

# Indian Institute of Technology Kanpur

## Proposal for a New Course

1. **Course No:** ECO6XX
2. **Course Title:** Applied Macroeconomics
3. **Per Week Lectures:** 3 (L), Tutorial: 0 (T), Laboratory: 0 (P), Additional Hours [0-2]: 0 (A), Credits  $(3*L+0*T+0*P+0*A) = 9$  Credits
4. **Duration of Course:** Full Semester
5. **Proposing Department/IDP:** Economic Sciences

Other Departments/IDPs which may be interested in the proposed course: No

Other faculty members interested in teaching the proposed course:

Professors Wasim Ahmad, Bikramaditya Datta, Sohini Sahu and Sukumar Vellakkal

6. **Proposing Instructor(s):** Professor Anand Chopra

7. **Course Description:**

A) **Objectives:** The course is designed for Masters and upper-year undergraduate students to focus on the theoretical and policy aspects of macroeconomics. The course aims to instil the ability to read macroeconomic accounts data and use macroeconomic theory and identities to think about policy options.

B) **Contents:** This course will cover topics related to measurement of macroeconomic data, monetary and fiscal policy frameworks, international macroeconomics, and monetary economics.

S. No.	Broad Title	Topics	No. of Lectures #
1.	<b>Measuring Real and Nominal Variables</b>	Measurement and analysis of economy's aggregate economic activity – National Income Accounts, Aggregate price level, Inflation expectations, Real and nominal interest rates, Interest arbitrage	4
2	<b>Monetary and Fiscal Policy Framework</b>	Reading Central Bank and Government accounts, assessing effects of monetary and fiscal policies, credibility of budget projections, fiscal sustainability based on debt dynamics, Bank balance sheet vulnerabilities, micro- and macroprudential policies	8

<b>3</b>	<b>International Macroeconomics</b>	Balance-of-Payments Accounting, Valuation changes and Net International Investment position, Current account determination and sustainability, Terms of trade and Exchange rates	6
<b>4</b>	<b>Monetary Economics</b>	Overlapping generations models of money demand, Demand for fiat and commodity money, comparison between fiat money economy and commodity money economy	4
<b>5</b>	<b>Miscellaneous Topics</b>	Asset Pricing; Real Business Cycles; Economic crises – liquidity, financial, banking; Twin deficits and Ricardian equivalence; Recent Advances in macroeconomics	4

# Each class is of 90 minutes.

C) **Pre-requisites:** For Masters students: None; For UG students: ECO221A

D) **Short summary for including in the Courses of Study Booklet:** The course is designed for students who are interested in both the theoretical and policy aspects of macroeconomics with special attention on understanding and handling macroeconomic data.

**8. Recommended books:**

The course will rely on the following book chapters such as:

- 1) Modelling Monetary Economics by Bruce Champ, Scott Freeman and Joseph Haslag, Cambridge University Press, 4<sup>th</sup> edition
- 2) Macroeconomics for Professionals by Leslie Lipschitz and Susan Schadler, Cambridge University Press.
- 3) International Macroeconomics by Stephanie Schmitt-Grohé, Martin Uribe and Michael Woodford, Princeton University Press.

**9. Any other remarks:** None.

Dated: 04/10/2022      Proposer: Dr. Anand Chopra

Dated: \_\_\_\_\_ DUGC/DPGC Convener: \_\_\_\_\_

**The course is approved / not approved**

**Chairman, SUGC/SPGC**

**Dated: \_\_\_\_\_**