

**KAKATIYA UNIVERSITY - WARANGAL - TELANGANA**  
Under Graduate Courses (Under CBCS 2020 – 2021 onwards)  
**B.A. ECONOMICS I Year**  
**SEMESTER –II**

---

**PAPER – II MACRO ECONOMICS**

(Discipline Specific Course)

**Theory: 5 Hours/Week; Credits: 5 Marks: 100 (Internal: 20; External: 80)**

**Module– I: Introduction**

Macro Economics – Concept of Circular Flow of Incomes –National Income Analysis: Concepts and Components – Methods of Measurement –Difficulties and Limitations in the Estimation of National Income.

**Module– II: Theories of Income and Employment**

Classical Theory of Income and Employment - Keynesian Theory of Income and Employment- Effective Demand – Consumption Function- Average Propensity to Consume (APC) and Marginal Propensity to Consume (MPC) – Factors Determining Consumption Function – Savings Function- Average Propensity to Save and Marginal Propensity to Save – Concepts of Multiplier and Accelerator

**Module– III: Investment & Theories of Interest Rate**

Capital and Investment- Types of Investment- Determinants of Level of Investment – Marginal Efficiency of Capital and Marginal Efficiency of Investment- Neo-Classical and Keynesian Theories of Interest.

**Module – IV: Supply of Money & Demand for Money**

Functions and Classification of Money – Money Supply – Measures of Money Supply with reference to India: M1, M2, M3 and M4 – Classical Theories of Money: Fisher's and Cambridge Versions of Quantity Theory of Money – Keynes' Theory of Money and Prices.

**Module– V: Inflation & Trade Cycles**

Inflation: Concept, Types, Causes and Measurement – Effects of Inflation – Measures to Control Inflation – Concepts of Phillips Curve, Deflation and Stagflation – Trade Cycles: Concept, Causes and Phases of trade cycle.

**Reference Books:**

- Ackley, G (1976) : Macro Economics: Theory and Policy, Macmillan, New York  
Shapiro, E (1996) : Macro Economic Analysis, Galgotia Publications, New Delhi  
Hansen A H (1953): A Guide to Keynes, McGraw Hill, New York  
Keynes JM (1936) : The General Theory of Employment, Interest and Money,  
MC Vaish : Macro Economic Theory  
HL Ahuja : Macro Economic Theory & Policy  
Vanitha Agarwal : Macro Economic Theory & Policy, Pearson Education  
HL Ahuja : Macro Economic Analysis  
Gupta, SB : Monetary Economics: Institutions, Theory and Policy  
M.L. Seth : Macro Economics, Lakshmi Narain Agarwal, Agra, 2006