Department of Economics,
Delhi School of Economics
University of Delhi

Minutes of Meeting

Subject : Common Pool of GE Code : ECON028
Semester : IV/VI/VIII
Course : Principles of Macroeconomics II
Date : 26/11/2024 at 12:00 PM
Venue : Department of Economics
Chair : Dibyendu Maiti, Swati Saini

The meeting was attended by the following teachers:

S.No.	Name	College
1.	Gurusharan Rastogi	Aryabhatta College

No changes were suggested in the syllabus during the meeting. The topic-wise reading list from the minutes of the meeting dated 22.1.2024 is appended below.

Learning Objectives:

· This course introduces labour markets and derived the aggregate supply (AS) curve. · Then it integrates with Aggregate Demand (AD) to determine equilibrium prices and output.
· The course discusses Phillips curve and the alleged trade-off between inflation and unemployment.
· Both adaptive and rational expectations are introduced.

Learning Outcomes:

· The students would learn an analytical framework to analyse the basic functioning of the aggregate macro economy under closed and open economy.
· It also enables them to analyse the functioning of the economies in terms of the effects of fiscal and monetary policy and trade-off between inflation and unemployment.

Readings:

1. Olivier Blanchard (2007): Macroeconomics (4th edition), Pearson
2. Rudiger Dornbusch, Stanley Fischer and Richard Startz (2011): Macroeconomics (12th edition), McGraw-Hill
3. Andrew Abel, Ben Bernanke and Dean Croushore (2014): Macroeconomics (8th edition), Pearson

Topic-wise Readings:
UNIT – I: IS-LM Analysis for Income Determination (10 Hours)
 Derivation of the IS and LM functions; IS-LM and aggregate demand; shifts in the AD curve

UNIT – II: GDP and Price Level in Short Run and Long Run (10 Hours) Aggregate
Demand and Aggregate Supply; Multiplier Analysis with AD curve and Changes in Price
level; Aggregate Supply in the short-run and long-run
(i) *Dornbusch, Fischer and Startz**: Chapters* **10, 11, and 12** (*Income and Spending; Money,
Interest, and Income; Monetary and Fiscal Policy*)
(ii) *Blanchard**: Chapter* **7** (*Putting All Markets Together: The AS-AD Model*)
Supplementary Reading:
(iii) *Abel, Bernanke and Croushore**: Chapter 8** (*The IS-LM/AD-AS Model: A General
Framework for Macroeconomic Analysis*)

UNIT – III: Inflation and Unemployment (10 Hours)
Concept of Inflation; Determinants of Inflation; Relationship between Inflation and
Unemployment; Phillips Curve in the short-run and long-run
   (i) *Blanchard**: Chapters* **8** (*The Natural Rate of Unemployment and the Phillips
        Curve*)

UNIT – IV: Balance of Payments and Exchange Rate (6 Hours)
Balance of Payments; Current account and Capital Account; Market for Foreign Exchange;
Determination of Exchange Rate.
   (i) *Dornbusch, Fischer and Startz **: Chapter** **13** (*International Linkages*)

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/assignments (adding up to 20 marks),
(ii)) A group research project with presentation, preferably looking at Indian data (15 marks)
(iii) class attendance (5 marks)
3. End-semester (Final) Exam: **90 marks** - will comprise **numerical and other** questions.
Weightage of each unit in the final examination:
Unit I - 25 marks
Unit II- 25 marks
Unit III- 25 marks
Unit IV - 15 marks
There will be **internal choice** within each section.