						Letter **P=Y=A=E** **No Change** P→Production Y→Income A→Added E→Expenditure			
Given	Required	Operation	Given	Required	Operation		Given	Required	Operation
G	N	-DEP.	N	D	-NFYA		MP	FC	-NIT
N	G	+ DEP.	D	N	+NFYA		FC	MP	+NIT
G→Gross, N→›Net, Dep→Depreciation			N→ Net, G→Gross NFYA → Net factor income from abroad				MP→Market Price, FC→Factor cost, NIT → Net indirect tax→		

Working of Measurement Chart

If **G**ross **N**ational **P**roduct at **F**actor **c**ost is given and we have to find out **N**et **D**omestic **P**roduct At **M**arket **P**rice then we have to use the measurement chart in the following way:-

Now given information is GNPFC & Required information is NDPMP Step I First

Letter G is given & N is required therefore we have to do **-** Dep Step II Compare the

second letter here N is given & D is required therefore we have to – NFYA.

Step III On comparing the third letters we find that both are P therefore no change is required Step IV When we compare the fourth letters we find that FC is given & we have to find out MP therefore we have to + NIT

Now the Equation would be like this NDPMP=GNPFC-Dep-NFYA+NIT

A)Numerical Example

Calculate

a) **G**ross **N**ational **P**roduct (**M**arket **P**rice)
b) **G**ross **N**ational **P**roduct (**F**actor **C**ost)
c) **N**et **N**ational **P**roduct (**M**arket **P**rice)
d) **Net** **N**ational **P**roduct (**F**actor **C**ost)
e) **G**ross **D**omestic **P**roduct (**M**arket **P**rice)
f) **G**ross **D**omestic **P**roduct **F**actor **C**ost
g) **N**et **D**omestic **P**roduct **M**arket **P**rice
h) **G**ross **N**ational **P**roduct (**M**arket **P**rice)
i) **G**ross **N**ational **P**roduct (**F**actor **C**ost)
j) **N**et **N**ational **P**roduct (**M**arket **P**rice)
k) **Net** **N**ational **P**roduct (**F**actor **C**ost)
l) **G**ross **D**omestic **P**roduct (**M**arket **P**rice)
m) **G**ross **D**omestic **P**roduct **F**actor **C**ost
n) **N**et **D**omestic **P**roduct **M**arket **P**rice

When the following informations are given:-

S.no.	**Items**	**Rs.(Crores)**
a)	**N**et **D**omestic **P**roduct **F**actor **C**ost	1500
b)	Net Factor Income From abroad	50
c)	Depreciation	20
d)	Net exports	10
e)	Net indirect taxes	75

a)GNP MP= **NDPFC + Dep + NFYA+NIT**

=1500+20+50+75

Rs.1645 Cr.

b)GNP FC= **NDPFC + Dep + NFYA**

=1500+20+50

Rs.1570 Cr.

c)NNPMP= NDPFC +NFYA+NIT

= 1500+50+75

= Rs. 1625Cr

d)NNPFC= NDPFC +NFYA

= 1500+50

Rs. 1550Cr**.**

Note :- Remaining part of this questions may be solved by the students

B)Use Of Measurement Chart To Make A Comparison Between Two Concepts Of National Income Aggregates:-

Differentiate between GNPMP & NDPFC :- For this we have to compare the concepts using measurement charts letter wise formula is to be obtained at first the it can easily be converted in to statements.

In this case on comparing **GNPMP & NDPFC** we find that GNPMP= NDPFC + Dep + NFYA+NIT

Now we can convert the above formula in to point of differences:-

Sl.No.	**GNPMP**	**NDPFC**
1	Depreciation is the part of GNP at market price	It is not included in NDP at factor cost
2	Net factor income from abroad is to be included	NFYA is excluded to obtain this value
3	Net indirect taxes are an integral part of GNP at market price	It is not to be included
4	It is a wider concept	It is a narrow concept as it is the part of GNP at market price

4. Role Play Model on “Sustainable Economic Development”

Role Play encourages students to learn about the topics related with ***Sustainable Economic Development***. The present Role Play is focused around a class room activity with the students of class XI/XII; however, the general principle cans be used widely. Apart from raising awareness of sustainable development it encourages critical thinking, evaluation and promotes good professional practice.

Through conducting the study students will improve their research, group working and presentation skills.

According to the 1987 World Commission of Environment and Development (‘Our common future: from one earth to one world’),

Sustainable Development is 'development which meets the needs of the present without compromising the ability of future generations to meet their own needs'

Working of Role Play Method:-

a)Selection Of Individual Participants:-We have to select five students each one will be given an individual character *viz.*

Characters:-1. Ancestors 2. Present 3. Future 4. Industries in the past Industries

5. Industries in the present 6. Industries in the future. 7. Five students sitting with rest of the class to suggest some remedies.

b)All the students will be fully equipped with the subject matter related with their area viz a *viz.*

Ancestor will be having industries related with initial stage of industrialization. Paper cuttings, notes & any other related materials basically showing inventions & innovations at that time.

