

Economics Syllabus

Part 1 (20 marks) consists of compulsory short answer questions testing knowledge, application and skills relating to elementary / fundamental aspects of the entire syllabus.

Part II (60 marks) consists of eight questions out of which candidates will be required to answer five questions, each carrying 12 marks.

1. Micro Economic Theory

(i) Demand: meaning, factors affecting demand; Demand function; Law of Demand; derivation of demand curve; movement and shift of the demand curve; exceptions to the Law of Demand.

Law of Diminishing Marginal Utility, Law of Equimarginal Utility, consumer's equilibrium through utility approach (Cardinal) and indifference curve analysis (Ordinal).

(ii) Elasticity of demand: meaning, types of elasticity of demand, measurement of elasticity of demand; factors affecting elasticity of demand.

(iii) Supply: meaning; difference between stock and supply; determinants of supply; Law of Supply; movement and shift of the supply curve; elasticity of supply.

(iv) Market Mechanism: Equilibrium and disequilibrium; Equilibrium price and effect of changes in demand and supply on the equilibrium price. Simple applications of tools of demand and supply.

(v) Concept of production and production function (short run and long run production function), returns to a factor, total, average and marginal physical products; Law of Variable Proportions and its three stages.

(vi) Cost and revenue: Basic concepts of cost; fixed cost, variable cost, total cost, marginal cost and average cost – their relationships; opportunity cost; short run and long run cost curves. Revenue: meaning; average revenue, marginal revenue and total revenue and their relationships under perfect competition and imperfect competition, Producer's equilibrium.

(vii) Main market forms: perfect competition, monopolistic competition, oligopoly, monopoly, monopsony; characteristics of the various market forms; equilibrium of a firm in perfect competition under short run and long run.

2. Theory of Income and Employment

Basic concepts and determination of Income and Employment

3. Money and Banking

(i) Money: meaning, functions of money, supply of money.

(ii) Banks: functions of commercial bank; high powered money, credit creation by commercial banks; Central Bank: functions.

4. Balance of Payment and Exchange Rate

Balance of Payment - meaning, components; foreign exchange - meaning, determination of exchange rate (Flexible).

5. Public Finance

(i) Fiscal Policy: meaning and instruments of fiscal policy.

(ii) Government Budget: meaning, types and components.

6. National Income

(i) Circular flow of Income.

(ii) Concepts and definition of NY, GNP, GDP, NNP, private income, personal income, personal disposable income, National Disposable Income and per capita income; relationship between the income concepts.

(iii) Methods of measuring National Income: product or value-added method; income method and expenditure method with simple numericals based on them.