

Semester	I
Paper Number	<b>MECO4102</b>
Paper Title	<b>Macroeconomics-I</b>
No. of Credits	6
Theory/Composite	Theory
No. of periods assigned	6 Theory
Course description/objective	To provide a brief review of the topics taught in the undergraduate course and to understand the more advanced macroeconomic models.
Syllabus	<p><b>Module 1 (40 marks)</b>  <b>Overview of AD-AS Model</b>  Overview of AD-AS Model, interest rate targeting and Keynesian economics without the LM curve: an alternative approach.</p> <p><b>Financial Markets and the Real sector</b>  Role of credit in macro economy; Asset- Liability structure of commercial banks; term structure of interest rates; effective demand and monetary policy- money view and credit view.  b) The stock market, Tobin's q and output.</p> <p><b>Patinkin's full employment model.</b>  Balance sheet effect of central bank, commercial banks, firms and households; determination of wealth; AD and wealth effect; price flexibility and full employment; neutrality of money.</p> <p><b>Module 2 (40 marks)</b>  <b>Expectation and the macro economy</b>  Adaptive expectation; the Friedman-Phelps model of policy analysis; hyperinflation and seigniorage; rational expectation: the Barro-Lucas model of equilibrium business cycle and monetary policy; overlapping wage contracts and non-neutrality of money.</p> <p><b>Open Economy Macroeconomics</b>  Balance of Payment accounting, Mundell-Flemming model, Dornbusch model of exchange rate over shooting.</p> <p><b>New Keynesian Macroeconomics: Micro-foundation for unemployment</b>  Menu cost, Aggregate demand externality and Non-neutrality of money  b) Wage price staggering, Efficiency wage theory.</p>
Readings	<ul style="list-style-type: none"> <li>• David Romer: Advanced Macroeconomics, McGraw-Hill.</li> <li>• Blanchard &amp; Fischer: Lectures on Macroeconomics, MIT Press.</li> <li>• Errol D'Souza: Macroeconomics, Pearson Education India</li> <li>• Barro (1976): Rational expectations and the role of monetary Policy, <i>Journal of Monetary Economics</i>, 1976, vol. 2, issue 1, 1-3</li> <li>• Krugman, Obstfeld &amp; Melitz: International Economics: Theory &amp; Policy, Pearson</li> <li>• Rudiger Dornbusch: Open Economy Macroeconomics, New York</li> <li>• Barro, R. J. (1976). Rational expectations and the role of monetary policy. <i>Journal of Monetary economics</i>, 2(1), 1-32.</li> <li>• Bernanke, S., &amp; Blinder, A. S. (1988). Credit, money and</li> </ul>

	<p>aggregate demand. In American Economic Review, 78(2), 435-439.</p> <ul style="list-style-type: none"> <li>• Calvo and Rodriguez (1977) A Model of Exchange Rate Determination under Currency Substitution and Rational Expectations. <i>Journal of Political Economy</i>, vol. 85, issue 3, 617-25</li> <li>• Blanchard(1981), Output, the Stock Market, and Interest Rates, American Economic Review, 1981, vol. 71, issue 1, 132-43.</li> <li>• Ben Heijdra(2017): Foundations of Modern Macroeconomics, Oxford University Press</li> <li>• Patinkin(1965): Money Interest and Prices, Harper &amp; Row, Publisher.</li> </ul>			
Evaluation	<p>Continuous Internal Assessment: 20 marks End- Semester Theory Examination: 80 marks</p>			
Paper Structure for End Sem Theory	Module	No. of Questions to be Answered	No. of Alternatives	Marks
	Module 1	2	3	5 x 2 = 10
		2	3	15 x 2 = 30
	Module 2	2	3	5 x 2 = 10
		2	3	15 x 2 = 30
	Total Marks			80