



Indian Institute of Management Indore

INTEGRATED PROGRAMME IN MANAGEMENT (IPM)

TERM: IX

TITLE OF THE COURSE: TOPICS IN MACROECONOMICS

CREDITS: 2

COURSE DESCRIPTION

Macroeconomics deals with short-run fluctuations in the aggregate variables and therefore a framework is necessary to develop an understanding of the propagation mechanism of various shocks hitting an economy in an inter-temporal setup. In order to understand the mechanism, it is important to have a basic knowledge about the relevant empirical facts and also to comprehend the microeconomic principles on which macroeconomic models are built. To lay the foundation the course will begin by measurement and empirical facts related to business cycles. Subsequently, students will be introduced to two-period models and their use in understanding saving, investment and credit market frictions and how they relate to important events like the Financial Crisis of 2007-2009. Finally, monetary factors would be integrated into the intertemporal model. The monetary intertemporal model would then be used to study the causes of business cycles and discuss issues related to Zero Lower Bound, Quantitative Easing, Liquidity issues etc. In addition, this course will also introduce students to working with macroeconomic data whereby students will learn how to connect theory with the empirics.

COURSE OBJECTIVES

- 1) Basic knowledge of business cycles
- 2) Basic understanding of the two-period models used to analyze short-run fluctuations
- 3) Understanding how data relates to theory
- 4) Introduction to important macroeconomic events like Great Recession, Zero Lower Bound, Quantitative Easing etc.