

**BACHELOR OF ARTS (LIBERAL ARTS)**  
**CORE COURSE (CC): ECONOMICS SEMESTER - II**  
**(BLAB31201T) MACRO ECONOMICS**

**MAX. MARKS:100**

**EXTERNAL:70**

**INTERNAL:30**

**PASS:40%**

**OBJECTIVE:**

**CREDITS:6**

After introducing the students with the issues related with an individual consumer, firm and market in the first semester, this course in the second semester throws light on the national economy as a whole. This course includes the basic theories of determination of income, consumption, investment, employment, money and interest, inflation, Monetary and Fiscal policies, and business cycles.

**INSTRUCTIONS FOR THE PAPER SETTER/EXAMINER:**

1. The syllabus prescribed should be strictly adhered to.
2. The question paper will consist of three sections: A, B, and C. Sections A and B will have four questions each from the respective sections of the syllabus and will carry 10 marks each. The candidates will attempt two questions from each section.
3. Section C will have fifteen short answer questions covering the entire syllabus. Each question will carry 3 marks. Candidates will attempt any 10 questions from this section.
4. The examiner shall give a clear instruction to the candidates to attempt questions only at one place and only once. Second or subsequent attempts, unless the earlier ones have been crossed out, shall not be evaluated.
5. The duration of each paper will be three hours.

**INSTRUCTIONS FOR THE CANDIDATES:**

Candidates are required to attempt any two questions each from the sections A, and B of the question paper, and any ten short answer questions from Section C. They have to attempt questions only at one place and only once. Second or subsequent attempts, unless the earlier ones have been crossed out, shall not be evaluated.

**Section - A**

**Introduction to Macro Economics:** Meaning, Need and scope of Macroeconomics; **National Income Accounting:** definitions and concepts of National Income and the methods of measurement.

**Determination of Income, Output and Employment:** Classical and Keynesian approaches

**Consumption Function:** Keynes' Psychological Law of Consumption, Determinants of Propensity to Consume. Absolute and Relative Income Hypothesis.

**Investment Function:** Types, Investment demand schedule and factors affecting investment decisions. Marginal efficiency of capital. concept, operation and limitations of static and dynamic multiplier. Acceleration theory and its working.

### **Section – B**

**Business Cycles:** Meaning and Phases and **Inflation:** concept, causes and effects

**Money:** Definition, Types, Functions and Role; Theories of Money: Fisher's Transaction Balance Approach and Cambridge Cash Balance Equation, Keynesian Liquidity Preference Theory.

**Banking:** Functions of Commercial Banks and Process of Credit Creation.

**Monetary Policy:** Meaning, Objectives and tools of Monetary Policy.

**Fiscal Policy:** Objectives and tools of Fiscal Policy.

### **Suggested Readings:**

1. Blanchard, O. (2018). Macroeconomics, 7th ed. Pearson Education.
2. Dornbusch, R., Fischer, S., Startz, R. (2018). Macroeconomics, 12th ed. McGraw-Hill.
3. Jones, C. (2016). Macroeconomics, 4th ed. W. W. Norton.
4. Mankiw, N. (2016). Macroeconomics, 9th ed. worth Publishers.