

Course No. ECONA201
Course title: Principles of Macroeconomics–I
Nature of Course: DSC – III
Number of credits: 6
Number of Lectures (L): Practical (P): Tutorial (T): 44:0:16

Course Description

This course introduces students to the basic concepts in Macroeconomics. Macroeconomics and deals with the aggregate economy. In this course the students are introduced to the definition, measurement of the macroeconomic variables such as GDP, consumption, savings, investment and balance of payments. The course also discusses various theories of determining GDP in the short run.

Course Outline

Unit	Title	Credits	
		L	T
I.	Introduction to Macroeconomics and National Income Accounting What is macroeconomics? Macroeconomic issues in an economy. National Income Accounting: Concepts of GDP and National Income; measurement of national income and related aggregates; nominal and real income; limitations of the GDP concept.	10	4
II.	Classical and Keynesian Theory of Macroeconomics Classical assumptions, Say's Law of Market, Classical theory of employment, output, prices and interest, Limitations of Classical Theories. Keynesian theory of employment: Determination of effective demand, Comparison and contrast between Classical and Keynesian contribution, Relevance of Keynesian economics to developing countries.	12	4
III.	Consumption, Saving and Investment Functions Concepts of MPS, APS, MPC, APC, MPI, API. Keynes Psychological Law of Consumption. Determinants of Consumption. Saving and Investment: Equality between saving and investment. Factors determining Investment. Marginal Efficiency of Capital (MEC), Business expectations and secular stagnation.	11	4
IV.	Money in a Modern Economy Concept of money in modern economy; monetary aggregates; demand for money; quantity theory of money; liquidity preference and rate of interest; money supply; credit creation; monetary policy.	11	4

Suggested Readings:

1. Case, Karle. & R.C. Fair, *Principles of Economics*, Pearson Education, Inc., 8th edition, 2007.
2. Errol D'Souza, 'Macro Economics', Pearson Education 2008.
3. Sikdar, Shoumyen, *Principles of Macroeconomics*, 2nd Edition, Oxford University Press, India.
4. Eugene Diulio (2004), *Macro Economics*, Schaum's Outline Series, Tata McGraw Hill, New Delhi.
5. Branson, W.A., *Macroeconomic Theory and Policy*, Harper & Row, New York.
6. Shapiro, Edward (1982), *Macro Economic Analysis*, Galgotia Publications (reprint edition).
7. Gregory Mankiw, 'Macro economics' 6th Edn. Tata McGraw Hill.
8. Lipsey R. and A Chrystal, *Economics* (11th Edition) Oxford University Press New Delhi.

Course No. ECONA202
Course title: Principles of Macroeconomics–II
Nature of Course: DSC – IV
Number of credits: 6
Number of Lectures (L): Practical (P): Tutorial (T): 44:0:16

Course Description

This is a sequel to Principles of Macroeconomics–I. It analyses various aspects of macroeconomics in greater detail. It also introduces the student to concept of inflation, its relationship with unemployment and some basic concepts in an open economy.

Course Outline

Unit	Title	Credits	
		L	T
I.	Multiplier and Accelerator Investment Multiplier: Its working and leakages, Importance and critique. Acceleration Principle: contribution of Samuelson's and Hicks; Super Multiplier; Basic Concept of Business Cycle (excluding theories).	10	4
II.	Theories of Money and Inflation Value of money, Fisher's equation, Cambridge equation, Keynesian theory of money and prices, Milton Friedman's Restatement of Quantity theory of money. Inflation and Unemployment: Concept of inflation; determinants of inflation; relationship between inflation and unemployment: Phillips Curve in short run and long run.	12	4
III.	IS-LM Analysis Equilibrium of monetary and real sector: Classical and Keynesian Dichotomy; Derivation, Properties, Shifts of IS and LM Curves; Simultaneous Equilibrium in monetary and real sector.	10	4
IV.	Balance of Payments and Exchange Rate Balance of payments: Capital and Current Accounts, Causes and Consequences of Disequilibrium in Balance of Payments. Market for foreign exchange: determination of exchange rate under Fixed and Flexible Exchange Rates. Balance of Payments Adjustment under Fixed and Flexible Exchange Rates.	12	4

Suggested Readings:

1. Case, Karl E. & R.C. Fair, *Principles of Economics*, Pearson Education, Inc., 8th edition, 2007.
2. Errol D'Souza – 'Macro Economics' – Pearson Education 2008.
3. Sikdar, Shoumyen, *Principles of Macroeconomics*, 2nd Edition, Oxford University Press, India
4. Edward Shapiro – 'Macro economic Analysis' Oxford University press..
5. Gregory Mankiw – 'Macro economics' – 6th Edn. Tata McGraw Hill.
6. Richard T. Frogmen – 'Macro economics', Pearson education.
7. Eugene Diutio – Macro economic Theory, Shaum's Outline series. Tata McGraw Hill