

**Scheme of B.A. (Economics) Semester System w.e.f. 2011-12**

**2<sup>nd</sup> Year**

***Semester-III***

|                     |    |    |
|---------------------|----|----|
| Macro Economics – I | 90 | 10 |
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***Semester-IV***

|                     |    |    |
|---------------------|----|----|
| Macro Economics –II | 90 | 10 |
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**B. A. Part II (Economics)**  
**Semester- III**  
**Paper 2: Macro Economics – I**

Max. Marks: 90  
Internal Asses.: 10  
Time : 3 hours

**Note: -The question paper will consist of 9 questions. The candidate will be asked to attempt 5 questions in all selecting one question each from the three units and the fourth question may be attempted from any unit. Question 1 shall be compulsory consisting of objective type (filling blanks, true/false, multiple choice) nine questions of two marks each and spread over the entire syllabus. All questions will carry equal marks.**

**Unit – I**

**Introduction to Macro Economics and National Income:**

Macro Economics and Open Macro Economics; scope meaning importance and limitations. Concepts of National Income including potential GDP; measurement of National Income; product method; income method; expenditure method; their importance and limitations.

**Unit – II**

**Determination of Income and Employment:**

Say's law of market; classical theory of employment; Keynesian theory of employment; comparison between classical and Keynesian theory; Consumption function and its determinants; psychological law consumption; investment function: meaning kind and determinants; investment multiplier; marginal efficiency of capital; IS-LM analysis and aggregate Demand.

**Unit – III**

**National Income Determinations and Open Economy:**

Impact of changes in Govt. Expenditure and taxes. Investment multiplier; Accelerator; Trade Cycles: meaning faces causes and control; Samuelson and Hick's Theories of Trade Cycle; Growth models: Harrod - Domar Model:

**Unit –IV**

**Monetary System:**

The Demand and supply of money: concepts, functions and significance; Quantity Theory of Money; Fisher's Approach and Cambridge Quantity Theory; Keynesian Liquidity Theory of Money; Supply of Money: Meaning and Determinants; measuring the money supply; Money and Credit; Credit Creation; Money Multipliers; The structure of Central Banking; Instrument of money supply; Inflation money supply and nominal rate of interest; exchange reserves and money supply; The velocity of money

**Suggested Readings:**

1. R.G. Lipsey and K.A. Chrystal \_Principles of Economics (9th Ed.) Oxford University Press.
2. Ackley, G (1978), Macroeconomics: Theory and Policy, Macmillan, New York.
3. Banson, W.a. (1989), Macroeconomic Theory and Policy (3rd Ed.), Harper & Row, New York.
4. Shapiro, E (1996), Macroeconomic Analysis Galgotia Publication, New Delhi.
5. Joseph E. Stiglitz and Carl E. Walsh (2002)Principles of Macroeconomics, W.W. Norton & Company, Inc., 500 Fifth Avenue, New York, N.Y. 10110.
6. Shapiro, E (1996), "Macroeconomic Analysis" Galgotia Publication, New Delhi.
7. Stiglitz J. E. and Carl E. Walsh (2002) Principles of Macroeconomics, W.W. Norton & Company, New York.

8. Samuelson Paul and Nordhaus: (2005) “Economics” (18<sup>th</sup> ed.) Tata Hill Publishing Company, New Delhi.
9. Mankiw N. Gregory: (2007) “Principles of Economics”, Thomson, Indian Reprint.
10. Lipsey R.G. and K.A. Ghristal (2007) “Economics”, Oxford University Press. Oxford.
11. Gppdwin Neva, J. A. Nelson & J. Harris (2009) “Macroeconomics in Context”, PHI Learning Pvt. Ltd, New Delhi.
12. Taylor Lance (2008), “Reconstructing Macroeconomics”, Viva Books, Harvard University Press, USA.
13. Dornbusch R, S. Ficher & R. Startz (2009) “Macro Economics” Tata McGraw Hill Publishing Company Ltd. New Delhi.

