

Paper Code: 2331

B.A. HONOURS IN ECONOMICS

SECOND YEAR HONOURS

Paper – V

MACRO ECONOMICS

Course Outcome:

CO1: This course will make the learners familiar with the economic aggregates and their role in economy.

CO2: It also covers various theories related to consumption and basic concept of investment.

CO3: Students will also get familiar with the Concept and various theories of business cycles.

UNIT – I

Nature and Scope of Macro Economics, Concepts and Measurement of National Income, Circular flow of Income (Four sector Economy), Savings and Investment – Ex ante and Ex post Equality and Equilibrium; Different forms of National Income Accounting – Social Accounting, Green Accounting.

UNIT – II

The Classical Theory of Income and Employment, Keynes Critique on classical theory, Keynesian Theory of determination of Income and Employment, Theories of Interest – Classical, Neo-Classical, Keynesian Theory and Modern Theory.

UNIT – III

Consumption Function- Meaning and Basic concepts, Theories of consumption- Absolute Income hypothesis, Relative Income hypothesis, Permanent Income Hypothesis and Life cycle theory. Factors influencing Consumption Spending. Concept of Multiplier , The Acceleration principle.

Meaning and Types of Investment; Concept of Marginal Efficiency of Capital.

UNIT – IV

Business Cycle – Nature, Characteristics, Phases, Theories of Business Cycle – Hawtrey's Monetary Theory, Hayek's over Investment Theory, Keynes view on Trade Cycle, Samuelson and Hicks Multiplier and Accelerator Interaction Model. Measures to control business cycles in India

UNIT – V

Inflation – Classical, Keynesian and Monetarist approaches to inflation, Structuralist theory of inflation; Philips curve analysis - Short run and long run Philips curve; Tobin's modified Philips curve. Samuelson and Solow - the natural rate of unemployment hypothesis.

Reading List:

1. Ackley, G. (1978) – Macroeconomics: Theory and Policy, McMillan, New York.
2. Branson, W.A. (1989) Macroeconomic Theory and Policy, (3rd Edition) Harper and Row, New Delhi.
3. Dornbusch, Fischer, Startz-Macroeconomics, The McGraw Hill Company Ltd., New York.
4. H.L. Ahuja –Advanced Macro Economic Theory, S Chand and Co. New Delhi
5. Shapiro, E. (1996) – Macroeconomic Analysis, Galgotia Publications, New Delhi.
6. Keynes, J. M. (1936) – The General Theory of Employment, Interest and Money, Macmillan, London.
7. M.L. Jhingan- Macro Economic Theory, Vrinda publication, New Delhi
8. Romar, D. L. (1996) – Advanced Macroeconomics, McGraw Hill Company Ltd., New York.
9. Patinkin, D. (1965) – Money, Interest and Prices. Haper and Row, New York.
10. Culbertson, J. M. (1968) – Macroeconomic Theory and Stabilization Policy, McGraw Hill, Kogenkoshi, Tokyo.
11. Friedman, M. (1957) – The Theory of Consumption Function, Princeton University Press, Princeton.
12. Duesenberry, J. S. (1949) – Income saving and the Theory of Consumer Behaviour, Harvard University Press, Harvard.
13. Hicks, J. R. (1950) – A contribution to the Theory of Trade Cycles, Clarendon Press, Oxford.
14. Hicks, J. R. (1974) – The Crisis in Keynesian Economics, Oxford University Press, New Delhi.