

Title: Macro Economics**Code: MGMT 322****Credit Hours: 3****Year /Semester: I/II****48 Hours****Course Objectives:**

This course aims to familiarize students with the various concepts of Macro economics and their relationship with the managerial decisions and actions.

Unit 1 Introduction**6 Hours**

Macro economics: Meaning, Scope and Types, Goals and Issues of Macro economics, Application of Macro economics in Business Decision Making

Meaning, Characteristics and Phases, Economic Stabilization Policy

Unit 2 National Income Accounting**6 Hours**

Meaning and Various Concepts of NI, Circular Flow of Income and Expenditure (Two, Three and Four Sector Economy), Measurement Methods and Difficulties, Numerical Case Studies

Unit 3 Theories of Employment**6 Hours**

Classical Theory of Employment: Say's Law of Market, Product Market Equilibrium, Labor Market Equilibrium and Money Market Equilibrium, Criticisms, Principle of Effective Demand: Aggregate Demand Price, Aggregate Supply Price, Determinations and Importance of Effective Demands

Unit 4 Income Determination Model (Keynesian Approach)**10 Hours**

Components: Consumption Function, Saving Function and Investment Function, Paradox of Thrift, Acceleration Coefficient, Multiplier: Investment Multiplier (Its Working and Leakages), Tax Multiplier, Government Expenditure Multiplier, Balanced Budget Multiplier, Export Multiplier, Import Multiplier and Foreign Trade Multiplier, Super Multiplier

Income Determination Model in a Two Sector Economy (AD-AS approach, S-I approach)

Income Determination Model in a Three-Sector Economy (With Tax Government Expenditure and Transfer Payments), Income Determination Model in a Four-Sector Economy, Numerical Case Studies

Unit 5 Income Determination Model (IS-L M Framework)**8 Hours**

IS - L H Model with Two Sector Economy, Product Market Equilibrium and Derivation IS Curve, Money Market Equilibrium and Derivation of LM Curve, Determination of Equilibrium Income, Shifts in the IS and LM Functions, IS – LM Model with Three Sector Economy, Money Market Equilibrium With Monetary Policy: Derivation of L M Curve, Product Market Equilibrium With Fiscal Policy: Derivation of IS Curve, Shift in IS and LM Functions, Simultaneous Equilibrium, Numerical Case Studies

Unit 6 Inflation, Deflation and Stagflation**6 Hours**

Inflation: Meaning and Types of Inflation, Causes and Effects of Inflation, Computation of Rate of Inflation, Measures to Control,

Deflation: Meaning, Causes and Measures to Control,

Stagflation: Concept of Stagflation, Inflationary Gap and Deflationary Gap

Unit 7 Macro Economics Policies**6 Hours**

Monetary Policy: Meaning, Instruments and Objectives, Determinants of Money Supply, Role of Central Bank in Economic Development and Financial Reforms,

Fiscal Policy: Meaning, Instruments and Objectives, Budget: Meaning and Components, Process of Budget Formulation, Concept of Deficit Financing and Debit Management.

Reference Books:

1. D. N. Dwivedi (2005), *Macro Economics*: McGrawHil Education
2. Soga, Erol, (208). *Macro Economics*, 1st Edition. Pearson Education
3. Mishra, S. K. and Puri, V. K. (2003). *Modern Macro – Economic Theory*: Himalaya Publishing House.
4. Agrawal, 2010, *Macro Economics Theory and Policy*, 1st Edition, Pearson Education
5. Shapiro, E. (2003) *Macro – Economic Analysis* McGraw Hill education