



# Sh. L. N. Hindu College, Rohtak (Haryana)

## Course Plan

**Department of Economics**

**Program: BA 4<sup>th</sup> Sem.**

**Macro Economics (EC04)**

### SCHEME

|                             |   |                           |  |
|-----------------------------|---|---------------------------|--|
| <b>Course Name</b>          | Macro Economics   | <b>Course Type</b>        | Theory                                     |
| <b>Course Code</b>          | EC04  | <b>Class</b>              | BA 4 <sup>th</sup> Sem.                    |
| <b>Instruction Delivery</b> | Per week Lectures: 4, Tutorial:1, Practical: -<br>Total No. Classes Per Sem: 60(L), 15(T), -(P)<br>Assessment in Weightage: Sessional (20%), End Term Exams (80%) |                           |  |
| <b>Course Coordinator</b>   | Mrs. Bandna Ranga   | <b>Course Instructors</b> | Theory: Mrs. Bandna Ranga<br>Practical: -- |

### COURSE OVERVIEW

Macroeconomics is the study of the behaviour of the whole economy. It is concerned with the determination of the broad aggregates in the economy, in particular the national output, unemployment, inflation and the balance-of-payments position.

### PREREQUISITE

principles of macroeconomics and microeconomics

### COURSE OBJECTIVE

The overarching goals of macroeconomics are to maximize the standard of living and achieve stable economic growth. The goals are supported by objectives such as minimizing unemployment, increasing productivity, controlling inflation, and more.

### COURSE OUTCOMES (COs)

After the completion of the course, the student will be able to:

| CO No. | Course Outcomes  |
|--------|--|
| 1      | Learn the importance of Macro Economics.   |
| 2      | Analyze data to solve complex macro-level economic problems.   |
| 3      | Familiarize with the macro-economic environment and the principles underlying macro-economic policies and government strategies. |
| 4      | Knowing the advantages and working mechanism of international trade for individual country.                                      |



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### COURSE CONTENT

| Content  |
|--|
| <p><b>Unit-I</b><br/>           Money in a Modern Economy Concept of Money in a Modern Economy; Monetary Aggregates; Demand for Money; Quantity Theory of Money; Liquidity Preference and Rate of Interest; Money Supply, Credit Creation and Monetary Policy.</p> |
| <p><b>Unit- II</b><br/>           IS-LM Analysis, Trade Cycle Theory and Growth Theory Derivation of IS and LM Functions; IS-LM and Aggregate Demand; Shifts in AD Curve. Theories of Trade cycles: Samuelson and Hicks models, Harrod and Domar growth model.</p> |
| <p><b>Unit- III</b><br/>           Balance of Payments and Exchange Rate Gains from International Trade, Balance of Payments; Market for Foreign Exchange; Determination of Exchange Rates.</p>  |
| <p><b>Unit- IV</b><br/>           Public Finance Nature and Scope of Public Finance, Principle of Maximum Social Advantage, Effects of Public Expenditure, Impact and Incidence of Taxes, Characteristics of a Good Taxation System.</p>                           |

### LESSON PLAN (THEORY AND TUTORIAL CLASSES)

| L. No | Topic to be Delivered        | Tutorial Plan                            | Unit |
|-------|------------------------------|--|------|
| 1     | Money in a Modern Economy    | Practice Questions on Money              | 1    |
| 2     | Barter System & its problems |  |      |
| 3     | Evolution of Money           |  |      |
| 4     | Main functions of money      | Practice Questions on Functions of Money |      |

|   |   |   |   |
|---|---|---|---|
| 5 | Demand for Money- Different motives with diagrams |   | 1 |
| 6 | Quantity Theory of Money- Fisher's Equation       |   |   |
| 7 | Cambridge's Equation                              | Practice Questions on Fisher's Equation |   |
| 8 | Liquidity Preference Theory by Keynes             |   |   |
| 9 | Determination of Equilibrium                      |   |   |



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|    |   |  |   |   |  |
|----|---|--|---|---|--|
|    | Rate of Interest                                  |  |   |   |  |
| 10 | Money Supply- Different Concepts                  |  | Practice questions on Credit Creation               |   |  |
| 11 | Credit Creation- Process & Limitations            |  |   |   |  |
| 12 | Monetary Policy- Main Instruments                 |  | Practice questions on IS-LM curves                  |   |  |
| 13 | IS-LM Analysis- Derivation of IS and LM curves    |  |   |   |  |
| 14 | Trade Cycles- Phases, features                    |  | Practice questions on Trade Cycles Theories         | 3 |  |
| 15 | Theories of Trade Cycles- Hicks                   |  |   |   |  |
| 16 | Theories of Trade Cycles- Samuelson               |  |   |   |  |
| 17 | Balance of Payments- meaning, features, structure |  | Practice questions on BOP                           |   |  |
| 18 | Adverse BOP- causes, solutions                    |  |   |   |  |
| 19 | Gains from International Trade                    |  |   |   |  |
| 20 | Determination of Foreign Exchange Rates           |  |   |   |  |
| 21 | Nature and Scope of Public Finance                |  | Practice questions on Impact and Incidence of Taxes | 4 |  |
| 22 | Principle of Maximum Social Advantage             |  |   |   |  |
| 23 | Public Expenditure- meaning, effects              |  |   |   |  |
| 24 | Impact and Incidence of Taxation                  |  |   |   |  |
| 25 | Characteristics of a Good Taxation System         |  | Practice questions on Good Taxation System          |   |  |

### Text Book

T.R.Jain, Macro Economics, V.K. Publications

### Reference Books

1. R.G.Lipsey and K.A.Chrystal: Principles of Economics (Latest Edition) (University Press).
2. Joseph E. Stiglitz and Carl E. Walsh Principles of Macroeconomics, W.W. Norton & Company, Inc., New York, N.Y.
3. Paul A. Samuelson and William D. Nordhaus (Indian Adaptation by Sudip Choudhary and Anindya Sen) : Economics, Tata Mcgraw Hill, New Delhi
4. N. Gregory Mankin: Principles of Macro Economics, Cengage Learning India Pvt.



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Ltd. New Delhi.

### Web/Links for e-content

1. <https://www.youtube.com/watch?v=WnJtw2ul04&list=PL-fORSyPTUEKp8ECno63nnmu02beGOfn9&index=3>
2. <https://www.youtube.com/watch?v=1gddMXv-ujk&list=PLKH0BevfCZvLnVr07InGNBG5KzqDy6ia3>

### PRACTICE QUESTIONS (QUESTION BANK)

| S No | Problem  |
|------|--|
| 1    | Discuss the main functions of money. What is the role of money in a modern economy?        |
| 2    | Define Demand for Money. Discuss in detail the various motives for money demand.           |
| 3    | Critically examine the Fisher's Theory of Money.   |
| 4    | Examine the Liquidity Preference Theory of Keynes.   |
| 5    | Explain the Credit Creation Process in Banking System.                                     |
| 6    | Explain in detail the various instruments of Monetary Policy.                              |
| 7    | Using IS-LM Approach, discuss the equilibrium in Goods and Money Market.                   |
| 8    | What are Trade Cycles? Explain its various stages with diagrams.                           |
| 9    | Critically examine the Samuelson's Model of Trade Cycles.                                  |
| 10   | Critically explain the Hicksian Theory of Trade Cycles.                                    |
| 11   | What is Adverse BOP? Give the measures to correct it.                                      |
| 12   | Explain in detail the gains from international trade.                                      |
| 13   | Explain the Impact and Incidence of Taxes. What are the factors effecting shifting of tax? |
| 14   | Explain the features of a good taxation system in detail.                                  |



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