

Paper Code:2321

**Second Year T.D.C. Arts  
Paper – I  
MACRO ECONOMICS**

**Course Outcomes:**

CO1 : Macro economics deals with the study of economic aggregates like income, employment, interest rates and the price level. This course will help students analyse and understand these concepts.

CO2: It covers basic concepts related to consumption and investment.

CO3: It also introduces students to the basic theories and concept related to business cycles, economic growth and development.

**UNIT – I**

Definition, Nature, Scope and Importance of Macro Economics, Concepts and Measurement of National Income, Circular Flow of National Income (Four sector Economy), Concept of Green Accounting.

**UNIT – II**

Classical Theory of Employment, Keynes's Objection to the Classical Theory, Keynesian Theory of Income and Employment.

Theories of Interest – The Classical Theory of Interest, The Loanable Fund Theory, Keynesian Liquidity Preference Theory of Interest.

**UNIT – III**

Consumption Function – Meaning and Basic concepts, Keynes's Psychological Law of Consumption; Concepts of Multiplier, The Acceleration principle.

Investment –Meaning and Types of Investment, Concept of Marginal Efficiency of Capital (MEC).

Savings and Investment- Exante and Expost concepts.

**UNIT – IV**

Business cycle – Meaning, Characteristics and Phases of Business Cycles, Theories of Business Cycles- Hawtray's Monetary Theory, Hayek's over Investment Theory, Keynes View on Trade Cycle, Schumpeter's Theory of Innovation, Monetary and Fiscal Measures to Control Business Cycles in India.

**UNIT – V**

The Concepts of Growth and Development, Factors of Economic Development, Human Development Index and other Indices of Economic development, Nurkse's Model of Vicious Circle of poverty, Rostow stages of Economic growth, Harrod Domer Model of Growth .

**.Basic Reading List:**

1. Ackley, G. (1978) – Macroeconomics: Theory and Policy, McMillan, New York.
2. Branson, W.A. (1989) Macroeconomic Theory and Policy, (3<sup>rd</sup> Edition) Harper and Row, New Delhi.
3. Dornbusch, Fischer, Startz-Macroeconomics, The McGraw Hill Company Ltd., New York.
4. H.L. Ahuja –Advanced Macro Economic Theory, S Chand and Co. New Delhi
5. Shapiro, E. (1996) – Macroeconomic Analysis, Galgotia Publications, New Delhi.
6. Keynes, J. M. (1936) – The General Theory of Employment, Interest and Money, Macmillan, London.
7. M.L. Jhingan- Macro Economic Theory, Vrinda publication, New Delhi
8. Romar, D. L. (1996) – Advanced Macroeconomics, McGraw Hill Company Ltd., New York.
9. Jhingan, M.L. – Macro Economics, Vrinda Publications, New Delhi.
10. Shapiro, E. – Macro Economic Analysis. Galgotia Publications, New Delhi.
11. Turnovsky, S. J. (1977) – Macroeconomic Analysis and Stabilization Policy, Cambridge University Press, Cambridge.
12. Mithani, D.M. – Macroeconomics, Himalaya Publishing Company, New Delhi.
13. Mankiew.G. – Macroeconomics, Worth publishers, Newyork.
14. Schaum's Series – Macro Economic Theory, McGrall Hill, Singapore
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