

**KU4DSCECO206: INTERMEDIATE MACROECONOMICS**

Semester	Course Type	Course Level	Course Code	Credits	Total Hours
IV	DSC-Major	200-299	KU4DSCECO206	4	60

Learning Approach (Hours/ Week)			Marks Distribution			Duration of ESE (Hours)
Lecture	Practical/ Internship	Tutorial	CE	ESE	Total	
4	0	0	30	70	100	2

**Course Description:**

*This course provides an examination of macroeconomic theory and its application to policy analysis. The course begins with an exploration of the concept of money, its supply, kinds, and functions. Students will delve into the mechanisms of credit creation by commercial banks and understand the importance of money supply measures such as high-powered money and the money multiplier. Similarly, it covers classical and Keynesian approaches to supply and demand for money. An introduction to inflation and employment and the basic analysis of ISLM model is also introduced. Lastly, various theories of trade cycles and macroeconomic policies, both monetary and fiscal, are studied extensively. The course emphasizes algebraic analysis of ISLM and general equilibrium to provide students with a solid understanding of macroeconomic theory and its practical applications.*

**Course Prerequisite: NIL**

**Course Outcomes:**

CO No.	Expected Outcome	Learning Domains
1	Recall the definitions and concepts related to money supply, demand for money, unemployment, inflation, and business cycles	R
2	Understand the relationship between money supply and demand and understand the causes and consequences of unemployment, inflation, and business cycles, as well as the significance of each in macroeconomic analysis.	U
3	Apply the theories of unemployment and inflation to evaluate the impact of various policy interventions on economic outcomes and the IS-LM model to analyse the effects of fiscal and monetary policies.	A
4	Analyse the factors influencing money supply, credit creation, and liquidity preference in the economy and also analyse the determinants of aggregate supply and the Phillips Curve	An

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5	Evaluate the effectiveness of policy measures in reducing unemployment or controlling inflation in different economic environments	E
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*\*Remember (R), Understand (U), Apply (A), Analyse (An), Evaluate (E), Create (C)*

**Mapping of Course Outcomes to PSOs**

COs	PSO 1	PSO 2	PSO 3	PSO 4	PSO 5	PSO 6	PSO 7
CO 1	✓						
CO 2	✓	✓					
CO 3	✓	✓					
CO 4	✓	✓					
CO 5	✓	✓					

**COURSE CONTENTS**

**Contents for Classroom Transaction:**

M O D U L E	UNI T	DESCRIPTION	HOURS 60
<b>1</b>	<b>MONEY SUPPLY AND DEMAND FOR MONEY</b>		<b>10</b>
	1	a) Supply of money; definition, kinds and functions of money. b) measures of money supply; high powered money and money multiplier	4
	2	Demand for money- Classical Theories of Money: Fisher's and Cambridge Versions of Quantity Theory of Money.	3
	3	Keynesian liquidity preference theory – indeterminacy of rate of interest in the liquidity preference theory – the liquidity trap.	3
<b>2</b>	<b>INFLATION AND UNEMPLOYMENT</b>		<b>14</b>
	1	Inflation, types of inflation, measures of inflation	2
	2	Economic Effects of inflation	1
	3	Theories of inflation- classical, Neo-classical and, Keynesian theories of inflation	3
	4	Monetarist view on inflation	1
	5	Modern theories of inflation-Demand pull and cost push inflation	1
	6	Unemployment, measurement of unemployment rate and different types of unemployment	3
7	Okun's Law	1	

