

## Syllabus template

<b>Semester: V</b>	
<b>Course: Major</b>	
<b>Paper Title: INTERMEDIATE MACROECONOMICS - II</b>	
<b>Paper code: C3EC230511T</b>	<b>Credits: 4</b>
<b>Hours/week: 4</b>	
<b>Category: Core/MDC/SEC/VAC: Core</b>	
<b>Theory / Practical / Composite: Theory</b>	
<b>No of Modules: 2</b>	
<b>Course Overview:</b>	
<ol style="list-style-type: none"> <li>1. This course is a sequel to Intermediate Macroeconomics-I.</li> <li>2. In this course, the students are introduced to the major schools of macroeconomics.</li> <li>3. Theories of consumption function, investment function and demand for money will be explained.</li> <li>4. Concepts related to fiscal policy will be explained and analyzed.</li> <li>5. Monetary policy concepts will be examined and analyzed.</li> <li>6. Long run dynamic issues like growth and technical progress.</li> </ol>	
<b>Course Outcome:</b>	
<b>Module 1</b>	
<ol style="list-style-type: none"> <li>1. Identify and recall major macroeconomic schools, key consumption theories, demand for money. Identify determinants of business fixed investment, residential investment, and inventory investment.</li> </ol>	
<ol style="list-style-type: none"> <li>2. Explain the fundamental principles of each school of thought, description of individual and aggregate consumption behaviour, how investment decisions and money demand respond to economic variables such as interest rates and income</li> </ol>	
<ol style="list-style-type: none"> <li>3. Compare and contrast the schools of thoughts. Use consumption models to predict household spending patterns in different economic contexts. Use investment and money demand models to Analyze the effects of policy changes on economic activity.</li> </ol>	
<ol style="list-style-type: none"> <li>4. Assess the relevance and applicability of each school to modern macroeconomic issues. Compare and critique the assumptions and predictions of various consumption theories. Analyze the theories of investment and money demand.</li> </ol>	
<ol style="list-style-type: none"> <li>5. Formulate a reasoned argument or model integrating insights from multiple schools to address a macroeconomic problem. Assess the empirical validity of consumption hypotheses in explaining observed consumption behaviour. Critically assess investment behaviour and money demand patterns in real-world economic contexts.</li> </ol>	
<ol style="list-style-type: none"> <li>6. Develop a conceptual framework integrating multiple consumption theories for policy analysis. Formulate policy recommendations or models to stimulate investment and manage money demand effectively.</li> </ol>	
<b>Module 2</b>	
<ol style="list-style-type: none"> <li>1. Define fiscal and monetary policy, their objectives. Recall key growth models including Harrod-Domar, Solow, and concepts like the golden rule of capital accumulation.</li> </ol>	
<ol style="list-style-type: none"> <li>2. Explain active vs. passive policy, rules versus discretion, and concepts like time consistency in policy-making. Explain the role of savings, investment, technological progress, and population growth in determining economic growth.</li> </ol>	

3. Illustrate the role of government budget constraints and debt in shaping fiscal and monetary decisions. Use growth models to calculate growth rates and predict the effects of policy or investment changes.
4. Compare the various growth models and their assumptions.
5. Assess the validity of Ricardian equivalence and implications for policy effectiveness. Critically assess policy implications of different growth theories for long-term development.
6. Propose coherent policy strategies to achieve macroeconomic stability and growth under different scenarios. Develop strategies or models to stimulate sustainable economic growth incorporating technological progress and human capital.

**Prerequisites: *Basic cumulative knowledge about all prior courses***

**SYLLABUS**

UNIT/Module	CONTENT	HOURS or NUMBER OF CLASSES	CO Mapping	COGNITIVE LEVEL
1	1.Schools of Macroeconomic Thoughts The Classical, Keynesians, New-Classical and New-Keynesians. 2.Microeconomic Foundations a. Consumption: Keynesian consumption function; Fisher’s theory of optimal inter-temporal choice; life-cycle, relative income and permanent income hypotheses; rational expectations and random-walk of consumption expenditure b. Investment: determinants of business fixed investment; residential investment and inventory investment. c. Demand for money.	2 classes per week	CO1-CO6	K1-K6
2	3.Fiscal and Monetary Policy Active or passive; monetary policy objectives and targets; rules versus discretion: time consistency; the government budget constraint; government	2 classes per week	CO1-CO6	K1-K6

	debt and Ricardian equivalence			
	4. Economic Growth Harrod-Domar model; Solow model; golden rule; technological progress and elements of endogenous growth.			

