

TEMPLATE FOR COURSE SYLLABUS FOR NEP IMPLEMENTATION

Discipline: Science  Arts, Humanities & Social Science   
 Commerce  BBA  BCA

Subject Name:

Subject Code:

Semester: Semester I  Semester II  Semester III  Semester IV   
 Semester V  Semester VI  Semester VII  Semester VIII

Course Name:

Course Code:

Course Credit: Theoretical  Practical/Tutorial

Marks Allotted: Theoretical  Practical/Tutorial

Continuing Evaluation  Attendance

Course Type (tick the correct alternatives):

Major Core  AEC   
 Interdisciplinary/ DSE  SEC   
 Minor / Generic Elective  VAC   
 Research Project/Dissertation  Vocational

Is the course focused on employability/entrepreneurship? YES  NO

Is the course focused on imparting life skills? YES  NO

Is the course based on Activity? YES  NO

Remarks by Chairman, UG BOS, if any

UG BOS Meeting Reference Number:

Date:

**Course Code:** UECOMAJ24007

**Course Name:** Intermediate Macroeconomics

**Brief Course Description:**

This course has six modules; all the six modules are on the basis of intermediate concepts of macroeconomics and theory. The course level is 100 and hence it is of intermediate level. The three modules out of six are the simple application of mathematical techniques that have used in macroeconomics.

Prerequisite(s) and/or Note(s):

- (1) Knowledge of high school-level mathematics is required.
- (2) Prior knowledge of economics at the +2 level will be useful.

**Course Objectives:**

Knowledge acquired:

- (1) To acquaint the students with the intermediate concepts and principles of macroeconomics.
- (2) Understand the concepts of IS-LM Model in a closed economy with special emphasis on Keynesian Liquidity Preference Scheduled, Liquidity Trap, Money Market and Goods Market.
- (3) Analyze the principle of 'Effective Demand' with the help of the Complete Keynesian Model.

Skills gained:

- (1) Students will be able to understand the intermediate macroeconomics concepts and relate them to real-world experiences.
- (2) Students can use algebra and calculus to estimate macroeconomics indicators from IS-LM, Money Multiplier, Phillips Curve and Consumption Theories.

Competency Developed:

- (1) Demonstrate the meaning and function of demand for money and money supply (M1, M2, M3 and M4), high powered money, monetary and paper system, illustrate various version of quantity theory of money.
- (2) Students learn to employ the "economic way of thinking" and become aware of global, historical and institutional forces.
- (3) Students will acquire the knowledge required to study advanced economic courses in subsequent semesters.

## **Course Syllabus:**

### **Module-I: The Principle of Effective Demand – The Complete Keynesian Model [7 hrs]**

The Concept of Effective Demand; Derivation of Aggregate Demand Curve and Derivation of Aggregate Supply Curve; Effects of Monetary and Fiscal Policies; Effects of Wage Cut, Unemployment Equilibrium and its Causes; Possible Solutions Including Real Balance Effect; Keynes vs. Classics.

### **Module-II: IS-LM Model in a Closed Economy [8 hrs]**

The Concept of Keynesian Liquidity Preference Schedule; Speculative Demand for Money and Liquidity Trap; Money Market and the LM Curve; Goods Market and the IS Curve; Equilibrium of the Economy; ‘Crowding-Out’ Effect; Effectiveness of Monetary and Fiscal Policies.

### **Module-III: Demand for Money and Money Supply [8 hrs]**

Concepts of Demand for Money and Money Supply; Measures of Money Supply with Special Reference to India (M1, M2, M3 and M4); High Powered Money; Deposit Multiplier; Currency Multiplier and Money Multiplier in the Context of the Theory of Money Supply; Government Budget Deficit and Deficit Financing; Deficit Financing and Monetary Policy.

### **Module-IV: Inflation, Unemployment and Expectations [9 hrs]**

The Concept of Inflationary Gap; Demand- pull vs. Cost-push Inflation; Mark-up Inflation; The Concept of Stagflation; Central Bank’s Role in Controlling Inflation; Monetary Policy; Inflation and Unemployment Trade-off; Deriving the Phillips Curve from Aggregate Supply Curve; Short-run and Long-run Phillips Curve; Basic Propositions of the Rational Expectations Hypothesis.

### **Module-V: The Consumption Function and Theories [8 hrs]**

The Keynesian Consumption Function; Significance of MPC; Determinants of the Consumption Function; Empirical Findings; The Consumption Ratchet; Relative Income Hypothesis; Permanent Income Hypothesis and Life Cycle Hypothesis.

### **Module-VI: Introduction to New Classical and New Keynesian Theories [5 hrs]**

Concepts of New Classical Theory; Concept of Rational Expectations and the Theory of Real Business Cycle; New Keynesian Theory; Nominal Rigidities and Real Rigidities; Rigidities in Interest Rates and Credit Rationing.

### **Tutorial Classes: [15 hrs]**

Tutorial classes are meant to clarify better the contents of the course. Such classes are meant to promote teacher-student academic interactions and help to build a student’s confidence and self-esteem.

### **Continuing Evaluation:**

The course instructor will finalise the modalities of the continuing evaluation. A few suggestions for continuing evaluation are (a) Internal Assessment or Class Test, (b) take-home assignment, and (c) presentation on the topic suggested by the course instructor.

**Suggested Readings:**

- Ackley, *Macroeconomic Theory and Policy*, 2<sup>nd</sup> Edition.
- Andrew B. Abel and Ben S. Bernanke, *Macroeconomics*, Pearson Education, Inc., 7th edition, 2011
- Charles I. Jones, *Introduction to Economic Growth*, W.W. Norton & Company, 2<sup>nd</sup> edition, 2002
- Dornbusch, Fischer and Startz, *Macroeconomics*, McGraw Hill, 11th edition, 2010
- Errol D'Souza, *Macroeconomics*, Pearson Education, 2009
- Ghosh Chandana & Ghosh Amber: *Macroeconomics*, PHI Learning
- N. Gregory Mankiw. *Macroeconomics*, Worth Publishers, 7th edition, 2010
- Olivier Blanchard, *Macroeconomics*, Pearson Education, Inc., 5th edition, 2009
- R. Dornbusch and S. Fischer, *Macroeconomics*, McGraw Hill, 4th edition
- Richard T. Froyen, *Macroeconomics*, Pearson Education Asia, 2nd edition, 2005
- Robert J. Gordon, *Macroeconomics*, Prentice-Hall India Limited, 2011
- Sikdar, S. *Principles of Macroeconomics*, Oxford University Press
- W. H. Branson, *Macroeconomic Theory and Policy*, All India Traveler Bookseller, 2<sup>nd</sup> Edition