Subject Title: **Basic Macroeconomics (212203)**

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Chapter No & Chapter Title	Number of Classes with Class Title	Learning Outcomes At the end of the class the students would be able to
1. **Introduction** **(T-06)**	1. Objectives & Instruments of Macro Economics	1. Define macroeconomics 2. Identify the aims and objectives of macroeconomics 3. Explain the instruments of macroeconomics 4. Explain the scope/subject matter of macroeconomics 5. Identify the macroeconomic variables
	2. Measures of Macroeconomics	1. Analyze the inter relationship between the macroeconomic variables 2. Differentiate between micro and macro variables 3. Differentiate between stock and flow variables
	3. Economic model	1. Identify economic model 2. Identify types of macroeconomic model 3. Differentiate between micro and macro model 4. Explain the construction of a hypothetical macro-economic model.
	4. GDP and GNP	1. Identify fundamental concepts of macroeconomics (Potential GNP, GNP gap, Okun's law, etc.) 2. Define full employment and natural rate unemployment. 3. Explain the rate of inflation and inflationary gap.
	5. Aggregate Demand and Aggregate Supply	1. Define Aggregate demand and aggregate supply. 2. Differentiate capital and investment. 3. Identify budget deficit and international deficit. 4. Explain business cycle.
2. **National** **Income** **Accounting** **(T-10)**	6. Circular Flow of Income, Injections, and Leakages	1. Explain the concept of the circular flow of income in a two-sector, three-sector, and four-sector economy. 2. Identify and differentiate between injections (investment, government spending, exports) and leakages (savings, taxes, imports). 3. Analyze the impact of injections and leakages on national income and equilibrium. 4. Illustrate the circular flow using diagrams and real-world examples.

(T-06)	7. Concepts of National Income: GNP, GDP, NNP, and Related Terms	1. Define and distinguish between GDP, GNP, NNP, and National Income at Factor Cost. 2. Understand the difference between nominal and real values of GDP. 3. Interpret the role of depreciation and net factor income from abroad in national income accounting. 4. Apply national income concepts to interpret basic economic indicators of a country.	
	8. Methods and Problems of Computing National Income	1. Describe and differentiate among the Expenditure, Output (Production), Income, and Value-Added methods of calculating national income. 2. Apply each method to simplified data sets to compute national income. 3. Identify the major practical and conceptual difficulties in computing national income. 4. Critically evaluate the reliability of national income statistics in developing versus developed economies.	
	9. Limitations of National Income Accounting: Market vs. Constant Price	1. Explain the limitations of using national income statistics to measure economic performance and welfare. 2. Differentiate between GDP at market price and GDP at constant price (real vs. nominal GDP). 3. Analyze how inflation distorts national income figures and how constant prices are correct for this. 4. Evaluate the role of the informal economy and non-monetized transactions in underestimating national income.	
	10. CPI, GDP Deflator, and the Keynesian Income Determination Model	1. Compare and contrast the Consumer Price Index (CPI) and the GDP deflator as measures of inflation. 2. Interpret the implications of price indices on real income and purchasing power. 3. Explain the basic Keynesian model of income determination, focusing on aggregate demand and supply. 4. Demonstrate equilibrium income using the Keynesian cross diagram and discuss the role of marginal propensities.	
3. Consumption and Saving Functions (T-06)	11. Consumption & Propensity to consume	1. Define consumption. 2. Define propensity to consume. 3. Identify autonomous consumption and induced consumption. 4. Differentiate between APC and MPC. 5. Differentiate between autonomous and induced consumption.	

	12. Short run Consumption function	1. Define consumption function and its characteristics. 2. Identify the determinants of consumption function. 3. Define short run consumption function. 4. Identify the characteristics of short run consumption function. 5. Describe the economic explanation and significance of short run consumption function $C=a+bY$.
	13. Long run Consumption function	1. Define long run consumption function. 2. Identify the characteristics of consumption function. 3. Differentiate between short run and long run consumption function.
	14. Economic Significance of Consumption curve	1. Identify economic significance of 45^0 Consumption curve 2. Explain the shape of consumption curve when APC>MPC<1 3. Explain the shape of consumption curve when 4. APC+MPC<1 5. Explain the shape of consumption curve when 6. APC+MPC=1
	15. Cross Section and Time series Consumption Function	1. Draw a consumption curve from a hypothetical consumption function 2. prove that 0<MPC<1 3. Explain the Cross-Section consumption function 4. Explain the Time series consumption function
	16. Savings function	1. Define savings function. 2. Identify the determinants of savings. 3. Explain the derivation of savings function from consumption function. Differentiate between APS and MPS.
	17. Zero savings Curve and Break Even Point	1. Define short run and long run savings function 2. Describe the economic explanation and significance of savings function $S=-a+sY$. 3. Prove APS<MPS 4. Explain Zero savings Curve. 5. Explain Break Even Point.
4. Investment Function (T-10)	18. Introduction to Investment and Its Determinants	1. Define economic investment and distinguish it from financial investment. 2. Identify and explain key determinants of investment, including interest rates, business expectations, and government policy. 3. Analyze how changes in the economic environment influence investment decisions. 4. Evaluate real-world examples to illustrate how different factors affect investment levels.

