SANKALCHAND PATEL UNIVERSITY

।। अथातो ज्ञानजिज्ञासा ।।

FACULTY OF MANAGEMENT STUDIES

Bachelor of Business Administration (Sem.-II)

Effective from Academic Year 2016-17

Subject Code: 1MS1010204	Subject Title: Principles of Economics (Macro)

1. Course Objectives:

Firms operate in economic environment therefore it is necessary for the firms to understand various macro-economic factors. The course aims at developing students' understanding of various macro-economic factors such as; national income, monetary system, unemployment, business cycle, and the banking system.

2. Teaching Scheme (Hours per week)

Lecture (Hrs.)	Tutorial	Practical	Credit	Evaluation Scheme (Marks)		Total
				Theory		
				University Assessment	Continuous Assessment	
4	-	-	4	70	30	100

3. Syllabus:

Module No.	Contents	Total Hours	Weight
1	Macro Economics and National Income : Nature, Scope and Subject Matter of Macro Economics Definition of National Income, Methods of Measuring National Income, Significance of National Income, Difficulties in Measuring National Income. Circular Flow of Income Concept of GDP- GNP-NNP-NNP at Market Price and Factor Cost , Personal Income, Disposable , Real Income, Per Capital Income	10	25%
2	Theory of Income and Employment : Classical Theories of Employment –Keynesian Macroeconomic Theory of Employment: Consumption Function – Investment Function – Propensity to Consume and Save – Aggregate Demand and Aggregate Supply and Level of Prices – Principle of Effective Demand – Equilibrium of Saving and Investment – Investment Multiplier	10	25%
3	Banking and Business Cycle Banking, Concept of Banking – Structure of Indian Banking, Functions of Commercial Banks – Credit Creation – Leakage and Limitations of Credit Creation – Functions of Central Bank - Weapons of Credit Control – Quantitative And	12	25%

	Qualitative Methods Business Cycle Concept and Characteristics of Business Cycle-Phases of Business Cycle, Inflation, Deflation and Stagflation, Causes and Effects of Inflation - Method to Control Inflation, Philips Curve		
4	Theory of Money and Interest Money Definitions of Money – Functions of Money – Purpose of Monet, Value of Money –The Quantity Theory of Money – Fisher's Criticism – Components of Money Supply – Concepts of M1, M2,M3 and M4. Concept of Interest, Theories of Interest Rate: Classical Theory – Loanable Funds Theory – Liquidity Preference Theory and Its Motives.	13	25%

4. Suggested Readings

Books:

1. R. Cauvery : Micro Economic Theory, S.Chand Publication,New Delhi.
2. H.L Ahuja: Modern Micro Economics, S.Chand Publication,New Delhi
3. K.K Dewett :Modern Economic Theory, S.Chand Publication,New Delhi.
4. K.K. Deweet & J.D.Verma : Elementary Theory, S.Chand Publication,New Delhi