

## GENERIC ELECTIVES (GE-4): PRINCIPLES OF MACROECONOMICS I

### CREDIT DISTRIBUTION, ELIGIBILITY AND PRE-REQUISITES OF THE COURSE

| Semester      | Course title & Code                               | Credits  | Credit distribution of the course |          |                     | Eligibility criteria  | Pre-requisite of the course |
|---------------|---|----------|-----------------------------------|----------|---------------------|-----------------------|-----------------------------|
|               |   |          | Lecture                           | Tutorial | Practical/ Practice |                       |                             |
| II/IV/VI/VIII | <b>Principles of Macroeconomics I<br/>ECON026</b> | <b>4</b> | <b>3</b>                          | <b>1</b> | <b>0</b>            | <b>Class XII pass</b> | <b>NIL</b>                  |

#### Learning Objectives

The Learning Objectives of this course are as follows:

- 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 Learning Outcomes of this course are as follows:

- The students will learn the broad understanding of macroeconomic variables and their measurement issues like GDP, inflation, money supply, interest rate and their inter- linkages.
- It will also allow them to critically evaluate various macroeconomic policies and their effects on output and interest rate in theeconomy.

#### SYLLABUS OF GE-4

##### UNIT – I: Introduction (9 hours)

What is macroeconomics? Macroeconomic issues in an economy

##### UNIT – II: National Income Accounting (9 hours)

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

##### UNIT – III: Determination of GDP (9 hours)

Actual and potential GDP; aggregate expenditure; consumption function; investment function; equilibrium GDP; concepts of MPS, APS, MPC, APC; autonomous expenditure; Concept of multiplier

##### UNIT – IV: National Income Determination in an Open Economy with Government (9 hours)

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

##### UNIT – V: Money in a Modern Economy (9 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.

**Practical component (if any) - NIL**

**Recommended readings**

- Andrew Abel, Ben Bernanke and Dean Croushore (2011). *Macroeconomics* (7th edition). Pearson
- Richard T. Froyen(2013). *Macroeconomics: Theories and Policies* (10th ed.), Pearson.
- Blanchard,O.(2018).*Macroeconomics*(7thedition).Pearson
- Blanchard,O.(2006).*Macroeconomics*(6thedition).Pearson
- Dornbusch, R., and S. Fischer. (1994). *Macroeconomics* (6th edition). McGraw- Hill
- R. Dornbusch, S. Fischer and R. Startz. (2018). *Macroeconomics* (12th edition). McGraw-Hill

**Note:** Examination scheme and mode shall be as prescribed by the Examination Branch, University of Delhi, from time to time.