

## **M.A. (PREVIOUS) ECONOMICS**

### **Paper - II**

#### **Macro Economic Analysis**

##### **Unit I**

Circular Flow of Income in two, three-and four-sector economy; different forms of national income accounting-social accounting, input-output accounting, flow of funds accounting and balance of payments accounting.

##### **Unit II**

Keynes' psychological law of consumption function-implications of the law; short-run and long-run consumption function; Income-consumption relationship-absolute income, relative income, life cycle and permanent income hypotheses. Marginal efficiency of investment and level of investment; Marginal efficiency of capital and investment - long run and short run; The accelerator and investment behaviour-impact of inflation.

##### **Unit III**

Financial intermediation - a mechanistic model of bank deposit determination; Concept of behavioural model of money supply; RBI approach to money supply; High powered money and money multiplier; control of money supply. Classical approach to demand for money-Quantity theory approach, Fisher's equation, Cambridge quantity theory, Keynes's liquidity preference.

- Green, H. and V. Walsh (1975), Classical and Neo-Classical Theories of General Equilibrium, Oxford University Press, London.
- Hansen, B. (1970), A Survey of General Equilibrium Systems, McGraw Hill, New York.
- Henderson, J.M. and R.E Quandt (1980), Microeconomic Theory : A Mathematical Approach, McGraw Hill, New Delhi.
- Quirk, J. and R. Saposnik (1968), Introduction to General Equilibrium Theory and Welfare Economics, McGraw Hill, New York.
- Weintrub, E.R. (1974), General Equilibrium Theory, Mcmillan, London.

##### **Unit V**

- Arrow, K.J. and M.D. Intrilligator (Eds) (1981), Handbook of Mathematical Economics, Vol. 1, North Holland, Amsterdam.
- Borch, K.H. (1968), The Economics of Uncertainty, Princeton University Press, Princeton.
- Diamond & Rothschild (Eds.) (1978), Uncertainty in Economics, Academic Press, New York.
- Hirshleifer, J and A, Glazer (1997), Price Theory and Applications, Prentice Hall of India, New Delhi.



rence approach, transaction, precautionary and speculative demand for money-aggregate demand for money; Derivation of LM curve. Neo-classical and keynesian views on interest; The IS-LM model; Extension of IS-LM model with government sector; Relative effectiveness of monetary and fiscal policies.

#### Unit IV

Post-Keynesian approaches to demand for money - Patinkin and the Real Balance Effect, Approaches of Baumol and Tobin; Friedman and modern quantity theory; Crisis in Keynesian economics and the revival of monetarism. Theories of Schumpeter, Kaldor, samuelson and Hicks related to business cycles. Control of business cycles-relative effectiveness of monetary and fiscal policies.

#### Unit V

Classical, Keynesian and monetarist approaches to inflation; structuralist theory of inflation. Philips curve analysis-short run and long run Philips curve, Samuelson and solow- the natural rate of unemployment hypothesis, Tobins modified Philips curve, Adaptive expectations and rational expectations, Policies to control inflation, Mundell- Fleming Model, New classical approach to Macro-economics.

#### BASIC READING LIST :

- Ackley, G. (1978), Macroeconomics : Theory and Policy, Mcmillan, New York.
- Samvelson and Nordhans : Economics.

- Branson, W.A. (1989) Macroeconomic Theory and Policy, (3<sup>rd</sup> Edition), Harper and Row, New York.
- Shapiro, E. (1996), Macroeconomic Analysis, Galgotia Publications, New Delhi.
- Duesenberry, J.S. (1949), Income Saving and the Theory of Consumer Behaviour. Harvard University Press, Harvard.
- Keynes, J.M. (1936), The General Theory of Employment, Interest & Money, Macmillan, London.
- Culbertson, J.M. (1968), Macroeconomic Theory and Stabilization Policy, McGraw Hill, Kogekosh, Tokyo.
- Gupta, S.B. (1995), Monetary Planning in India, Oxford University Press, New Delhi.
- Levacic, R and A. Rebman (1986), Macroeconomics : An Introduction to Keynesian and Neo-classical Countroversies, Macmillan, London.
- Patinkin, D. (1965), Money, Interest and Prices, Harper and Row, New York.
- Ackley, G. (1978), Macroeconomics : Theory and Policy, Mcmillan, New York.
- Blackhouse, R. and A. Salansi (Eds.) (2000), Macroeconomics and the Real World (2Vols.), Oxford University Press, London.



- Branson, W.A. (1989) Macroeconomic Theory and Policy, (3<sup>rd</sup> Edition), Harper and Row, New York.
- Dornbusch, R. and F. Stanley (1997), Macroeconomics, W.W. North, New York.
- Heijdra, B.J. and V.P. Fredericck (2001), Foundations of Modern Macroeconomics, Oxford University Press, New Delhi.
- Jha, R. (1991), Contemporary Macroeconomic Theory and Policy, Wiley Eastern Ltd., New Delhi.
- Romar, D.L. (1996), Advanced Macroeconomics, McGraw Hill Company Ltd., New York
- Scarfe, B.L. (1977), Cycles, Growth and Inflation, McGraw Hill, New York.
- Shapiro, E. (1996), Macroeconomic Analysis, Galgotia Publications, New Delhi.
- Surrey, M.J.C. (Ed.) (1976), Macroeconomic Themes, Oxford University Press, Oxford.
- आहुजा, एच.एल. – उच्चतर समष्टि अर्थशास्त्र, 2001, एस.चन्द्र एण्ड क. लि., नई दिल्ली
- झिंगन एम.एल. – समष्टि अर्थशास्त्र, वंदा पब्लिकेशन्स
- वैश्य एम.सी. – समष्टि अर्थशास्त्र, विकास पब्लिशिंग हाऊस प्राईवेट लि., नई दिल्ली

