## ECONOMICS CURRICULUM - STANDARD XII ECONOMIC THEORY

## Evaluation – 1. Project Valuation - 50 Marks 2. Common Examination – 150 marks Total - 200 marks \* There will be double valuation for the project work (1) By the Economics Teacher Of the School and (2) By the Examiner.

Expected Specific Outcomes	Content	Curriculum Transaction	Industrial Aids	P e r o d s	
	Chapter I Nature and Scope of Economics				
To enable the students know the definition of Economics	Definition of Economics	Definitions; Adam Smith's Wealth Definition, Alfred Marchalls' Welfare Definition, Lionel Robbins' Scarcity Definition, Paul A. Samuelson's General definition – Criticism of all the above definitions.	Circular flow diagram depicting wants, efforts and satisfactions	2	
To make the students understand the divisions and nature of economics	The divisions and nature of economics, and their relationship with other subjects. Static and dynamic concepts	Divisions of Economics; i) Consumption ii) Production iii) Exchange iv) Distribution v) Public Finance Nature of economics; ls economics a positive science? Or a normative science? Is economics a science or an art? Economics and its relationship with other subjects like mathematics, history, politics, psychology, jurisprudence, statistics, commerce etc.		3	
To encourage the students apply the acquired knowledge to analyse the scope of economics and the methods of analysis.	Scope of micro and macro Economics- Methods of economic Analysis	Micro economics-its meaning and Definition – Scope of Micro Economics - Theory of product pricing (Theory of value) a) Theory of Demand b) Theory of production and cost Theory of Factor Pricing (Theory of Distribution) a) Theory of rent b) Theory of rent b) Theory of wages c) Theory of Interest d) Theory of Profit Theory of Economic welfare Macro Economics – its Meaning) and Definition – Scope of Macro Economics – i) Theory of Employment and Income		2	

		a). Theory of consumption function		
		<ul> <li>b). Theory of Investment</li> <li>ii) Theory of General price level</li> <li>iii) Macro Theory of Distribution</li> <li>Methods of Economic Analysis-</li> <li>Inductive Method and Deductive</li> <li>Method – Nature of Economic Laws.</li> </ul>		
				1
	Nature of Economic Laws Applicability and Uses of Economics			
To encourage the students know the basic concepts in	Basic concepts in economics	Basic concepts; Wants, scarcity, choice, value, market, price, goods, wealth, services, income, employment, savings, utility, welfare, land, labour, capital,		1
economics Chapter II Basic	Economic Problems	organization etc.		
To enable the	Basic economic	Basic economic problems		2
students know about the basic economic problems and	problems of all societies. Different economic systems	What to produce? How to produce? For whom to produce? Economic systems; -		
the different economic systems		Meaning, definitions, and advantages and disadvantages of i) Traditional economy ii) Market economy iii) Command economy iv) Mixed economy		6
To enable the students understand the importance of production possibility curve.	Production possibility curve	Production possibility curve and its importance in the context of economic development.	Diagram showing production possibility curve	1
-	umer's Behavior			
To encourage the students understand 'human wants'	Characteristics of human wants	Human wants – meaning- characteristics- - Wants are unlimited - Wants are satiable - Wants are competitive - Wants are Recurring in nature - Wants are alternative - Wants are complementary. - Wants vary with time, place and person. - Wants become habits		1
To enable the students know the concept of utility.	Concept of utility Marshallian approach	Concept of utility – meaning and definition of utility – total utility, marginal utility, - law of diminishing marginal utility table, diagram assumptions and	Tables and diagrams showing Law of Diminishing	3

