



**PARVATHANENI BRAHMAYYA  
SIDDHARTHA COLLEGE OF ARTS & SCIENCE**

*Autonomous*

Siddhartha Nagar, Vijayawada-520010

*Re-accredited at 'A+' by the NAAC*

<b>Course Code</b>				23ECMAL231			
<b>Title of the Course</b>				Macro Economics			
<b>Offered to:</b>				B.A Honours (Economics)			
<b>L</b>	<b>5</b>	<b>T</b>	<b>0</b>	<b>P</b>	<b>0</b>	<b>C</b>	<b>4</b>
<b>Year of Introduction:</b>		2024-25		<b>Semester:</b>			3
<b>Course Category:</b>		MAJOR		<b>Course Relates to:</b>		GLOBAL	
<b>Year of Revision:</b>		NA		<b>Percentage:</b>		NA	
<b>Type of the Course: MAJORS</b>				EMPLOYABILITY			
<b>Cross cutting Issues of the Course:</b>				ENVIRONMENT AND SUSTAINABILITY			
<b>Pre-requisites, if any</b>				23ECMAL111 & 112			

**Course Objective: Introduction to Macroeconomics and National Income** course provides a comprehensive overview of key macroeconomic concepts and theories. Beginning with the definition, scope, and importance of macroeconomics, it explores essential variables such as stock and flow and examines the circular flow of income through two, three, and four-sector models. The course delves into national income—its definition, concepts, importance, and methods of measurement, alongside the challenges in its calculation. Students will engage with classical and Keynesian theories of employment, consumption, and investment, analyzing key concepts like Say's Law, the consumption function, and the multiplier-accelerator model. The course also covers the nature and functions of money, banking systems, and monetary policy, emphasizing the role of central banks and NBFCs. Additionally, it addresses inflation, its causes and consequences, as well as trade cycles, providing insights into their phases and controlling measures. Finally, students will study financial markets, stock market functions, macroeconomic policies, and the IS-LM model to understand the interplay between fiscal and monetary policy in shaping economic outcomes.

**Course Learning Outcomes:** After completion of the course, the students shall be able to

CO NO	COURSE OUTCOME	BTL	PO	PSO
CO1	Explain the functioning a macro economy with its inter linkages and measure and analyze the national income of the country	K2	2	1
CO2	Analyze the Classical and Keynes theories of employment and its application in current Economy	K3	2	1
CO3	Explain the importance of money and banking along with their functions Analyze RBI policies	K2	2	1
CO4	Analyze causes and evaluate the measures to control inflation and trade cycles in the economy	K4	2	1
CO5	Evaluate the macro economic policy targets	K5	2	1

CO-PO-PSO MATRIX											
23ECMAL231	CO-PO	PO1	PO2	PO3	PO4	PO5	PO6	PO7	PSO1	PSO2	
	CO1		2							2	
	CO2		3							3	
	CO3		2							2	
	CO4		3							3	
	CO5		3							3	

### Course Content

#### Unit-I : I: Introduction to Macroeconomics and National Income

- Macroeconomics :definition, scope and importance; Macro economic Variable: Stock and Flow.
- Circular Flow of Income: Two, Three and Four Sector Models
- National Income: Definition, Concepts, Importance
- Measurement of National Income and Difficulties

#### Unit-2:Theories of Employment, Consumption and Investment

- Classical Theory of Employment: Assumptions, Say's Law of Market , Pigou's Wage-Price Flexibility, Classical Model, Criticism
- Consumption: Factors, Consumption Function, Keynes' Psychological Law of Consumption
- Investment:Types,Factors,InvestmentFunction;MarginalEfficiencyofCapital, Multiplier and Accelerator
- Keynesian Theory of Employment: Assumption, Concepts and Model

#### Unit-3:Moneyand Banking

- Money: Definition, Types, Functions; RBI classification of Money
- Theories of Money: Fisher and Cambridge
- Banking: Definition, Types, Importance, Functions; NBFCs
- Central Bank: Objectives, Functions, Monetary Policy

#### Unit-4: Inflation and Trade Cycles

- Inflation: Meaning, Types, Importance, Measurement
- Causes, Consequences and Controlling of Inflation
- Inflation vs Unemployment, Phillip's Curve
- Trade Cycles: Phases, Causes and Controlling Measures

#### Unit-5:Financial Market and Macroeconomic Policies

- Financial Markets: Types, Instruments, Functions
- Stock Market: Functions, Indices Sensex and Nifty
- Macro economic Policy:Targets, Indicators and Instruments; Fiscal Policy and Crowding-Out Effect
- Neo-classical and Keynesian Synthesis:IS-LM Basic Model

**Text Book:**

1. Macro economic Analysis, Bilingual Text book, APSCHE
2. Telugu Academy Publications on Macro economics
3. Macroeconomics, Dr.Br.Ambedkar Open University Material

**References:**

1. H.L.Ahuja, Advanced Economic Theory, S.Chand, 2004
2. P.N.Chopra, Macroeconomics, Kalyani Publishers, Ludhiana, 2014.
3. D. M.Mithani, MacroEconomic Analysis and Policy, Himalaya Publications, New Delhi

**Suggested Activities:**

Unit-1: Practical Exercise on national income measurement

Unit-2: Group discussion on application of classical and Keynesian employment theories to current economics

Unit-3: Field visit to commercial bank and submit a report

Unit-4: Assignment on current measures to control inflation

Unit-5: Quiz on financial markets and debate on monetary vs fiscal policy



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**MODEL QUESTION PAPER**

**SEMESTER III**

**23ECMAL231: MACROECONOMICS**

**Offred to B.A Honours (Economics)**

**Time: 3 Hours**

**MaxMarks:70**

**Section-A**

**Answer ALL the following Questions**

**5x4=20Marks**

1. a.) Define Stock variables and flow variables. K1 CO1  
(or)  
b) Show that circular flow of national income in four sector economy. K1CO1
2. a.) State the Pigou's wage price Flexibility. K2 CO2  
(or)  
b.) Briefly explain the acceleration principle. K1 CO2
3. a.) State the Classification of money. K1 CO3  
(or)  
b.) State the objective of R.B.I. K 1 CO3
4. a) What are the different types of inflation. K2 CO4  
(or)  
b) Explain the Phillips curves. K2 CO4
5. a) what is Sensex? K1 CO5  
(or)  
b) State the crowding-out effect concept. K1 CO5

**Section-B**

**Answer ALL the following questions 5x10=50Marks**

6. a) Define macro economics and explain the scope and importance of macro economy. K2  
CO1  
(Or)  
b) Explain the various concepts of national income. K2 CO1
7. a) Critically examine the classical theory of employment. K2 CO2  
(Or)  
b) Explain the working process of multiplication principle. K2 CO2
8. a) Explain the Fishers quantity theory of money. K2 CO3  
(Or)

- b) Explain the objectives and functions of monetary policy. K2 CO3
9. a) What is inflation? Explain the various effects of inflation. K2 CO4
- (Or)
- b) Define trade cycle and explain the various phases of trade cycles. K2 CO4
10. a) Explain the Structure of Indian financial system. K2 CO5
- (Or)
- b) Explain the IS-LM basic model. K2 CO5

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