

# Economic Applications Syllabus

There is one theory paper of two hours duration of 100 marks and Internal Assessment of 100 marks. The paper consists of Part I and Part II.

Part I (compulsory) contains short answer questions on the entire syllabus. Part II consists of questions that require detailed answers. There is a choice of questions.

## 1. Demand And Supply: Basic Concepts

**Demand** - Meaning and Types of Demand

**Supply** - Meaning

**Law of demand and supply:** demand and supply schedule and curve (both individual and market); movement and shift of the demand and supply curve; determinants of demand and supply; exceptions to the law of demand.

Meaning of Demand and Supply. Types of Demand (Joint Demand, Derived Demand and Composite Demand).

A basic understanding of the law of demand and supply in which demand and supply schedules are to be used to explain the demand and supply curves. The individual demand and supply curves must be distinguished from market demand and supply curves. Determinants of demand and supply are to be specified. Exceptions to the law of demand are to be discussed.

Elasticity of demand and elasticity of supply Meaning, types; percentage, method of measuring elasticity of demand and elasticity of supply, Factors affecting elasticity of demand and elasticity of supply.

The concept of price elasticity of demand and supply are to be explained with percentage method. The factors affecting the elasticity of demand and supply are to be specified. (Simple numericals should be taught)

## 2. Factors of Production: Basic Concepts

Factors of production - Land, Labour, Capital and Entrepreneur.

**Land** - meaning and characteristics, functions and its importance, factors affecting productivity of land.

Destruction of ecosystem due to changing patterns of land use, migration, industrialization, shifting cultivation, dwelling units, mining, urbanization, construction of dams, etc.

**Labour** - meaning and characteristics. Division of labour - meaning, types, advantages and disadvantages. Efficiency of labour - meaning, reasons for low efficiency of Indian labour.

**Capital** - meaning, types and characteristics. Capital formation - meaning, factors affecting capital formation.

**Entrepreneur** - meaning, functions and role of entrepreneurs in economic development.

### 3. Alternative Market Structures: Basic Concepts

Nature and structure of markets - Perfectly competitive market, Monopoly market, Monopolistically competitive market, concept of product differentiation, Monopsony market.

The main features of the following market structures are to be discussed in the context of present business scenario – Perfectly competitive market, Monopoly market, Monopolistically competitive market, Monopsony market (meaning to be highlighted).

### 4. The State and Economic Development

The role of State in promoting development; the instruments of State intervention- fiscal policy and monetary policy; The Public sector enterprises - their role and problems; the issue of privatization of public enterprises.

A basic understanding of the role of the State in the economy needs to be highlighted in the context of Indian economy. The meaning of fiscal policy. Direct and Indirect Taxes (meaning, merits and demerits), Types of Taxes (progressive, regressive, proportional and degressive- meaning with examples). Monetary Policy – meaning only. Public sector - its role and problems. Reasons for Privatization.

### 5. Money and Banking: Basic Concepts

Money: meaning, functions of Money; Inflation - meaning, effects of inflation on the functioning of the economy (in brief). Banking: Commercial Banks - functions; Central Bank - functions; quantitative and qualitative credit control measures adopted by RBI.

A basic understanding of the concepts of money, its functions. Meaning and types of inflation to be discussed (Creeping, Walking, Running and Hyper-inflation). The impact of inflation on various economic entities such as debtors and creditors, fixed income groups and producers are to be explained very briefly. Functions of commercial banks and functions of RBI - qualitative and quantitative controls used by the RBI as part of its credit control measures should be explained.