Name of the Programme: M. A. Economics

Course Code: EC0-501 **Title of the Course: Macroeconomics**

Number of Credits: 4

Effective from AY: 2022-23

Prerequisites for the course:	Graduate in any discipline.	
Objective:	To understand the role of effective demand in determining employment, output, prices and interest rates.	Contact Hours
Content:	**Module 1** **National Accounts System:** UN system of accounts, India's Accounting system, Green Accounting **Classical System:** Classical model introduction – Employment, labour, supply – Equilibrium output and employment Money prices and interest under classical system, quantity theory of money (Fisher and Cambridge)	15
	Module 2: **Keynesian system:** Simple Keynesian Model – Equilibrium income and changes in equilibrium income. Consumption function &. Investment function; IS-LM model: Fiscal and Monetary Policy effects on IS-LM model. Open economy macroeconomics under fixed and flexible exchange rate (Mundell-Fleming model)	15
	Module 3: **Monetarists, New Classical Economics and New Keynesian:** Friedman's restatement of quantity theory, National Rate of Unemployment Theory-- Philips Curve – short run and long run, Rational Expectations Theory. New Keynesian Model – Sticky price, efficiency wage and Insider – Outsider model.	15
	Module 4: **Monetary Policy** Goals and targets-strategies for monetary policy Targeting monetary aggregates-Interest rate targeting Intermediate targeting- Money stock versus interest rates.	15

	Money supply in India, Money multiplier-model of money supply determination-	
Pedagogy:	- Chalk and talk aided by ICT enabled lectures - PC lab exercises - Assignments and presentations - Group activity - MOOC (or similar) Component	
References/Readings	**Core Readings** C1. R.T. Froyen (2014) Macroeconomics: Theories and Policies, Pearson, New Delhi **Additional References** A1. N. Gregory Mankiw, 2015, Macroeconomics , Macmillan, New Delhi A2. R. Dornbusch, S. Fishser, R.Startz, 2020, Macroeconomics, Mcgraw Hill, New Delhi A3. Frederic S. Mishkin, 2016,Macroeconomics: Policy & Practice. Pearson, New Delhi A4. Annual Report, Reserve Bank of India, Mumbai	
Learning Outcomes	Students will be able to 1. analyse the relationships between different macroeconomic variables like aggregate income, employment, interest rate and prices 2. predict consequences of fiscal and monetary policy in a closed economy	