

**Revised Syllabus of Courses of Bachelor of Management Studies (BMS)
Programme at Semester IV
With Effect from the Academic Year 2017-2018**

3. Core Courses (CC)

5. Business Economics- II

Modules at a Glance

Sr. No.	Modules	No. of Lectures
1	Introduction to Macroeconomic Data and Theory	15
2	Money, Inflation and Monetary Policy	15
3	Constituents of Fiscal Policy	15
4	Open Economy : Theory and Issues of International Trade	15
	Total	60

Sr. No.	Modules / Units
1	Introduction to Macroeconomic Data and Theory
	<ul style="list-style-type: none"> • Macroeconomics: Meaning, Scope and Importance. • Circular flow of aggregate income and expenditure: closed and open economy models • The Measurement of national product: Meaning and Importance - conventional and Green GNP and NNP concepts - Relationship between National Income and Economic Welfare. • Short run economic fluctuations : Features and Phases of Trade Cycles • The Keynesian Principle of Effective Demand: Aggregate Demand and Aggregate Supply - Consumption Function - Investment function - effects of Investment Multiplier on Changes in Income and Output
2	Money, Inflation and Monetary Policy
	<ul style="list-style-type: none"> • Money Supply: Determinants of Money Supply - Factors influencing Velocity of Circulation of Money • Demand for Money : Classical and Keynesian approaches and Keynes' liquidity preference theory of interest • Money and prices : Quantity theory of money - Fisher's equation of exchange - Cambridge cash balance approach • Inflation: Demand Pull Inflation and Cost Push Inflation - Effects of Inflation- Nature of inflation in a developing economy. • Monetary policy : Meaning, objectives and instruments, inflation targeting
3	Constituents of Fiscal Policy
	<ul style="list-style-type: none"> • Role of a Government to provide Public goods- Principles of Sound and Functional Finance • Fiscal Policy: Meaning, Objectives - Contra cyclical Fiscal Policy and Discretionary Fiscal Policy • Instruments of Fiscal policy : Canons of taxation - Factors influencing incidence of taxation - Effects of taxation Significance of Public Expenditure - Social security contributions- Low Income Support and Social Insurance Programmes - Public Debt - Types, Public Debt and Fiscal Solvency, Burden of debt finance • Union budget -Structure- Deficit concepts-Fiscal Responsibility and Budget Management Act.
4	Open Economy : Theory and Issues of International Trade
	<ul style="list-style-type: none"> • The basis of international trade : Ricardo's Theory of comparative cost advantage - The Heckscher – Ohlin theory of factor endowments- terms of trade - meaning and types Factors determining terms of trade - Gains from trade - Free trade versus protection • Foreign Investment : Foreign Portfolio investment- Benefits of Portfolio capital flows- Foreign Direct Investment - Merits of Foreign Direct Investment - Role of Multinational corporations • Balance of Payments: Structure -Types of Disequilibrium - Measures to correct disequilibrium in BOP. • Foreign Exchange and foreign exchange market : Spot and Forward rate of Exchange - Hedging, Speculation and Arbitrage -Fixed and Flexible exchange rates- Managed flexibility