



Integral University, Lucknow

Effective from Session: 2025-26							
Course Code	A080201T /HE108	Title of the Course	Principles of Macro Economics	L	T	P	C
Year	I st	Semester	II nd	6	0	0	6
Pre-Requisite	Intermediate	Co-requisite	None				
Course Objectives	This Paper is designed to provide a sound knowledge of macro-economic theory. The goal of this course is to provide students with a thorough understanding of the fundamental principles of macroeconomics that establish a functional relationship between large aggregates. This course looks at the determination of income and employment, consumption function, theories of investment, multiplier, and accelerator.						

Course Outcomes	
CO1	The students are familiarized with basic concepts of macroeconomics and able to distinguish between Macro vs. Micro Economics. The student can comprehend them & familiarize themselves with day-to-day happenings.
CO2	Students can explain national income, comprehend calculation methods of national income, and concepts related to national income.
CO3	Students can explain the Circular Flow of Income and expenditure in two, three, and four-sector economies.
CO4	Students can comprehend the classical theory of employment and the Keynesian approach.
CO5	Students can comprehend the concept of multiplier and its working.
CO6	Students can understand the relationship between inflation and employment.
CO7	Students can relate factors determining national income such as consumption, saving, and investment.
CO8	Students can analyze different phases of the trade cycle, demonstrate various trade cycle theories, understand the impact of cyclical fluctuation on the growth of the business, and lay policies to control the trade cycle.

Unit No.	Content of Unit	Contact Hrs.	Mapped CO
1	Introduction: What is macroeconomics? Macroeconomic issues in an economy. Macro vs. Micro Economics, Limitations of Macroeconomics. Introduction to National Income.	12	CO1
2	National Income Accounting: Concepts of GDP, GNP, NDP, and NNP at market price and factor cost, Personal Income and Disposable Personal Income. Measurement of National Income-Income, expenditure, product or Value added Methods and related aggregates; nominal and real income; limitations of the GDP concept. GDP Deflator.	12	CO2
3	Circular Flow of Income and expenditure in two, three, and four-sector economy. National Income and Economic Welfare; Green Accounting.	11	CO3
4	Classical Theory of Employment. Say's Law of Markets. Keynes' Objection to the Classical Theory; Aggregate Demand and Aggregate Supply Functions; The Principle of Effective Demand; Consumption Function-Average and Marginal Propensity to Consume; Factors influencing Consumption Spending.	11	CO4
5	Types of Investment, Determination of Level of Investment: Classical and Keynesian approach. Multiplier: Concept, Investment Multiplier and its Effectiveness in LDCs; Principle of Accelerator. Theory of Investment - Autonomous and Induced Investment; Marginal Efficiency of Capital; Savings and Investment-Ex-Post & Ex-Ante, Equality and Equilibrium. Super Multiplier.	11	CO5
6	Rate of Interest: Classical, Neo-Classical (Loanable fund) and Keynesian Theories of Interest. Indeterminateness in Liquidity Preference Theory.	11	CO6
7	Equilibrium in the product and money markets: Derivations of the IS and LM functions; changes in IS and LM functions, IS-LM and aggregate demand; shifts in the AD curve.	11	CO7
8	Inflation: Definition and measurement of inflation, Types of inflation, Impact of inflation, determinants of inflation, Inflation and Unemployment; the relationship between inflation and unemployment: Phillips Curve in the short run and long run.	11	CO8

Reference Books:

Ackley. G (1976): Macroeconomics: Theory And Policy, Macmillan, New York.

Ahuja, H.L (2012): Macroeconomics: Theory and Policy, S. Chand & Company, New Delhi.

Branson, W.A (1989): Macroeconomics Theory and Policy, Harper & Row.

Dornbusch, Rudiger & Startz, Richard (2012): Macroeconomics, Tata McGraw Hill Education.

Dwivedi, D.N (2010): Macroeconomics: Theory and Policy, Tata McGraw Hill Education.

Shapiro, Edward (2005): Macroeconomic Analysis, Galgotia Publications, New Delhi.

Mankiw N.G. and D. Romer (eds.), New Keynesian Economics, (2 Vols.), MIT Press, Cambridge.

Romer D.L., Advanced Macroeconomics, McGraw Hill Company Ltd. New York.

Surrey, M.J.C (1976): Macroeconomic Themes, Oxford University Press.

Sikdar, Saumyen (2011): Principles of Macroeconomics, Oxford University Press, New Delhi.

E-Learning Source:

<https://swayam.gov.in/>
<http://www.ignouhelp.in/ignou-study-material/>

Course Articulation Matrix: (Mapping of COs with POs and PSOs)										
PO- PSO CO	PO1	PO2	PO3	PO4	PO5	PSO1	PSO2	PSO3	PSO4	PSO5
CO1	3	3	3	2	3	3	2	3	2	2
CO2	3	3	2	2	2	3	3	2	1	3
CO3	3	3	2	1	1	3	3	3	2	3
CO4	3	2	1	1	1	3	3	1	2	2
CO5	2	3	2	1	1	3	3	3	3	3
CO6	3	3	2	1	3	3	3	3	3	3
CO7	3	3	2	1	2	3	3	3	3	3
CO8	3	3	2	1	2	3	3	2	2	3

1- Low Correlation; 2- Moderate Correlation; 3- Substantial Correlation

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