

Course Code	Course Name	Credits
22EC502	MACRO ECONOMIC ANALYSIS - 1	04

### Course Objectives

- To understand the estimation of national income in a country.
- To understand the law that governs the level of consumption.
- To understand how the investment plays a vital role in the growth of an economy.
- To understand how money is demanded and different theories of money demand.
- To understand the demand and creation of money and to control.

### Learning Outcomes

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

- Understand the importance of equitable distribution of national income in a country.
- National income estimation and circular flow of income.
- To know determinates of consumption and different consumption theories.
- To understand different investment theories and monetary and fiscal measures of investment.
- Understand the marginal productivity theories of distribution and various instruments of monetary control.

### Unit 1 – National Income Accounting and Employment Theories (12Hrs)

National income- circular flow of income in two, three and four sector economy. Different forms of national income accounting, social accounting; input-output flow of funds accounting. Balance of payments accounting. Classical and Keynesian theories of full employment.

### Unit 2 – Theories of Consumption (12Hrs)

Keynes' psychological law of consumption empirical evidence on consumption. Relative income. Theory of consumption. Life cycle hypothesis. Permanent income hypothesis and consumption under uncertainty.

### Unit 3 – MEC and Investment (12Hrs)

Marginal efficiency of capital approach. Accelerator theory of investment. Neo classical theory of investment. Monetary and fiscal measures of investment.

### Unit 4 –Theories of Demand for Money (12Hrs)

Classical and Keynesian approach. Fisher's equation. Cambridge quantity theory. Post Keynesian approaches to demand for money- Tobin, Baumol and Friedman.

### Unit 5 –Money Supply (12Hrs)

Marginal productivity theory of distribution: Clark's and Marshall – Hicks version. Theories of Interest- Classical, Neo Measures of money supply. Instruments of monetary control. Determinants of money supply. High- powered money- Money multiplier. Budget deficit and money supply. Money supply and the open economy.

### Reference Books:

1. Macro Economics Theory & Policy-H. L. Ahuja, S. Chand & Company Ltd, 20<sup>th</sup> Edition (2015).
2. Advance Economic Theory Micro and Macro- P.N. Chopra, Kalyani Publishers, 12<sup>th</sup> 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.
5. Monetary Economics- S.P. Gupta, S. Chand & Co. (1983).

### Websites and eLearning Sources:

1. <https://onlinelibrary.wiley.com/doi/abs/10.1002/9781118430873.est0223>
2. <https://olivierloisel.com/macroeconomics/References.pdf>
3. <https://books.core-econ.org/the-economy/macroeconomics/0-3-contents.html>

**COs and Bloom's Taxonomy Mapping – 26EC502**

<b>Course Outcomes</b>	<b>On successful completion of this course, students will be able to</b>	<b>BTL</b>
<b>CO1</b>	To understand the importance of equitable distribution of income in a country.	K1, K2,K5
<b>CO2</b>	To understand the law that governs the motive and level of consumption.	K2, K3, K4
<b>CO3</b>	To understand how the investment plays a vital role in the growth of an economy.	K2, K3,K5
<b>CO4</b>	National income estimation and circular flow of income.	K1, K2
<b>CO5</b>	To understand the demand and creation of money and to control.	K2, K3,K5

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

**Relationship Matrix – 26EC502**

<b>Course Outcomes</b>	<b>Programme Outcomes (POs)</b>						<b>Programme Specific Outcomes (PSOs)</b>						<b>Mean Score of Cos</b>
	<b>PO1</b>	<b>PO2</b>	<b>PO3</b>	<b>PO4</b>	<b>PO5</b>	<b>PO6</b>	<b>PSO1</b>	<b>PSO2</b>	<b>PSO3</b>	<b>PSO4</b>	<b>PSO5</b>	<b>PSO6</b>	
<b>CO1</b>	3	2	2	2	2	2	2	2	2	3	2	2	2.1
<b>CO2</b>	3	2	2	3	2	3	2	3	1	2	2	3	2.3
<b>CO3</b>	2	1	3	2	2	1	2	2	2	3	1	2	1.9
<b>CO4</b>	2	2	2	2	1	2	2	2	3	2	2	2	2.0
<b>CO5</b>	3	2	3	2	2	3	3	3	3	2	3	3	2.6
<b>Total</b>													2.18

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

