

Semester IV
ECODSC 252
Intermediate Macroeconomics
Total Credits: 3
Teaching Hours: 45 Hours

Course Description:

This course is the sequel of the Introductory Macroeconomics introduced in the first semester. This includes relatively advanced topics of macroeconomics which deals with both theory and macroeconomic policies. The course is designed to familiarise students with macroeconomic tools in understanding important macroeconomic concepts like income determination, open economy model, business cycle etc.

Course Outcome:

After completion of the course, the knowledge base and understanding level of students regarding various macroeconomic aspects is expected to be developed. The student will be able to learn the macroeconomic tools like IS-LM and they also develop analytical skill. Based on acquired knowledge from macroeconomic theories, the students can understand economic fluctuations and can evaluate the macroeconomic policies.

Unit 1: Determination of National Income

Aggregate demand schedule: IS-LM approach; Factors determining the slope and position of IS-LM curve; Derivation of aggregate demand curve at variable price, derivation of aggregate supply curve at variable price, National income determination through AD-AS model.

Unit 2: Consumption function:

Keynesian consumption function, Absolute income hypothesis, Relative income hypothesis, Permanent income hypothesis, Modigliani's life-cycle hypothesis.

Unit 3: Monetary and Fiscal Policies

Objectives, Instruments and Targets of monetary policy; Objectives and Instruments of fiscal policy; Government budget multiplier, Effectiveness of monetary and fiscal policies, Crowding out effect.

Unit 4: Business cycle

Multiplier, Accelerator, Concept of business cycle, Hawtrey's monetary theory of business cycles, Hicks-Samuelson business cycle, Measures to prevent business cycle.

Unit 5: Open economy models

Open economy version of IS-LM, derivation of BOP schedule, Mundell- Fleming model, Monetary approach to BOP, International financial markets.

Suggested Readings:

1. N. Gregory Mankiw, Macroeconomics, Worth Publishers, 11th edition, 2022.
2. Olivier Blanchard, Macroeconomics, Pearson Education Asia, 8th edition, 2020.
3. Richard T. Froyen, Macroeconomics, Pearson Education Asia, 10th edition, 2013.
4. Errol D'Souza, Macroeconomics, Pearson Education Asia, 12th edition, 2018.
5. Paul. R. Krugman, Maurice Obstfeld and Marc Melitz, International Economics, Pearson Education Asia, 11th edition, 2018.