		importance of the law of diminishing marginal utility – criticism - Law of equi-marginal utility -Importance and limitations	Marginal utility and Law of Equi- Marginal Utility	
				2
To enable the students understand the indifference curve theory	Consumers' surplus and indifference curves theory	<ul> <li>Consumer's surplus-Marshall's definition, table diagram Hicksian formulation.</li> <li>Consumer's surplus with constant Marginal utility of money</li> <li>Consumer's surplus with diminishing Marginal utility of money</li> </ul>	Tables and diagrams showing	3
To enable the students apply the knowledge of indifference curve analysis	Indifference curve theory	Indifference curve theory; - Table, indifference curves, assumptions of indifference curve analysis		9
	of Demand and Law	of Supply		
Law of Demand				
To make the students know the meaning of the term demand and	The concept of demand and the causes for the demand curve sloping downwards;	Meaning of the term 'demand' i) Statement of the law of demand a) Assumptions b) Demand schedule ii) Why does the demand curve slope	Demand Schedule and diagrams showing Law of Demand.	2
the law of demand	Exceptions to demand curve' Income demand	downwards? Relationship between law of demand and law of diminishing marginal utility - Income effect - Substitution effect	-Exceptional Demand Curve -Contraction and extension of demand curve	1
To encourage the students to develop skills in preparing tables and drawing diagrams	and cross demand; Demonstration effect of Doosenbery, Changes in demand	<ul> <li>Principle of different uses</li> <li>Entry of new consumers</li> <li>iii) Exceptions to demand curve</li> <li>Veblen's effect – Giffen's paradox</li> <li>Speculative tendencies – price</li> <li>delusion</li> <li>Income demand and cross demand</li> <li>iv) Changes in demand; -</li> <li>Contraction and extension of demand</li> <li>diagram</li> <li>Shifts in the demand curve diagram.</li> </ul>	-Shifts in the demand Curve	2
To make the students understand the factors determining demand	Factors determining demand	Factors determining demand: -Tastes and preferences of the consumers -Income of the consumers - Price of substitutes -Number of consumers -Expectations of future price rise -Distribution of income -Climate and weather conditions - State of business		1
To enable the students analyse the elasticity of	Elasticity of demand, Factors determining Elasticity of	Elasticity of demand:- -Meaning and definition -Kinds of elasticity of demand i) Price Elasticity of Demand	Diagrams showing different kinds of price elasticity of	2

demand and its kinds.	demand.	<ul> <li>ii) Cross Elasticity of Demand</li> <li>iii) Income Elasticity of Demand Price</li> <li>Elasticity of Demand: -</li> <li>-Perfectly elastic demand</li> <li>-Perfectly inelastic demand</li> <li>-Unit elasticity of demand</li> <li>-Inelastic demand</li> <li>-Inelastic demand</li> <li>-Point elasticity of demand</li> <li>-Outlay method of elasticity- are</li> <li>elasticity</li> <li>Factors Determining Elasticity of</li> <li>Demand:-</li> <li>-Availability of substitutes,</li> <li>-The extent of uses</li> <li>-The nature of the commodity</li> <li>-Postponement of the use of the</li> <li>commodity</li> <li>-Habits and customs</li> <li>-Level of prices</li> <li>-Percentage of income spent</li> </ul>	demand. -Diagram showing Arc Elasticity – table showing outlay method	1
To enable the students apply the concept of elasticity of demand.	Practical applications of elasticity of demand.	Practical applications of elasticity of demand; - -Determination of volume of output, -Price discrimination, -Price fixation for jointly supplied good -Levy of taxes -Fixation of wages for labourers -Importance in the theory of international trade- -Poverty in the midst of plenty -Include a firm in industry.		1
Law of Supply To enable the				4
students to understand the concept of supply	The concept supply	The concept of supply;- Its meaning, definitions-		1
To enable the students know the law of supply. To develop skills in preparing tables and drawing diagrams.	Law of supply	The Law of Supply: - -Supply schedule, supply curve.	Table and diagram showing Law of Supply	2
To enable the students apply the acquired knowledge to identify the factors determining supply.	Factors or determinants of supply curve; shifts in the supply curve	Factors or determinants of supply:- -Production technology -Prices of factors -Prices of other factors -Number of producers or firms -Future price expectations -Taxes and subsidies -Factors outside the economic sphere	Diagram showing movement along the supply curve	3

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		Movement along the supply curve, shifts in the supply curve		
To enable the students know about the elasticity of supply, and factors determining	Elasticity of supply, and factors determining elasticity of supply.	Elasticity of supplymeaning and definition of elasticity of supply, of supplykinds of elasticity – -Elasticity supply; inelastic supply; unit elasticity of supply- Factors that determine elasticity of supply	Diagrams showing kinds of Elasticity of supply	3
elasticity of supply.		<ul> <li>-Changes in the cost of production, behaviour pattern of the producers, availability of facilities for expanding output.</li> <li>-Supply in the short and long period.</li> </ul>		2
Chapter V Equil				
To enable the students widen their knowledge of the concept of equilibrium.	Concept of equilibrium	Equilibrium price (or) market clearing price-		2
To enable the students understand the concept of equilibrium deeply.	Concepts of static equilibrium and dynamic equilibrium.	Statement of static and dynamic equilibrium with diagram.	Table and diagram showing determination of equilibrium price.	1
To encourage the students develop skills in drawing diagram of equilibrium price.	Diagram of equilibrium price.	Diagram of equilibrium price.	Table and diagram showing determination of equilibrium price.	1
To enable the students apply the acquired knowledge to identify the role of time in price fixation To enable the students develop skills in drawing the diagram representing different time	Time periods and price fixation	Role of time in price fixation:- Market period Short period Long Period Secular Period	Diagram showing the influence of time on Demand and supply and price	3
periods and their impact on price				