	19. Marginal Efficiency of Capital (MEC) and Marginal Efficiency of Investment (MEI)	1. Define and differentiate between Marginal Efficiency of Capital (MEC) and Marginal Efficiency of Investment (MEI).
		2. Explain how MEC and MEI relate to expected returns and investment decisions.
		3. Demonstrate how investment levels respond to changes in interest rates using MEC and MEI concepts.
		4. Interpret investment behavior using graphical tools representing MEC and MEI curves.
	20. Present Value Criteria in Investment Decision-Making	1. Explain the concept of present value and its role in evaluating investment projects.
		2. Apply the Net Present Value (NPV) method to assess the profitability of investments.
		3. Interpret the Internal Rate of Return (IRR) as a decision-making tool under certainty.
		4. Solve numerical examples using present value techniques to make rational investment choices.
	21. Autonomous and Induced Investment	1. Define and distinguish between autonomous investment and induced investment.
		2. Analyze the role of autonomous investment in driving long-term economic growth.
		3. Explain how induced investment varies with changes in national income and aggregate demand.
		4. Use the Keynesian investment function to illustrate the relationship between income and investment.
5. Inflation (T-10)	22. Understanding Inflation – Definition and Measurement	1. Define inflation and explain how it is measured using indices such as the Consumer Price Index (CPI) and GDP deflator.
		2. Distinguish between headline and core inflation.
		3. Interpret inflation rates using real-world data.
		4. Understand the importance of moderate inflation for economic stability and policy.
	23. Causes of Inflation – Demand-Pull and Supply-Push	1. Explain the concept of demand-pull inflation and identify its main drivers (e.g., excessive demand, fiscal stimulus).
		2. Describe supply-push (cost-push) inflation and its causes (e.g., rising wages, oil price shocks).
		3. Analyze real-world examples of both types of inflation from different countries and historical periods.
		4. Evaluate the effectiveness of different policy tools to manage demand-pull and cost-push inflation.

	24. Hyperinflation – Definition, Causes, and Examples	1. Define hyperinflation and distinguish it from regular inflation.
		2. Identify the key economic and political causes of hyperinflation (e.g., excessive printing, loss of confidence).
		3. Examine historical examples of hyperinflation (e.g., Zimbabwe, Weimar Germany, Venezuela).
		4. Assess the impact of hyperinflation on economic performance, public trust, and social stability.
	25. Costs of Inflation	1. Analyze the economic costs of inflation, including uncertainty, reduced investment, and distorted price signals.
		2. Discuss social and distributional impacts such as the effect on fixed incomes and savings.
		3. Explain the concept of "menu costs" and "shoe-leather costs" in high inflation environments.
		4. Evaluate the consequences of unanticipated versus anticipated inflation for different economic agents.
6. Money and Monetary Policy (T-06)	26. Money and 27. Functions of Money	1. Define money
		2. Identify Types of Money
		3. Explain the functions of money
		4. Explain Gresham's law
		5. Explain Fisher's Quantity Theory of money
	28. Demand for money	1. Define demand for money
		2. Identify the determinants of demand for money
		3. Identify types of demand for money
		4. Explain the money multiplier.
		5. Explaining the value of money
	29. Central Bank	1. Define bank and central bank
		2. Identify the functions of Central Bank
		3. Analyze different methods of credit control by the central bank
	30. Commercial Bank	1. Define commercial bank
		2. Identify the functions of commercial Bank
		3. Explain the activity of commercial banks to reconcile between liquidity and profitability
	31. Monetary Policy	1. Define monetary policy
		2. Identify the objectives of monetary policy
		3. Explain the instruments of monetary policy.

7. **Employment (T-10)**	32. Employment – Definition and Measurement	1. Define employment in economic terms, including full and underemployment.
		2. Explain how employment is measured using labor force surveys and employment-population ratios.
		3. Differentiate between formal and informal employment.
		4. Interpret employment statistics and their implications for economic performance.
	33. Unemployment – Definition, Measurement, and Indicators	1. Define unemployment and describe how it is measured using the unemployment rate and labor force participation rate.
		2. Explain the concepts of discouraged workers and hidden unemployment.
		3. Analyze the reliability and limitations of unemployment statistics in different economies.
		4. Interpret real-world unemployment data and assess labor market conditions.
	34. Types of Unemployment	1. Identify and explain the main types of unemployment: frictional, structural, cyclical, and seasonal.
		2. Differentiate between voluntary and involuntary unemployment.
		3. Evaluate how different types of unemployment affect economic stability and growth.
		4. Apply examples from real economies to illustrate each type of unemployment.
	35. Inflation and Unemployment – The Phillips Curve	1. Describe the basic Phillips Curve and the trade-off it suggests between inflation and unemployment.
		2. Analyze the short-run relationship between inflation and unemployment using the Phillips Curve.
		3. Discuss how expectations and supply shocks can shift the Phillips Curve.
		4. Evaluate the usefulness and limitations of the Phillips Curve in modern macroeconomic policy.