employment, money and interest, inflation, Monetary and Fiscal policies, and business cycles.

COURSE OUTCOMES:

CO1	Understand basic macroeconomic issues, such as determination of national income, output, employment, inflation, interest rate and more
CO2	Understand the concept of Money, its functions and various theories of money
CO3	Understand the role of monetary and fiscal policy
CO4	Able to understand the basic functioning of the macro economy

INSTRUCTIONS FOR THE PAPER SETTER/EXAMINER:

1. The syllabus prescribed should be strictly adhered to.
2. The question paper will consist of three sections: A, B, and C. Sections A and B will have four questions each from the respective sections of the syllabus and will carry 10 marks each. The candidates will attempt two questions from each section.
3. Section C will have fifteen short answer questions covering the entire syllabus. Each question will carry 3 marks. Candidates will attempt any 10 questions from this section.
4. The examiner shall give a clear instruction to the candidates to attempt questions only at one place and only once. Second or subsequent attempts, unless the earlier ones have been crossed out, shall not be evaluated.
5. The duration of each paper will be three hours.

INSTRUCTIONS FOR THE CANDIDATES:

Candidates are required to attempt any two questions each from the sections A, and B of the question paper, and any ten short answer questions from Section C. They have to attempt questions only at one place and only once. Second or subsequent attempts, unless the earlier ones

have been crossed out, shall not be evaluated.

Section - A

Unit 1: Introduction to Macro Economics

Unit 2: National Income: basic concepts of national income, methods and measurement.

Unit 3: Determination of Income, Output and Employment: Classical and Keynesian approaches

Unit 4: Consumption Function: Keynes' Psychological Law of Consumption, Determinants of Propensity to Consume.

Section – B

Unit 5: Investment Function: Types, Investment demand schedule and factors affecting investment decisions.

Unit 6: Marginal efficiency of capital: concept, operation and limitations of static and dynamic multiplier. Acceleration theory and its working.

Unit 7: Business Cycles: Meaning and Phases, Inflation: concept, causes and effects

Unit 8: Monetary Policy and Fiscal Policy: Meaning, Objectives and Tools

Suggested Readings:

- Blanchard, O. (2018). *Macroeconomics,* 7th ed. Pearson Education.
- Dornbusch, R., Fischer, S., Startz, R. (2018). *Macroeconomics,* 12th ed. McGraw-Hill.
- Jones, C. (2016). *Macroeconomics*, 4th ed. W. W. Norton.
- Mankiw, N. (2016). *Macroeconomics*, 9th ed. worth Publishers.