

ECONOMICS/BUSINESS ECONOMICS-309

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Syllabus for Class 12

Introductory Microeconomics

Unit I: Introduction

- What is microeconomics?
- Central problems

Unit II: Consumer Behaviour and Demand

- **Consumer's Equilibrium:** meaning and attainment of equilibrium through Utility Approach: One and two commodity cases.
- **Demand:** market demand, determinants of demand, demand schedule, demand curve, movement along and shifts in the demand curve, price elasticity of demand, measurement of price elasticity of demand – percentage, total expenditure, and geometric methods

Unit III: Producer Behaviour and Supply

- **Production function:** returns to factor and returns to scale
- **Supply:** market supply, determinants of supply, supply schedule, supply curve movement along and shifts in the supply curve, price elasticity of supply, measurement of price elasticity of supply – percentage, and geometric methods
- **Cost and Revenue:** Concepts of costs; short-run cost curves (fixed and variable costs; total, average and marginal costs); concepts of revenue – total, average and marginal revenue, and their relationship. Producer's equilibrium – with the help of MC and MR.

Unit IV: Forms of Market and Price Determination

- Forms of the market – perfect competition, monopoly, monopolistic competition – their meaning and features.
- Price determination under perfect competition – equilibrium price, effects of shifts in demand and supply.

Unit V: Simple Applications of Tools of Demand and Supply Curves

The teachers can be given the flexibility to choose the issues: rationing, floors and ceilings, and Food Availability Decline (FAD) Theory (the teachers may also choose alternative examples that are simple and easy to understand)

Note to textbook writers: More examples from day-to-day context could be given. More numerical examples (solved) will have to be given. The use of pictures, charts, and simple tables is essential.

Introductory Macroeconomics

Unit I: National Income and Related Aggregates — Basic Concepts and Measurement

- **Macroeconomics:** meaning.
- Circular flow of income, concepts of GDP, GNP, NDP, NNP (at market price and factor cost), National Disposable Income (gross and net); Private Income, Personal Income, and Personal Disposable Income
- Measurement of National Income – Value Added method, Income method, and Expenditure method.

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Unit II: Determination of Income and Employment

- Aggregate demand, aggregate supply, and their components
- Propensity to consume and propensity to save (average and marginal)
- Meaning of involuntary unemployment and full employment
- Determination of income and employment: two-sector model
- Concept of investment multiplier and its working
- Problems of excess and deficient demand
- Measures to correct excess and deficient demand – availability of credit, change in government spending
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Unit III: Money and Banking

- Money: meaning, evolution, and functions
- Central bank: meaning and functions
- Commercial banks: meaning and functions
- Recent significant reforms and issues in Indian Banking System: privatization and modernization

Unit IV: Government Budget and the Economy

- Government budget – meaning and its components
- Objectives of government budget
- Classification of receipts – revenue and capital; classification of expenditure – revenue and capital, plan and non-plan, and developmental and non-developmental
- Balanced budget, surplus budget, and deficit budget: meaning and implications
- Revenue deficit, fiscal deficit, and primary deficit: meaning and implications; measures to contain different deficits
- Downsizing the role of government: meaning and implications

Unit V: Balance of Payments

- Foreign exchange rate – meaning (fixed and flexible), merits and demerits; determination through demand and supply
- Balance of payments accounts – meaning and components
- A brief analysis of recent exchange rate issues