

Semester 3rd

Course Code: CR-ECO-III

Principles of Macroeconomics–I

Course Description

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: Introduction

Macroeconomics-Concept; Macroeconomic issues- an overview; concepts of GDP and National Income; measurement of national income and related aggregates; nominal and real income; limitations of the GDP

Unit II: Determination of GDP

Actual and potential GDP; aggregate expenditure; consumption function; investment Function; equilibrium GDP; concepts of MPS, APS, MPC, APC; autonomous expenditure; Concept of multiplier.

Unit III: National Income Determination in an Open Economy

Fiscal Policy: 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 of money in a modern economy; monetary aggregates; demand for money; Quantity theory of money; liquidity preference and rate of interest; money supply and credit creation; monetary policy.

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. D.N. Dwivedi (2007) Microeconomics, Tata Mcgraw Hill, New Delhi.
4. H.L Ahuja, (2007) Advanced Economic Theory-Microeconomic Analysis, S. Chand & company New Delhi.