

**M.A. Part II Economics
Macroeconomic Analysis I**

Semester III

Subject Code: MEC 31601

Lectures: 60

Objectives:

- To reinforce the students' understanding of the advanced macroeconomic theoretical framework.
- To strengthen the ability of the students to apply macroeconomic concepts.
- To equip the students with the progressive tools to analyze the real macroeconomic situations.

Unit 1. National Income Accounting:

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- Concepts of National Income-GDP , GNP, NNP, NDP, National Income, PI, PDI, Per Capita Income, GDP at factor cost and GDP at market price, Nominal GDP and Real GDP; GDP Deflator; Numerical Problems
- Methods of measuring National Income - Income, Output and Expenditure Methods
- National Income Accounting –Social Accounting, Input-Output Accounting, Flow of Funds Accounting, BOP Accounting, Green Accounting

Unit 2. Theories of Income and Employment

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- Classical Theory of Output and Employment
- Keynes Theory of Employment: Basic Two Sector Model
- Determination of National Income in an Open Economy with Government : Three and Four Sector Model

Unit 3. IS-LM Model and General Equilibrium:

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- Derivation of the IS and the LM Curve
- General Equilibrium and Shifts in the IS-LM Curves
- Equilibrium in the Goods and Assets under fixed and flexible prices
- Derivation of Aggregate Demand Schedule
- Monetary and Fiscal policy- The Transmission Mechanism-Liquidity Trap
- Fiscal policy and crowding out effect, Optimum Policy mix with IS-LM

Model.	
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Unit 4. Theories of Consumption and Investment:	10
<ul style="list-style-type: none"> • Consumption and Savings Function • Short Run and Long Run Consumption Function • Absolute Income Hypothesis • Relative Income Hypothesis • Permanent Income Hypothesis • Life-cycle Hypothesis • Theory of Investment Multiplier • Theory of Accelerator • Theory of Super-Multiplier 	

Unit 5. Open Economy Macroeconomics:	10
<ul style="list-style-type: none"> • The Rational Expectations Approach • Lucas critique of Rational Expectation Model • Open Economy IS-LM-BPO's, the Mundell-Fleming Model • Stabilization, Macroeconomic Policy and Exchange Rate Regimes 	

***12 lectures are assigned for library work, assignments, guest lectures and contact hours.**

Recommended Books (Sem III):
<ul style="list-style-type: none"> • A.B. Abei, B.S. Bernake, D. Croushore (2011) 'Macroeconomics' Pearson Education; 7th edition • Ahuja H.L. (2010) 'Macroeconomics Theory and Policy' S. Chand and Co. New Delhi, 16th edition • August Swanenberg (2005) 'Macroeconomics Demystified' A Self Teaching Guide • Dwivedi D.N. (2010) 'Macroeconomics- Theory and Policy' The McGraw Hill Companies, New Delhi, 3rd edition • Fisher S and Dornbusch (1998) 'Economics' McGraw Hill International Book Co.; 2nd • Gordon R. and Harris S.G. (1998) 'Macroeconomics and Economics' Addison Wesley • Mankar V.G. etc. (1978) 'Business Economics', Himalaya Publishing House • Mankiw Gregory (2007) 'Macroeconomics' Worth, New York • Richard T Froyen (2006) 'Macroeconomics- Theories and Policies' Pearson Education; 8th edition

- Shapiro Edward (1990) 'Macroeconomic Analysis' Galgotia Publications , New Delhi, 5th edition
- Soumyen Sikdar (2006) 'Principles of Macroeconomics' Oxford University Press

Recommended Text Books:

- Ackley G. (1978) 'Macroeconomics Theory and Policy' Collier Macmillan International Student Edition,
- Begg, Fischer, Dornbusch (1994) 'Economics' McGraw Hill Book Company, 4th Ed.
- Damodaran Suma (2006) 'Managerial Economics' Oxford University Press; New Delhi.
- D. Wrightsman 'An Introduction to Monetary Theory and Policy' The Free Press New York 1983
- Eugene A. Diulio (1998) 'Schaum's Outline of Theory and Problems of Macroeconomics' Tata McGraw Hill Publishing Company Ltd.; New Delhi. 3rd edition
- F.S. Brooman (1970) 'Macroeconomics' George Allen and Unwin, London.
- Fisher, Dornbusch and Schmalensee (1988) 'Economics' McGraw Hill International Edition ; 2nd edition
- Fisher and Stanley (1988) 'Economics' McGraw Hill Companies; 2nd edition
- Harrison b. Smith C. and Davies B.(1992) 'Introductory Economics' Macmillan Press Ltd. London
- Jha R. (1991) Contemporary Macroeconomic Theory and Policy' New Age International (P) Ltd. New Delhi.