

DEPARTMENT OF HUMANITIES & SOCIAL SCIENCES
Programme: B. Tech (Minor in Economics)
Course Title: Macro Economics

Course Category: Minor

Course Code: HSME 301

Credits: 3 (L-3)

Semester: 5th

Course Objectives

Internal: 50 Marks

Theory: 50 Marks

Total: 100 Marks

Time: 3hrs

This course is aimed at introducing main concepts and theories of macroeconomics to engineering students with real world examples. The main focus of the course will be to develop an intuitive understanding of different macroeconomic phenomena such as inflation, employment and growth and theories associated with them which we generally come across.

Instructions for Examiner

The number of questions to be set will be five, at least one from each unit. The examinees will be required to attempt all five questions. All questions shall carry equal marks.

Unit I Theories of Consumption and Investment

Consumption function, Relative and Permanent Incomes and Life Cycle Hypothesis. Saving function and Marginal Efficiency of Capital. Investment Function: Marginal Efficiency of Investment, Multiplier Analysis, Accelerator and Investment behaviour concepts of super multiplier. Applications of different models.

Unit II Theory of Income and Employment

Says Law of Market, Classical theory of Employment, saving and Investment theory wage and price flexibility, criticisms of classical theory, Keynesian theory of employment and income – Aggregate demand, Effective Demand. The concept of under employment equilibrium. Applications and Examples.

Unit III Keynesian Theory through IS-LM Model

Derivation of IS-LM Curves, Fiscal Policies in IS-LM Framework, Monetary Policies in IS-LM Framework - Policy Implications of Keynesian Economics: Philips Curve.

Unit IV Monetarism

The Crisis in Keynesian Theory: Stagflation, Expectations Augmented Philips Curve (NAIRU) Policy Implications of Monetarism.

Course Outcomes

The students will be able to attain understanding of different macroeconomic phenomena. Such understanding of principles of macroeconomics and related theories would prove useful for different roles as manager, entrepreneur and civil servant.

Suggested Readings

1. Dornbusch, R. and F. Stanley (2018) – Macro Economics, (12th edition) McGraw Hill, Inc., New York
2. Blanchard, O (2020): Macroeconomics, Seventh Edition, Pearson Publication
3. Branson, W.A. (1989): Macroeconomic Theory and Policy, (3rd Edition), Harper and Row, New York.
4. Shapiro, E. (1996): Macroeconomic Analysis, Galgotia Publications, New Delhi.
5. Gregory Mankiw: Macro Economics, Worth Publishers.