

CORE COURSE - II - MACRO AND MONETARY ECONOMICS-I

Module -1 : National Income and Accounts

Circular Flow of Income in two- three-and four-sector economy; different forms of national income accounting-social accounting, input-output accounting, flow of funds accounting and balance of payments accounting.

Module -2 : Consumption Function

Keyne's psychological law of consumption-implications of the law; short-run and long-run consumption function; Empirical evidence on consumption function; Income-consumption relationship-absolute income, relative income, life cycle and permanent income hypotheses.

Module -3 : Investment function

Marginal efficiency of investment and level of investment; Marginal efficiency of capital and investment-long run and short run; The Multiplier - accelerator and investment behaviour-impact of inflation; Influence of policy measures on investment-empirical evidence.

Module -4 : Supply of Money

Financial intermediation-a mechanistic model of bank deposit determination; A behavioural model of money supply determination, a demand determined money supply process- Inside and outside money (Gurley and Shaw)- RBI approach to money supply; High powered money and money multiplier; Budget deficits and money supply; money supply and open economy; control of money supply – Instruments of credit control.

Module -5 : Demand for Money

Classical approach to demand for money-Quantity theory approach, Fisher's equation, Cambridge quantity theory-Neutrality of money, Classical dichotomy-Keynes's liquidity preference approach, transaction, precautionary and speculative demand for money-aggregate demand for money; derivation of LM curve.

Reference:

1. Ackley, G. (1978), Macroeconomics : Theory and Policy, Macmillan, New York.
2. Blackhouse, R. and A. Salansi (Eds.) (2000), Macroeconomics and the Real World (2 Vols.), Oxford University Press, London.
3. Branson, W.A. (1989), Macroeconomic Theory and Policy, (3rd Edition), Harper and Row, New York.

4. Bornbusch, R. and F. Stanley (1997), Macroeconomics, McGraw Hill, Inc., New York.
5. Hall, R.E. and J.B. Taylor (1986), Macroeconomics, W.W. Norton, New York.
6. Heijdra, B.J. and V.P. Fredericck (2001), Foundations of Modern Macroeconomics, Oxford University Press, New Delhi.
7. Jha, R. (1991), Contemporary Macroeconomic Theory and Policy, Wiley Eastern Ltd., New Delhi.
8. Romer, D.L. (1996), Advanced Macroeconomics, McGraw Hill Company Ltd., New York.
9. Scarfe, B.L. (1977), Cycles, Growth and Inflation, McGraw Hill, New York.
10. Shapiro, E. (1996), Macroeconomic Analysis, Galgotia Publications, New Delhi.
11. Surrey, M.J.C. (Ed.) (1976), Macroeconomic Themes, Oxford University Press, Oxford.