Principle of Macroeconomics

Course Code: IECO1C005T

Course Title: Principle of Macroeconomics

Semester : II

Credits : 4

Rationale

The course aims to provide basic knowledge of various concepts of macroeconomics. Moreover, students would be enabled understand of national income accounting, output and employment determination, consumption function, investment function, changes in income, demand for and supply of money, and their theories and applications in macroeconomics.

Course Outline

Contents	No. of Lectures
Unit-I National Income Accounting Measurement of National Income: Output, Income and Expenditure Approaches; Circular Flows of Income in two sectors, three sector andfour sector economies; Forms of Income Accounting-Social Accounting, Input Output Accounting, Green Accounting	7
Unit-II Output and Employment Determination and Consumption Function Classical Macroeconomic Model, Keynesian Macroeconomic Model. Theories of Consumption - Absolute Income Hypothesis, Relative Income Hypothesis, Permanent Income Hypothesis, Life Cycle Hypothesis.	7
Unit-III Investment Function and Changes in Income Classical Theory of Investment, Keynesian Theory- Marginal Efficiency of Capital and Rate of Interest, Neo Classical Theory of Investment - Jorgenson model; Tobin's Q theory of investment: Principle of Acceleration; Stock Adjustment Principle; Theory of Multiplier.	7
Unit-IV Demand for Money Definition and Scope of Money; Role of Money in a modern economy; Demand for Money: Classical theory, Keynesian Liquidity Preference Approach, Patinkin and Real Balance Effect. Contributions of Tobin and Baumol; Friedman's Restatement of Quantity Theory.	7
Unit-V Supply of Money Supply of Money, Components and Sources of Money Supply. Monetary Aggregates. Theory of money supply and Money Multiplier. Determinants of money supply	7

Course Outcomes

Upon successful completion of this course, candidates will be able to

- Familiarize with different approaches to measuring macroeconomic variables, including output, income, and expenditure approaches, and comprehend the challenges involved in estimating national income.
- Able to analyze the circular flows of income in two, three, and four-sector economies, considering the roles of government and foreign trade.
- Comprehend the Classical and Keynesian macroeconomic modelsfor output and employment determination.
- Gain knowledge of various theories of consumption.
- Exploring the investment function and its relationship with changes in income.
- Examine the demand for money and its role in the modern economy.
- Understand the supply of money, its components, sources, and the theory of money supply.

Text Books
- Ackley Gardener (1978): *Macro Economic Analysis*. New York: MacMillan
- Richard T. Froyen (2005): Macroeconomics, Edition, Pearson Education Asia, New Delhi
- Dornbusch, R. S.Fischer and Startz (2004):*Macroeconomics*. Tata Mc-Graw Hill

Reference Books

- Shapiro, Edward (1988) : *Macroeconomic Analysis*, New Delhi: Galgotia Publications Pvt. Ltd
- Surrey,M.J.C.(ed)(1976):*Macroeconomic Themes*. london oxford university press Evans, M K (1969):*Macroeconomic Activity*. Harper and Row publishers Muller, M G (ed) (1966):*Readings in Macroeconomics*.
- Jha .Raghbindra (1991):*Contemporary Macroeconomic Theory and Policy*.Wiley Eastern Ltd. New Delhi
- Froyen. Richard T (2005): *Macroeconomics; theories and policies*. Pearson
- Branson. W.H (.1972): *Macro Economic Theory and Policy*. New York:
- Harper and Row Romer , D. L(1996): *Advanced Macroeconomics*. New York: McGraw-Hill.
- Allen, R.G.D(1968):*Macroeconomic theory-A Mathematical Treatment* .london: MacMillan
- Blanchard .O.J and S.Fischer(1989):*Lectures on Macroeconomics*. Cambridge Mass : M.I.T Press
- Branson, H.William (2006): *Macroeconomics: Theory and Policy*. AITBS Publishers
- N. Gregory Mankiw (2010): Macroeconomics, 7th edition, Cengage Learning India Private Limited. New Delhi.
- Ackley Gardener(1978):"Macro Economic Analysis. MacMillan, New York
- Dornbusch, R. S. Fischerand Startz (2004):"Macroeconomics",Tata Mc-GrawHill.