

B. Com. Semester II

Business Economics-II

Unit	Title	Details of Topic
Unit I	Introduction to Macroeconomics	Basic issues studied in macroeconomics; Difference between micro and macro economics, Importance of Macro economics
Unit II	National Income Accounting	Measurement of gross domestic product; income, expenditure and the circular flow; real versus nominal GDP; price indices;.
Unit III	Balance of Payments	National income accounting for an open economy; balance of payments: current and capital accounts
Unit IV	Money	Functions of money; quantity theory of money; determination of money supply and demand; credit creation; tools of monetary policy.
Unit V	Inflation	Inflation and its social costs; hyperinflation. Inflationary Gap, Reasons behind inflation
Unit VI	The Closed Economy in the Short Run	Classical and Keynesian systems; simple Keynesian model of income determination; IS-LM model; fiscal and monetary multipliers.
Unit VII	Aggregate Demand and Aggregate Supply Curves	Derivation of aggregate demand and aggregate and supply curves; interaction of aggregate demand and supply.
Unit VIII	Inflation, Unemployment and Expectations	Phillips curve; adaptive and rational expectations; policy ineffectiveness debate.
Unit IX	Open Economy Models	Short-run open economy models; Mundell-Fleming model; exchange rate determination; purchasing power parity; asset market approach; Dornbusch's overshooting model; monetary approach to balance of payments; international financial markets.

Books Recommended:

1. Dornbusch, Fischer and Startz: Macroeconomics, McGraw Hill, New Delhi
2. N. Gregory Mankiw. Macroeconomics: Worth Publishers, New Delhi.
3. Olivier Blanchard, Macroeconomics: Pearson Education, Inc., New Delhi
4. Steven M. Sheffrin: Rational Expectations, Cambridge University Press,
5. Andrew B. Abel and Ben S. Bernanke, Macroeconomics, Pearson Education, New Delhi.
6. Errol D'Souza, Macroeconomics, Pearson Education, New Delhi.
7. Paul R. Krugman, Maurice Obstfeld and Marc Melitz, International Economics, Pearson Education Asia,