Chapter VI Proc	luction			
To make the	The concept of	Production – its meaning and definition.		1
students know	production.			
the concept of				
production.				
To enable the	The factors of	Land, labour, capital and organization.		1
students obtain	production			
deep		Land: meaning and definition,		
knowledge		characteristics of land-		
about factors of		a) Land is a nature's gift		
production.		b) Supply of land is fixed		
		c) Land had indestructible powers		
		d) Land is a passive factor		
		e) Land has different uses		
		Labour: meaning and definition,		
		characteristics of labour: -		1
		a) Labour is inseparable from the		
		labourer		
		b) Labour has poor bargaining power		
		c) Labour is perishable		
		d) Labour is less mobile		
		-Division of Labour – merits and		
		demerits-		4
		Capital: - meaning and definition,		1
		characteristics of capital		1
		a) Capital is the result of labour		1
		<ul><li>b) Capital is the result of savings</li><li>c) Capital is productive-</li></ul>		
		Organization: - meaning and definition		
		Functions of an entrepreneur: -		
		a) Planning and initiating the business		1
		b) Organizing the business		
		c) Management of the business		
		d) Bearing uncertainties in business		
		e) Innovations.		
To help the	Production	Production function- Stigler's definition-		1
students apply	function- Stigler's	Cobb – Douglas production Function-		•
the knowledge	definition- Cobb –	Assumptions of production function-		
of production	Douglas production	substitution of factors and technology.		
function	Function.			
To enable the	Laws of returns and	-Laws of returns: -	Tables and	3
students	laws of returns to	-Law of Diminishing Returns –	diagrams	
understand the	scale.	Definition, table, diagram, limitations,	showing three	
law of returns		importance	types of laws of	
and to enable		- Law of Increasing Returns: -	returns - table	
the students to		-Definition, table, diagram	and diagram	
develop skills in		Law of constant returns: -	showing three	
drawing		-Definition; table, diagram	stages of	
diagrams		Laws of Returns to scale: -	production.	
		-Definition, table, diagram, three stages		
		of production.		1
To enable the	Large scale	Large scale production- kinds of		1
students apply	production internal	economies: -		
the knowledge	and external	-Internal economies		
of laws of	economics and	-External economies		
returns to scale	diseconomies.	-Internal diseconomies		

to identify		-External diseconomies		
large-scale	Difference between	Difference between laws of returns and		
production.	Laws of Returns	laws of returns to scale		
production	and Laws of			
	Returns to Scale.			
	Cl	HAPTER VII Cost and Revenue		
To enable the	The concepts of	Definitions different costs and revenues		4
students know	cost and revenue			
what is cost				
and what is				
revenue				-
To make the	The different kinds	Different kinds of costs, money cost,	Tables and	2
students	of costs and	real cost, opportunity cost, implicit cost,	diagrams	
understand the	revenues.	explicit cost, private cost, social cost,	showing FC, VC,	
different kinds of costs and		fixed cost, variable cost, total fixed cost, total variable cost, marginal cost,	MC, AC -Long run	
revenues.		average cost, average variable cost,	Average	
		average fixed cost.	Cost curve	
		- Marginal cost curve (diagram)	-Cost of	2
		- Computation of MC (table)	production etc.	-
		- Cost of production (table and diagram)	-Total Revenue,	
	To develop skills to	Long run average cost curve-meaning-	Marginal	
	draw diagrams and	diagram	Revenue under	
	to prepare tables	-Relationship between short run AC and	perfect and	
		long-run AC	imperfect	2
		- Relationship between AC and MC	competitions	
		kinds of revenues: -	-Derivation of	
		-Marginal revenue, total revenue,	profit	
		Average and marginal revenue in		
		prefect and imperfect competitions -Relationship between AR and MR		
		curves tables, diagrams etc.		
To enable the	Derivation of profit	Derivation of profit- diagram.		1
students apply	Least cost	Least cost combination of factors –		
their skills in	combination of	break-even point.		
drawing the	factors.			
diagram to				
show the				
derivation of				
profit				
	rket Structure and Pr			
To infuse the	Structure and	Meaning and definitions – Different	Flow chart-	1
knowledge of market	different kinds of markets.	kinds of markets – on the basis of area, time and competition.	showing perfect and Imperfect	
structure and	mainets.		competition.	
make the				
students				
understand the				
different kinds				
of markets.				
To encourage	The characteristic	Characteristic features of perfect	Diagram showing	2
the students	features of perfect	competition	Price-Output	
apply their	and imperfect	-Difference between perfect and pure	determination	
knowledge to	competition	competition	under perfect	
analyse the		-Price – output determination in short	competition (i)	

