

Semester 3rd

Course code: CR-ECO-III

Course Title: Principles of Macroeconomics- 1

6 credits

Course description

The course consists of 6 credits. Each credit constitutes of 15 marks.

This course introduces students to the basic concepts in Macroeconomics. Macroeconomics deals with the aggregate economy. In this course the students are introduced to the definition, measurement of the macroeconomic variables like GDP, consumption, savings, investment and balance of payments. The course also discusses various theories of determining GDP in the short run.

UNIT I: National Income Accounting

Macroeconomics- Concept; Concepts of GDP and National Income; measurement of national income and related aggregates; nominal income and real income; actual and potential income; limitations of the GDP.

UNIT II: National Income Determination in a Closed Economy

Classical theory of income and employment; Keynes's theory of employment, aggregate expenditure; consumption function, investment function; concepts of MPS, APS, MPC, APC; Concept of multiplier.

UNIT III: National Income Determination in an Open Economy

Determination of national income with government – three sector model; impact of changes in government expenditure and taxes; net exports function; net exports and equilibrium national income.

UNIT IV: Money in a Modern Economy

Concept and functions of money in a modern economy; monetary aggregates; money supply and credit creation; demand for money: Fisher's Transactions approach to demand for money; Cambridge cash- balance theory of demand for money; Keynes's theory of demand for money; monetary policy.

UNIT V

Tutorial I

Assignment

Viva

Tutorial II

Class test

Group discussion, presentation.

Readings:

1. Edward Shapiro, (2005): *Macroeconomic Analysis*, 5th Edition, Galgotia Publications, New Delhi.
2. Sikder, Snoryen, *Principles of Macroeconomics*, 2nd addition Oxford University Press, India.
3. N. Gregory Mankiw, *Macroeconomics*, Worth Publishers, 7th edition, 2010.
4. Dornbusch, Fischer and Startz, *Macroeconomics*, McGraw Hill, 11th edition, 2010.
5. H.L Ahuja, *Macroeconomics Theory and Policy*, S. Chand & company New Delhi.