Present will have the charts, pictures notes showing excessive use of resources **Future** will try to possess the materials presenting about the consequences of

1. Excessive & uninterrupted use of resources.
2. Rational use, development of manmade resources & implementation of the concept o f sustainable economic development

Industries in the past will try to play an act showing the functioning of traditional industries with more manual power & less emission of pollutants **Industries in the Present** will show the excessive use of available scarce resources with less productivity and more harmful for the existence of the mankind **Industries in the Future** will act according to the presentation of the future in two parts one when the resources are used excessively & uninterruptedly.

Secondly when **Rational** use, development of manmade resources are given due importance by the mankind.

c)Beginning of the Play:-

In the beginning **Ancestor** will come along with **Industries in the past Ancestor "Hello** every one how are you as you can see I am your ancestor with limited knowledge and skill I used coal & petroleum product excessively to increase the production I had no other option but use more and more use of so called traditional energy."

Industries in the past:- "Result as you can see was low productivity, mass unemployment during great depression period & less availability of these resources and a big fear of pollution for the present generations"

Entry of the **PRESENT "** don't worry my dear friend you did whatever you could with limited knowledge and initial stage of inventions and innovations now **I** am wise enough to decide my future as I know that I have to ask my self at first whether **I** am safe"

"Still I can see that this present era is mostly dependant on the traditional & non renewable resources. Its result can easily be observed in this present world"

World wide drought like situation use of mask for breathing Scarcity of drinking water Depletion of ozone layer "Now any one of you please tell me how can I maintain the balance between present and future. I want to gift a new world Student will suggest some of the Gift that can be given by Present for making this world an ideal place to live long and happy life for the mankind Student 1 . Why don't you use green energy instead of conventional & non renewable?

Present "What's that?"

Student 1. "Use of solar, tidal energy"

Student 2. "We can use our organic fertilizer such as cow dung ,tree leaves sheep/Goat gathering ." I am sure it will create employment opportunities as well as improve the productivity of the soil too"

Students 3. "We must say no to plastic as it has become one of the biggest pollutants" at the same time we must use environment friendly products only ***Students 4.*** "we can promote the usage of recycled products"

Use of recycled products House made by recycled products Student 5. "Plantation of more and more tree by every one should be made mandatory by law."

Industries in the Future "My dear Present Past has gone but you are still here and if you follow the desire of the present citizens of your era I am sure the same happiness will continue even in my time"

Present :- Comes forward and ask everyone to stand up and takes an oath followed by the entire class "we the present citizen of this earth solemnly take an oath that

1. We shall use recycled product.
2. We shall plant at least one tree in look the after very well.
3. We shall never use plastic bags.
4. We shall use the renewable energy as far as possible.
5. We shall never throw garbage's in rivers & ponds.

***Courtesy to www.google.co.in for images**

****The Session was well received by Teachers and they found it easy to implement in the Classroom.***

STUDYING ECONOMICS OVER THE YEAR - SOME IMPORTANT TIPS

Abstract

Teaching of Economics is interesting and meaningful when it is taught in the classroom relating it to day to day examples and engage children constructively to explore, discuss and raise queries. It is a dynamic subject which constantly responds to various changes at domestic and global scenario. How rupee volatility affects your budget, why falling rupee is good for investors, how The value of a country's currency is linked with its economic conditions and policies, how are prices of goods and commodities determined. etc are certain questions that are of interest to a common man. In the present section you will find out how this subject should be dealt with along with some tips to score better at the time of examination. These are not exhaustive. You may build up an understanding as to how this subject requires a teacher should be creative, innovative and at the same time he/she has to keep himself or herself updated. In recent times when there is knowledge explosion you have guide children as to how to access information of relevance and put to use.
Teaching of Economics is interesting and meaningful when it is taught in the classroom relating it to day to day examples and engage children constructively to explore, discuss and raise queries. It is a dynamic subject which constantly responds to various changes at domestic and global scenario. How rupee volatility affects your budget, why falling rupee is good for investors, how The value of a country's currency is linked with its economic conditions and policies, how are prices of goods and commodities determined. etc are certain questions that are of interest to a common man. In the present section you will find out how this subject should be dealt with along with some tips to score better at the time of examination. These are not exhaustive. You may build up an understanding as to how this subject requires a teacher should be creative, innovative and at the same time he/she has to keep himself or herself updated. In recent times when there is knowledge explosion you have guide children as to how to access information of relevance and put to use.

TIPS FOR STUDENTS OF ECONOMICS

1. **Positive attitude towards Economics.** A positive attitude while studying Economics will make you start liking the subject that you were really not fond of before. You will understand the concepts easily and get good marks, when you are not afraid of it.
2. **Attend your classes regularly.** Attend classes regularly instead of skipping them, you won't miss important topics. Be an active learner and participate whenever possible. You will remember or learn more if you are in class when the teacher is teaching than if you skipped class and then take notes later on.
3. **Set goals for yourself.** Set goals for yourself and then try your hardest to achieve those goals. Start with small goals like will do five numerical on Elasticity of Demand correctly. If you fail once, don't give up, keep trying. Achieving the small goals will make boost your confidence and make your habit of achieving the goals you set.
4. **Do your homework daily.** Do your homework on the same day, don't leave it for next day. Homework is important because it gives you practice on the subject that

you are learning, identify the topic you are not clear and provide a precise learning material for revision.

