

GUJARAT TECHNOLOGICAL UNIVERSITY

INTEGRATED MASTER OF BUSINESS ADMINISTRATION

Year – First (Semester – II) (W.E.F. Academic Year 2017-18)

Subject Name: MACRO ECONOMICS (ME)

Subject Code: 2527103

1. Course Objectives:

- a) The objective is to familiarize the students in the application of principles of Macro Economic analysis to the day-to-day decision-making in the aggregate economy.
- b) To develop skill in economic reasoning
- c) To help students in understanding and solving aggregate economic problems.

2. Course Duration: The course duration is of **45 sessions of 60 minutes** each.

3. Course Contents:

Module No.	Modules with its Contents/Chapters	No. of Sessions	Marks (out of 70)
I	<p><u>Introduction to Macroeconomics & National Income</u> Macroeconomics and its scope: Meaning, Origin, Growth of Macroeconomics, Microeconomics v/s macroeconomics – Importance and Limitations of Macroeconomics</p> <p>Concepts of Macroeconomic Analysis: Stock and flow, Equilibrium and Disequilibrium, Partial and General Equilibrium Analysis –Static, Comparative Static and Dynamic. Circular Flow of Income and Expenditure for Two-Sector, Three-Sector & Four-Sector Model</p> <p>National income concepts and their interrelationships: National Income Concepts – Parameters of National Income - Nominal and Real GNP – Methods of Measuring National Income</p>	10	14

<p style="text-align: center;">II</p>	<p><u>Theory of Income and Employment</u> Say's Law of Market, Classical Theory of Employment Keynesian Theory of Income and Employment - Principle of Effective Demand - Equilibrium Level of Employment & Output Income Determination in Closed and Open Economy Model – Income Determination with Government Sector – Overview of Four Sector Model – Income Determination in Four-Sector Model</p> <p><u>Theory of Consumption and Money:</u> Overview of Consumption Theories i.e. Keynesian Theory – – Life Cycle Theory of Consumption Definitions and functions of Money, Sources of Money Supply, Theory of Money Supply, Classical Quantity Theory of Money, Keynesian Theory of Demand for Money</p>	<p style="text-align: center;">15</p>	<p style="text-align: center;">21</p>
<p style="text-align: center;">III</p>	<p><u>Economic Growth & Business Cycle</u> Meaning and Factors of Economic Growth – Overview of theories of Economic Growth – Neo-Classical Theory of Growth - Meaning and Phases of Business Cycle – Theories of Business Cycle</p> <p><u>Inflation & Unemployment</u> Meaning and Methods of Measuring Inflation – Types of Inflation – Social & Economic Effects of Inflation – Classical and Neo-Classical Theories of Inflation – Modern Theories of Inflation - Meaning, Measurement and Kinds of Unemployment – Philips Curve</p>	<p style="text-align: center;">10</p>	<p style="text-align: center;">14</p>
<p style="text-align: center;">IV</p>	<p><u>Monetary Policy</u> Meaning and Scope of Monetary Policy – Instrument of Monetary Policy – Limitations and Effectiveness of Monetary Policy – Key areas of Monetary Policy of India</p> <p><u>Fiscal Policy</u> Meaning and Scope of Fiscal Policy – Fiscal Instruments and Target Variables – Fiscal Policy and Macroeconomics Goal – Fiscal Policy of India</p>	<p style="text-align: center;">10</p>	<p style="text-align: center;">21</p>
	<p><u>Practical:</u> Analyze the Union Budget of current financial year and interpret its anticipated effects in economy.</p>	<p style="text-align: center;">-</p>	<p style="text-align: center;">Internal Evaluation of CEC (30 marks)</p>

4. Teaching Methods:

The course will use the following pedagogical tools:

- Lectures
- Case Discussion
- Projects/ Assignments/ Quizzes/ MCQs etc.

5. Evaluation:

The evaluation of participants will be on continuous basis comprising of the following Elements:

A	Projects/ Assignment/ Quizzes/ Class participation etc.	Weightage 50 Marks (Assessment of CEC)
B	Internal Examination (Mid-Semester Examination)	Weightage 30 Marks (Internal Assessment)
C	End – Semester Examination (University Examination)	Weightage 70 Marks (External Assessment)

6. Text Books:

Sr. No.	Author	Name of the Book	Publisher	Year of Publication
1	Diwedi D N	Macroeconomics Theory and Policy	Tata McGraw Hill	Latest
2	Salvetor D and E A Diulio	Principals of Economics	Tata McGraw Hill	Latest
3	Edward Shapiro	Macro economics'	Oxford University press	Latest

Note: Wherever the standard books are not available for the topic appropriate print and online resources, journals and books published by different authors may be prescribed.

7. Reference Books:

Sr. No.	Author	Name of the Book	Publisher	Year of Publication
1	Gregory Mankiw	Macro economics	Tata McGraw Hill	Latest
2	Richard T. Frogmen	Macro economics	Pearson education	Latest
3	Eugene Diutio	Macro-economic Theory	Tata McGraw Hill	Latest
4	Errol D'Souza	Macro Economics'	Pearson Education	2008/Latest

8. Session Plan (45 sessions of 60 minutes):

Session No.	Topics to be covered
1-3	Meaning, Origin, Growth of Macroeconomics, Microeconomics v/s macroeconomics – Importance and Limitations of Macroeconomics
4-7	Stock and flow, endogenous and exogenous, ex ante and ex post –Static, comparative static and dynamic. Circular Flow of Income and Expenditure for Two-Sector, Three-Sector & Four-Sector Model
8-10	National Income Concepts – Parameters of National Income - Nominal versus Real GNP – Methods of Measuring National Income
11-14	Say's Law of Market, Classical Theory of Employment Keynesian Theory of Income and Employment - Principle of Effective Demand - Equilibrium Level of Employment & Output
15-18	Income Determination in Closed and Open Economy Model – Income Determination with Government Sector – Overview of Four Sector Model – Income Determination in Four-Sector Model
19-21	Overview of Consumption Theories i.e. Keynesian Theory – Life Cycle Theory of Consumption
22-25	Definitions and functions of Money, Sources of Money Supply, Theory of Money Supply, Classical Quantity Theory of Money, Keynesian Theory of Demand for Money
26-30	Meaning and Factors of Economic Growth – Overview of theories of Economic Growth – Neo-Classical Theory of Growth - Meaning and Phases of Business Cycle – Theories of Business Cycle
31-35	Meaning and Methods of Measuring Inflation – Types of Inflation – Social & Economic Effects of Inflation – Classical and Neo-Classical Theories of Inflation – Meaning, Measurement and Kinds of Unemployment – Philips Curve
36-40	Meaning and Scope of Monetary Policy – Instrument of Monetary Policy – Limitations and Effectiveness of Monetary Policy – Key areas of Monetary Policy of India
41-45	Meaning and Scope of Fiscal Policy – Fiscal Instruments and Target Variables – Fiscal Policy and Macroeconomics Goal – Fiscal Policy of India
