GENERIC ELECTIVE (GE):

Economics : Principles of Macroeconomics I

CREDIT DISTRIBUTION, ELIGIBILITY AND PRE-REQUISITES OF THE COURSE

Course title & Code	Credits	Credit distribution of the course			Eligibility criteria	Pre-requisite of the course
		Lecture	Tutorial	Practical/ Practice		
Principles of Macroeconomics I ECON026	4	3	1	0	Class XII pass	NIL

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 the economy.

SYLLABUS OF GE-4

UNIT – I: Introduction (05 Hours)
What is macroeconomics? Macroeconomic issues in an economy

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

UNIT – III: Determination of GDP (10 Hours)
Actual and potential GDP; aggregate expenditure; consumption function; invest-
ment 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 (10 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 (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.

Practical component (if any) - NIL

Essential/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* (7th edition). Pearson
- Blanchard, O. (2006). *Macroeconomics* (6th edition). 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.