



Faculty of: **Commerce**

Course: **Bachelor of Commerce**

Semester: **II**

Subject Code: **4CO02BME1**

Subject Name: **Macro Economics**

Sr. No	Branch Code	Subject Code	Subject Name	Teaching hours/ Week			Credit hours	Credit Points	Evaluation Scheme/ Semester								Total		
				Th	Tu	Pr			Theory				Practical						
									Internal Assessment		End Semester Exams		Internal Assessment		End Semester Exams				
									Marks	Duration	Marks	Duration	Marks	Duration	Marks	Duration			
4	7	4CO02BME1	Macro Economics	4	2	0	6	5	10	SE	1 Hr.	80	2½	10	CE	0	0	0	100

SCOPE:

To Explain Various concepts of national income to determine the level of employment to study about banks and financial institution and factors affecting the general level of price in an economy.

OBJECTIVES:

The course aims at providing the student with knowledge of basic concepts of the macro economics. The modern tools of macro-economic analysis are discussed and the policy framework is elaborated, including the open economy.

COURSE CONTENTS

Unit I Introduction

05 Hrs.

- concepts and variables of macroeconomics, income, expenditure and the circular flow, components of expenditure. Static macroeconomic analysis short and the long run – determination of supply, determination of demand, and conditions of equilibrium

Unit II Economy in the short run

20 Hrs.

- IS–LM framework, fiscal and monetary policy, determination of aggregate demand, shifts in aggregate demand, aggregate supply in the short and long run, and aggregate demand-aggregate supply analysis.

Unit III Inflation, Unemployment and Labour market

20 Hrs.

- Inflation: Causes of rising and falling inflation, inflation and interest rates, social costs of inflation; Unemployment – natural rate of unemployment, frictional and wait unemployment. Labour market and its interaction with production system; Phillips curve, the trade-off between inflation and unemployment, sacrifice ratio, role of expectations adaptive and rational

Unit IV Open economy**13 Hrs.**

- Open economy – flows of goods and capital, saving and investment in a small and a large openeconomy, exchange rates, Mundell – Fleming model with fixed and flexible prices in a small open economy with fixed and with flexible exchange rates, interest-rate differentials case of a large economy.

Unit V**7 Hrs.**

- Behavioral Foundations- Investment –determinants of business fixed investment, effect of tax, determinants of residential investment and inventory investment. Demand for Money – Portfolio and transactions theories of demand for real balances, interest and income elasticities of demand for real balances. Supply of money

REFERENCE BOOKS:

1. Mankiw, N. Gregory. *Principles of Macroeconomics*. Cengage Learning
2. Robert J Gordon, *Macroeconomics*, Pearson Education
3. Branson, William H. *Macroeconomic Theory and Policy*. HarperCollins India Pvt. Ltd.
4. Rudiger Dornbusch and Stanley Fischer, *Macroeconomics*. McGraw-Hill Education.
5. Rudiger Dornbusch, Stanley Fischer, and Richard Startz, *Macroeconomics*. McGraw-Hill Education
6. Oliver J. Blanchard, *Macroeconomics*, Pearson Education
7. G. S. Gupta, *Macroeconomics: Theory and Applications*, McGraw-Hill Education
8. Shapiro, *Macroeconomic Analysis*,
9. Paul A Samuelson, William D Nordhaus, and Sudip Chaudhuri, *Macroeconomic*, McGraw-Hill Education
10. S N Singh, समष्टि अर्थशास्त्र Pearson Education

NPTEL COURSE (<https://nptel.ac.in/>):

1. Course Link: <https://nptel.ac.in/courses/109104035>