

University of Delhi
Delhi School of Economics
Department of Economics
Minutes of Meeting

Subject: B.A. Programme Sixth Semester
Course: PGE 61 Principles of Macroeconomics (Generic Elective, GE)
Credit: 06
Date: Tuesday, 21 December 2021
Venue: Zoom Meeting hosted by Department of Economics, Delhi School of Economics, University of Delhi
Meeting ID: 6988145585
Convenor: Dibyendu Maiti

Attended by:

Nidhi Pande Aggarwal, DCAC
Renu Sinha, Satyawati College (m)
Ruchi Bhalla, Jesus and Mary College
Pooja Sharma, Daulat Ram College
Ramesh Kumar, BNC
Animesh Kumar, Kamala Nehru College
Parul Jain, Sri Aurobindo College (M)
Gunjan Agarwal, Lakshmibai College
Mamta Ahuja, Sri Guru Nanak Dev Khalsa College
Hema Nagpal, Sri Aurobindo College (Morning)
Rashmi Kumar, Shaheed Bhagat singh Evening College
Pragya Shankar, Ram Lal Anand
Vibha Aggarwal, Indraprastha College for Women
Renu Kumari Verma, Motilal Nehru College Evening
Rakhi Solanki, Sri Aurobindo College (M)
Shruti Garg, sri Aurobindo college (M)
Kulwinder Kaur, SGTB Khalsa College
Smita Gupta, Jesus and Mary College
Mamta Ahuja, Sri Guru Nanak Dev Khalsa College

The committee discussed the changes under the previous system and stressed the need for mapping the units to clearly define the coverage. The committee asked Vibha Aggarwal to prepare a draft.

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 edition)

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)
- (ii) Net exports (Lipsey and Chrystal, pp. 386 to 392, 12th Edition or pp 421-24, 13th Edition)

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:

1. Abel, A., Bernanke, B. (2008). Macroeconomics, 5th ed. Pearson Education.
2. Blanchard, O, Johnson, D. (2017). Macroeconomics, 6th ed. Pearson Education.
3. Dornbusch, R., Fischer, S., Startz, R. (2018). Macroeconomics, 12th ed. McGraw-Hill Education India.
4. Lipsey, R. & Chrystal, A. (2015), Economics, 13th Edition, OUP, (pp 421-24). And 12th Edition (page 386 to 392)

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%