

DEPARTMENT OF ECONOMICS				CLASS: I M.A. Economics				
Sem	Course Type	Course Code	Course Title	Credits	Contact Hours/week	CIA	Ext	Total
II	Major Core-5	21P2VMC5	Advanced Macro Economics	4	6	25	75	100

Nature of Course				
Knowledge and skill		✓		Employability oriented
Skill oriented				Entrepreneurship oriented

Course Objectives
<ol style="list-style-type: none"> <li>To know the significance of multiplier &amp; accelerator and its effects on the economy</li> <li>To understand the behaviour of the consumer in relation to income.</li> <li>To evaluate the effectiveness of monetary and fiscal policy and to study the theories of trade cycle.</li> </ol>

Unit	Description	Hours	K-Level	CLO
I	<b>The Multiplier</b> Introduction - Marginal Propensity to Consume (MPC) and Marginal Propensity to Save (MPS) – Multiplier Process – Algebra of the Multiplier – Leakages in the Working of Multiplier – Significance of Multiplier – Employment Multiplier – Tax Multiplier – Foreign Trade Multiplier – Balanced Budget Multiplier and Foreign Trade Multiplier.	18	Up to K4	1
II	<b>The Acceleration Principle</b> Introduction - Relating Capital Goods Changes to Net Investment – Significance of the Acceleration Principle – Multiplier and Accelerate Distinguished – Super Multiplier– Derivation of Super Multiplier.	18	Up to K4	2
III	<b>Consumption Function</b> Introduction - Consumption Curve – Technical Attributes of Consumption Function – Keynes Psychological Law of Consumption – The Absolute Income Hypothesis – The Relative Income Hypothesis – Permanent Income Hypothesis – The Life Cycle Hypothesis.	18	Up to K4	3
IV	<b>IS-LM Function : General Equilibrium of Product and Money Markets</b> Introduction - Product Market Equilibrium : The IS Curve – Shift in the IS Function – Elasticity of the IS Function – The Money Market Equilibrium – Deriving the LM Curve – General Equilibrium of Product and Money Market – Change in General Equilibrium – Shift in IS Function – Simultaneous Shift in IS and LM Functions – Effectiveness of Monetary and Fiscal Policies – Efficacy of Fiscal Policy.	18	Up to K4	4

V	<b>Business Cycles</b> Definition - Features of Cyclical Fluctuations – Classification of Business Cycles – Phases of a Business Cycles – Hicks Theory of Trade Cycle – Samuelson’s Trade Cycle Model – Kaldor’s Model of Trade Cycle.	18	Up to K4	5
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### Books for Study

1. M.Maria John Kennedy , “**Macro Economic Theory**”, 2011, PHI Learning Private Limited, New Delhi.
2. D.N. Dwivedi, “**MacroEconomics**”, 2010, Tata Mc Graw Hill Education Private Limited, New Delhi.
3. M.L. Jhingan, “**Macro Economic Theory**”, 2010, Vrinda Publications (P) LTD. New Delhi.

### Books for References

1. Neva Goodwin, Julie A. Nelson and Jonathan Harris, “**Macro Economics in Context**” 2009, PHI Learning private Limited. New Delhi.
2. Debes Mukherjee, “**Macro Economics**” 2009, New Central Book Agency (P) Ltd, West Bengal
3. Dr. H.L.Ahuja, “**Macro Economics Theory and Policy**”, 2010, S. Chand & Company Ltd, New Delhi.
4. M.Maria John Kennedy, “**Macro Economics Theory**” 2011, PHI Learning private
5. Limited. New Delhi.
6. M.C.Vaish, “**Macro Economics Theory**” 2010, Vikas Publishing House Pvt Ltd, New Delhi.
7. G.S. Gupta, “**Macro Economics Theory and Applications**” 2002, Tata Mc Graw Hill Education Private Limited, New Delhi.

### Web Resources

1. Evgeniy Chernyshov, et al, “**Macro Economics**”,  
[www.e-booksdirectory.com/details.php?ebook=8471](http://www.e-booksdirectory.com/details.php?ebook=8471)

### Rationale for Nature of the course

Macro Economics deals with aggregates of income, consumption, savings, investment, supply and demand. To evaluate the current Macro Economic issues such as poverty, unemployment, inflation, trade cycle, balance of payment, etc., are to be properly understood by the students of economics. In order to formulate macro economic, policies like fiscal, monetary, income, wage and foreign policies along with their cascading effects of the economy, the study of macro economics subject is absolutely important and essential.

### Activities having direct bearing on skill development/ Employability / Entrepreneurship

Students are asked to collect the income consumption pattern of ten members in his/her streets to find out APC, MPC, APS and MPS.

### Pedagogy

Lecture method, PPT, Quiz, Group discussion, Seminar, Interaction, OOC.

