

B.A.	BEC-C401	Semester-IV
BEC-C401	Principles of Macroeconomics-II	70+30

Core Economics IV: Principles of Macroeconomics–II

Course Description

This is a sequel to Principles of Macroeconomics–I. It analyses various theories of determination of National Income in greater detail. It also introduces students to concept of inflation, its relationship with unemployment and some basic concepts in an open economy.

Course Outline

1. IS-LM Analysis

Derivations of the IS and LM functions; IS-LM and aggregate demand; shifts in the AD curve.

2. GDP and Price Level in Short Run and Long Run

Aggregate demand and aggregate supply; multiplier Analysis with AD curve and changes in price levels; aggregate supply in the SR and LR.

3. Inflation and Unemployment

Concept of inflation; determinants of inflation; relationship between inflation and unemployment: Phillips Curve in short run and long run.

4. Balance of Payments and Exchange Rate

Balance of payments: current account and capital account; market for foreign exchange; determination of exchange rate.

Suggested Readings

7. Agarwal, V. (2010) *Macroeconomics: theory and Policy*, Dorling Kindersley (India) Pvt. Ltd., New Delhi
8. Ahuja, H.L. (2012) *Macro Economics, Theory and policy*, S. Chand and Company Ltd., New Delhi
9. Dornbusch, R. and F. Stanley (1997) *Macroeconomics*, McGraw Hill, Inc., New York
10. Errol D'souza, (2008) *Macroeconomics*, Dorling Kindersley (India) Pvt. Ltd. New Delhi
11. Jha, R. (1991) *Contemporary Macroeconomic Theory and Policy*, Wiley Eastern Ltd., New Delhi.
12. Mankiw, N.G. (2013) *Principles of Macroeconomics*, Cengage Learning India (Pvt.) Ltd., New Delhi