

**ECONOMICS**  
**CLASS - XII (2014-15)**

Paper 1

100 Marks

3 Hours

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

**Note:** The question paper will include a section on **Open Case Studies** based-questions on two case studies, each from Part A and Part B of 8 marks, a total of 16 marks. The case studies will be supplied to students in advance. These case studies are designed to test the analytical and higher order thinking skills of students.

**Part A: Introductory Microeconomics**

**Unit 1: Introduction**

**11 Periods**

Meaning of microeconomics and macroeconomics

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, 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**

Production function: Total Product, Average Product and Marginal Product.

Returns to a Factor.

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

Revenue - total, average and marginal revenue.

Producer's equilibrium-meaning and its conditions in terms of marginal revenue-marginal cost.

Supply, market supply, determinants of supply, supply schedule, supply curve, 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 tools 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, Controller of Credit through CRR, SLR, Reverse Repo, 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 - change in government spending, availability of credit.

## **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. Indian Economic Development, Class XI, NCERT
2. Introductory Micro Economics, Class XII, NCERT
3. Macro Economics, Class XII, NCERT
4. Supplementary Reading Material in Economics, Class XII, CBSE

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

**Suggested Question Paper Design**  
**Economics (Code 030)**  
**Class XII (2014-15)**  
**March 2015 Examination**

Marks 100

Duration: 3 hrs.

S. No.	Typology of Questions	Very Short Answer MCQ 1 Mark	Short Answer II 3 Marks	Short Answer I 4 Marks	Long Answer 6 Marks	Marks	%
1.	<b>Remembering- (Knowledge based)</b> 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- (Comprehension)</b> -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)	-	2	2	1	20	20
4.	<b>High Order Thinking Skills (Analysis &amp; Synthesis-</b> Classify, compare, contrast, or differentiate between different pieces of information; Organize and/or integrate unique pieces of information from a variety of sources)	2	2	-	2	20	20
5.	<b>Evaluation and Multi-Disciplinary-</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>		8x1=8	8x3=24	5x4=20	8x6=48	100 (29)	100

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