## ADDITIONAL READING LIST : FOR OFFICE USE ONLY

## Unit I

- Edey, M. and A.T. Peacock (1967), National Income and Social accounts, Hutchinson University Library, London.
- Powelson, J.P. (1960), National Income And Flow of Funds Analysis, McGraw Hill, New York.
- Rao, V.K.R.V. (1983), India's National Income : 1950 to 1980, Sage Publications, New Delhi.
- Ruggles, R. and N. Ruggles (1956), National Income Accounts and Income Analysis, McGraw Hill, New York.
- United Nations (1974), Year Book of National Account statistics.

## Unit II

- Duesenberry, J.S. (1949), Income Saving and the Theory of Consumer Behaviour. Harvard University Press, Harvard.
- Friedman, M. (1957), The Theory of Consumption Function, Princeton University Press, Princeton.
- Keynes, J.M. (1936), The General Theory of Employment, Interest & Money, Macmillan, London.
- Mueller, M.G. (1966), Readings in Macroeconomics, Holt Rinehart and Winston, New York.



- Gardon, R. and S.G. Harris (1998), *Macroeconomics*, Addison Wesley.
- Culbertson, J.M. (1968), *Macroeconomic Theory and Stabilization Policy*, Mc Graw Hill, Kogekosh, Tokyo.

### Unit III

- Chakravarty, S.C. (1985), *Report of the Committee to Review the working of the Monetary system*, Reserve Bank of India, Bombay.
- Gupta, S.B. (1995), *Monetary Planning in India*, Oxford University Press, New Delhi.
- Gurley, J. and E.S. Shaw (1960), *Money in a Theory of Finance*, Brookings Institution, Washington.
- Mckinen, G.E. (1978), *Money, The Price Level and Interest Rates*, Prentice Hall of India, New Delhi.
- Reddy, V.V. (2000), *A Review of Monetary and Financial sector Reforms in India - A Central Banker's Perspective*, UBSPD, New Delhi.
- Friedman, M. (1956), *Studies in the Quantity Theory of Money*, The University of Chicago Press, Chicago.
- Keynes, J.M. (1936), *The General Theory of employment, Interest and Money*, Macmillan, London.

- Laidler, D.E.W. (1977), *Demand for Money : Theory and Evidence*, Dum-Don valley, New York.
- Mckinen, G.E. (1978), *Money, The price level and Interest Rates*, Prentice Hall of India, New Delhi.
- Leijonhufvud, A. (1968), *On Keynesian and Economics of Keynes*, Oxford University Press, London.
- Levacic, R. and A. Rebman (1986), *Macroeconomics : An Introduction to Keynesian and Neo-classical Controversies*, Macmillan, London.
- Mankiw, N.G. and D. Romer (Eds) (1991), *New Keynesian Economics*, (2 Vols.) MIT Press, Cambridge.
- Rakshit, M. (1998), *Studies in the Macroeconomics of Developing Countries*, Oxford University Press, New Delhi.

### Unit IV

- Friedman, M. (1956), *Studies in the Quantity Theory of Money*, The University of Chicago Press, Chicago.
- Hicks, J.R. (1974), *The Crisis in Keynesian Economics*, Oxford University Press, New Delhi.
- Jha, R. (1999), *Contemporary Macroeconomic Theory and Policy*, New Age International Ltd., New Delhi.



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- Frisch, H. (1983), Theories of Inflation, Cambridge University Press, Cambridge.
- Hagger, A.J. (1977), inflation: Theory and Policy, Macmillan, London.
- Hudson, J. (1982), Inflation : A Theoretical Survey and Synthesis, George Allen and Unwin, London.
- Sheffrin, S.M. (1996), Rational Expectations, Cambridge University Press, Cambridge.
- Gordon, R.A. (1961), Business Fluctuation, Harper and Row.
- Gordon, R.A. and L.R. Klein (Eds.) (1965), Readings in Business Cycles, Irwin, Homewood
- Hicks, J.R. (1950), A Contribution to the Theory of Trade Cycles, Clarendon Press, Oxford.
- Lucas, R. (1981), Studies in Business Cycle Theory, M.I.T. Press, Cambridge Massachusetts.

### Unit V

- Gordon, R. and S.G. Harris (1998), Macroeconomics, Addison Wesley, Massachusetts.
- Mankiw, N.G. and D. Romer (Eds.) (1991 ), New Keynesian Economics, (2 vols.), MIT Press, Cambridge.
- Taylor, L. (1983), Structuralist Macroeconomics, Basic Books, New Longman.
- Turnovsky, S.J. (1977), Macroeconomic Analysis and Stabilization Policy, Cambridge University Press, Cambridge.