

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

Minutes of Meeting

Subject: General Electives (GE-4)

Course: ECON026: Principles of Macroeconomics I

Credits: 4 (3L+1T)

Date: Tuesday 14.03.2023

Venue: Department of Economics, Delhi School of Economics, University of Delhi

Convenor: Mausumi Das

Attended by:

Dr. Jasmin	Jesus and Mary College
Ruchi Bhalla	Jesus and Mary College
Anu Singh Deswal	Jesus and Mary College
Prof Deepashree	SRCC
AJC Bose	SRCC
Dr Archi Bhatia	Ramjas College
Sonakshi	Sri Venkateswara College
Dr. R. Ahalya	Daulat Ram College
	Sri Guru Nanak Dev Khalsa College
Dr. Meena Singh	
Aruna Rai	Sri Venkateswara College
Shanta Rani Kerketta	Lady Irwin College
ANIL KUMAR	RAMJAS COLLEGE
Dr. Tanjot Singh	Gargi College
Sanjeev Grewal	St. Stephen's College

Learning Objectives:

• This course introduces the basic concepts in Macroeconomics both in closed and open economy. It deals with the behaviour and characteristics of aggregate economy. This course introduces the definition, measurement of the macroeconomic variables like GDP, consumption, savings, investment and balance of payments. The course also discusses various theories and approaches of determining GDP.

Learning Outcomes:

• The students will have a broad understanding of macroeconomic variables and their measurement issues like GDP, inflation, money supply, interest rate and their interlinkages. It will also allow them to critically evaluate various macroeconomic policies and their effects on output and interest rate in the economy.

Readings:

1. Andrew Abel, Ben Bernanke and Dean Croushore (2020): Macroeconomics (10th edition), Pearson
2. Olivier Blanchard (2017): Macroeconomics (7th edition), Pearson
3. Rudiger Dornbusch, Stanley Fischer and Richard Startz (2011): Macroeconomics (11th edition), McGraw-Hill

Topic-wise Readings:

UNIT – I: Introduction (05 Hours)

What is macroeconomics? Macroeconomic issues in an economy

(i) *Abel, Bernanke and Croushore: Chapter 1 (Introduction to Macroeconomics)*

UNIT – II: National Income Accounting (10 Hours)

Concepts of GDP and National Income; measurement of national income and related aggregates; nominal and real income; limitations of the GDP concept

(i) *Abel, Bernanke and Croushore: Chapter 2 (The Measurement and Structure of the National Economy)*

UNIT – III: Determination of GDP (10 Hours)

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, Fischer and Startz: Chapter 1, Section 1.2, pages 14-16 (The Business Cycle and Output Gap) and Chapter 9 (Income and Spending)*

(ii) *Abel, Bernanke and Croushore: Chapter 4 (Consumption, Saving and Investment)*

UNIT – IV: National Income Determination in an Open Economy with Government (10 Hours)

Income determination; Fiscal Policy: impact of changes in government expenditure and taxes; net exports function; net exports and equilibrium national income.

(i) *Dornbusch, Fischer and Startz: Chapter 9 (Income and Spending)*

(i) *Abel, Bernanke and Croushore: Chapter 5, Section 5.2, pages 214-215 (Goods Market Equilibrium in an Open Economy)*

UNIT – V: Money in a Modern Economy (10 Hours)

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) *Abel, Bernanke and Croushore: Chapter 7, Section 7.1, pages 274-281 (What is Money)*

(ii) *Blanchard: Chapter 4 (Financial Markets I)*

Assessment:

1. Internal Assessment (IA): 30 marks

- (i) one class test (12 marks),
- (ii) one assignment (12 marks),
- (iii) class attendance (6 marks)

2. Continuous Assessment (CA): 40 marks

- (i) two class tests (adding up to 20 marks),
- (ii) A group research project with presentation, preferably looking at Indian data, especially for concepts and aggregates discussed in units 1, 2 and 5 (20 marks)

3. End-semester (Final) Exam: **90 marks** - will comprise **numerical and other** questions.

Weightage of each unit in the final examination:

Unit I and II - 20 marks

Unit III - 20 marks

Unit IV - 25 marks

Unit V - 25 marks

There will be **internal choice** within each section.