### Course Designer

**Dr.S. Theenathayalan**

### Lecture Schedule

Unit	Topics	Hours	Mode
<b>Unit I</b>	Marginal Propensity to Consume (MPC) and Marginal Propensity to Save (MPS)	2	Lecture Method, PPT Seminar, Test
	Multiplier Process and Algebra of the Multiplier	4	
	Leakages in the Working of Multiplier and Significance of Multiplier	4	
	Employment Multiplier, Tax Multiplier and Foreign Trade Multiplier	4	
	Balanced Budget, Multiplier and Foreign Trade Multiplier.	4	
<b>Unit II</b>	Relating Capital Goods Changes to Net Investment	4	Lecture Method, Seminar, Quiz
	Significance of the Acceleration Principle – Multiplier and Accelerate Distinguished	4	
	Super Multiplier	3	
	Derivation of Super Multiplier	3	
<b>Unit III</b>	Consumption Curve and Technical Attributes of Consumption Function	4	Lecture Method, Seminar, Group Discussion
	Keynes Psychological Law of Consumption	4	
	Absolute Income Hypothesis	4	
	Relative Income Hypothesis	4	
	Permanent Income Hypothesis and The Life Cycle Hypothesis	2	
<b>Unit IV</b>	Product Market Equilibrium: The IS Curve, Shift in the IS Function and Elasticity of the IS Function	4	Lecture Method, Seminar, PPT
	Money Market Equilibrium and Deriving the LM Curve	4	
	General Equilibrium of Product and Money Market and Change in General Equilibrium	4	
	Shift in IS Function, Simultaneous Shift in IS and LM Functions	4	
	Effectiveness of Monetary and Fiscal Policies and Efficacy of Fiscal Policy	2	
<b>Unit V</b>	Features of Cyclical Fluctuations	4	Lecture Method, Seminar, OOC
	Classification of Business Cycles and Phases of a Business Cycles	4	
	Hicks Theory of Trade Cycle	4	
	Samuelson's Trade Cycle Model	3	
	Kaldor's Model of Trade Cycle	3	
	Total	90	

**Course Learning Outcome:**

On successful completion of the course, the student will be able to:

CLO	Course Learning Outcome	Knowledge Level
CLO1	Distinguish the significance and leakages of multiplier	Up to K4
CLO2	Utilise the concept of multiplier and accelerator	Up to K4
CLO3	Estimate the consumption pattern based on income	Up to K4
CLO4	Apply IS – IM model in the development of the economy	Up to K4
CLO5	Forecast the business both locally and globally	Up to K4

**K1** – Remembering

**K2** – Understanding

**K3** – Application

**K4** – Examining, analyzing and presentation

**Mapping of CLOs with POs**

#	PO1	PO2	PO3	PO4	PO5
CLO-1	3	2	-	2	3
CLO-2	2	3	3	-	3
CLO-3	3	2	3	1	3
CLO-4	2	-	3	3	3
CLO-5	2	3	1	2	2

**Measurement of Scaling :** Advanced Application-3, Intermediate Level-2, Basic Level-1.

**Learning Outcome Based Education (LOBE) & Assessment****Formative – Blue – Print – Model**

(Articulation Mapping with Course Learning Outcome (CLOs))

Units	CLOs	K-Level	Section - A		Section – B (Either or Choice)	Section – C (Open choice)
			Short Answers			
			No. of Questions	K-Level		
I & II	CLO 1 & 2	Up to K4	2	K2, K3	2 (K3 & K3)	2 (K2, K3)
III, IV	CLO 3 & 4	Up to K4	3	K2, K2, K3	2 (K4 & K4)	1(K3/K4)
No. of questions to be asked			5		4	3
No. of questions to be answered			5		2	2
Marks for each question			2		5	10
Total marks for each section			<b>10</b>		<b>10</b>	<b>20</b>

**Learning Outcome Based Education (LOBE) & Assessment**  
**Summative – Blue – Print – Model**  
**(Articulation Mapping with Course Learning Outcome (CLOs))**

Unit	CLOs	K-Level	Section – A MCQs		Section – B Short Answer		Section – C (Either or Choice)	Section – D (Open Choice)
			No. of Questions	K-Level	No. of Questions	K- Level		
I	<b>CLO-1</b>	Up to K4	2	K1 & K1	1	K1	2 (K3 & K3)	1 (K3)
II	<b>CLO-2</b>	Up to K4	2	K2 & K3	1	K2	2 (K1 & K1)	1 (K2)
III	<b>CLO-3</b>	Up to K4	2	K2 & K3	1	K1	2 (K4 & K4)	1 (K4)
IV	<b>CLO-4</b>	Up to K4	2	K3 & K4	1	K3	2 (K4 & K4)	1 (K3)
V	<b>CLO-5</b>	Up to K4	2	K2 & K3	1	K2	2 (K2 & K2)	1 (K4)
No. of questions to be asked			10		5		10	5
No. of question to be answered			10		5		5	3
Marks for each question			1		2		5	10
Total marks for each			<b>10</b>		<b>10</b>		<b>25</b>	<b>30</b>

**K1** – Remembering

**K2** – Understanding

**K3** – Application

**K4** – Examining, analyzing and presentation

**Distribution of Section-wise Marks with K-Levels**

K Levels	Section – A (No Choice)	Section – B (No Choice)	Section – C (Either or)	Section – D (Open Choice)	Total Marks	% of Marks without choice
K1	2	4	10	-	16	13.33
K2	2	4	10	10	26	21.67
K3	4	2	10	20	36	30.00
K4	2	-	20	20	42	35.00
<b>Total Marks</b>	<b>10</b>	<b>10</b>	<b>50</b>	<b>50</b>	<b>120</b>	<b>100.00</b>