

PAPER II - MACRO AND MONETARY ECONOMICS

Module -1 : National Income and Accounts

Circular Flow of Income in two, three, and four sector economy - Forms of National Income Accounting - Social accounting, input - output accounting, flow of funds accounting and balance of payments accounting.

Module -2 : Money supply and Demand for money

Composition of money supply – money supply function – Inside and outside money (Gurley and Shaw) – High powered money and money multiplier – Financial intermediaries – Classical approach to demand for money – Keynes' liquidity preference approach.

Module -3 : Post Keynesian demand for money

Patinkin and Real Balance effect – Boumol's approach – Tobin's Theory – Friedman and the Modern Quantity Theory – Crisis in Keynesian Economics and revival of monetarism.

Module IV : Keynesian synthesis and New Classical Macro Economics

Keynesian IS – LM model, extension of IS – LM model with Government Sector, Labour Market and Flexible Price – The New Classical approach – policy implications.

Module V : Theories of Inflation

Classical, Keynesian and Monetarist approaches to inflation, Philips Curve Analysis – Samuelson and Solow – The natural rate of unemployment hypothesis – Tobin's modified Philips curve – policies to control inflation.

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), Macroeconomics 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.

Text Books :

1. Ghosh. B.N. & Rama Ghosh, (1989). Fundamentals of Monetary Economics, Himalaya Publishing House, Delhi.
2. Rana. K.C. & K.N. Varma (1994), Macro Economic Analysis, Vishal Publications, Jalandhar – 144 008.