Course Information

B.A.I Economics (NEP)

Sem- II

Course Title: Macro Economics I

Course Code: HUGECOMJ201

Duration: December 2025 to April 2025 (60 periods scheduled Monday–Saturday**)**

Total Periods: 60 (one period per day, Monday–Saturday)

No. of Credits: 04

Teaching Methodology: Lectures, discussions, numerical examples, diagrams (e.g., circular flow models, Phillips curve, money supply graphs), case studies on Indian economy, and assignments.

Course Objectives:

1. To familiarize students with the meaning, scope, importance, and limitations of macroeconomics, enabling them to relate concepts to real-world policy and research.

2. To introduce key macroeconomic aggregates like national income, circular flow, and index numbers, and their role in measuring economic growth and welfare.

3. To explain the functions and theories of money, including classical and modern approaches, to understand monetary dynamics.

4. To analyse inflation types, causes, effects, and control measures, along with banking systems and credit mechanisms for economic stability.

Learning Outcomes:

Upon completion of the course, students will be able to:

1. Define macroeconomics, calculate and interpret national income concepts (GDP, GNP, NNP, PCI), and analyze circular flow in a two-sector economy.

2. Explain money's functions and apply quantity theories (Fisher, Cambridge, Friedman) to evaluate the value of money.

3. Identify inflation types, differentiate demand-pull and cost-push inflation, and assess fiscal/monetary policies using the Phillips curve.

4. Describe commercial and central banking functions, credit creation processes, control methods, and modern concepts like e-banking and cashless transactions.

Detailed Teaching Plan:

The plan allocates 15 periods per unit, sequentially assigned to Monday–Saturday sessions from December 2025. Each period is 1 hour. Topics are broken down with approximate period allocations for balanced coverage, including time for explanations, examples, and Q&A.

Subtopics and Period Allocation:

Unit I: Introduction to Macro Economics. **Focus:** Establishing the foundations of macroeconomics and key measurement tools.			
Period	**Month**	**Topic/Subtopic**	**Activities/Notes**
1–12	**December-2025**	Meaning, Scope, Importance & Limitation	Lecture on aggregate vs. individual analysis; discuss scope in policy-making; examples of limitations in data accuracy.
		National Income - Meaning, Definitions, Concepts of GDP, GNP, NNP, PCI and Relation of Income to Growth & Welfare	Numerical calculations of GDP methods (income, expenditure); relate to Indian growth rates; diagrams on income-welfare links.
		Concept of circular flow, Circular Flow of Income in a two sector and Importance of circular income flow	Draw two-sector model diagrams; explain injections/leakages; importance in equilibrium; group discussion on real economy.
13–15	**January-2026**	Index Number - Meaning, Importance & Limitations	Formulas for price indices (Laspeyres, Paasche); examples from CPI in India; discuss limitations like base year bias; unit quiz.
Unit II: Introduction to Macro Economics. **Focus:** Exploring the role and theoretical value of money in the economy.			
Period	**Month**	**Topic/Subtopic**	**Activities/Notes**
16–24	**January-2026**	Money - Definition and Functions	Barter vs. money economy; primary/secondary functions; evolution of money; case study on digital currency.
		Meaning of value of Money, Quantity theory of money: The Transactions Approach (Fisher)	MV=PT equation derivation; numerical examples; assumptions and criticisms.

		The Cambridge quantity theory of money (Cash Balance Approach).	K approach (Pigou, Marshall); compare with Fisher; graphical representation; implications for money demand.
25–28	**February-2026**	Milton Friedman's Approach.	Restatement of quantity theory; permanent income hypothesis; discuss velocity stability; unit review with problems.
Unit III: Inflation. **Focus:** Understanding inflation dynamics and policy responses.			
Period	**Month**	**Topic/Subtopic**	**Activities/Notes**
29–37	**February-2026**	Inflation - Definition, Types, Causes and Effects.	Hyper/stagflation types; demand/supply-side causes; effects on distribution; Indian inflation examples.
		Demand pull and cost push Inflation.	Diagrams for shifts in AD/AS; wage-price spiral; case studies from oil shocks.
		Measures to control Inflation - Fiscal and monetary policy.	RBI tools (repo rate); fiscal deficits; pros/cons; group debate on effectiveness.
38-40	**March- 2026**	Phillips curve	Unemployment-inflation trade-off; short/long-run curves; expectations-augmented version; unit quiz.
Unit IV: Banking. **Focus:** Examining banking institutions and modern financial tools.			
Period	**Month**	**Topic/Subtopic**	**Activities/Notes**
41–49	**March- 2026**	Commercial Bank - Concepts, Types, Function and the process of credit creation and its limitation	Balance sheet analysis; multiplier process; limitations (cash drain); examples from Indian banks.
		Objectives and Function of central Bank.	RBI roles (issuer, banker to govt); monetary policy framework.
		Method of credit control - Quantitative and Qualitative methods	OMO, CRR/SLR vs. moral suasion; effectiveness in India.
50-60	**April- 2026**	Concepts of ATM, Debit Card, Credit Card, E-Banking, Cashless Transactions, Mobile Banking	Digital banking evolution; UPI examples; security issues; course review and mock exam.