

Course Code	Course Name	Credits
26EC005	MACRO ECONOMICS-II	04

Course Objectives

- To explain the nature, phases, and theoretical explanations of business cycles in economies.
- To analyze the causes, types, effects, and policy measures for inflation, deflation, and related phenomena.
- To explore the concept of investment, its determinants, and strategies to promote it.
- To examine the functions, credit mechanisms, and policy tools of commercial and central banking systems.
- To understand the structure, disequilibria, and adjustment mechanisms of the balance of payments.

Learning Outcomes

Upon successful completion of this course it is intended that a student will be able to:

- Describe business cycles and evaluate Hawtrey/Keynesian theories.
- Identify inflation types, gaps, deflation/hyperinflation, and policy measures including Phillips Curve.
- Define investment types, explain MEC factors, and outline stimulation measures.
- Outline commercial/central bank functions, credit creation, and control tools.
- Explain BOP components, disequilibrium causes, corrections, and BOT/adjustment links.

Unit 1 – Business Cycle (12Hrs)

Business Cycle-meaning and characteristics, phases of trade cycle. Hawtrey's pure monetary theory of trade cycle, Keynesian theory of trade cycle

Unit 2 – Inflation (12Hrs)

Inflation – meaning, types, causes and effects; demand-pull and cost-push inflation, Inflationary gap. Deflation – meaning, effects; Inflation Vs. deflation; Hyperinflation - causes of hyperinflation, costs of hyperinflation; Anti-Inflationary Measures - Monetary policy and Fiscal policy, Trade-off between Inflation and Unemployment (Philip's Curve).

Unit 3 – Investment (12Hrs)

Meaning of investment, types of investment, Marginal Efficiency of Capital (MEC), factors affecting MEC, measure to stimulate private investment, theory of investment.

Unit 4 – Banking (12Hrs)

Commercial banking-functions, credit creation- purpose and limitations: central banking- functions and role, credit control measures: bank rate: open market operation, variables reserve ratios and selective credit control measure

Unit 5 –Balance of Payment (12Hrs)

Meaning and components of BOP; Equilibrium; causes of disequilibrium in the BOP; measures to control deficit in the BOP; BOP and BOT. Adjustment mechanisms of BOPs.

Reference Books:

1. Macro Economics Theory & Policy- H.L Ahuja, S.Chand& Company Ltd, 20th Edition (2015).
2. Advanced Economic Theory Micro and Macro- P.N.Chopra, Kalyani Publishers, 12th Edition (2011).
3. Principles of Economics- M.L.Seth, Laxami Narayan Agarwal Educational Publishers (LNA), 2017.
4. Macro Economics- M.L.Seth, Laxami Narayan Agarwal Educational Publishers (LNA), 2010

Websites and eLearning Sources:

1. <https://fivebooks.com/best-books/macroeconomics-textbooks-raffaele-rossi/>
2. <https://bookdown.org/robohay/economicsnotes/references.html>
3. <https://www.bu.edu/econ/files/2014/08/DLS1.pdf>
4. <https://open.umn.edu/opentextbooks/textbooks/33>

COs and Bloom's Taxonomy Mapping – 26EC005

Course Outcomes	On successful completion of this course, students will be able to	BTL
CO1	Recall the meaning, characteristics, phases, and theories (Hawtrey's and Keynesian) of business cycles.	K1
CO2	Explain types, causes, effects of inflation/deflation, Phillips Curve, and anti-inflationary policies.	K2
CO3	Understand investment types, Marginal Efficiency of Capital (MEC), and factors stimulating investment.	K2
CO4	Analyze functions of commercial/central banking, credit creation limits, and credit control measures.	K4
CO5	Evaluate balance of payments components, disequilibrium causes, and adjustment mechanisms.	K5

BTL (Bloom's Taxonomy Level) - K1 – Remembering, K2 – Understanding, K3- Applying, K4 – Analyse, K5- Evaluate and K6 - Create

Relationship Matrix – 26EC005

Course Outcomes	Programme Outcomes (POs)						Programme Specific Outcomes (PSOs)					Mean Score of Cos
	PO1	PO2	PO3	PO4	PO5	PO6	PSO1	PSO2	PSO3	PSO4	PSO5	
CO1	3	2	1	1	1	1	2	2	2	1	1	1.5
CO2	3	3	2	2	2	1	2	3	3	2	2	2.3
CO3	3	2	2	1	1	2	3	3	2	2	3	2.2
CO4	3	3	3	2	2	2	3	3	3	3	3	2.7
CO5	3	3	3	2	2	2	2	3	3	3	3	2.6
Total												2.3

Mean Score: 3- High, 2- Medium/Moderate, 1-Low

