

SAINT CLARET COLLEGE, ZIRO

B. A. (ECONOMICS)

SYLLABUS AS PER RGU SEMESTRAL SCHEME
(Subjected to syllabus enrichment by SCCZ for Claretines)

Semester V

BECO 506: Macro Economic Theory

Total Marks: 100 (80- End Semester and 20-Sessional)

Objectives: Having studied this paper, a student will able to:

- a. Explain the different concepts of national income*
- b. Describe the Keynesian theory of income and employment*
- c. Explain the determination of investment*
- d. Describe the Philips curve and macroeconomic policy.*

Unit 0: Baseline Analysis: Assessment of baseline knowledge; revision of basic concepts; objectives and goal setting.

Unit I: Determination Of National Income and Employment: Different concepts of national income: GDP, GNP, NDP, NNP, Percapita income; personal income, Disposal income; Measurement of National income, and its problems.

Classical model of employment, output, price level and interest rate determination. Critical evolution of classical system.

Unit II: Keynesian Theory of Income and Employment: Theory of effective demand, Determination of income and output; underemployment Equilibrium: wage Rigidity, Liquidity preference theory of interest; consumption function and its characteristics; saving function; investment multiplier; evaluation of Keynesian system.

Unit III: Keynes- Classical Synthesis: Interaction of real and monetary sectors of the economy; the money market equilibrium and derivation of LM curve; commodity market equilibrium and derivation of IS curve; Equilibrium level of income and interest rate, shifts in IS and LM curves; slope of IS and LM curves and relative effectiveness of monetary and fiscal policies.

Unit IV: Determination of Investment: Keynesian theory of investment: marginal efficiency of capital; Determination of investment.

Acceleration principle: Autonomous and induced investment, determination of investment, interaction between multiplier and accelerator.

Unit V: Philips Curve and Macro- Economic Policy: Philips curve: Trade- off between unemployment and inflation; stagflation and vertical Philips curve; monetary and fiscal policies to remove stagflation, inflation, and promote growth.

Unit 100: Advanced Skills: Journals/ magazine article discussion, seminar presentation, Assignment.

Recommended Readings:

Ackley, G. (1978). *Macroeconomic: Theory and Policy*. New York: Macmillan Library.

Gupta, S. B. (1990). *Monetary*. Delhi: Vikas Publishing House.

Vanish, M. C. (1990). *Monetary theory*. New Delhi: Vikas Publishing House.

Allen, R. G. D. (1967). *Macro Economics Theory*. New York: St. Martin Press.

Shapiro, E. (1987). *Macro Economics*. New Delhi: Galgotia Publication.

Sarkel, J. (1995). *Macro Economic theory*. Kolkata: Book Syndicate.

Satish, D., & Satyanarayana, S. V. (2015). Economic Vulnerability and Resilience to External Shocks: A cross country study. *Arthshastra Indian journal of economics & Research*, 4(6): 7- 23

National Digital Library of India. *Macro Economics*. Retrieved from <http://ndl.iitkgp.ac.in/document/Mk9oSXhRdzN6cVdJRVhRNDBVU1B3a2hTRnpHWkRNe m0zUXY4Y0NkbFIFT0>