

Course Code	Course Name	Credits
22EC506	MACRO ECONOMIC ANALYSIS - II	04

Course Objectives

- To understand the development of theories of business cycle.
- To understand Asset market and exchange control.
- To understand general equilibrium of an economy through product and Money Market.
- To understand the relationship of unemployment and inflation from the view of Philips, Tobin, Samuelson and Solow
- To understand the Government Revenue and Expenditure.

Learning Outcomes

Upon successful completion of this course it is intended that a student will be able to:

- Understand economic fluctuation and the development of trade theories.
- Enable to understand Asset market and how to control exchange rate.
- Understand how an economy is in general equilibrium by product and money market.
- Enable to understand Government Revenue and Expenditure.

Unit 1 – Theories of Business Cycle (12Hrs)

Theories of business cycle- Samuelson's model. Hicks and Kaldor's model. Schumpeter's innovation theory. Goodwin's model. Control of business cycle.

Unit 2 –Asset Market and Exchange Control (12Hrs)

Mundell- Fleming model- Asset market, expectations and the exchange rate. Monetary approach to balance of payments

Unit 3 – IS-LM Analysis and General Market Equilibrium (12Hrs)

General equilibrium model in two sector system- the real market- money market- shifts in IS-LM curve- IS-LM model with the government sector- IS-LM model with labour market, IS-LM model with price flexibility.

Unit 4 –Unemployment and Inflation (12Hrs)

Structuralist theory of inflation. Phillips curve analysis- short run and long run Phillips curve. Samuelson and Solow's view. The natural rate of unemployment hypothesis. Tobin's modified Phillips curve.

Unit 5 –Government Revenue and Expenditure (12Hrs)

Financing of government expenditure- taxation classification of taxes principles of a good tax system, principles of equity in taxation. Role of fiscal policy and taxation in resource mobilization of economic growth- concept, objectives, roles. Debt – financing of budget deficit- concepts, view of Ricardian equivalence. Government budget constraint. Money financing of budget deficit.

Reference Books:

1. Macro Economics Theory& Policy-H. L. Ahuja, S. Chand& Company Ltd, 20th Edition (2015).
2. Advance Economic Theory Micro and Macro- P.N. Chopra, Kalyani Publishers, 12th Edition (2011).
3. Principles of Economics- M.L. Seth, Laxami Narayan Agarwal Educational Publishers (LNA), 2017.
4. Macro Economics- M.L. Seth, Laxami Narayan Agarwal Educational Publishers (LNA), 2010.
5. Monetary Economics- S.B.Gupta, S. Chand & Co. (1983).

Websites and eLearning Sources:

1. <https://onlinelibrary.wiley.com/doi/abs/10.1002/9781118430873.est0223>
2. <https://olivierloisel.com/macroeconomics/References.pdf>
3. <https://books.core-econ.org/the-economy/macroeconomics/0-3-contents.html>

COs and Bloom's Taxonomy Mapping – 26EC506

Course Outcomes	On successful completion of this course, students will be able to	BTL
CO1	Understand economic fluctuation and the development of trade theories.	K1, K2, K3
CO2	Enable to understand Asset market and how to control exchange rate.	K2, K3
CO3	Solve and evaluate social problem and their effects on society and to find out possible solution.	K4, K5
CO4	Enable to understand product and money market and general equilibrium.	K5
CO5	Enable to understand Government Revenue and Expenditure.	K5, K6

BTL (Bloom's Taxonomy Level) - K1 – Remembering, K2 – Understanding, K3- Applying, K4 – Analyse, K5- Evaluate and K6 - Create

Relationship Matrix – 26EC506

Course Outcomes	Programme Outcomes (POs)						Programme Specific Outcomes (PSOs)						Mean Score of Cos
	PO1	PO2	PO3	PO4	PO5	PO6	PSO1	PSO2	PSO3	PSO4	PSO5	PSO6	
CO1	2	3	3	2	1	2	2	2	1	2	3	3	2.1
CO2	3	3	2	1	2	3	1	3	2	2	3	3	2.2
CO3	2	2	3	2	2	3	2	3	3	3	3	2	2.5
CO4	2	3	2	2	3	3	2	1	3	2	3	3	2.4
CO5	3	2	1	3	2	3	3	3	2	2	3	2	2.4
Total													2.32

Mean Score: 3- High, 2- Medium/Moderate, 1-Low

