Discipline: Science   ☑   Arts, Humanities & Social Science   ☑

Commerce   ☐   BBA   ☐   BCA   ☐

Subject Name: **ECONOMICS**

Subject Code:

Semester: Semester I ☐   Semester II ☐   Semester III ☑   Semester IV ☐

Semester V ☐   Semester VI ☐   Semester VII ☐   Semester VIII ☐

Course   Name: **INTRODUCTORY MACROECONOMICS**

Course   Code: ECONMAJ203

Course   Credit: Theoretical   3   Practical/Tutorial   1

Marks Allotted: Theoretical   60   Practical/Tutorial   20

Continuous Evaluation   Attendance

Course Type (tick the correct alternatives):

Major Core   ☑   AEC   ☐

Interdisciplinary/ DSE   ☐   SEC   ☐

Minor / Generic Elective   ☐   VAC   ☐

Research Project/Dissertation ☐   Vocational   ☐

Is the course focused on employability/entrepreneurship?   YES ☑   NO ☐

Is the course focused on imparting life skills?   YES ☐   NO ☑

Is the course based on Activity?   YES ☐   NO ☑

Remarks by Chairman, UG BOS, if any

UG BOS Meeting Reference Number: 120/UG-24   Date: 25/07/2024

Course Code: ECONMAJ203

Course Name: Introductory Macroeconomics

Brief Course Description:

This course has six modules; all the six modules are on macroeconomics concepts and theory. The course level is 100, and hence it is of introductory level. The three modules out of six are on algebra and calculus methods and techniques that have applications in macroeconomics.

Prerequisite(s) and/or Note(s):

(1) Knowledge of high school-level mathematics is required.
(2) Prior knowledge of economics at the +2 level will be useful.

Course Objectives:

Knowledge acquired:

(1) To acquaint the students with the basic concepts and principles of macroeconomics.

(2) Students are expected to acquire knowledge of a wide range of mathematical techniques which is applied for macroeconomics.

(3) To apply the elementary mathematical tools in economic decisions.

Skills gained:

(1) Students will be able to understand the basic macroeconomics concepts and relate them to real-world experiences.

(2) Students can use algebra and calculus to estimate macroeconomics indicators from national income, various multiplier and acceleration principle.

Competency Developed:

(1) On completion of the programme, students develop the ability to explain core economic terms, concepts and theories for intellectual growth.
(2) Students learn to employ the "economic way of thinking" and become aware of global, historical and institutional forces.

(3) Students will acquire the knowledge required to study advanced economic courses in subsequent semesters.

Course Syllabus:

Module-I: Introduction [5 hrs]

What is Macroeconomics? Nature, Scope and Importance of Macroeconomics; Concepts of Economic Models; Stock and Flow Concepts; Macro Statics, Macro Dynamics and Comparative Statics; Equation and Identity; Ex-post and Ex-ante.

Module-II: The National Income Accounts [6 hrs]

Definitions of National Income; Different Concepts of National Income; Methods of Measuring National Income; Difficulties of Measuring National Income; National Income as a Measure of Economic Welfare; The Circular Flow of Income and Expenditure.

Module-III: The Classical Theory of Income and Employment [9 hrs]

Basic Ideas of Classical Macroeconomics; Say's Law and Quantity Theory of Money (The Cash Transactions Approach and The Cash Balances Approach); The Classical Theory of Interest Rate; Loanable Fund Theory; The Classical Theory of Income and Employment Determination; Full Employment and Wage-Price Flexibility; Concepts of Classical Dichotomy and Neutrality of Money.

Module-IV: Banking System [10 hrs]

Functions of Commercial Bank: Do Banks Create Credit? The Process of Credit Creation; Definition of a Central Bank; Functions of a Central Bank; Central Bank as the Controller of Credit (Bank Rate, Open Market Operations, Variable Reserve Ratio, Selective Credit Control and Statutory Liquidity Ratio); Role of Central Bank in a Developing Economy.

Module-V: The Simple Keynesian Model [10 hrs]

The Simple Keynesian Model (SKM) in a Closed Economy without Government; The Keynesian Consumption Function; The Keynesian Saving Function; Income Determination in SKM; Stability of Equilibrium; The Simple Keynesian Multiplier; Static vs. Dynamic Multiplier, The Paradox of Thrift; Government Expenditure and Tax; The Government Expenditure Multiplier and The Tax Rate Multiplier; The Balanced Budget Multiplier.

Module-VI: Investment Function [5 hrs]

Concepts of Marginal Productivity of Capital, Marginal Efficiency of Capital (MEC) and Marginal Efficiency of Investment (MEI), Acceleration Principle; Multiplier- Accelerator Interaction.

Tutorial Classes: [15 hrs]

Tutorial classes are meant to clarify better the contents of the course. Such classes are meant to promote teacher-student academic interactions and help to build a student's confidence and self-esteem.

Continuing Evaluation:

The course instructor will finalise the modalities of the continuing evaluation. A few suggestions for continuing evaluation are (a) a written examination, (b) a take-home assignment, and (c) a presentation on the topic suggested by the course instructor.

Suggested Readings:

- Ackley, *Macroeconomic Theory and Policy*, 2nd Edition.
- Andrew B. Abel and Ben S. Bernanke, *Macroeconomics*, Pearson Education, Inc., 7th edition, 2011
- Charles I. Jones, *Introduction to Economic Growth*, W.W. Norton & Company, 2nd edition, 2002
- Dornbusch, Fischer and Startz, *Macroeconomics*, McGraw Hill, 11th edition, 2010
- Errol D 'Souza, *Macroeconomics*, Pearson Education, 2009
- Ghosh Chandana & Ghosh Amber: *Macroeconomics*, PHI Learning
- N. Gregory Mankiw. *Macroeconomics,* Worth Publishers, 7th edition, 2010
- Olivier Blanchard, *Macroeconomics*, Pearson Education, Inc., 5th edition, 2009
- R. Dornbusch and S. Fischer, *Macroeconomics*, McGraw Hill, 4th edition
- Richard T. Froyen, *Macroeconomics*, Pearson Education Asia, 2nd edition, 2005
- Robert J. Gordon, *Macroeconomics*, Prentice-Hall India Limited, 2011
- Sikdar, S. *Principles of Macroeconomics*, Oxford University Press
- W. H. Branson, *Macroeconomic Theory and Policy*, All India Traveller Bookseller, 2nd Edition