Class 12

Micro and Macro Economics

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Class - XII

Board of Secondary Education, Rajasthan, Ajmer

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Foreword

For students, textbook is the basis of sequential studies, confirmation, review and future studies. The level of school text book becomes very important from the content and teaching - method's perspective. Text-books should not be made insentient or to glorify things. Even today text-books are an important instrument of teaching-learning process, which cannot be ignored.

For the last few years the syllabus of Board of Secondary Education, Rajasthan was felt to be lacking in representation of linguistic and cultural events of Rajasthan. Keeping this in view the state government decided to implement its syllabus through Board of Secondary Education, Rajasthan, for the students of class 9-12. In accordance to this, Board, has got assembled the text-books for classes 9 to 11 from the session 2016-17 based on the set syllabus. Hope these text books will be instrumental in providing the students with originality of thought process, contemplation and expression.

Prof. B.L. Choudhary

Chairman

Board of Secondary Education Rajasthan

Ajmer

Micro Economics

Name of Unit-

(A). Introduction (Unit I) **5 Marks**

1. Introduction- Meaning of micro economics and macro economics; meaning of positive and normative economics; central problems of an economy, what, how and for to produce; production possibility curve; concepts of opportunity and marginal opportunity cost.

(B). Consumer's behaviour (Unit II) **12 Marks**

1. Consumer's equilibrium Utility analysis; utility meaning and types; law of diminishing marginal utility, law of equi-marginal utility, assumption – consumer's equilibrium in marginal utility analysis; Analysis of Indifference curve and consumer's equilibrium.

2. Concepts of demand- demand, market demand, demand schedule, demand curve, factors affecting demand, change in quantity of demand, law of demand(detailed explanation).

3. Elasticity of demand- Meaning of elasticity of demand, degrees of elasticity of demand, measurement of elasticity of demand (i) Percentage method.(ii) total expenditure method. (iii) Geometric method.(in context to linear demand curve), factors affecting the elasticity of demand

(C). Producer's behaviour (Unit III) **12 Marks**

1. Concept of supply- supply, market supply, supply schedule, factors affecting supply, change in quantity of supply, change in supply. Law of supply. (detailed explanation)

2. Production function- meaning of production function; fixed and variable factors; meaning of production function and its types. Concepts of short run production function; total production, average production and marginal production. Law of variable proportions; ideal stage of production.

3. Concept of cost – meaning of cost, types (Explicit cost and implicit cost, personal cost, social cost, monetary cost and actual cost), short run cost curves- total cost, total fixed cost, total variable cost, average cost, marginal cost. Relationship among short run cost curves.

4. Concepts of revenue- meaning, types- total revenue, average revenue and marginal revenue and their relationship between price and average revenue. Revenue curve in various market conditions.

5. Equilibrium of producer- meaning and assumptions-(i) Total cost and total revenue.(ii) Marginal cost and marginal revenue methods.

(D). Market and price determination (Unit IV)- **11 Marks**

1. Perfect competition- meaning of market, types, meaning and characteristics of perfect competition.

2. Other forms of market- Monopoly, monopolistic competition (Imperfect competition) and meaning of oligopoly and its characteristics.

3. Market equilibrium- equilibrium price, equilibrium price and determination of market equilibrium, effect of change in demand and supply on market equilibrium.

Macro economics

(A) Concepts of national income (Unit I) — 11 marks

1. Basic concepts of national income- concepts of stock and flow, meaning of circular floe of income in two sectors economy, consumable goods and capital goods, final goods and intermediatry goods, gross and net investment and depreciation, concept of domestic territory and residents of a country, concept of net factors income from abroad, concept of net indirect taxes.

2. National income and its relates aggregates- Gross and net domestic product, gross and net national product (at market price net factors cost), National disposable income(gross and net).private income, personal income, and personal disposable income, concept of per capita income.

3. Measurement of national income- Value added method, income method and expenditure method. Relation between national income and welfare.

(B) Money and banking (Unit II) — 10 Marks

1. Money- meaning and problem of batter system, functions and meaning of money.

2. Commercial Bank-meaning, functions and methods of credit creation.

3. Central Bank- Meaning, function and method of credit control (in special context to Reserve Bank of India)

(C) Determination of income and employment (Unit III) — 10 Mark

1. Concept of consumption function, saving function and investment function- propensity to consume, saving function and propensity to save, concept of investment function.

2. Determination of Income and output- concepts of aggregate demand and aggregate supply. Determination of equilibrium level of income, concept of coefficient of investment.

3. Excess demand and low demand- meaning, explanation of excess demand and low demand with reference to aggregate demand and aggregate supply, measures of control (monetary and fiscal measures)

(C) Concept of Budget and International trade (Unit IV) — 7 Mark

1- Government budget and economy- Meaning of budget, objectives and its components, revenue receipts and capital receipts, revenue expenditure and capital expenditure, concepts of budget deficit, fiscal deficit and primary deficit.

2. Concepts of International trade- Meaning of international trade, equilibrium concept of balance of trade and balance of payment. Meaning of foreign exchange rate, determination of foreign exchange rate through demand and supply, devaluation and revaluation of money.

3. Cashless transaction. (Unit V) — 2 Marks

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