

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

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.

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