



Semester: IV	
Course Name: Macroeconomics for Managers	
Course Type: Major	Course Code: C2BMS2342
Credit: 5	Full Marks: 100

LEARNING OBJECTIVES:

- This course deals with the principles of Macroeconomics for Managerial decision making.
- The coverage includes determination of and linkages between major economic variables, level of output and prices, inflation, interest rates and exchange rates.
- The course is designed to study the impact of monetary and fiscal policy on the aggregate behaviour of individuals.

LEARNING OUTCOMES:

On successful completion of the course the learner will be able to:

- Understand the determination of key macroeconomic variables- outputs, prices and rate of interest
- Analyse the effect of fiscal and monetary policy
- Describe the mechanics of money supply
- Understand and analyse the working of an open economy.
- Students going for higher studies will be prepared for the advance course on Macroeconomics
- Students going for independent start-ups can use their learning of real macroeconomics in business decisions

DETAILED SYLLABUS:

Unit 1: Measurement of Macroeconomic Performance (10L)

National Income Accounts, Gross Domestic Product, National Income, Personal Income and Personal disposable income; GDP deflator , Real versus Nominal GDP , CPI, National income identities, Macroeconomic variables in the Indian Context.

Unit 2: Simple Keynesian Model of Income and Employment (10L)

Assumptions of Simple Keynesian Model, Components of Aggregate demand, Consumption Function, Saving Function, Paradox of thrift, Determination of equilibrium income, Multiplier (Investment, Government expenditure, lump sum tax)

Unit 3: IS-LM Model (10L)

Goods Market and Derivation of IS- Properties of IS curve- Change in Slope and shift of IS, Quantity theory of money demand, Liquidity preference theory, Derivation of LM- Properties LM curve, factors affecting the position and slope of LM curves, determination of equilibrium income and interest rates, analysis of monetary and fiscal policies, integrating financial markets into IS-LM model, Financial Markets and the monetary policy dilemma.

Unit 4: Flexible Price Macroeconomic Model**(6L)**

Basics of AD and AS curves, Derivation of Phillips relation from AD-AS model, Analysis of demand-pull, cost-push and expectational inflation from Phillips relation – Sacrifice Ratio , Anti – inflationary policies

Unit 5: Open Economy Macroeconomics**(10L)**

Brief introduction to Balance of Payments account, Business cycle, market for foreign exchange and exchange rate, exchange rate regimes, foreign trade multiplier, Monetary and fiscal policy in open economy - Mundell Fleming model.

SUGGESTED TEXT BOOKS/ READING MATERIALS:

Textbooks:

1. Dornbusch, Fischer and Startz, Macroeconomics, McGraw Hill, 11th edition, 2010.
2. N. Gregory Mankiw. Principles of Macroeconomics, Indian Imprint of South Western by Cengage India, 6th edition, 2015.
3. N. Gregory Mankiw. Macroeconomics, Worth Publishers, 2010.
4. Ghosh Chandana and Ghosh Ambar, Macroeconomics, PHI Learning Pvt Ltd, 2014.

References

1. Richard T. Froyen, Macroeconomics, Pearson Education Asia, 2nd edition, 2005.
2. Andrew B. Abel and Ben S. Bernanke, Macroeconomics, Pearson Education, Inc., 7th edition, 2011.