

DEPARTMENT OF ECONOMICS

UNIVERSITY OF DELHI

Subject: B.A. (Prog.) Economics DSC Major and Non-Major
Sem: II
Course & Code: Introductory Macroeconomics ECON004
Date & Time: Friday 22nd November 2024 at 4:00 pm
Venue: <http://meet.google.com/rao-ahim-fys>
Convenor: Dibyendu Maiti, Swati Saini
Sub Committee: Dr. Tanu, Dr. Neha Goswami, Dr. Nidhi Dhamija, Dr. Swarup Santra,
Dr. Vishakha Jain

In Attendance

College Teachers:

Learning Objectives

- To introduce students to the basic concepts of macroeconomics.
- To discuss the preliminary concepts associated with determining and measuring aggregate macroeconomic variables like GDP, savings, investment, money, inflation, unemployment and the balance of payments.
- To introduce the simple analytical framework (e.g., the IS-LM Model) for analysing the relationships among key macroeconomic variables.

Learning Outcomes

- The students would be able to familiarise themselves with broad macroeconomic concepts like GDP, inflation, money supply, interest rate, inter-linkages, and interrelationships.
- By studying the course, the students will be able to critically evaluate various macroeconomic policies and their effects on output and interest rates in the economy.

Readings:

1. Andrew B. Abel, Ben S. Bernanke and Dean Croushore (2011). Macroeconomics, 7th edition, Pearson.
2. Oliver Blanchard and David R. Johanson (2013). Macroeconomics, 6th edition, Pearson
3. Rudiger Dornbusch, Stanley Fischer and Richard Startz (2011). Macroeconomics, 11th edition, McGraw-Hill.

Unit 1. Introduction to Macroeconomics and National Income Accounting (10 Hrs)

Basic issues studied in macroeconomics.

Measurements of Gross Domestic Product - income, expenditure and the circular flow; related aggregates; real versus nominal GDP; price indices; national income accounting for open economy, balance of payments accounts; current, capital and financial accounts.

- 1) Abel, Bernanke and Croushore: Chapter 1 (Sections 1.1)
- 2) Abel, Bernanke and Croushore: Chapter 2
- 3) Abel, Bernanke and Croushore: Chapter 5 (Section 5.1, pg. 165-176)

UNIT – II: Money (10 Hours)

Concept of money in a modern economy; monetary aggregates; functions of money; demand for money; money supply and credit creation; monetary policy tools.

- 1) Abel, Bernanke and Croushore: Chapter 7 (Section 7.1 Only)
- 2) Blanchard: Chapter 4

Unit 3: Simple Theory of Income Determination (11 Hrs)

Classical & Simple Keynesian model of income determination; Actual and potential GDP; aggregate expenditure; consumption function; investment function; equilibrium GDP; Concept of the multiplier; government sector and impact of changes in government expenditure and taxes.

- 1) Abel, Bernanke and Croushore: Chapter 1 (Section 1.3)
- 2) Dornbusch, Fischer and Startz: Chapter 9

Unit 4: IS-LM Analysis and Aggregate Demand (14 Hrs)

Derivation of IS-LM Curve; Fiscal and Monetary Multipliers; Derivation of Aggregate Demand.

- 1) Dornbusch, Fischer and Startz: Chapter 10 (excluding Section 10.5)
- 2) Dornbusch, Fischer and Startz: Chapter 11 (Sec. 11.1 to 11.3)

Assessment:

1. Internal Assessment (IA): 30 marks - one class test and another test or presentation (12 marks each) and 6 marks for attendance.
2. Continuous Assessment (CA): 40 marks - projects, presentations etc. (35 marks) and 5 marks for attendance.
3. The end semester exam: 90 marks will comprise numerical and other questions.

Suggested Weightage for each unit in the final examination

Unit 1 - 25 marks

Unit 2 - 20 marks

Unit-3 & 4 – 45 Marks