5. **Ask for help when you need it.** Ask a question whenever you have doubts on any topic, don't just leave it behind. That's what teachers are there for after all. As soon as you spot something that confuses you, even if you're just a little unclear, go and ask the teacher to help you. Every teacher always appreciates the interactive student. It will most definitely help you in tests and scoring marks.
6. **Time Management.** Good time management will help you in reducing anxiety and increase your focus on studying. Never make it practice to study at the last minute and cram the night before. Study 1 or 2 hours daily and leave a half hour for homework. Study before you do homework, it will help you do your homework faster and help you understand the subject better.
7. **Do revision regularly.** Revise what you have learned on same day. Do not leave the revision for examination days. Revise the complete unit when done in the class, it will help you in correlating the concepts. Its proven now, if you revise within 36 hours than you can retain it more for longer period.
8. **Develop examination skills.** This will increase your confidence when taking exams. Awareness about typical exam format, common errors to avoid, and the concepts in a subject area usually tested will help you score more. Do remember the value points, technical terms and keywords that required in the answers.
9. **Make notes**. Always make notes of important concepts, formulas and diagrams in economics; It will help you in revision and save your time.
10. **Understand more.** Always understand the topic, don't just remember it. Curiosity is the best teacher! Make your own style of understanding things, making best use of day to day scenarios. After finishing a chapter, you can explain the same to your friends. It's a nice way of learning things, and it's quite more interesting. Get

involved in group discussions about the chapter you are confused about.

Before and during Exams

1. **Good Time Table.** Before starting with the revision studies, students should design their own timetable keeping in mind the material to be covered and how much is needed to be studied each day. A schedule of every subject should be made with different priorities. Tough subjects should be given more hours, and easier ones should be given less hours with sufficient intervals between each subject. The timetable should very importantly have breaks in between for relaxing and entertainment. Do not leave any subject for more than 2-3 days. Every subject should be taken up for study at least in every alternate day.

2. **Loose that Fear.** Fear and stress are the major factors which tend to become an obstacle in getting high percentage. One should loose all the fear and free his mind. Approximating a certain score to achieve is beyond our control. This fact also needs to be understood by parents, who should not pressurize their children but rather boost up their confidence.
3. **Don't Cram, Make Notes** Students should not use the cramming as it is not a good method of studying. Instead of this, they should make short notes while studying. Cramming everything can result in forgetting everything and making brief notes can help in remembering all points while revising the subject.
4. **Place to Study.** I agree that students of govt schools does not have separate place to study but you can find a place where you feel comfortable, relaxed and where you can concentrate properly. If you can, study at a place where you find a quiet ambience.
5. **Trust God and Yourself.** Students should meditate or pray well before the exam as it helps in relaxing their mind and also provides immense energy and peace to the mind. And it is much important that you are confident about yourself of producing splendid result.
6. **Sleep and Eat Well.** The biggest mistake students commit during exam time is that they don't sleep and eat well. They think sleeping is a waste of time. They should believe in the fact that they need to sleep between 6-8 hours a day. They also need to take care of their diet. They should try and avoid eat junk food, eat at regular intervals and include food which supplies continuous energy to their brain for a longer period of time.
7. **Time to Study.** Time is possibly the most important factor. According to a research conducted, human brain is in its most active state between 5 am to 8 am in the morning and in the evening between 7 pm to 11 pm. Therefore, students who study during these timings have the maximum retention power in comparison with others. Don't study after 11pm as it will exhaust you more and will affect your study next day.
8. **Examination practice.** Be in touch with latest syllabus, CBSE previous years papers, sample papers *etc.* Keep on looking what has been the pattern of CBSE and what type of questions are generally asked. Also refer to their model answers. Whenever you give a test in school and obtain marks, just go through your answer sheet seriously and see where marks have been deducted and how can the errors be avoided next time. Be in contact with your teachers and ask them to evaluate yourself even during the gap between board exams. Do at least 8-10 model test papers of economics. This will help a lot.

