

**ECONOMICS**  
**CLASS - XII (2016-17)**

Paper 1

100 Marks

3 Hours

Units		Marks	Periods
<b>Part A</b>	<b>Introductory Microeconomics</b>		
	Introduction	6	11
	Consumer's Equilibrium and Demand	16	34
	Producer Behaviour and Supply	16	34
	Forms of Market and Price Determination under perfect competition with simple applications	12	31
		<b>50</b>	<b>110</b>
<b>Part B</b>	<b>Introductory Macroeconomics</b>		
	National Income and Related Aggregates	15	32
	Money and Banking	8	18
	Determination of Income and Employment	12	27
	Government Budget and the Economy	8	17
	Balance of Payments	7	16
		<b>50</b>	<b>110</b>

**Part A: Introductory Microeconomics**

**Unit 1: Introduction**

**11 Periods**

Meaning of microeconomics and macroeconomics, Positive and Normative Economics.

What is an economy? Central problems of an economy: what, how and for whom to produce; concepts of production possibility frontier and opportunity cost.

**Unit 2: Consumer's Equilibrium and Demand**

**34 Periods**

Consumer's equilibrium - meaning of utility, marginal utility, law of diminishing marginal utility, conditions of consumer's equilibrium using marginal utility analysis.

Indifference curve analysis of consumer's equilibrium-the consumer's budget (budget set and budget line), preferences of the consumer (indifference curve, indifference map) and conditions of consumer's equilibrium.

Demand, market demand, determinants of demand, demand schedule, demand curve and its slope, movement along and shifts in the demand curve; price elasticity of demand - factors affecting price elasticity of demand; measurement of price elasticity of demand - (a) percentage-change method and (b) geometric method (linear demand curve); relationship between price elasticity of demand and total expenditure.

**Unit 3: Producer Behaviour and Supply****34 Periods**

Meaning of Production function - Short-Run and Long-Run

Total Product, Average Product and Marginal Product.

Returns to a Factor

Cost: Short run costs - total cost, total fixed cost, total variable cost; Average cost; Average fixed cost, average variable cost and marginal cost-meaning and their relationships.

Revenue - total, average and marginal revenue - meaning and their relationships.

Producer's equilibrium-meaning and its conditions in terms of marginal revenue-marginal cost. Supply, market supply, determinants of supply, supply schedule, supply curve and its slope, movements along and shifts in supply curve, price elasticity of supply; measurement of price elasticity of supply - (a) percentage-change method and (b) geometric method.

**Unit 4: Forms of Market and Price Determination under Perfect Competition with simple applications.****31 Periods**

Perfect competition - Features; Determination of market equilibrium and effects of shifts in demand and supply.

Other Market Forms - monopoly, monopolistic competition, oligopoly - their meaning and features.

Simple Applications of Demand and Supply: Price ceiling, price floor.

**Part B: Introductory Macroeconomics****Unit 5: National Income and Related Aggregates****32 Periods**

Some basic concepts: consumption goods, capital goods, final goods, intermediate goods; stocks and flows; gross investment and depreciation.

Circular flow of income; Methods of calculating National Income - Value Added or Product method, Expenditure method, Income method.

Aggregates related to National Income: Gross National Product (GNP), Net National Product (NNP), Gross and Net Domestic Product (GDP and NDP) - at market price, at factor cost; National Disposable Income (gross and net), Private Income, Personal Income and Personal Disposable Income; Real and Nominal GDP.

GDP and Welfare

**Unit 6: Money and Banking****18 Periods**

Money - its meaning and functions.

Supply of money - Currency held by the public and net demand deposits held by commercial banks.

Money creation by the commercial banking system.

Central bank and its functions (example of the Reserve Bank of India): Bank of issue, Govt. Bank, Banker's Bank, Control of Credit through Bank Rate, CRR, SLR, Repo Rate and Reverse Repo Rate, Open Market Operations, Margin requirement.

**Unit 7: Determination of Income and Employment****27 Periods**

Aggregate demand and its components.

Propensity to consume and propensity to save (average and marginal).

Short-run equilibrium output; investment multiplier and its mechanism.

Meaning of full employment and involuntary unemployment.

Problems of excess demand and deficient demand; measures to correct them - changes in government spending, taxes and money supply.

**Unit 8: Government Budget and the Economy** **17 Periods**

Government budget - meaning, objectives and components.

Classification of receipts - revenue receipts and capital receipts; classification of expenditure - revenue expenditure and capital expenditure.

Measures of government deficit - revenue deficit, fiscal deficit, primary deficit their meaning.

**Unit 9: Balance of Payments** **16 Periods**

Balance of payments account - meaning and components; balance of payments deficit-meaning.

Foreign exchange rate - meaning of fixed and flexible rates and managed floating.

Determination of exchange rate in a free market.

**Prescribed Books:**

1. Statistics for Economics, Class XI, NCERT
2. Indian Economic Development, Class XI, NCERT
3. Introductory Micro Economics, Class XII, NCERT
4. Macro Economics, Class XII, NCERT
5. Supplementary Reading Material in Economics, Class XII, CBSE

**Note:** The above publications are also available in Hindi Medium.

**Suggested Question Paper Design**  
**Economics (Code No 030)**  
**Class XII (2016-17)**  
**March 2017 Examination**

Marks: 100

Duration: 3 hrs.

S. No.	Typology of Questions	Very Short Answer MCQ 1 Mark	Short Answer I 3 Marks	Short Answer II 4 Marks	Long Answer 6 Marks	Marks	%
1	<b>Remembering-</b> (Knowledge based Simple recall questions, to know specific facts, terms, concepts, principles, or theories; identify, define, or recite, information)	2	1	2	2	25	25%
2	<b>Understanding-</b> (Comprehension to be familiar with meaning and to understand conceptually, interpret, compare, contrast, explain, paraphrase, or interpret information)	3	2	1	2	25	25%
3	<b>Application-</b> (Use abstract information in concrete situation, to apply knowledge to new situations; Use given content to interpret a situation, provide an example, or solve a problem)	3	1	2	1	20	20%
4	<b>High Order Thinking Skills-</b> (Analysis & Synthesis- Classify, compare, contrast, or differentiate between different pieces of information, Organize and/or integrate unique pieces of information from a variety of sources)	1	1	1	2	20	20%
5	<b>Evaluation-</b> (Appraise, judge, and/or justify the value or worth of a decision or outcome, or to predict outcomes based on values)	1	1	-	1	10	10%
<b>Total</b>		<b>10x1=10</b>	<b>6x3=18</b>	<b>6x4=24</b>	<b>8x6=48</b>	<b>100 (30)</b>	<b>100%</b>

**Note:** There will be **Internal Choice** in questions of 3 marks, 4 marks and 6 marks in both sections (A and B). (Total 3 internal choices in section A and total 3 internal choices in section B).