Programme: M. A. Economics

Course Code: ECC 212   **Title of the Course: MACROECONOMICS- II**

Number of Credits: 4   **Total Contact Hours**:48

Effective from AY: 2018-19

Prerequisites for the course:	Students should have completed Macroeconomics 1 or similar course	
Objective:	To acquaint the students with the role of money and monetary policy in determining employment, output and interest rates.	Contact Hours
Content:	1. **Money and Monetary transmission mechanism** Money-Functions. Channels of transmission mechanism-money and credit transmission mechanism.	**6**
	2. **Demand for Money** Fishers quantity theory of money-Cambridge equation-Keynesain theory of demand for money-post Keynesain developments-Baumol and Tobin-Quantity theory of money a restatement-Milton Friedman-Empirical evidence on demand for money	**12**
	3. **The Supply of Money** Money supply-money multiplier-model of money supply determination-Money supply in India- RBI definitions-Non Banking Financial Intermediaries and money supply	**12**
	4. **Money and the Theory of Interest Rates** Theories of interest rates-Classical, neoclassical, and Keynesian, Term structure of interest rates-Yield curve-Theories of term structure of interest rates-Expectation, Market segmentation, and Preferred habitat theories.	**10**
	5. **Monetary Policy** Goals and targets-strategies for monetary policy-Targeting monetary aggregates-Interest rate targeting-Intermediate targeting- Money stock versus interest rates.	**8**
Pedagogy:	6. Chalk and talk aided by power-point lectures 7. Assignments and presentations 8. Group activity 9. MOOC (or similar) Component	
References/Readings	• M Lewis & P Mizen, 2005, Monetary Economics Cambridge University Press • ,C Walsh, 2010, Monetary Theory and Policy, MIT Press	

	• R Aliber and C Kindleberger, 2015, Manias, Panics and Crashes: A History of Financial Crises, Palgrave Macmillan	10
Learning Outcomes	By the end of the course, successful students are expected to understand how money and monetary policy influences income determination and aggregate prices.	