Important tips for Attempting the Economics Paper

1. **Plan and prioritise your answers. Read the question paper carefully and** thoroughly. Utilise the 15-minute reading time properly. Students should give attention to question words *i.e.* What. How and why so that they can organise their thoughts and manage their time well through the exam. Tick mark the questions and answer those questions first which you can answer efficiently. It puts a good impression on the examiner. Keep your answers tidy and well formatted. Beware of common terms used in Micro and Macro Economics you may mix-up the answer.
2. **Time management** is very important to score good marks in the board exam. Otherwise, you will find yourself struggling to complete the paper that might create anxiety and panic towards the last few minutes of the exam. While writing the paper, students should stick to the word limit and time limit they allocate for attempting questions of different weightage. Plan in advance how much time you will dedicate to each question and category and stick to it. If you realise are struggle for too long, move on to the next question, and return to answer if you have the time. You will get 1.5 minutes to attempt one mark.
3. **The content of the answer** should be relevant to the questions and depending upon word limit, must follow a hierarchy of relevance, from the most important to the least. Often long, essay type questions are answered without properly planning the order in which various points are to be covered. Do remember the suggestions given by your teachers during internal examinations about the marking scheme for checking and analysing their answer sheet. If the students regularly analyse the content of their answers by keeping in mind the value points given in the marking scheme as well as compare their answers with model answers, during the internal assessments, they will be able to develop the skill of determining the hierarchy of relevance of content and will able to score better marks in the Boards.
4. **In numerical questions** we find that students copy the data incorrectly from the question paper, or from one step of the problem to the next. Also often they do not convert the data into appropriate units. It results in loosing marks even when they know the subject. Formula carries the marks so write it in starting of answer.

Show your calculation as direct answer never get the marks.

5. **Diagrammatic Representation.** Make diagrams when asked in question paper. You will not get any marks for diagram when not asked and will waste your time during exam. It should be neat and labeled. Diagrams are one of the good ways to fetch more marks. Where possible, try to explain the answer by diagrams, tables, flow charts *etc.* Also, try to explain your answers by giving suitable examples. It makes the examiner feel that the student has good knowledge of the concepts

6. **Write Neat and Present Well** When students write neatly and present their answer sheet in a proper way, they have more chances of securing high marks. Many times the teacher is not able to read all the answers but if she gets impressed by the way it has been presented then it would definitely lead to less deduction of marks.

7. **Highlighting.** Sequencing and highlighting of the question and answer number is very important. You have to keep in mind the examiner's perspective. Try to provide as much ease as you can, to the examiner going through your paper. It will please him. It would do well for a student to present an examiner-friendly answer script with legible and neat handwriting, sequential presentation of answers and their sub-parts, underlining/ highlighting keywords and technical terms. Finally, re- checking the answer scripts before submitting the same to the examiner.

8. **Never Cheat in Exam Hall.** Students should always be advised by their parents as well their teachers as to not use any kind of malpractice in exam hall as it may prove to be harmful for them and their future. If an answer is not known by them, they shouldn't attempt it as they have to prove no one but themselves.

There was a time when studying Science was the craze in students and their parents, then come the time everyone after the Commerce. So what's the most sought after and demanding subject among students today? Yes, Economics clearly is the flavour of the admission season at Senior Secondary School level and at major universities like Delhi University. Economics is the only subject which blends with all streams and have maximum number of students after English. Economics attracts the brightest and the best is obvious from the incredibly high cut-offs. The demand of Economics is due to its importance both for career as well as job point of view. Economics is considered as ever green subject due to its high utility and huge demand in the job markets. Job opportunities for economics students have increased manifolds post reforms, and after amalgamation of world economy. Well trained Economists are in huge demand across industries, not only in India but also at International Level. The progress of a nation stands on the pillar of economics and it plays a crucial role in different aspects of life of people including economical, political and social aspects as well.

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Economic Courses and Eligibility Although some basic concepts of Economics are included in Social Science at secondary curriculum but Economics can be taken up as a subject at the 10+2 level. In Delhi all School offer Economics as a subject across the streams. Minimum score of 6 CGPA in class X is necessary to study Economics. Student having numerical/ mathematical aptitude follow the concepts easily and do better in economics as Economics has become increasingly mathematical. All areas of economics require statistics and data analysis techniques. To get admission in a good college, one has to secure good marks in economics at class XII exams. Those taking up this subject should therefore make sure they have basic mathematical skills and numerical aptitude. Most of the top colleges require maths as a subject in class XII to get admission in B.A.
(H) in Economics. Economics may be studied as a subject at the undergraduate level in various courses such as BA/ Eco B Com, BBE (Bachelor of Business Economics), BBA/ BBS and the Bachelor of Financial and Investment Analysis (BFIA). Students from the Arts, Commerce or Science stream are all eligible for admission in Bachelor's courses. All these courses are of three years' duration.

Students who have completed their three-year degree course in economics with good marks can seek admission to two-year MA/ M.Sc. programme in economics.

The postgraduate courses offer specialisation in development economics, world economics, financial economics, agricultural economics, health economics, business economics, labour economics, rural economics, industrial economics, international economics and the economics of human resource development. Econometrics is another subdivision.

Universities and Colleges Offering Economics

There are many institutes, colleges and universities who have economics in its BA, MA and Ph.D. level courses. Here are the lists of institutions who are offering economics. You can easily see other information related with the respective universities/colleges/ institutes with their given website.

