

***BCom Accounting & Finance***  
***Second Year***  
***Semester III***

**Revised Syllabus**  
**ECONOMICS II**  
**MACROECONOMICS**

***With Effect from the Academic Year 2017-2018***

***List of Modules***

<b>Module No.</b>	<b>Title</b>	<b>No. of Lecture</b>
1	<b>Introduction to Macroeconomic Data and Theory</b>	15
2	<b>Money, Inflation and Monetary Policy</b>	15
3.	<b>Constituents of Fiscal Policy</b>	15
4	<b>Open Economy : Theory and Issues of International Trade</b>	15
<b>Total no. of lectures</b>		<b>60</b>

Sr.	Modules / Units
1	<b>INTRODUCTION TO MACRO ECONOMICS</b>
	<ul style="list-style-type: none"> <li>✓ <b>Macroeconomics:</b> Meaning, Scope and Importance.</li> <li>✓ <b>Circular flow of aggregate income and expenditure:</b> closed and open economy models</li> <li>✓ <b>The Measurement of national product:</b> Meaning and Importance - conventional and Green GNP and NNP concepts - Relationship between National Income and Economic Welfare.</li> <li>✓ <b>Short run economic fluctuations :</b> Features and Phases of Trade Cycles</li> <li>✓ <b>The Keynesian Principle of Effective Demand:</b> Aggregate Demand and Aggregate Supply - Consumption Function - Investment function - effects of Investment Multiplier on Changes in Income and Output</li> </ul>
2	<b>MONEY, INFLATION AND MONETARY POLICY</b>
	<ul style="list-style-type: none"> <li>✓ <b>Money Supply:</b> Determinants of Money Supply - Factors influencing Velocity of Circulation of Money</li> <li>✓ <b>Demand for Money :</b> Classical and Keynesian approaches and Keynes' liquidity preference theory of interest</li> <li>✓ <b>Money and prices :</b> Quantity theory of money - Fisher's equation of exchange - Cambridge cash balance approach</li> <li>✓ <b>Inflation:</b> Demand Pull Inflation and Cost Push Inflation - Effects of Inflation- Nature of inflation in a developing economy.</li> <li>✓ <b>Monetary policy :</b> Meaning, objectives and instruments, inflation targeting</li> </ul>
3	<b>CONSTITUENTS OF FISCAL POLICY</b>
	<ul style="list-style-type: none"> <li>✓ <b>Role of a Government</b> to provide Public goods- Principles of Sound and Functional Finance</li> <li>✓ <b>Fiscal Policy:</b> Meaning, Objectives - Contra cyclical Fiscal Policy and Discretionary Fiscal Policy</li> <li>✓ <b>Instruments of Fiscal policy :</b> Canons of taxation - Factors influencing incidence of taxation - Effects of taxation Significance of Public Expenditure - Social security contributions- Low Income Support and Social Insurance Programmes - Public Debt - Types, Public Debt and Fiscal Solvency, Burden of debt finance</li> <li>✓ <b>Union budget</b> -Structure- Deficit concepts-Fiscal Responsibility and Budget Management Act.</li> </ul>

4	<b>OPEN ECONOMY : THEORY AND ISSUES OF INTERNATIONAL TRADE</b>
	<p><b>The basis of international trade :</b> Ricardo’s Theory of comparative cost advantage - The Heckscher – Ohlin theory of factor endowments - terms of trade - meaning and types - Factors determining terms of trade - Gains from trade - Free trade versus protection</p> <p><b>Foreign Investment :</b> Foreign Portfolio investment- Benefits of Portfolio capital flows- Foreign Direct Investment - Merits of Foreign Direct Investment - Role of Multinational corporations</p> <p><b>Balance of Payments:</b> Structure - Types of Disequilibrium - Measures to correct disequilibrium in BOP.</p> <p><b>Foreign Exchange and foreign exchange market :</b> Spot and Forward rate of Exchange - Hedging, Speculation and Arbitrage -Fixed and Flexible exchange rates- Managed flexibility</p>