

17. ECONOMICS (Code No. 030) (2017-18)

Rationale

Economics is one of the social sciences, which has great influence on every human being. As economic life and the economy go through changes, the need to ground education in children's own experience becomes essential. While doing so, it is imperative to provide them opportunities to acquire analytical skills to observe and understand the economic realities.

At senior secondary stage, the learners are in a position to understand abstract ideas, exercise the power of thinking and to develop their own perception. It is at this stage, the learners are exposed to the rigour of the discipline of economics in a systematic way.

The economics courses are introduced in such a way that in the initial stage, the learners are introduced to the economic realities that the nation is facing today along with some basic statistical tools to understand these broader economic realities. In the later stage, the learners are introduced to economics as a theory of abstraction.

The economics courses also contain many projects and activities. These will provide opportunities for the learners to explore various economic issues both from their day-to-day life and also from issues, which are broader and invisible in nature. The academic skills that they learn in these courses would help to develop the projects and activities. The syllabus is also expected to provide opportunities to use information and communication technologies to facilitate their learning process.

Objectives:

- Understanding of some basic economic concepts and development of economic reasoning which the learners can apply in their day-to-day life as citizens, workers and consumers.
- Realisation of learners' role in nation building and sensitivity to the economic issues that the nation is facing today.
- Equipment with basic tools of economics and statistics to analyse economic issues. This is pertinent for even those who may not pursue this course beyond senior secondary stage.
- Development of understanding that there can be more than one view on any economic issue and necessary skills to argue logically with reasoning.

**ECONOMICS
CLASS - XII (2017-18)**

Theory: 80 Marks

Project: 20 Marks

Units		Marks	Periods
Part A	Introductory Microeconomics		
	Introduction	4	8
	Consumer's Equilibrium and Demand	13	32
	Producer Behaviour and Supply	13	32
	Forms of Market and Price Determination under perfect competition with simple applications	10	28
		40	100
Part B	Introductory Macroeconomics		
	National Income and Related Aggregates	10	28
	Money and Banking	6	15
	Determination of Income and Employment	12	27
	Government Budget and the Economy	6	15
	Balance of Payments	6	15
		40	100
Part C	Project Work	20	20

Part A: Introductory Microeconomics

Unit 1: Introduction 8 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 32 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 - percentage-change method.

Unit 3: Producer Behaviour and Supply**32 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 relationship.

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 - percentage-change method.

Unit 4: Forms of Market and Price Determination under Perfect Competition with simple applications.**28 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****28 Periods**

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

Circular flow of income (two sector model); 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; Real and Nominal GDP.

GDP and Welfare

Unit 6: Money and Banking**15 Periods**

Money - meaning and 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

15 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

15 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 (2017-18)
March 2018 Examination

Marks: 80

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	Remembering- (Knowledge based Simple recall questions, to know specific facts, terms, concepts, principles, or theories; identify, define, or recite, information)	2	-	2	2	22	27%
2	Understanding- (Comprehension -to be familiar with meaning and to understand conceptually, interpret, compare, contrast, explain, paraphrase, or interpret information)	2	1	2	1	19	24%
3	Application (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	1	1	1	15	19%
4	High Order Thinking Skills (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	1	14	17%
5	Evaluation and Multi-Disciplinary- (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	13%
	Total	8x1=8	4x3=12	6x4=24	6x6=36	80 (24)	100%

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).

Guidelines for Project Work in Economics (Class XII)

- Students are supposed to pick any **ONE** of the two suggested projects.
- Teachers should help the students to select the topic after detailed discussions and deliberations. Teacher should play the role of a facilitator and should supervise and monitor the project work of the student. The teacher must periodically discuss and review the progress of the project.
- The teacher must play a vital role of a guide in the research work for the relevant data, material and information regarding the project work. Also, the students must be guided to quote the source (in the Bibliography/References section) of the information to ensure authenticity.
- The teacher must ensure that the students actually learn the concepts related to the project as he/she would be required to face questions related to the project in viva-voce stage of the final presentation of the project.
- The teacher may arrange a presentation in the classroom of each and every student so that students may learn from each others' project work.
- The teacher must ensure that the students learn various aspects of the concept related to the topic of the project work.