1. Delhi School of Economics-www.econdse.org
2. Jawaharlal Nehru University-www.jnu.ac.in
3. Presidency College Kolkata-www.presiuniv.ac.in
4. University of Delhi, South Campus-www.south.du.ac.in
5. St. Stephen College, Delhi University-www.ststephens.edu
6. University of Bombay-www.mu.ac.in
7. Indian Statistical Institute Kolkata-www. isical.ac.in
8. Sri Ram College of Commerce-www.srcc.edu
9. Ravenshaw University, Cuttack-www. ravenshawuniversity.ac.in
10. Gokhale Institute of Economics & Politic-www.gipe.ac.in
11. Symbiosis School of Economics-www.sse.ac.in
12. Madras School of Economics-www.mse.ac.in
13. IIT kanpur-www.iitk.ac.in
14. Banaras Hindu University-www.bhu.ac.in

The Delhi School of Economics under the University of Delhi is prominent institution in Economics. Its students get campus recruitment and are in huge demand in corporate sector.

Jawaharlal Nehru University, New Delhi is another good option for students in Delhi to pursue M.A. economics.

The IGIDR, Mumbai, offers M.Sc. degree course in economics. The entry qualification is BA/ B.Sc. degree in economics or B.Com. *B.Stat.* B.Sc. physics or mathematics or

BE/ B.Tech. with at least second class in economics and first class in other disciplines. Web site: www.igidr.ac.in.

The Madras School of Economics also offers M.Sc. degree course in economics and financial economics. Web site: www.mse.ac.in.

The list is only indicative. More information can be collected from the university handbook published by the Association of Indian Universities, New Delhi. For world recognised institution in the field of economics, everybody wish to join London School of Economics Economics course syllabus includes the papers like mathematical economics, statistical economics, monetary economics, international economics, developmental economics, econometrics, public finance, and economic policy making. The specialisation in the field of economics increases its importance. The specialised areas are finance, agriculture, econometrics, rural development, health, business development, international economics, industrial law and human resource.

Career Opportunities in Economics An array of employment opportunities is available in economics field. Meritorious candidates can get excellent job opportunities after successfully completing their BA or MA in economics. Nowadays, the scope of job opportunities for economists has expanded in different sectors like education, business, NGOs and government organizations due to economic liberalization and globalization. Organizations dealing with data collection and interpretations, management consultancy firms and planning commissions recruit economists at lucrative pay scales. They are employed in different positions like:

•Economists•Economic Advisor•Econometrician•Finance Economist•Economic Analysts

Government Jobs for Economics Graduates Government jobs are always secured as compared to private jobs and when it comes to government jobs for economists, Economics graduates can get prestigious jobs in the government sectors like Indian Economic Services, Indian Civil Services, Reserve Bank of India, National Sample Survey, Ministry of Economic Affairs, Planning Board, Planning Commission, National Council for Applied Economic Research and National Institute of Public Finance and Policy. Taking up Indian Economic Service Examination conducted by the Union Public Service Commission can act as the gateway for a

challenging career in government sector for economists. To apply for the Indian Economic Service Examination, candidates should have done their PG Degree in economics/applied economics/econometrics and they must be in the

age group of 21 and 30. Some of the government organizations offering placement to opportunities for Economists are:
•Reserve Bank of India•National Sample Survey•Ministry of Economic Affairs•Planning Board
•Planning Commission

When it comes to RBI recruitment, candidates with PG Degree in Econometrics/applied economics/economics and candidates with PG degree in commerce with economics/ applied economics as a subject are appointed for the position of Research Officers in Grade B to work for the Department of Economic Analysis and Policy (DEAP).

Private Jobs for Economics Graduates Economics graduates can enjoy lucrative job prospects in the private sector as well since many private firms recruit candidates for Economic Consulting positions. Job opportunities are waiting in the private sectors, NGOs and International Aid Agencies. The firms like World Bank, Asian Development Bank, IMF, and other Development Banks, Aid agencies, financial consultancy firms are hiring the economic graduates for its various positions. Private organization engaged in consultancy and scientific research offer ample job opportunities for economists. Economic Analysts are required in larger number in the growing service industry of mutual funds and stock markets or share broking for making effective investment decision making and therefore candidates with UG/PG degree in economics can find job placements in this field as well. business journals, newspapers and television news channels are also among the prospective employers As far as salary is concerned, lots of candidates are hired through campus placement. The average salary is Rs 4 to 8 lakh per annum. But for the deserving candidates, the field open plethora of options and remuneration is also beyond expectation. The filed like accountancy, actuarial, banking; insurance are also open many jobs opportunities.

Thus, a graduation in the field of economics and further higher studies can enable the candidates to enjoy a wide range of career options.

Career opportunities in research are also available. Those who qualify in UGC-NET and pursue a Ph.D.(doctorate degree) can reach higher positions in the research and development field and they can enter into the field of teaching in colleges and universities.

Other Options

Since economics is a significant component in business administration and management courses, meritorious graduates in economics can go for two-year fulltime Master of Business Administration (MBA) programmes especially in specialised areas of stock-broking, finance, banking and so on in leading business schools.

The Master of Finance and Control (MFC) programme is another suitable option. If interested, law or journalism can be an option for higher study.

Conclusion

Economics is the most insisted subject among the students because of its demand and importance in career and Jobs. All most every organisation need an economist whether Govt or private. This command of Economics has created a scenario where everyone wants to study economics even if they don't have that quantitative aptitude. It has increased the responsibility of Economics teacher to act as guide and counsellor for the students of economics and their parents. B.A.(H) Economics is most sought after course in Delhi University but it doesn't mean that demand of other courses have been decreased. There are ample job opportunities in other courses also. Student should follow their choices as per their interest not as per the world view.
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GLOSSARY

Accommodating Transactions: Transactions undertaken to cover deficit or surplus in the autonomous transactions in the balance of payments.

