

**Semester VII**  
**ECODSC – 402**  
**Macroeconomic Analysis**  
**Total Credit: 4**  
**Contact Hours: 45 hours**

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**Course Objective:**

To equip students with theoretical knowledge of how a macro economy works, what are its problems and how to analyse these. Tools: use of white boards and writing of assignments. Evaluation: assignments and multiple periodic written tests.

**Course outcome:**

Enabling the students with the skill and art of analysing and solving the aggregate problems of consumption, investment and trade cycles in large and small society.

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**Unit 1: Classical and Keynesian Economics**

Says law and Classical Political economy, Theory of Effective demand, Income and Employment, Crisis in Keynesian economics

**Unit 2: Aggregate Consumption**

Consumption function, Relative and Absolute Income hypotheses, Permanent and Life-cycle Income hypotheses

**Unit 3: Aggregate Investment**

Investment function, Components of investment and investment multiplier, Acceleration theory, and James Tobin's Q theory of investment

**Unit 4: Demand for Money**

Real balance effect and Patinkin's theory, Portfolio Balance and Inventory theoretic approaches

**Unit 5: IS-LM Framework**

IS curve and LM curve, AD curve and AS curve and macroeconomic equilibrium, Macroeconomic Policies

**Suggested Readings:**

1. N. G. Mankiw, Macroeconomics, Pearson Press
2. R. T Froyen, Macroeconomics – Theories and Policies, Pearson Press
3. W. A. Branson: Macroeconomic theory and policy, Harper and Row
4. Brian Snowdon and R Howard, Modern macroeconomics – Its Origin, Development and Current State, Edward Elgar
5. Raghbendra Jha: Contemporary Macroeconomic Theory and Policy, New Age International