



# C.U. SHAH UNIVERSITY WADHWANCITY



- Faculty : Arts & Humanities
- Department of : Economics
- Semester : II
- Name of Subject : Macro Economic-2
- Subject Code : 5AH02MAE1

## Teaching & Evaluations Scheme

| Subject Code | Name of the Subject | Teaching Scheme (Hours) |   |   |   | Evaluations Scheme |     |    |   |     |    |    |    |     |
|--------------|---------------------|-------------------------|---|---|---|--------------------|-----|----|---|-----|----|----|----|-----|
|              |                     | 4                       | 0 | 0 | 4 | 30                 | 1.5 | 70 | 3 | 100 | -- | -- | -- | 100 |
| 5AH02MAE1    | MACRO ECONOMIC-2    | 4                       | 0 | 0 | 4 | 30                 | 1.5 | 70 | 3 | 100 | -- | -- | -- | 100 |

### COURSE OBJECTIVES:

- Macroeconomics/aggregative economics analysis establishes the functional relationship between the large aggregates.
- The aggregate analysis has assumed such a great significance in times that a pri/understanding of macroeconomics theoretical structure is considered essential for the proper comprehension of the different issues and policies.
- Macroeconomics now is not only a scientific method of analysis; but also a bdy of empirical economic knowledge.

### COURSE CONTENTS :

| Unit No. | Course Content (Title of the Unit)   | Minimum No. of Hours |
|----------|--|----------------------|
| 0        | PREREQUISITE   | 04                   |
| 1        | Consumption Function and investment function :<br>Keynes psychological law of consumption - implications of the function : Income - consumption relationship absolute income, relative income, and life cycle and permanent income hypotheses Marginal efficiency of investment and level of investment Marginal efficiency of capital investment long run, The accelerat/and investment behaviour, impact of Inflation. | 14                   |
| 2        | Neo-Classical and Keynesian Synthesis :<br>Neo-classical and Keynesian views on interest and income; The IS-LM mode, Derivation of IS and LM curves, and stability; Extension of IS-LM model with government sector; Relative effectiveness of monetary and fiscal policies, Extension of IS-LM models with lab/market and flexible prices.  | 14                   |

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|---|--|-----------|
| 3 | Theory of Inflation :<br>Classical, Keynesian and Monetarist approaches to inflation, Structuralism Theory of Inflation; Philips curve analysis - short run and log run Philips curve; Samuelson and Solow-the natural rate of unemployment hypothesis : Tobin's modified Philips curve. Adaptive expectations and rational expectations; Policies to control inflation. | 14        |
| 4 | New Macroeconomics : The New classical critique of micro foundation, the new classical approach; policy implications of new classical approach - empirical evidence. Approach of Mundell and other economists on open economy Asset Markets, Theory of Rational expectations- Monetary approach f balance of payment.  | 14        |
|   | <b>Total Hours</b>   | <b>60</b> |

### TAX AND REFERENCE BOOKS

1. Ackley, G (1978) Macroeconomic: Theory and Policy Macmillan, New York.
2. Hallm R. and J.B. Tayl/(1986) Macroeconomic W.W.N/ton, New York.
3. Jha, R. (1991) contemporary Macroeconomics Theory and Policy, Wiley Eastern Ltd. New Delhi.
4. Romer, D.L. (1996) Advanced Macroeconomics, McGraw Hill Company Ltd. New York.
5. Shapiro, E. (1996) Macroeconomic Analysis, Golgotha Publications, New Delhi.
6. Surrey, MJC (Ed) (1976) Macroeconomic Themes, Oxford University Press, Oxford.
7. Reddy, Y.V. (2000): A Review of Monetary and Financial sector Reforms in India- Central bank's perspectives, UBSPD, New Delhi.
8. Brahmamnd P.R. (1980) Growth less inflation by the means of stockless money.
9. Gupta, S.B. (1982) Monetary Planning in India, Oxford Publication, New Delhi.
10. Powelsn, J.P. (1960) National Income and Flow f Funds Analysis, McGraw Hill. New York.
11. Rao. V.K.R.V. (1983) India's National Income 1950 to 1980, Sage Publications New Delhi.
12. Duesenberry, J.S. (1949), Income Saving and the Theory of consumer Behaviour, Harvard University Press, Harvard.
13. Friedman, M. (1957). The Theory of Consumption Function, Princeton University Press, Princeton.
14. Keynes, J.M. (1936), The General Theory of Employment, Interest and Money. Macmilan, London.
15. Chakravarty, S.C. (1985) Rep/t of the Committee t Review the Working of the Monetary System, Reserve Bank of Indian, Bombay
16. Gurley, J. and E.S. Shaw (1960), Money in a Theory of Finance, Brookings Institution, Washington.
17. Mckinen, G.E. (1976), Money, The Price Level and Interest Rates, Prentice Hall of India, New Delhi.
18. Fridman, M. (1956), Studies in the Quantity Theory of Money, The University of CHicago Press, Chicago.
19. Rakshi,t M. (1998). Studies in the Macroeconomics of Developing Countries, Oxfrd University Press, New Delhi.

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20. Hicks, J.R. (1976), *The Crisis in Keynesian Economics*, Oxford University Press, New Delhi.
21. Laidler, D.E.W. (1977), *Demand for Money: Theory and Evidence* Dart-Dowr, New York.
22. Haggis, A.J. (1977), *Inflation: Theory and Policy*, Macmillan, London.