Subject: B.A. Programme Third Semester  
Course: PD31 Principles of Macroeconomics I (Discipline Core Course, DCC)  
Credit: 6  
Date: Thursday 8th July 2021  
Venue: Zoom Meeting hosted by Department of Economics, Delhi School of Economics, University of Delhi  
Meeting ID: 929 6990 1202  
Convenor: Dibyendu Maiti

Attended by:
- Pragya Shankar Ram Lal Anand College, Delhi University  
- Deepika Goel Aryabhatta College  
- Hena Oak Miranda House  
- Chetan Kumar Dyal Singh Evening College  
- Saachi Bhutani Bhagat Daulat Ram College  
- Bir Singh Delhi College of Arts and Commerce  
- Meenakshi Kohli Mata Sundri College for Women  
- Gunjan Agarwal Lakshmibai College  
- Renu Kumari Verma Motilal Nehru College (Evening)  
- Tanusree Dash Kamala Nehru College  
- Vandana Sethi Motilal Nehru College  
- Niti Arora Mata Sundri College for Women  
- Chander Kanta Gupta PGDAV College  
- Menka Singh Motilal Nehru College  
- Enakshi Sinha Ray Chaudhury Rajdhani College  
- Gargee Sarkar Indraprastha College for Women  
- Namita Mathur Indraprastha College for Women  
- Krishnakumar S Sri Venkateswara College  
- Iti Dandona Shivaji College  
- Meena Singh Sri Guru Nanak Dev Khalsa College  
- Manju Pande ARSD College  
- Swati Yadav BNC  
- Punam Tyagi Kalindi College  
- Richika Rana Shayama Prasad Mukherjee College for Women  
- Surendra Kumar Sharma Shyam Lal College, Eve. DU
Course Objective:

This course introduces students to the basic concepts in Macroeconomics. Macroeconomics deals with the aggregate economy. In this course, the students are introduced to the definition, measurement of the macroeconomic variables like GDP, consumption, savings, investment and balance of payments. The course also discusses various theories of determining GDP in the short run.

Course Learning Outcomes: This course is useful for understanding various real macroeconomic issues and evaluating policy outcomes

Course Outline:

Unit 1
- Introduction: What is macroeconomics? Macroeconomic issues in an economy
  (i) Abel and Bernanke Chapter 1 “Introduction to Macroeconomics”; Sections 1.1, 1.2 and 1.3 (pp 2 to 23) (Chapter 1 in LPE 5th edition)

Unit 2
- National Income Accounting: Concepts of GDP and National Income; measurement of national income and related aggregates; nominal and real income; limitations of the GDP concept
  (i) Abel and Bernanke Chapter 2 “The Measurement and Structure of the National Economy”; Sections 2.1, to 2.5 (pp 24 to 59) (Chapter 2 in LPE 5th)

Unit 3
- Determination of GDP: Actual and potential GDP; aggregate expenditure; consumption function; investment function; equilibrium GDP; concepts of MPS, APS, MPC, APC; autonomous expenditure; Concept of multiplier.
  (i) Dornbusch, Fisher and Startz Chapter 10 “Income and Spending”; Sections 10.1, 10.2 and 10.3 (pp 198 to 209)
  (ii) Abel and Bernanke Chapter 4 “Consumption, Saving and Investment”; Section 4.1 and 4.2 (pp 111 -113, 122- 128) (Chapter 4 in LPE 5th edition)

Unit 4
- National Income Determination in an Open Economy with Government; Fiscal Policy: impact of changes in government expenditure and taxes; net exports function; net exports and equilibrium national income.
  (i) Dornbusch, Fisher and Startz Chapter 10 “Income and Spending”; Sections 10.4 to 10.6 (pp 209 to 222)

Unit 5
- Money in a Modern Economy: Concept of money in a modern economy; monetary aggregates; demand for money; quantity theory of money; liquidity preference and rate of interest; money supply and credit creation; monetary policy
(i) Dornbusch, Fisher and Startz Chapter 16 “Demand for Money”; Sections 16.2, 16.3 and 16.5 (pp 385 to 391 and 395 to 399)
(ii) Blanchard and Johnson Chapter 4; Sections 4.1 to 4.4 (pp 83 to 104)

**Suggested number of lectures:**
Units 1 and 2 - approximately **15**;
Units 3 and 4 – approximately **30**;
Unit 5 - approximately **15**.

**Readings:**

**Assessment:**
1. Internal evaluation will comprise 1 class test and another test or presentation (10 marks each) and 5 marks for attendance.
2. The end semester exam (75 marks) will comprise of two sections: A and B. Sections A will comprise short questions of 5 marks each (5 to be attempted out of 7) and Section B will comprise long questions of 10 marks each (5 to be attempted out of 7). Questions based on numerical problems of approximately 15 to 20 marks to be included. The examination weightage: Topic 1 and 2: 20%; Topic 3 and 4: 50%; Topic 5: 30%