
CBSE CLASS XII
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

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Paper 1 (100 Marks) (3 Hours)

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 and 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

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 - (a) percentage change method.

Unit 3: Producer Behaviour and Supply (32 Periods)

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.(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; 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 (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, Controller 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)

1. Typology of Questions: **Remembering-** (Knowledge based Simple recall questions, to know meaning of specific facts, terms, concepts, principles, or theories; Identify information)

Very Short Answer/ MCQ 1 Mark: 2

Short Answer I 3 Marks: 0

Short Answer II 4 Marks: 2

Long Answer 6 Marks: 2

Total Marks: 22

% Weightage: 27%

2. Typology of Questions: **Understanding-** (Comprehension to be familiar with meaning and to understand conceptually, interpret, compare, contrast, explain, paraphrase, or interpret information)

Very Short Answer/ MCQ 1 Mark: 2

Short Answer I 3 Marks: 1

Short Answer II 4 Marks: 2

Long Answer 6 Marks: 1

Total Marks: 19

% Weightage: 24%

3. Typology of Questions: **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)

Very Short Answer/ MCQ 1 Mark: 2

Short Answer I 3 Marks: 1

Short Answer II 4 Marks: 1

Long Answer 6 Marks: 1

Total Marks : 15

% Weightage : 19%

4. Typology of Questions : **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)

Very Short Answer/ MCQ 1 Mark : 1

Short Answer I 3 Marks : 1

Short Answer II 4 Marks : 1

Long Answer 6 Marks : 1

Total Marks : 14

% Weightage : 17%

5. Typology of Questions : **Evaluation-** (Appraise, judge, and/or justify the value or worth of a decision or outcome, or to predict outcomes based on values)

Very Short Answer/ MCQ 1 Mark : 1

Short Answer I 3 Marks : 1

Short Answer II 4 Marks : 0

Long Answer 6 Marks : 1

Total Marks : 10

% Weightage : 13%

TOTAL:

Very Short Answer/ MCQ 1 Mark : $8 \times 1 = 8$

Short Answer I 3 Marks : $4 \times 3 = 12$

Short Answer II 4 Marks : $6 \times 4 = 24$

Long Answer 6 Marks : $6 \times 6 = 36$

Total Marks : 80 (24)

% Weightage : 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).