Administered Prices: The prices of goods and services fixed by government.

Aggregate Demand: Value of final goods and services that all sectors of the economy plan to buy at a given level of income during a period of time.

Aggregate Supply: Value of final goods and services planned to be produced in the economy.

Autonomous Transactions: Transactions independent of all other BOP transactions.

Average Propensity to Consume: The ration of total consumption expenditure to total income.

Average Propensity to Save: The ratio of total saving to total income.

Balance of Payments: A record of sources and uses of foreign exchange, the credit side recording inflows and the debit side recording outflows of foreign exchange.

Balance of Payments Deficit: Autonomous inflows of foreign exchange failing short of autonomous outflows.

Balance of Trade: The value of exports of goods less the value of imports of goods.

Balance on Current Account: The sum of receipts of foreign exchange less the sum of payments of foreign exchange on account of transactions in merchandise, services, incomes and transfers in the balance of payment account.

Balance on Capital Account: The sum of credits less the sum of debits in the capital account of balance of payments.

Bank: A financial institution whose deposits are widely accepted as money for making payments and which has the power to create money.

Bank Rate: The rate of interest at which the central bank of a country lends money to the commercial banks of that country for their long term needs.

Barter: Exchange of a good or service for another good or service.

Budget Constraint: Refers to the amount of money spent on the only two goods the consumer consumes, which must be no more than the income of the consumer. If the two goods are X and Y, the constraint is expressed as $Px. X + Py. Y \leq m$ where P is price and m is income.

Budget Line: The graphical presentation of the whole collection of the bundles of the two goods a consumer can afford from his given income and given prices.

Budget Set: The set of possible combinations of the two goods the consumer consumes which he can afford from his income and given prices.

Capital Expenditure: The expenditure which either creates assets or reduces liabilities.

Capital Formation: Additional made to the stock of capital during a period. It is also called investment.

Capital Goods: Goods capable of producing other goods.

Capital Receipts: The receipts which either reduce assets or create liabilities.

Capital Transfer: A payment, without any good or service provided in return, made out of wealth or capital of the prayers and added to wealth or capital of the recipients.

Cardinal Utility: Utility expressed in exact units.

Cash Reserve Ratio: The minimum percentage of deposits legally compulsory for the commercial banks to keep as reserves with the central bank.

Central Bank: A bank specially created by government to serve as an apex bank to carry out monetary policy of the country in public interest through the various functions assigned to it.

Change in Demand: Change in demand of a good due to change in a factor other than the own price of the good.

Change in Quantity Demanded: Change in demand of a good due to change in only the own price of the good.

Change in Quantity Supplied: Change in supply of a good due to change in only own price of the good.

Change in Supply: Change in supply of a good due to change in a factor other than the own price of the good.

Commercial Banks: The financial institutions who accept demand deposits from general public, transfer funds from one bank to another and create money.

Consumer: The one who takes decisions about what to buy for satisfactions of wants, both as an individual and as a member of household.

Consumer's Equilibrium: Given prices, the allocation of income by a consumer on goods and services he buys which gives him maximum satisfaction.

Consumption : Obtaining goods and services for satisfying wants.

Consumption Goods : Goods purchased or self-produced for satisfaction of wants.

Consumption Function : The relation between income and consumption expenditure.

Consumption of Fixed Capital : Fall in the value of fixed capital goods due to normal wear and tear and foreseen obsolescence. It is also called depreciation.

Cost : The sum of actual money expenditure on inputs (expicit cost) and the imputed market value of the inputs supplied

by the owners themselves including normal profit (implicit cost).

Current Transfer : Any payment, without any good or service provided in return, made out of the current income of the prayer and is added to the current income of the recipient.

Decrease in Demand : Fall in demand of a good due to change in a factor other than the own price of the good.

Decrease in Supply : Fall in supply of a good due to a factor other than the own price of the good.

Deficient Demand : Aggregate demand falling short of aggregate supply at the full employment level of income. It is also called deflationary gap.

Deflationary Gap : The amount by which the aggregate demand falls short of aggregate supply at the full employment level of income of a country. It is also called deficient demand.

Demand : Quantity of a good consumers are willing to buy at a price during a period of time.

Demand Curve : Locus of different price-quantity combinations relating to a consumer/s during a period o f time. Each combination represents the price and the quantity the consumers are willing to buy at that price.

Demand Deposits : Bank deposits from which payment can be made by wroting cheque.

Demand Schedule : A table showing the prices and the quantity the consumer(s) is/are willing to buy at each price during a period of time.

Depreciation : Fall in the value of fixed capital goods due to normal wear and tear and foreseen obsolescence. It is also called consumption of fixed capital.

Depreciation of Domestic Currency : Rise in the market price of foreign currency in terms of domestic currency.