I. Project (Option One) : What's Going Around Us

The purpose of this project is to -

- Enable the student to understand the scope and repercussions of various Economic events and happenings taking place around the country and the world. (eg. The Dynamics of the Goods & Services Tax and likely impacts on the Indian Economy or the Economics behind the Demonetisation of 500 and 1000 Rupee Notes and the Short Run and Long Run impact on the Indian Economy or The impact of BREXIT from the European Union etc.)
- Provide an opportunity to the learner to develop economic reasoning and acquire analytical skills to observe and understand the economic events.
- Make students aware about the different economic developments taking place in the country and across the world.
- Develop the understanding that there can be more than one view on any economic issue and to develop the skill to argue logically with reasoning.
- Compare the efficacy of economic policies and their respective implementations in real world situations and analyse the impact of Economic Policies on the lives of common people.
- Provide an opportunity to the learner to explore various economic issues both from his/her day to day life and also issues which are of broader perspective.

Scope of the project: Student may work upon the following lines:

- Introduction
- Details of the topic
- Pros and Cons of the economic event/happening
- Major criticism related to the topic (if any)
- Students' own views/perception/ opinion and learning from the work
- Any other valid idea as per the perceived notion of the student who is actually working and presenting the Project-Work.

Mode of presentation and submission of the Project: At the end of the stipulated term, each student will present the work in the Project File (with viva voce) to the external examiner.

Marking Scheme: Marks are suggested to be given as -

S. No.	Heading	Marks Allotted
1.	Relevance of the topic	3
2.	Knowledge Content/Research Work	6
3.	Presentation Technique	3
4.	Viva	8
	Total	20 Marks

The external examiner should value the efforts of the students on the criteria suggested.

Suggestive List

1. Micro and small scale industries
2. Food supply channel in India
3. Contemporary employment situation in India
4. Disinvestment policy
5. Health expenditure (of any state)
6. Goods and Services Tax Act
7. Inclusive growth strategy
8. Human Development Index
9. Self help groups
10. Any other topic

II. Project (Option Two): Analyse any concept from the syllabus

The purpose of this project is to -

- Develop interest of the students in the concepts of Economic theory and application of the concept to the real life situations.
- Provide opportunity to the learners to develop economic reasoning *vis-a-vis* to the given concept from the syllabus.
- Enable the students to understand abstract ideas, exercise the power of thinking and to develop his/her own perception
- To develop the understanding that there can be more than one view on any economic issue and to develop the skill to argue logically with reasoning
- Compare the efficacy of economic policies in real world situations
- To expose the student to the rigour of the discipline of economics in a systematic way
- Impact of Economic Theory/ Principles and concepts on the lives of common people

Scope of the project:

Following essentials are required to be fulfilled in the project.

Explanation of the concept:

- Meaning and Definition
- Application of the concept
- Diagrammatic Explanation (if any)
- Numerical Explanation related to the concept etc. (if any)
- Students' own views/perception/ opinion and learning from the topic..

Mode of presentation and submission of the Project:

At the end of the stipulated term, each student(s) will present their work in the Project File (with viva voce) to the external examiner.

Marking Scheme:

Marks are suggested to be given as -

S. No.	Heading	Marks Allotted
1.	Relevance of the topic	3
2.	Knowledge Content/Research Work	6
3.	Presentation Technique	3
4.	Viva	8
	Total	20 Marks

The external examiner should value the efforts of the students on the criteria suggested.

Suggested List

- Price Determination
- Opportunity Cost
- Demand and its determinants
- Production - Returns to a Factor
- Monopoly
- Monopolistic Competition
- Money Multiplier
- Government Budget & its Components
- Exchange Rate Systems
- Balance of payments
- Price Discrimination
- Production Possibility Curve
- Supply and its determinants
- Cost function and Cost Curves
- Oligopoly
- Credit Creation
- Central Bank and its functions
- Budget deficit
- Foreign Exchange Markets
- Any other topic