**B. A. Part II (Economics)**  
**Semester- IV**  
**Paper 2: Macro Economics – II**

**Max. Marks: 90**  
**Internal Asses: 10**  
**Time: 3 hours**

**Note: -The question paper will consist of 9 questions. The candidate will be asked to attempt 5 questions in all selecting one question each from the three units and the fourth question may be attempted from any unit. Question 1 shall be compulsory consisting of objective type (filling blanks, true/false, multiple choice) nine questions of two marks each and spread over the entire syllabus. All questions will carry equal marks.**

**Unit – I**

**Money Growth and Inflation:**

The Classical Theory of Inflation; The classical Dichotomy and Monetary Neutrality; Case Studies: Money and Prices during four Hyper Inflations; The Inflation Tax; The fishers effect; The Cost of Inflation: A fall in purchasing power; Shoe Lather Cost; Menu Cost; Relative- price variability and the misallocation; Inflation induced Tax Distortions; case study: the free silver debate. Demand pull and cost push theories of Inflation; Effects and Control of Inflation.

**Unit - II**

**Banking and Financial System:**

Banking: Functions of Central Banks; Function of Commercial Banks; Recent Reforms in Banking Sector; The relationship between Saving, Investment and the Financial System. Present Value: Measuring the Time value of Money; Managing Risk and Asset Valuation: Basic Idea.

**Unit - III**

**Public Economics:**

Nature and Scope of Public Finance; The Principle of Maximum social advantage; Classifications; Canons and effects of Public Expenditure; Canons and Effects of Taxation; Impact and incidence of taxation; Characteristics of good taxation systems; Public debt: Sources and effects. Market Failure: Market efficiency, Reasons for Market failure, Public goods and externalities.

**Unit - IV**

**International Trade:**

Interregional and International Trade; Theory comparative cost; Heckscher –Ohlin Theory; Gains from Trade; Their Measurement and Distribution; Trade as an engine of Economic Growth; Balance of Payment and balance of trade.

**Suggested Readings:**

1. Mankiw, Principles of Economics (4th Ed.), First Indian Reprint 2007, Printed and bounding India by Baba Barkha Nath Printers, Haryana. Chapter 30, Money Growth and Inflation, PP 661-687.
2. Mankiw, Principles of Economics (4th Ed.), First Indian Reprint 2007, Printed and bounding India by Baba Barkha Nath Printers, Haryana. Chapter 26, Saving, Investment and the Financial System, PP- 575-595, Chapter 27, the Basic Tools of Finance, PP- 597- 612.
3. R.G. Lipsey and K.A. Chrystal \_Principles of Economics (9th Ed.) Oxford University Press.
4. Ackley, G (1978), Macroeconomics: Theory and Policy, Macmillan, New York.
5. Banson, W.a. (1989), Macroeconomic Theory and Policy (3rd Ed.), Harper & Row, New York.
6. Shapiro, E (1996), Macroeconomic Analysis Galgotia Publication, New Delhi.
7. Joseph E. Stiglitz and Carl E. Walsh (2002)Principles of Macroeconomics, W.W. Norton & Company, Inc., 500 Fifth Avenue, New York, N.Y. 10110.
8. Ackley, G (1978), Macroeconomics: Theory and Policy, Macmillan, New York
9. Stiglitz J. E. and Carl E. Walsh (2002) Principles of Macroeconomics, W.W. Norton & Company, New York.

10. Samuelson Paul and Nordhaus: (2005) “ Economics” (18<sup>th</sup> ed.) Tata Hill Publishing Company, New Delhi.
11. Lipsey R.G. and K.A. Ghristal (2007) “Economics”, Oxford University Press. Oxford.
12. Goodwin Neva, J. A. Nelson & J. Harris (2009) “Macroeconomics in Context”, PHI Learning Pvt. Ltd, New Delhi.
13. Taylor Lance (2008), “Reconstructing Macroeconomics”, Viva Books, Harvard University Press, USA.
14. Dornbusch R, S. Ficher & R. Startz (2009) “Macro Economics” Tata McGraw Hill Publishing Company Ltd. New Delhi