

## **FOURTH SEMESTER CORE**

### **ECO-RC-4016: 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 LongRun**

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.

#### **Readings:**

1. Case, Karl E. & Ray C. Fair, *Principles of Economics*, Pearson Education, Inc., 8<sup>th</sup> edition, 2007.
2. Sikdar, Shoumyen, *Principles of Macroeconomics*, 2<sup>nd</sup> Edition, Oxford University Press, India

