

## SEMESTER-II

### COURSE 3: MACROECONOMICS

Theory

Credits: 4

4 hrs/week

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**Course Objective:** The objective of this course is to impart basic concepts, principles and theories of Macroeconomics to make the student understand the functioning of a macro economy.

#### Course Learning Outcomes:

After the completion of this course, the students will be able to

1. Explain the circular flow of national income in a macro economy, various concepts of national income and their measurement;
2. Compare and contrast the Classical and Keynes theories of employment and their relevance to the present day economies;
3. Evaluate Keynes' theories of consumption and investment functions and their implications to the economy;
4. Analyse causes and the measures to control inflation and trade cycles in the economy;
5. Evaluate the structure and components of balance of payments, exchange rate systems and capital flows to achieve internal and external stability.

#### Unit - 1: Introduction to Macroeconomics and National Income

- Macroeconomics: Definition, Scope and Importance; Macroeconomic variables: Stock and Flow
- Circular Flow of Income: Two, Three and Four Sector economies
- National Income: Definition, Concepts, Importance
- Measurement of National Income and Difficulties

#### Unit -2: Theories of Employment

- Classical Theory of Employment, Say's Law of Market,
- Pigou's Wage-Price Flexibility,
- Keynesian Theory of Employment: Assumption, Concepts and Model,
- Classical theory vs Keynesian theory of employment.

#### Unit -3: Consumption and Investment

- Consumption: Factors, Consumption Function,
- Keynes' Psychological Law of Consumption, life cycle hypothesis
- Investment: Types, Factors, Investment Function, Marginal Efficiency of Capital,
- Working of Multiplier and Accelerator

#### **Unit - 4: Inflation and Trade Cycles**

- Inflation: Meaning and types
- Measurement - Consumer Price Index and Wholesale Price Index
- Causes, Consequences and Controlling of Inflation
- Trade Cycles: Phases, Causes and Controlling Measures

#### **Unit- 5: Globalization, External Sector and Macroeconomic Linkages**

- Role of Foreign Trade and Capital flows in Domestic Economy
- Exchange rate systems: Fixed, Flexible, and Managed Floating
- Balance of Payments: Structure, current account, capital account and their significance
- Bilateral, Multilateral Trade Agreements and WTO

#### **References:**

1. Macroeconomic Analysis, Bilingual Textbook, APSCHE
2. H. L. Ahuja (2004), *Advanced Economic Theory*, New Delhi: S. Chand.
3. P. N. Chopra (2014), *Macroeconomics*, Ludhiana: Kalyani Publishers.
4. D. M. Mithani (1990), *Macro Economic Analysis and Policy*, New Delhi: Himalaya Publications.
5. Telugu Academy Publications on Macroeconomics
6. Macroeconomics, Dr. Br. Ambedkar Open University Material
7. Macroeconomics, IGNOU Material

#### **Suggested Activities:**

- Unit-1. Practical Exercise on national income measurement
- Unit-2. Group discussion on relevance of Classical and Keynesian employment theories to current economic situation
- Unit-3. Seminar presentations on the implications of Keynes' Psychological Law of Consumption
- Unit-4. Assignment on current measures to control inflation
- Unit-5. Quiz on sectoral and regional flow of FDI in India and debate on monetary vs fiscal policy

## SEMESTER-II

### COURSE 4: DEVELOPMENT ECONOMICS

Theory

Credits: 4

4 hrs/week

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**Course Objective:** This course is designed to learn about basic concepts, principles and theories in development economics and apply them to analyse the current issues in the economy

#### Course Learning Outcomes:

After the completion of this course, the students will be able to

1. Explain concepts of economic growth and development and their measurement;
2. Analyse the developmental issues such as poverty, unemployment, inequality and sustainable development and suggest measures;
3. Comprehend various standard theories of growth and development;
4. Examine and suggest various developmental strategies suitable to developing countries;
5. Evaluate various contemporary development issues at international and national levels and suggest appropriate suggestions to solve them.

#### Unit - 1: Introduction to Economic Growth and Development

- Economic Growth and Development: Meaning, Differences, Factors and Obstacles
- Indicators of Economic Development - GNI Per capita Income, Human Development Index, Gender Development Index, Happiness Index, etc
- Kuznets' Characteristics of Modern Economic Growth
- World Bank and IMF Classification of Countries based on level of Development

#### Unit 2: Developmental Issues

- Poverty: Meaning, Types, Causes and Solutions, Multi Dimensional Poverty Index
- Unemployment: Meaning, Types, Measuring Unemployment
- Inequalities: Meaning and Measurement - Gini Coefficient, Lorenz Curve and Kuznet's Curve
- Sustainable Development, Sustainable Development Goals

#### Unit-3: Theories of Growth and Development

- Classical Theory of Development
- Marxian Theory of Development
- Neo-Classical Models of Economic Growth: Harrod-Domar Model, Solow Model
- Rostow's Stages of Economic Growth

#### **Unit – 4: Strategies of Economic Development**

- Balanced and Unbalanced Growth Strategies
- Big Push Strategy, Nehru-Mahalanobis Strategy
- Export Promotion and Import Substitution Strategy
- Human Capital – Sen’s Capability Approach

#### **Unit - 5: Contemporary issues in Economic Development**

- Inclusive growth, Gender Disparities
- Technological disruption and Digital Divide
- Urbanization and Migration
- Globalization and its Challenges

#### **References:**

- Ray, D. (2009), *Development Economics*, New York: Princeton University Press.
- Todaro M. P. and Stephen, C., Smith (2014), *Economic Development*, London: Pearson, 12 Ed..
- M. L. Jhingan and B. L. Jhingan (2024), *The Economics of Development and Planning*, New Delhi: Vrinda Publications.
- Hayami and Godo: (2005), *Development Economics*, London: Oxford Publication.
- Sen, A., (1999), *Development as Freedom*, London: Oxford University Press.
- Thirlwall A. P., (2005), *Growth and Development*, Palgrave Macmillan; 8th Edition.
- Chenery, Hollis and T. N. Srinivasan, (1998), *Handbook of Development Economics*, Elsevier.
- Basu, Kaushik (2000), *Analytical Development Economics: The Less developed Economy: Revisited*, Oxford University Press, India.
- Development Economics, Telugu Academy
- Open Source Online Materials & Videos: IGNOU, e-PG Pathasala, SWAYAM, Khan Academy etc.

#### **Suggested Activities:**

- Unit-1. Group discussions on factors of economic growth and development
- Unit-2. Assignments on developmental issues like poverty, unemployment and their programs
- Unit-3. Prepare comparative flow charts of various theories of economic growth and development
- Unit-4. Give Project on application of any theory of economic growth or development to the Current economic Problem
- Unit-5. Seminar on contemporary issues on economic development role at state or local levels