

**UNIVERSITY OF DELHI  
DELHI SCHOOL OF ECONOMICS  
DEPARTMENT OF ECONOMICS**

**Minutes of Meeting**

**Subject** : **B.A. (Hons) Economics**  
**Course** : **12 (Intermediate Macroeconomics-II)**  
**Date of Meeting** : **14 January, 2016; 2 pm**  
**Venue** : **Department of Economics, Delhi School of Economics,  
University of Delhi**  
**Convenor** : **Dr. Mausumi Das**

**Attended by:**

1	Anjana Singh	LSR
2	Jyoti Atri	Shyam Lal
3	Sushant	LSR
4	Suvojit L Chakravarty	Aryabhata
5	Archana Aggarwal	Hindu
6	Lokendra Kumawat	Ramjas
7	Virender Kumar	SRCC
8	Divisha Goyal	Hansraj
9	Pragya Nayyar	SGTB Khalsa
10	Jayesh Adeshra	Shaheed Bhagat Singh
11	Sumeet Goyal	DRC
12	Nitish	MH
13	Parul Kumar	Satyawati Eve.
14	Devendra Kumar	JDMC

**The following texts were agreed upon:**

**Readings:**

1. Rudiger Dornbusch & Stanley Fischer, *Macroeconomics*, 6<sup>th</sup> edn. McGraw Hill.
2. N. Gregory Mankiw, *Macroeconomics*, Worth Publishers, 6<sup>th</sup> edition, 2010.
3. Olivier Blanchard, *Macroeconomics*, Pearson Education, Inc., 5<sup>th</sup> edition, 2009.
4. Charles I. Jones, *Introduction to Economic Growth*, W.W. Norton & Company, 2<sup>nd</sup> edition, 2002.
5. Robert J. Gordon, *Macroeconomics*, 12<sup>th</sup> ed., Prentice-Hall India Limited.
6. Ben Heijdra, *Foundations of Modern Macroeconomics*, 2<sup>nd</sup> ed, OUP.
7. Frederic Mishkin, *Macroeconomics: Policy & Practice*, Pearson, 2012
8. Amartya Sen (ed), *Growth Economics*, Penguin. **(Book out of print. Scanned copy of relevant pages will be made available at the DSE website)**

## Topic wise Readings:

### 1. Economic Growth

(Approx. number of lectures: 12)

Harrod model; Solow model; golden rule; technological progress and elements of endogenous growth.

#### Readings:

1. A. Sen (ed.): Growth Economics, Introduction, **pages 9-14 only. (Notice: book out of print. Scanned copy of the relevant pages will be made available at the DSE website)**
2. Mankiw: Macroeconomics (6<sup>th</sup> ed.), Ch.s 7 & 8
3. Jones: Introduction to Economics Growth (2<sup>nd</sup> ed.), Ch.s 4 & 5\*

(\* For the R&D based growth models, Chapter 5 of Jones may be supplemented by the following reading:

Charles Jones: R&D based Models of Economic Growth, Journal of Political Economy, 1995, Vol 103 (4), Appendix - pages 779-781. **This reading is meant for teachers only.**)

### 2. Microeconomic Foundations

(Approx. number of lectures: 24)

#### A. Consumption

Keynesian consumption function; fisher's theory of optimal intertemporal choice; life-cycle and permanent income hypotheses; rational expectations and random-walk of consumption expenditure.

#### Readings:

1. Dornbusch & Fischer, *Macroeconomics* (6<sup>th</sup> ed), ch 11.
2. Mankiw, *Macroeconomics* (6<sup>th</sup> ed.), Ch. 15 (pp 441-447) and ch 16.

#### B. Investment

Determinants of business fixed investment; residential investment and inventory investment.

#### Readings:

1. Dornbusch & Fischer, *Macroeconomics* (6<sup>th</sup> ed), ch 12.

#### C. Demand for Money

Interest sensitivity of money demand function; Baumol's, Tobin's and Friedman's approach to money demand.

#### Readings:

1. Gordon, *Macroeconomics* (12<sup>th</sup> ed), chapter 13 (section 13.5 only).

### **3. Fiscal and Monetary Policy** (Approx. number of lectures: 12)

Active or passive; monetary policy objectives and targets; rules versus discretion: time consistency; the government budget constraint; government debt and Ricardian equivalence, Finance Systems & Regulation of Financial sectors; Financial Crises & Regulatory response.

#### **Readings:**

1. Blanchard, *Macroeconomics*, 5<sup>th</sup> edition, ch. 24-26.
2. Mishkin, *Macroeconomics*, ch. 14 (pages 345-357 + problems at the end of the chapter); ch 15 (pages 363-368 & 386-390).

### **4. Schools of Macroeconomic Thoughts** (Approx. number of lectures: 12)

Classicals; Keynesians; New-Classicals and New-Keynesians.

#### **Readings:**

1. Heijdra, *Foundations of Modern Macroeconomics*, 2<sup>nd</sup> ed, pages 19-28.
2. Gordon, *Macroeconomics*, 12<sup>th</sup> ed, ch. 17.

#### **Assessment:**

1. The internal evaluation will consist of two class tests of 10 marks each, with 5 marks being allocated for attendance.
2. The End-semester Examination (75 marks) will have the following format:  
The question paper should have total **five** questions (of equal marks) with the following distribution across topics: 1 question from topic 1, 2 questions from topics 2A, 2B and 2C together, 2 questions from topics 3 and 4 together.