Devaluation of Domestic Currency : Raising of the price of foreign currency in terms of domestic currency.

Economic Territory : Geographical territory administered by a government within which persons, goods and capital circulate freely. Earlier it used to be called domestic territory.

Economic Welfare : Welfare, *i.e.* the sense of well-being, affected by economic factors.

Economy : The whole collection of production units operating in a defined area or region by which people of that area get their living.

Elastic Demand : Price elasticity of demand greater than one. OR, percentage change in demand is greater than percentage change in price.

Equilibrium : A state of balance due to equal action of opposite forces, *e.g.* forces of demand and supply. Also defined as a state of rest or a sutiation which has no tendency to change.

Equilibrium Price : The price at which market demand for a good equals its market supply.

Ex-ante : Intended or planned.

Excess Demand : Aggregate demand being greater than the aggregate supply at the full employment level of income. It is also called inflationary gap.

Exchange : The system of selling goods for money and then using money to buy other goods.

Exchange Rate : The rate at which one currency is converted into another currency.

Ex-post : Realised or actual.

Externalities : Activities resulting in benefits or harms to others with no payment received for the benefit and no payment made for the harm done.

Final Goods : Goods, including services, used for final consumption and investment.

Fiscal Deficit : Total expenditure in a government budget exceeding the sum of revenue receipts and non-debt capital receipts.

Fiscal Measures : Using of government powers to tax and spend to achieve economic objectives.

Fixed Cost : The cost which does not change with change in output.

Fixed Exchange Rate : The foreign exchange rate decided by the government (and not by the market forces).

Flow Variables : Variable whose magnitude is expressed over a period of time.

Floating Exchange Rate : Exchange rate determined by the demand and supply of a given currency in the foreign exchange market.

Foreign Exchange : Currencies of foreign countries.

Foreign Exchange Rate : The rate at which one currency can be converted into another currency.

Full Employment : Efficient utilisation of the economy's resources. In practice, the scope is limited to human resources.

Giffen Good : A good for the given consumer whose demand falls with a fall in price of the good.

Good : Any physical object, natural or manmade, or service rendered, that could command a price in the market.

Government Budget : A statement showing itemwise estimated receipts and expenditures of government under various heads.

Gross Investment : Addition made to the stock of capital without making any adjustment for depreciation.

Household : Consists of all the people who live under one roof and who take joint decisions as to what to buy for satisfaction of wants.

Increase in Demand : Rise in demand of a good due to a factor other than the own price of the good.

Indifference Curve : Locus of different combinations of the two goods the consumer consumes with each of the combination having the same utility.

Indifference Map : The set of all possible indifference curves.

Indifference Schedule : A table showing different combinations of the two goods the consumer consumes with each of the combination having the same utility.

Indirect Tax : A tax whose incidence can be shifted.

Inelastic Demand : Price elasticity of demand less than one OR percentage change in demand is less than percentage change in price.

Inferior Good : That good for the given consumer whose demand falls with rise in income.

Inflationary Gap : The amount by which aggregate demand exceeds aggregate supply at the full employment level of income. It is also called excess demand.

Intermediate Goods : Those goods, including services, which are purchased during the year by one production unit from other production units and completely used up or resold, during the same year.

Investment : Addition made to the stock of capital during the year. It is also called capital formation.

Investment Multiplier : Increase in national income as a multiple of given increase in investment.

Invisibles : The items services, transfers and income in the current account of the balance of payments.

Involuntary Unemployment : That part of the labour force of the country, which is able to work and prefers to work, but is out of work though no fault or wish of its own.

Law of Demand : Refers to the inverse relation between the own price of the good and its demand.

Law of Diminishing Marginal Utility : States that as a consumer consumes more and more units of a good, the addition to total utility goes on decreasing.

Law of Diminishing Marginal Returns : States that as more units of the variable factor are applied to the fixed factor, the marginal product of the variable factor goes on decreasing.

Law of Supply : refers to the positive relation between the own price of the good and its supply.

Law of Variable Proportions : It states that as we increase the quantity of only one input, keeping other inputs fixed, the total product increases at an increasing rate initially, then increases at a decreasing rate after a level of output and ultimately falls.

Legal Reserve Ratio : That fraction of demand deposits with a commercial bank, which is legally compulsory for the bank to keep in the form of reserves with itself and with the central bank.

Macroeconomics : The study of the behaviour of the economy as a whole.

Managed Floating Exchange Rate : Floating rate influenced by buying and selling foreign exchange by the central bank in the foreign exchange market.

Margin Requirements : The discount determined by the central bank on the security mortgaged by the borrower to the commercial banks.

Marginal Cost : Additional to total cost on producing one more unit of output.

Marginal Propensity to Consume : The ratio of change in consumption expenditure to the change in total income.

Marginal Propensity to Save : The ration of change in saving to the change in total income.

Marginal Rate of Substitution : The rate at which the consumer is willing to sacrifice one good to obtain one more unit of the other good.

Marginal Rate of Transformation : The ratio of the number of units of a good sacrificed to produce one more unit of the other good, in a two-goods economy. It is also called marginal opportunity cost.

