

Course title: Intermediate Macroeconomics-II			
Course code: UEO 206	No. of credits: 4	L-T-P: 56-4-0	Learning hours: 60
Pre-requisite course code and title (if any): Intermediate Macroeconomics-I			
Department: Policy and Management Studies			
Course coordinator: Dr. Shantanu De Roy		Course instructor: Dr. Shantanu De Roy	
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Course type: Major		Course offered in: Semester 4	
<p>Course description:</p> <p>This is a follow-up course of Intermediate Macroeconomics-I that is offered in Semester 3 of the Four-Year Undergraduate Programme. It starts with a revision of the Simple Keynesian and the IS-LM Models that are introduced to the students in Intermediate Macroeconomics-I. This is followed by discussions on the theories of expectations formations and market outcomes. These discussions will focus on the monetary and real explanations of the business cycle. Subsequent discussions centre on the various theoretical formulations of the Phillips curve, with expectations. In these discussions, prices and wages are flexible and competition is the dominant feature in the market.</p> <p>The focus of discussions shifts to the analysis of the labour and commodity markets with the relaxation of the assumptions of wage and price flexibilities, and competition in the market. The relevance of policy interventions in a rigid price (and wage) regime is an important conclusion of these discussions. This contrasts with the flexible price (and wage) regime where policies are irrelevant.</p> <p>Within the ambit of policy interventions, there is a dominance of monetary policy in the New Keynesian macroeconomic thought. In this paradigm, interest rate is the monetary policy instrument rather than an exogenously given money supply, for the central bank. This is the main theme of discussion in Module 6.</p> <p>In Module 7, the discussion focusses on the behaviour of the households in terms of making choices between consumption and savings and work-effort and leisure. For instance, a rise in the rate of interest motivates households to save more and consume more in the future.</p>			
<p>Course objectives:</p> <ul style="list-style-type: none"> • To acquaint the students with diverse macroeconomic thoughts that vary in terms of formation of expectations, nature of the market, operations of the market forces like price and wage and relevance (or irrelevance) of policies. • To understand the impacts of inflation in the economy and society. • To understand, theoretically, the nature and scope of policy interventions by the central bank in the modern capitalist economies, including in India. • To understand the intertemporal consumption choices of the households. 			