



Indian Institute of Management Indore

Executive Post Graduate Program in E-GOVERNANCE

2013-14

Title of the Course: MACROECONOMIC SCENARIO

Credits: 2

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COURSE DESCRIPTION

The course covers macroeconomic concepts, policies and current macroeconomic scenario of India and the world. We begin the course with understanding of macroeconomic concepts, long term economic growth and drivers of long term economic growth. We then understand the meaning and causes of business cycles and, economic policies adopted to counter business cycles. We will then develop an understanding of the current international economic environment, Balance of Payment and exchange rate and their interlinkages. Finally, we wrap up the course with a case study to apply the learning from the course to an emerging market economic situation.

COURSE OBJECTIVES

The course aims at helping participants understand the complex macroeconomic scenario which confronts business. Specific objectives of the course are:

- To understand the meaning of national income and related concepts
- To understand drivers of long term economic growth and India's future growth prospects
- To know the causes of business cycles and economic policies to counter business cycles
- To understand the current international macroeconomic scenario

PEDAGOGY

The pedagogy will be predominantly lectures and classroom discussions. Applications of macroeconomic theory and case studies are discussed to reinforce understanding of concepts.

EVALUATION

Quiz:		40%
End Term	:	40%
Class Participation	:	20%

SCHEDULE OF SESSIONS:

Module 1: Basic macroeconomic concepts

Module Objective(s): In this module, participants will get to know about national income concepts such as GDP and GNP, Aggregate Demand and its components, measurement of inflation and sources of macroeconomic data. We will provide definition and understanding of important macroeconomic variables that will be used in the subsequent modules. We will also introduce participants to long term economic growth and its drivers with special reference to India and South East Asian countries.

Sessions 1&2 Basic concepts in macroeconomics

Reading Chap 1, pp.1-16 (DFS); Chap 2, pp.21-42 (DFS)
"Measuring What Matters", The Economist, 17th September, 2009

C1 Pg. 1~18
C2 Pg. 18~46

Session 3 Long term economic growth and its determinants

Reading Lecture notes of the instructor

S3 Pg. 47~56

Module 2: Economy in the Short Run – Role of Monetary and Fiscal Policy

Module objective: To understand the meaning and causes of business cycles, to explain the concept of money and monetary policy and, fiscal policy. We will explain how monetary and fiscal policies can be used to counter business cycles.

Session 4&5 Money and monetary policy

Money stock determination and money multiplier, monetary policy
Reading Chap 16, pp.411-424 (DFS)
Case Bank failure and the Money Supply in 1930s, pp.488-489 (NGM)

C4 Pg. 57~70
C5 Pg. 71~72

Session 6 Fiscal policy and budget

Reading Lecture notes of the instructor
Case Cutting Taxes to Stimulate the Economy, p.266 (NGM)

S6 Pg. 73~80
C7 Pg. 81~82

Module 3 External Sector, Balance of Payments and Exchange Rate

Module objective: To understand the current international economic environment, its impact on Indian economy. We will briefly explain the reason behind the subprime crisis and ongoing European debt crisis. We will discuss concepts of Balance of Payments, exchange rate and linkages among domestic economy, external environment, Balance of Payment and exchange rate.

Session 7 Current international economic scenario

Reading Lecture notes of the instructor

S8 Pg. 83~94

Session 8&9 Balance of Payments and Exchange Rate

Reading Lecture notes of the instructor

S9 Pg. 95~108

Session 10: Wrapping up

S10, Pg 109 ~ 120

Case: Hugo E.R. Uyterhoeven, Thailand in May and June of 1997, HBS 9-398-131

Text Books

1. Macroeconomics by Rudiger Dornbusch, Stanley Fischer, and Richard Startz, Ninth edition, McGraw-Hill, 2004 (DFS) 339 ~~142~~ D6M2
2. Macroeconomics by N. Gregory Mankiw, Fifth Edition, Worth Publishers, 2006 (NGM) - 339 m2m2

(These books may be referred in the library. Relevant portions will be given as part of the reading packet.)

Not included:-

Session 1: "Measuring what matters"