

Course title: Macroeconomic Environment				
Course code: BSI 129		No. of credits: 4	L-T-P: 43-17-0	Learning hours: 60
Pre-requisite course code and title (if any):				
Department: Policy & Management Studies				
Course coordinator(s): Dr. Shruti Sharma Rana			Course instructor (s): Guest Faculty	
Contact details:			Course offered in: Semester 2	
Course type: Core				
Course description In the present world, the economy of a country is influenced by various national and international phenomena. For instance, the inflation targeting policy by the Government of India, or the global financial crisis could affect various agents of an economy. Therefore, understanding the bigger picture of the economy and associated changes is crucial. In view of this, the course has been developed as a foundational course to introduce the key elements of Macroeconomic Environment.				
Course objectives The course is intended to familiarize the students with the conceptual foundation of Macroeconomics and policy drives that influence income, interest rates, inflation, employment and exchange rates with explanations of the potential short-run and long-run fallouts on the economy.				
Course content				
Module	Topic	L	T	P
1.	Concept and Nature of Macroeconomics <ul style="list-style-type: none"> • Concepts of Macroeconomics and Microeconomics • Three Core Macroeconomics Concerns: Output, Unemployment and Inflation • Macroeconomic Stability and Business Environment: The Relationship with Focus on Indian Economy, concept of exchange rate. 	3	0	0
2.	Measuring the Macroeconomic Performance <ul style="list-style-type: none"> • National Income Accounting • Gross Domestic Product – Components, Measurement • National Income and Social Welfare • GDP and Underground Economy • National Income Accounting System of India 	3	1	0
3.	Social Progress and GDP <ul style="list-style-type: none"> • Limitation of GDP in Measuring Social Progress • Understanding Human, Social and Natural Capital • HDI and Gross National Happiness • Environmental Adjustment of National Income for Sustainability 	2	1	0
4.	Theory of Income Determination <ul style="list-style-type: none"> • The Keynesian Theory of Consumption • Investment function • Equilibrium Income/Output Determination • Concept of Multiplier • The Paradox of Thrift 	4	2	0
5.	Role of Government <ul style="list-style-type: none"> • Fiscal Policy: Concept and Instruments • Government Spending Multiplier, Tax Multiplier, Balanced 	6	2	0

	<ul style="list-style-type: none"> Budget Multiplier • Country Experiences • Contra Cyclical Fiscal Policy • Budgets and Budgetary Policy of Government of India 			
6.	Money, Interest and Income <ul style="list-style-type: none"> • Demand for Money and the Interest Rate • Aggregate Demand in the Goods and Money Market – IS-LM Model • Money Supply: Concepts and Measures • Credit Creation: Banking System • Monetary Policy: Targets and Instruments 	6	2	0
7.	Aggregate Price Level, Inflation and Unemployment <ul style="list-style-type: none"> • Aggregate Demand and Aggregate Supply: • Determination of Aggregate Price Level • Interaction between the Fiscal and Monetary Policy • Inflation: Definition and Causes; Budget Deficit and Money Supply • Public Debt: Concept and Burden • Labour Market: Definition of Unemployment and Measurement • The Philips Curve 	6	2	0
8.	Business Cycle and Stabilization Policies <ul style="list-style-type: none"> • Business Cycle: Meaning and Phases • Macroeconomic Stabilization: Classical, Keynesian and Neo-classical, Post-Keynesian Perspectives 	3	1	0
9.	Open Economy Macroeconomics & International Trade <ul style="list-style-type: none"> • Concept of Open Economy • Institutions and Regulations of Trade • Balance of Payment • Exchange Rate Determination • Fixed and Flexible Exchange Rates • Devaluation and Purchasing Power Parity • Balance of Payment Crisis • India's Balance of Payment Crisis 	5	2	0
10.	Macroeconomic Policies & Indicators of India <ul style="list-style-type: none"> • Analyse various recent macroeconomic policies in India • Impact of such policies on various economic indicators 	1	2	
11.	Growth and the Economy <ul style="list-style-type: none"> • The Theory of Growth • Growth Models • Total Factor Productivity • Indian Economic Reform and Growth • Dilemmas of Economic Growth 	4	0	0
	Total (in hours)	43	17	0
<p>Evaluation criteria: The grading will be based on the students' participation in the class-discussion, presentation accompanied by submission of a term paper/report and a major exam at the end of the course</p>				
Minor 1 Exam (Written Test (Module 1-4)-		20%		

Minor 2 Exam Economic Policy Analysis (Module 5 & 6)-	20%
Indicators for assessment: (a) Identification of the problem; (b) Data collection; (c) Relevance of the data analysis method; (d) Representation and explanation; (e) Punctuality and timeline adherence. Note: (a), (b) and (c) would carry a weightage of 10% each; (c) would carry 30% weightage and (d) would carry 40 % weightage.	
Minor 3 Exam (Term Paper and Presentation (Module 6-8)-	30%
i. Structure: (1) identification of an important problem related to macroeconomic issues; (2) explain why it is important for the country/state/province from the macroeconomic perspective; (3) how has this problem been addressed in the literature (both empirical and theoretical); (4) where is the scope of improvement - in policy, method etc.; (5) specify the objective of the work; (6) clearly mention the data source and methodology (7) explain & discuss the results obtained; (8) policy directions/ recommendations & scope of further research. ii. Indicators for assessment: (a) Identification of the problem; (b) Identification of specific research question(s); (c) Structure and referencing; (d) Content, language, clarity (Academic Merit); (e) punctuality & timeline adherence. Note: (d) shall carry a weight of 50%; (a) & (b) shall carry 15% each; the rest will carry 10% each	
Major Exam (Written Examination (Module 5-12)-	30%
Learning outcomes: After successful completion of the course, students will be able to – 1. Interpret and measure the key Macroeconomic variables (Test-1) 2. Explain the circular flow of income (Test-1) 3. Describe the roles of fiscal and monetary policy in an economy (Test 1 & 2) 4. Understand the concept of business cycle (Test-3 & 4) 5. Explain and uses of the growth models (Test-4) 6. Analyse the factors influencing the balance of payments and the exchange rate (Test 3 & 4) 7. Explain and understand the mechanisms of international trade (Test 2, 3 & 4)	
Materials	
Books:	
1. Barro, R. and X. Sala-i-Martin (latest edition). Economic Growth, Prentice Hall, India. 2. Blanchard, O. (latest edition). Macroeconomics. Pearson Education, New Jersey, USA. 3. Case K.E., Fair R. and Oster S. (latest edition). Principles of Macroeconomics. Prentice Hall, Pearson. 4. De Souza, E. (latest edition). Macroeconomics. Pearson Education, New Delhi. 5. Jones, C. (latest edition). Introduction to Economic Growth. W.W. Norton, New York. 6. Ray, D. (latest edition). Development Economics. Princeton University Press, New Jersey. 7. Romer, D. (latest edition). Advanced Macroeconomics. McGraw-Hill, New Delhi. 8. Sikdar, S. (latest edition). Principles of Macroeconomics. Oxford University Press, New Delhi.	
Websites:	
1. Reserve Bank of India: www.rbi.org.in 2. Budget and Economic Survey: www.indiabudget.nic.in 3. MOSPI: www.mospi.nic.in 4. CMIE: www.cmie.com 5. Economic & Political Weekly: http://www.epw.in/	

Pedagogical approach
A combination of class-room interactions and assignments
Additional information (if any)
Student responsibilities
Attendance, feedback, discipline etc. as per University rules

Prepared by: Dr Montu Bose

Course Reviewers:

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