

## II SEMESTER

### MACRO ECONOMICS, MARKETS AND PRICING STRATEGIES

#### Course objectives:

- To enable the students to learn the principles of Macro-economics.
- To provide the foundation for the study of other macro problems.
- To develop analytical, reasoning and graphical presentation skills.
- To help the students to appreciate the role of government in the economic functioning of the economy.

#### **Module-I: Macro Economics and National Income Analysis** **10 hrs**

Macro Economics – Meaning – merits and demerits. National Income – meaning – concepts (GNP, NNP, GDP, NDP, DI, PI and PCI) – importance – measurement of National Income – difficulties in measuring National income – Circular flow of income and expenditure – two sector model.

#### **Module-II: Classical and Keynesian theories of employment** **20 hrs**

Classical theory – Say’s law of market – wage – price flexibility – criticisms. Keynesian theory – Principle of effective demand – aggregate demand and aggregate supply – determinants of Effective demand. Consumption function – determinants – 1) Income 2) Propensity to consume. Psychological law of consumption. Investment function – Meaning, determinants – 1) interest 2) marginal efficiency of capital, importance of investment function in employment generation. Keynesian view – induced investment and autonomous investment. Multiplier effect on employment – accelerator effect.

#### **Module III: Market Analysis** **20 hrs**

Market – Meaning and Components. Types of markets – Perfect competition – features – price and output determination – short run and long run. Monopoly – meaning, types, features – Price and output determination (Price discrimination). Monopolistic Competition – Meaning – features. Product differentiation – selling cost – Price-output determination. Oligopoly – features – kinked demand curve.

#### **Module IV: Pricing Policy** **15 hrs**

Pricing Policy – Meaning – objectives, importance of pricing. Methods – cost plus pricing, going rate policy – dual price – administered pricing – support pricing – price collusion – cartels. Profit planning – break-even analysis.

#### **Module V: Business Cycles** **10 hrs**

Meaning – Phases of trade cycles – inflation – causes – effects, measures to control. Deflation – causes – effects, measures to control. Role of monetary and fiscal policies

**SKILL DEVELOPMENT:**

- Visit a Market place and find out price variation that exists for the same product – prepare a report.
- Prepare a table on the sources of income and expenditures incurred in your home.
- Prepare a PPT on the various types of selling costs that can be incurred while selling a product.
- Prepare a report on the National income of the last 5 years and present it in a pie chart.
- Visit a bank and collect information on the demand for loans at various interest rate.

**REFERENCE BOOKS.**

1. Principles of economies – M.L. Seth.
2. Principles of Economics – M.L. Jhghan.
3. Micro and Macro Economics – H.L. Ahuja.
4. Economic theory – Mithani.
5. Economies – Samuelson.
6. A text-book of Economics – Stonies and Hague.
7. Micro and Macro economies – K.P.M Sundaram.
8. An introduction to modern economics – Robinson and Eatwell.
9. Micro and Macro Economics – M.C. Vaish.
10. Macro Economics theory and Policy – Ackley. G