

# UNDERGRADUATE PROGRAMME IN BACHELOR OF MANAGEMENT STUDIES

## PAPER No. 11

### MACRO ECONOMICS AND GLOBAL ENVIRONMENT

**Learning Objective:** This course deals with the principles of macroeconomics. The coverage includes determination of and linkages between major economic variables; the level of output and prices, inflation, interest rates and exchange rates. The course is designed to study the Impact of monetary and fiscal policies on the aggregate behaviour of individuals.

**Course Contents:**

**Unit I**

**Lectures: 4**

Measurement of Macro Economic Variables: National Income Accounts, Gross Domestic Product, National Income, Personal and personal disposable income, some national Income accounting identities.

**Unit II**

**Lectures: 20**

Money, Interest and Income: The Goods market and the IS curve, The Asset market and the LM curve, Equilibrium in the Goods and the Asset market, Adjustment towards equilibrium. Monetary and Fiscal Policy: Monetary Policy, Fiscal Policy and crowding out, The composition of output and policy mix, policy mix in action.

**Unit III**

**Lectures: 18**

International Linkages: Balance of payments and Exchange rates, trade in goods, market equilibrium and the balance of trade, Capital mobility, Mundell-Fleming model: perfect capital mobility under fixed exchange rates, perfect capital mobility and flexible exchange rates, Adjustment under fixed exchange rates; Exchange rate changes and trade adjustment; Monetary approach to balance of payment; Flexible exchange rate, money and price; Interest differentials and exchange rate expectations, exchange rate fluctuation and interdependence.

**Unit IV**

**Lectures: 8**

Output, Inflation & Unemployment: Inflation, expected inflation and Unemployment, the Philips curve, Okun's Law, the effect of money growth, disinflation.

**Unit V**

**Lectures: 6**

Global Orientation of Indian Economy: Growth and evolution of Indian MNC's, Current crises in US/Europe/Asia and its impact on economic growth of India.

**Text Books:**

1. Froyen, R.P. (2011). *Macroeconomics- Theories and Policies* (8th ed.). Pearson.

**References:**

1. Dornbusch and Fischer (2010). *Macroeconomics* (9th ed.). Tata-Mcgraw Hill.
2. Tendulkar and Bhavani. (2007). *Understanding Reforms*. Oxford.
3. Rakesh, Mohan (2002). *Facets of Indian Economy*. Oxford University Press.
4. Oliver Blanchard. *Macroeconomics* (4th ed.). Pearson