

SEMESTER – 2:: COURSE –2

MACROECONOMIC ANALYSIS

Module - 1: National Income

Macroeconomics - Definition, Scope and Importance - Difference between Micro economic and Macro economic Analyses – Circular Flow of Income -National Income: Definitions, Concepts, Measurement of National Income - Difficulties - Importance - Concept of Green Accounting

Module -2: Theory of Employment

Classical Theory of Employment - Say's Law of Markets - Criticism -Keynesian Theory of Employment - Applicability to Developing countries- Consumption Function - Keynes' Psychological Law of Consumption - Average and Marginal Propensity to Consume - Factors determining Consumption Function - Brief Review of Relative, Life Cycle and Permanent Income Hypotheses- Investment Function: Marginal Efficiency of Capital -Multiplier and Accelerator.

Module – 3: Money and Banking

Definitions of Money - Concepts of Money, Liquidity and Finance - Money Illusion - Gresham's Law - RBI classification of Money - Theories of Money: Fisher and Cambridge (Marshall, Pigou, Robertson and Keynes equations) - Banking - Definition and types of Banking - Commercial Banks - Functions -Recent Trends in Banking - Mergers and Acquisitions - Central Bank - Functions - Control of Credit by Central Bank - NBFCs- Factors contributing to their Growth and their Role

Module – 4: Inflation and Trade Cycles

Inflation: Concepts of Inflation, deflation, reflation and stagflation - Phillip's Curve - Measurement of Inflation - CPI and WPI -Types of Inflation - Causes and Consequences of Inflation -Measures to Control Inflation. Trade Cycles: Phases of a Trade Cycle -Causes and Measures to control Trade Cycles