Marginal Revenue : Addition to the total revenue on producing one more unit of output of a good.

Marginal Utility : Addition to total utility on consuming one more unit of a good.

Market : The area in which the buyers and the sellers of the goods are in contact with each other.

Market Demand : The quantity of a good that all the consumers of that good are willing to buy at a given price during a period of time.

Market Economy : An economy in which the central problems of what, how and for whom to produce are solved through the freely operating forces of demand and supply.

Maximum Price Ceiling : Maximum price fixed by government the producers are allowed to charge for a good or a service.

Microeconomics : A study of the behaviour of the individual economic units, or parts, that make up the economic system.

Minimum Price Ceiling (Price floor) : Minimum price fixed by government below which the producers of a good or service are not allowed to sell.

Monetary Measures : Exercising of powers by the central bank of the country to influence money supply with the purpose of achieving economic objectives.

Money : Anything that is generally accepted as a medium of exchange.

Money Multiplier : The multiple by which banks can create deposits due to an initial deposit.

Money Supply : Total amount of coins and currency outside banks and the total amount in chequable deposits on a specific day.

Monopolistic Competition : A competitive market situation with some elements of monopoly due to differentiation in products produced by different firms.

Monopoly : Only one firm producing a good.

Monotonic Preferences : Preferences with utility an increasing function of consumption.

Moral Suasion : Written or oral advice given by the central bank to the commercial banks to expand or restrict credit.

Net Investment : Net addition to the stock of capital *i.e.* after deducting depreciation during the year. It is also called net capital formation.

Non-economic Welfare : Welfare, *i.e.* the sense of well-being, affected by non-economic factors.

Normal Good : A good whose demand rises with rise in income.

Oligopoly : A market structure characterised by small number of firms, or a small number of large firms, mutually dependent a great deal for taking price and output decisions.

Open Market Operations : Buying and selling of securities (loan instruments) by the central bank in the open market.

Opportunity Cost : Value of the benefit that is forgone by choosing one alternative rather than the other.

Ordinal Utility : Utility expressed in terms of ranking, as first, second, third, *etc.*

Perfect Competition : A market in which no individual firm can influence the market price on its own.

Perfectly Elastic Demand : When price elasticity of demand is infinity, *i.e.* even a small change in price causes a drastic change in demand.

Perfectly Inelastic Demand : When price elasticity of demand is zero, *i.e.* change in price has no influence on demand.

Price : The amount of money that has to be paid to obtain a good or a service.

Price Elasticity of Demand : The degree of response of demand due to change in the own price of the good.

Price Elasticity of Supply : The degree of response of supply to change in own price of the good.

Price Flour : See minimum price ceiling.

Primary Deficit : That part of fiscal deficit which indicated borrowing requirements to make up shortfall in expenditure other than the interest payments.

Primary Sector : Consists of production units producing goods by exploiting natural resources.

Producer's Equilibrium : That combination of price and output which yield the producer maximum profit.

Productive Function : An expression which states the relation between physical inputs and physical outputs.

Production Possibilities Curve : the locus of the various combinations of the two goods in a two-goods economy, that can be produced with fixed resources, assuming full and efficient utilisation of these resources.

Propensity to Consume : Ratio of consumption expenditure to income.

Propensity to Save : Ratio of saving to income.

Rational Consumer : The consumer who aims at maximising satisfaction.

Repo Rate : Interest rate at which the commercial banks can borrow from the central bank to meet their short term needs.

Resident : A person or an institution whose centre of economic interest lies in the economic territory in which he lives or located.

Revenue : Market value of the output produced.

Revenue Deficit : Excess of total revenue expenditure over total revenue receipts.

Revenue Expenditure : The expenditure which does not lead to creation of assets or reduction in liabilities.

Revenue Receipts : The receipts which neither create any liability nor lead to any reduction in assets.

Reverse Repo Rate : The interest rate at which the commercial banks can deposit their funds with the central bank.

Saving Function : The relation between saving and income.

Secondary Sector : Consists of production units engaged in transforming one good into another.

Shift in Demand : Change in demand of a good due to a factor other than the own price of the good.

Shift in Supply : Change in supply of a good due to a factor other than the own price of the good.

Statutory Liquidity Ratio (SLR) : The minimum percentage of deposits determined by the central bank, to be kept the commercial bank as reserves with itself.

Stock Variables : Variables whose magnitude is measured at a particular point of time.

Supply : the quantity of a good which the producer/s is/are willing to produce at a price during a period of time.

Supply Curve : Locus of different price-quantity combinations relating to producer(s) during a period of time.

Supply Schedule : A table showing prices and the quantity the producers are willing to supply at each price during a period of time.

Tertiary Sector : Consists of all production units engaged in producing services.

Transfer Payment : A payment without any good or service provided in return for the payment.

Utility : Actual or expected satisfaction derived from the consumption of a good.

Variable Cost : Cost which changes with change in output.

Visibles : Refers to exports and imports of gods in the balance of payments.

Voluntary Unemployment: That part of population which prefers not to work even though suitable work is available for them.