**Text Books**

1. Dornbusch, Fischer and Startz, Macroeconomics, McGraw Hill, 11th edition, 2010.
2. N. Gregory Mankiw. Macroeconomics, Worth Publishers, 7 th edition, 2010.
3. Olivier Blanchard, Macroeconomics, Pearson Education, Inc., 5 th edition, 2009.
4. Charles I. Jones, Introduction to Economic Growth, W.W. Norton & Company, 2nd edition, 2002.
5. Andrew B. Abel and Ben S. Bernanke, Macroeconomics, Pearson Education, Inc., 7th edition, 2011.
6. Errol. D'Souza, Macroeconomics, Pearson Education, 2009.
7. Robert J. Gordon, Macroeconomics, Prentice-Hall India Limited, 2011.
8. Chandana Ghosh and Ambar Ghosh, Macroeconomics, PHI Learning Pvt. Ltd., 2011

**Suggested readings**

- 1.
- 2.

**Web Resources**

- 1.
- 2.

**Evaluation CIA:** 30 marks

**End-Semester Examination:** 70 marks

**Paper Structure for Theory Semester Exam Module:**

Module	No. of Questions to be Answered	No. of Alternatives	Marks
Module 1	3	4	5 x 3 = 15
	2	3	10 x 2 = 20
Module 2	3	4	5 x 3 = 15
	2	3	10 x 2 = 20
<b>Total Marks</b>			<b>70</b>

**Course outcomes (COs) and Cognitive Level Mapping**

COs	CO Description	Cognitive levels
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	<b>Module 1</b>	
<b>CO1</b>	Identify and recall major macroeconomic schools, key consumption theories, demand for money. Identify determinants of business fixed investment, residential investment, and inventory investment.	K1
<b>CO2</b>	Explain the fundamental principles of each school of thought, description of individual and aggregate consumption behaviour, how investment decisions and money demand respond to economic variables such as interest rates and income	K2
<b>CO3</b>	Compare and contrast the schools of thoughts. Use consumption models to predict household spending patterns in different economic contexts. Use investment and money demand models to Analyze the effects of policy changes on economic activity.	K3
<b>CO4</b>	Assess the relevance and applicability of each school to modern macroeconomic issues. Compare and critique the assumptions and predictions of various consumption theories. Analyze the theories of investment and money demand.	K4
<b>CO5</b>	Formulate a reasoned argument or model integrating insights from multiple schools to address a macroeconomic problem. Assess the empirical validity of consumption hypotheses in explaining observed consumption behaviour. Critically assess investment behaviour and money demand patterns in real-world economic contexts.	K5
<b>CO6</b>	Develop a conceptual framework integrating multiple consumption theories for policy analysis. Formulate policy recommendations or models to stimulate investment and manage money demand effectively.	K6
	<b>Module2</b>	
<b>CO1</b>	Define fiscal and monetary policy, their objectives. Recall key growth models including Harrod-Domar, Solow, and concepts like the golden rule of capital accumulation.	K1
<b>CO2</b>	Explain active vs. passive policy, rules versus discretion, and concepts like time consistency in policy-making. Explain the role of savings, investment, technological progress, and population growth in determining economic growth.	K2
<b>CO3</b>	Illustrate the role of government budget constraints and debt in shaping fiscal and monetary decisions. Use growth models to calculate growth rates and predict the effects of policy or investment changes.	K3
<b>CO4</b>	Compare the various growth models and their assumptions.	K4

<b>CO5</b>	Assess the validity of Ricardian equivalence and implications for policy effectiveness. Critically assess policy implications of different growth theories for long-term development.	K5
<b>CO6</b>	Propose coherent policy strategies to achieve macroeconomic stability and growth under different scenarios. Develop strategies or models to stimulate sustainable economic growth incorporating technological progress and human capital.	K6