

**Subject Code: 203**

**Subject Name: Macro-Economics**

**Unit I:**

**10 hrs**

National Income Accounting- concept of GDP, NNP, methods to calculate GDP, or national income, shortcomings in calculation of GDP, practical significance of measuring GDP.

**Unit II:**

**8 hrs**

Money- Functions of money, modern monetary system, Importance & significance of money, Fishers Equation of Exchange, Keynes demand for money, Keynes liquidity preference, Liquidity trap, Measures of money supply

**Unit III:**

**30 hrs**

Classical model of theory of Employment, assumptions, Says Law of Market, wage price flexibility, full employment, Keynes criticism.

Keynesian theory of Employment- aggregate demand function, aggregate supply function, effective demand, concept of full employment, equilibrium of the economy, equilibrium at less than full employment level , Consumption Function- Meaning, propensity to consume, Psychological Law of consumption, Determinants of the Consumption function, Importance of consumption function.

Investment function- Meaning, induced investment, Autonomous investment, Marginal efficiency of capital

Concept of investment multiplier, leakages in the multiplier, importance of multiplier, Concept of accelerator.

**Unit IV:**

**6 hrs**

Business cycles-meaning, types, phases, theories- Schumpeter theory of innovation and business cycles, Marx theory of business cycles and Keynes theory of business cycles.

**Unit V**

**6 hrs**

Inflation-meaning, causes, degrees, types- Demand pull, Cost push, Interaction of demand & Cost push, Monetary theory of inflation, Friedman's view, effects of inflation, Phillips Curve – Short run & long run, Natural rate of unemployment, Supply shocks, Break down of Phillips curve.

**Recommended Books:**

1. Modern Economics – Himalaya Publishing House by D. M. Mithani
2. Modern Economics – S. Chand & Co. Ltd. – H. L. Ahuja
3. Macro Economics – Lakshmi Narayan Agarwal Publishers by M. L. Seth
4. Macro- Economic theory- M.L.Jhingan.
5. Business Economics – Dr.Vasudha Garde and Dr. Sunayani Purchase.
6. Macro Economics theory and application – G.S.Gupta