	8	Inflation and the rate of unemployment – The Phillips Curve	2
<b>3</b>	<b>BASIC IS-LM MODEL</b>		<b>14</b>
	1	Integration of Real and Monetary sector	2
	2	Product market equilibrium – IS curve and real sector	3
	3	Money market equilibrium -LM curve and monetary sector	3
	4	General equilibrium – integration of ISLM, limitations of the basic IS-LM model.	4
	5	Factors determining the slope and shifts in ISLM curves (Algebraic analysis of ISLM and General equilibrium is required)	2
<b>4</b>	<b>THEORIES OF TRADE CYCLES AND MACRO-ECONOMIC POLICIES</b>		<b>12</b>
	1	Trade cycles – Meaning and definitions of trade cycles – phases of trade cycles	1
	2	Theories of trade cycles- Hawtrey’s theory – Hayek’s theory – Keynesian theory – Hicks’ theory- Samuelson’s theory.	5
	3	Macroeconomic policy- meaning and scope, objectives of macroeconomic policies	2
	4	Monetary policy measure, instruments and limitation	2
	5	Fiscal policy measures-meaning – instruments and limitation	2
<b>5</b>	<b>Teacher Specific Module</b>		<b>10</b>
	<i>This module would preferably be set as a work-based module keeping Schaum’s Outlines of Macroeconomics as basic reference without overlapping contents in the Introductory Macroeconomics. The content would be preferably based on the modules in the current syllabus or any other topic so as to give better foundations for advanced learning of the course in the subsequent semesters.</i>		10

**Essential Readings:**

1. Mankiw, N.G.: Elementary Macroeconomics, Worth Publishers, 7th edition, 2010. •
2. Dwivedi, D.N. (2006) Macroeconomics – Theory & Policy, Tata Mcgraw Hill Publishing Company Microeconomics Theory & Application Pearson.
3. Mukherjee, Sampat. *Maco economics A global Text*. New Central Book Agency (P) Ltd, 2013
4. Backus, David, Patrick J. Kehoe, and Finn Kydland. "International business cycles: Theory and evidence.
5. Domanic Salvatore, Schaums’ Outlines, Macroeconomics, Latest Edition

**Reference Distribution:**

<b>Module</b>	<b>Unit</b>	<b>Reference No.</b>	<b>Remarks</b>
<b>1</b>	1	Essential Reading 1/ 2 /3	-
	2	Essential Reading 1/ 2 /3	-
	3	Essential Reading 3	-
<b>2</b>	1	Essential Reading 1/ 2 /3	-
	2	Essential Reading 1/ 2 /3	-
	3	Essential Reading 1/ 2 /3	-
	4	Essential Reading 1/ 2 /3	-
	5	Essential Reading 1/ 2 /3	-
	6	Essential Reading 1/ 2 /3	-
	7	Essential Reading 1/ 2 /3	-
	8	Essential Reading 1/ 2 /3	-
<b>3</b>	1	Essential Reading 1/ 2 /3	-
	2	Essential Reading 1/ 2 /3	-
	3	Essential Reading 1/ 2 /3	-
	4	Essential Reading 1/ 2 /3	-
	5	Essential Reading 1/ 2 /3	-
<b>4</b>	1	Essential Reading 4	-
	2	Essential Reading 4	-
	3	Essential Reading 1/ 2 /3	-
	4	Essential Reading 1/ 2 /3	-
	5	Essential Reading 1/ 2 /3	-
<b>5</b>	-	Essential Readings 5	Preferably

**Suggested Readings:**

1. Mukherjee, Sampat. *Analytical macroeconomics: from Keynes to Mankiw*. New Central Book Agency (P) Ltd, 2021.

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2. Froyen Richard T. *Macroeconomics-Theories and Policies*, Macmillan Pub., Company, NY.
3. Dornbusch R, Stanley Fischer, and Richard Startz, *Macroeconomics*, McGraw Hill Inc., NY.
4. D'Souza, Errol. *Macroeconomics*. Pearson Education India, 2009.

**Assessment Rubrics:**

<b>Evaluation Type</b>		<b>Marks</b>
End Semester Evaluation		<b>70</b>
Continuous Evaluation		<b>30</b>
a)	Test Paper- 1	6
b)	Test Paper-2	6
c)	Assignment	9
d)	Seminar/Debate	5
e)	Book/ Article Review	-
f)	Viva-Voce/quiz	4
g)	Field Report	-
<b>Total</b>		<b>100</b>