



Semester I
ECODSC- 102
Introductory Macroeconomics
Total Credits: 3
Teaching Hours: 45 hours

Course Description

This course introduces students to the basic concepts of Macroeconomics. Macroeconomics deals with the aggregate economy. This course discusses the preliminary concepts associated with the determination and measurement of aggregate macroeconomic variables like aggregate income, savings, investment, money, unemployment, inflation, exchange rate and the balance of payments.

Course Outcome:

After the completion of the course, the students will be able to understand the theoretical framework and the working of the economy as a whole. The course would provide an in-depth understanding of the real economic issues like unemployment, inflation, money supply, GDP and their linkages.

Unit 1: Introduction to Macroeconomics and National Income Accounting

Nature and scope of Macroeconomics; Macroeconomic variables, Introduction to National Income; Measurement of Gross Domestic Product; Circular Flow of Income and Expenditure in two, three and four-sector economy; Real versus Nominal GDP; GDP Deflator; GDP and economic well-being.

Unit 2: Money

Money: Kinds and Functions; Value of money; quantity theory of money; Supply of Money: Definitions, Determinants of Money Supply, Measures of Money Supply; Demand for money: Keynesian liquidity preference theory.

Unit 3: Determination of Income and Employment

Aggregate demand and aggregate supply at constant price, Simple Keynesian Model : Consumption Function, Saving and Investment Functions, Determination of equilibrium output (two sector model); Concept of Multiplier, Classical Theory of Employment, Say's law of market, Classical dichotomy

Unit 4: Unemployment and Inflation

Measuring unemployment, Types of unemployment; Inflation: Meaning, Inflationary Gap; Cost Push and Demand Pull inflation; Effects of inflation, Control of inflation; Relationship between Inflation and Unemployment: Phillip's Curve in the Short run and Long run; the concept of Stagflation.

Unit 5: Open Economy

Balance of Payments, Current and Capital Account, Balance of Trade, Disequilibrium in BOP and its Causes, Correction of BOP Deficit; Meaning of Foreign Exchange Rate and Determination of Equilibrium Exchange Rate, Types of Exchange Rate Systems

Suggesting Readings:

1. Dornbusch, Fischer and Startz, *Macroeconomics*, Mc Graw Hill, 11th edition, 2010.
2. N. Gregory Mankiw. *Principles of Macroeconomics*, Cengage Learning, 7th edition, 2010.



3. Olivier Blanchard, *Macroeconomics*, Pearson Education, 5th edition, 2009.
4. Soumyen Sikdar, *Principles of Macroeconomics*, Oxford University Press, 3rd edition, 2020.
5. Karl E. Case and Ray C. Fair, *Principles of Economics*, Pearson Education 12th edition, 2022