

F.Y.B.A. / F.Y.B.Sc ECONOMICS (PAPER II)

SEMISTER II

MACRO ECONOMICS

Preamble

This course is designed to introduce the student to the basic building blocks of macroeconomics. Using an open economy framework, the course develops an understanding of the constituents of the open economy. The student should be able to build on these constituents in the later years so as to be able to analyse macroeconomic policies

Module I: Concepts and Definitions (12 Lectures)

Circular flow of Income in an Open Economy–GDP-GNP-NNP- GDP Deflator–Real and Nominal quantities–GDP at purchasing power parity –Exchange rate as a price –GDP Growth: India’s experience –Trends in Growth Rate and Sectoral Composition of GDP- Sources of Data.

Module II:Consumption, Saving and Investment (12 Lectures)

National Income Identity in an Open Economy- Keynesian Consumption Function- Investment Multiplier-Marginal Efficiency of Capital and Rate of Interest-Accelerator- Savings in India: Trends and Composition-Capital Formation in India: Trends and Composition- Sources of Data.

Module III: Government (12 Lectures)

Public Goods and their Features- Merit Goods- Sources of Revenue: Direct and Indirect Tax- Impact, Shifting and Incidence of Tax- Sources of Non- Tax Revenue- Public Expenditure: Revenue and Capital Expenditure- Subsidies- Types of Deficit: Revenue, Budgetary, Fiscal and Primary-Concept of GST- Recent Trends- Sources of Data.

Module IV: External Sector (12 Lectures)

Structure of Balance of Payments-Types of Disequilibrium in BOP- Exchange Rate Determination- Concept of FOREX and its components-Sources of Data.

References:

1. N. Gregory Mankiw, *Principles of Macroeconomics*, 7th edition, Cengage Learning, 2015
2. Sikdar, S. (2006), *Principles of Macroeconomics*, Oxford University Press, New Delhi.
3. Abel, A. B., B. S. Bernanke and D. Croushore (2011), *Macroeconomics*, Pearson, New Delhi.

PAPER PATTERN FOR SEMISTER I

ALL QUESTIONS ARE COMPULSORY.

THERE WILL BE FIVE QUESTIONS ON FOUR MOUDULES AND EACH QUESTION WILL CARRY 20 MARKS.

ON EACH MODULE, THERE WILL BE THREE SUB-QUESTIONS.

STUDENTS WILL HAVE TO ATTEMPT ANY TWO OUT OF THREE SUB-QUESTIONS.

QUESTION FIVE WILL BE OF NOTES ONE ON EACH MODULE.

STUDENTS WILL HAVE TO ATTEMPT ANY TWO OUT OF FOUR NOTES.