

## M.A. FINAL ECONOMICS

### PAPER-I MACRO ECONOMIC ANALYSIS

(Question will be set from each Unit / Section)

- UNIT-I National Income and Accounts :** Circular Flow of Income in two-three and four sector economy; different forms of national income accounting - social accounting input-output accounting flow of funds accounting and balance of payments accounting .
- UNIT-II Keynes theory of employment :** psychological law of consumption implication of the law short-run and long-run consumption function Income- payment income hypotheses Investment Function Marginal efficiency of investment and level of investment; marginal efficiency of capital and investment-long run and short run; The multiplier accelerator and investment behaviour -impact of inflation; Influence of policy measures on investment.
- UNIT-III Theory of Money :** classical approach to demand for money-Quantity theory approach, Fisher's equation, Cambridge Quantity theory, Keynes's liquidity preference approach, precautionary and speculative demand for money-aggregate demand for money; Derivation of LM curve. Post- Keynesian approaches to demand for money- Pankind and the Real Balance Effect, approaches of Baumol and Tobin; Friedman and the modern quantity theory; Crisis in Keynesian economics and the revival of monetarism.
- UNIT-IV Supply of Money :** A behavioural model of money supply determination a demand determined money supply process; RBI approach to money supply; High powered money and multiplier; budget deficits and money supply money and open economy; control of money supply Theory of Inflation : Classical, Keynesian and Monetarist approaches to inflation; Structuralist theory of Inflation; Philips curve analysis- Short run and long run Philips curve; Samuelson and Solow- the natural rate of unemployment hypothesis: Tobin's modified Philips curve; adaptive expectations and rational expectations: Policies to control inflation.
- UNIT-V Business cycles :** Theories of Schumpeter, Kaldor, Samuelson and Hicks; Control of business cycles - relative efficacy of monetary and fiscal policies.