

KATHMANDU UNIVERSITY SCHOOL OF MANAGEMENT
BBA/ BBIS

Course Title	MACROECONOMICS
Course Code Number	ECO 210
Credit Hours	3
Course Objective	
Main Objective	The objective of the course is to provide exposure to the basic concepts, tools and theories of macroeconomics with the intention of enabling the students in identifying and analyzing fundamental national and international macroeconomic issues useful to business management decision-making.
Learning Unit	
Learning Unit One Net Contact Hours -4 hrs	1. Basic Concepts Introduction; Basic Economic Problem/Issue: Resource Scarcity and Efficiency; Macroeconomics' objectives: Growth, Employment and Price stability; Opportunity cost; Stocks and Flows; Society's Technological Possibility; Economic Organizations: Market, Command, Mixed Economies (Market and Government); Black or Underground Economy; Economic Models; Equilibrium and Disequilibrium; Resources/ Inputs and Outputs/Value added.
Learning Unit Two Net Contact Hours - 6 hrs	2. Measuring National Economic Activity The Concept of National Accounts; Essence of Economic Flows: Sectors of the Economy: Household, Firm/Enterprise, Government, Financial, Foreign/External; Circular Flow of Macroeconomic Activity/National Income: Flow-of-Product (Final Goods) and Earnings or Cost/Expenditure Approaches; Gross Domestic Product (GDP) and Gross National Product (GNP) and Capital Consumption/Depreciation; Nominal and Real GDP, and GDP Deflator; Actual and Potential/Full Employment GDP/Output; Disposable Income and Saving; National Income Aggregates: Components of GDP and GNP.
Learning Unit Three Net Contact Hours - 5 hrs	3. Consumption and Investment 3.1 Consumption Budgetary Expenditure Patterns; Consumption, Income and Saving; Consumption Function; Savings Function; Marginal Propensity to Consume; Marginal Propensity to Save; National Consumption Behavior; Determinants of Consumption; National Consumption Function; Multiplier Model. 3.2 Investment Constituents of Investment; Determinants of Investment; Investment Demand Curve; Accelerator Principle.
Learning Unit Four Net Contact Hours - 5 hrs	4. Aggregate Demand and Supply Concepts of Aggregate Demand and Aggregate Supply, and their Schedules; Output and Employment Determination; Demand side (Level of aggregate demand) and Supply-side (Productivity and production costs) Economics. Concept of Inflationary and Deflationary Gap
Learning Unit Five Net Contact Hours - 6 hrs	5. Money and Banking Definition and Functions of Money; Demand for Money and the Quantity Theory of Money; Banking System and the Economy; Credit Creation by Commercial Banks; Financial Intermediaries (depository and non-depository institutions).
Learning Unit Six Net Contact Hours - 7 hrs	6. Monetary Policy along with Open Economy The Concept of Money Supply; (theories and application) Narrow and Broad Money Supplies; Central Banking; Objectives and Instruments of Monetary Policy; Targeting Money Supply; Managing Money Supply: use of instrument to manage money supply; Types of Exchange Rates (including Nominal and Real Exchange Rates, Determinants, Net Exports, and Balance of Payments.
Learning Unit Seven Net Contact Hours - 5 hrs	7. Inflation Unemployment and underemployment Concepts of Inflation, Unemployment and Underemployment; Concept of Consumer Price Index (CPI) and its calculation, Concept of Wholesale Price Index (WPI); Inflation Targeting; Inflation and Unemployment Trade-off.

Learning Unit Eight Net Contact Hours - 4 hrs	8. Business/Trade Cycle The Concept of the Business Cycle; Business Cycle Theories; Business Cycles and Business Decision making.
Learning Unit Nine Net Contact Hours - 6 hrs	9. Public Finance Concept of Public Finance; Role of Government in the Economy; Government Budgeting; Fiscal Policy: Objectives and Instruments; Taxation Policy and Investment Decisions; Fiscal – Monetary Mix; Deficit Financing; Government or Public Debt Management.
Total Contact Hours	48 hrs (excluding assessment and final examination)
Basic Text	Samuelson, P. A. & Nordhaus, W.D. (2010). <i>Economics (19th ed.)</i> . New Delhi: Tata McGraw-Hill. (Indian Adaptation by Sudip Chaudari and Anindya Sen)
Other References	Lipsey, R. G. & Crystal, K. A. (2010). <i>Economics (12th ed.)</i> . Noida: Oxford University Press. Mankiw, N. G. (2011). <i>Macroeconomics, (6th Ed.)</i> . Worth Publisher.
Evaluation Scheme	In-Semester evaluation 50% End-Semester evaluation 50% Total 100%

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