

Core Course 2 (CC 2) BA/BSc (General) / Generic Elective Course II (GE -II) for BA/BSc Honours students [other than students having Economics (Honours)]/ BA (General) Generic Elective Course II (GE-II) for students not having Economics as Core Course

Name of the Course: Introductory Macroeconomics

[For Semester-II]

ECO-G-CC-2-2-TH-TU/ ECO--GE-2-2-TH-TU/ECO-G-GE-2-2-TH-TU

ECO-G-CC-2-2-TH / ECO--GE-2-2-TH /ECO-G-GE-2-2-TH

1. Introduction to Macroeconomics and National Income Accounting

Basic issues of macroeconomics; measurement of gross domestic product; distinction of gross domestic product with gross national product; net domestic product and net national product; net domestic product at market price and at factor cost-the concept of national income. Measurement of national income- income method and the expenditure method- circular flow of income; the concept of value added and the value added method of measuring national income; real versus nominal GDP.

2. The Simple Keynesian Model in a Closed Economy

The Keynesian consumption function and the Keynesian saving function. The Simple Keynesian Model of Income determination- the concept of effective demand- the Simple Keynesian Multiplier-the role of the government in Simple Keynesian Model

3. The Classical System

Basic ideas of classical system-Say's Law and Quantity Theory of Money- classical theory of income and employment determination.

4. Money Supply and Money Demand

- Supply of money; measures of money supply; high powered money, credit creation by commercial banks, tools of monetary policy.
- Demand for money-demand for money in the classical system and in the Keynesian system-the liquidity preference schedule.

5. Inflation

Demand pull and cost push inflation; inflation and its social costs; hyperinflation; trade off between inflation and unemployment –basic ideas of the Phillips Curve; anti-inflationary monetary and fiscal policies.

6. The External Sector

- Basis of trade: concepts of absolute advantage and comparative advantage; arguments for free trade; arguments for protection
- Balance of Payments-accounting and equilibrium; disequilibrium in balance of payments and devaluation-the role of the Marshall-Lerner condition

TOPICS HIGHLIGHTED IN GREEN HAVE BEEN COVERED.

TOPICS HIGHLIGHTED IN YELLOW HAVE TO BE DONE.