

**SRI VENKATESWARA UNIVERSITY:TIRUPATI**  
**MINOR**  
**Program: ECONOMICS**  
**Semester – III - W.E.F.2024–25**  
**PAPER-2 MACRO ECONOMICS**

**Course Objective:** This course is to learn about basic concepts, principles and theories in Macroeconomics to understand the functioning of a macro economy.

**Course Learning Outcomes:**

After studying this course, the student shall be able to achieve the following outcomes:

- CO1:** Explain the functioning a macro economy with its inter-linkages and measure and analyse the national income of the country
- CO2:** Analyse the Classical and Keynes theories of employment and its application in current Economy
- CO3:** Explain the importance of money and banking along with their functions Analyse RBI policies
- CO4:** Analyse causes and evaluate the measures to control inflation and trade cycles in the economy
- CO5:** Evaluate the macro economic policy targets

**Unit-1:Introduction to Macro economics and National Income**

- Macroeconomics: Definition, Scope and Importance; Macroeconomic Variable: Stock and Flow.
- 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.
- Consumption: Factors, Consumption Function, Keynes' Psychological Law of Consumption
- Investment: Types, Factors, Investment Function; Marginal Efficiency of Capital, Multiplier and Accelerator
- Keynesian Theory of Employment: Assumption, Concepts and Model

### **Unit-3: Money and Banking**

- Money: Definition, Types, Functions; RBI classification of Money
- Theories of Money: Fisher and Cambridge
- Banking: Definition, Types, Importance, Functions.
- 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.
- 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
- Macroeconomic Policy: Targets, Indicators and Instruments; Fiscal Policy.
- Neo-classical and Keynesian Synthesis: IS-LM Basic Model

### **References:**

1. Macroeconomic Analysis, Bilingual Text book, APSCHE
2. H.L.Ahuja, Advanced Economic Theory, S.Chand, 2004
3. P.N.Chopra, Macroeconomics, Kalyani Publishers, Ludhiana,2014.
4. D.M.Mithani, Macro Economic Analysis and Policy, Himalaya Publications, New Delhi
5. Telugu Academy Publications on Macroeconomics
6. Macroeconomics, Dr.Br.Ambedkar Open University Material
7. Macroeconomics, IGNOU Material

### **Suggested Activities:**

Unit-1: Practical Exercise on national income measurement

Unit2: Group discussion on application of classical and Keynesian employment theories to current economics

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

Unit4: Assignment on current measures to control in flation

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