characteristics		run and long run	short-run	T
of markets.		-Abnormal loss, normal profits – long-	(ii) Long-run	
		run equilibrium – diagrams	(iii) Abnormal	
		-Difference between long-run and short-	profit	
		run	(iv) Abnormal	
		-Benefits of perfect competition.	loss	
			(v) Normal profit	
To enable the	Monopoly price	Monopoly-meaning and definitions-	Diagram showing	2
students to apply their	discrimination and	Kinds of Monopoly Characteristic features of monopoly-	Price-Output determination	
knowledge to	monopolistic competition	-Single seller, no close substitutes,	under monopoly	
analyse the	Composition	price. no-entry, firm and industry etc.	and monopolistic	
concept of		-Causes of monopoly – natural,	competition	
monopoly and		technical, legal, large amount of capital,	•	
monopolistic		state, amalgamation and combination		
competition		-Price-output determination under		
exhaustively.		monopoly-diagram – advantages and		2
		disadvantages of monopoly-		
		-Methods of control of monopoly- Legislative method, controlling price		
		and output; taxation; nationalization;		
		consumers' association		
		Price discrimination- meaning-definition-		
	Price discrimination	methods of price discrimination, price		1
		discrimination is possible under two		
		conditions – A comparison between		
		perfect competition and monopoly.		
		Monopolistic competition: -		
		characteristic features – number of		2
		firms; product differentiation, entry and		
		exit are easy, selling costs; absence of		
		interdependence. Price- output determination under		
		monopolistic competition - diagram		
To enable the	Product	Product differentiation- selling costs		2
students apply	differentiation-	Wastes of monopolistic competition: -		
their acquired	selling costs	Advertisement; transport cost. Too		
knowledge to	Wastes of	many varieties of goods,		
analyse	monopolistic	unemployment, inefficient firms, lack of		
product	competition	interest		
differentiation and wastes of				
monopolistic				
competition.				
To enable the	Monophony-	Duopoly-meaning and definitions,		2
students	meaning and	assumptions Cournot model or		
understand the	definition Duopoly	Chaberlain model – criticism oligopoly –		
concepts of	and oligopoly	meaning and definitions –		
duopoly and		characteristics of oligopoly		14
oligopoly Chapter IX Mar	ginal Productivity The	eory of Distribution		
To enable the	General theory of	General theory of distribution – Demand		1
students	income distribution	for a factor is a derived demand		
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understand the theory of income				
distribution To enable the students know about MRP, MPP and VMP	Marginal physical productivity Marginal revenue productivity Value of marginal productivity	Physical productivity – marginal physical productivity; marginal revenue productivity; -Value of marginal productivity.	Diagrams showing the relationship between MPP, MRP, VMP, and MRP, ARP and MRP Diagram showing the marginal productivity theory of Factor pricing.	2
To enable the students apply their acquired knowledge to analyse the marginal productivity theory of factor pricing.	The marginal productivity theory of factor pricing and its criticism.	Marginal productivity theory of factor pricing and its criticism- a) Homogeneity of factors of production b) Existence of perfect competition c) Long-run d) Perfect mobility of factors e) Constant returns		1
To enable the students apply their knowledge to further analyse the other theories of distribution.	Theories of distribution	Theory of Rent: Ricardian theory of rent -Quasi rent; Modern Theory of Rent Theory of wages: - Wage determination diagram -Real wages and money wages -Role of trade unions -Collective bargaining and negotiations Theories of profit – Gross profit, net profit, normal and supernormal profit,		2
		windfall profit, monopoly profit, differential ability and profits, profits and innovations; risk-taking and bearing uncertainty. Theories of interest: - A passing reference to be made about classical and Marxian theories of interest; Neo- classical loanable funds theory of interest. Keynesian Theory of Interest and Modern Theory of Interest.		1 2
Chapter X Simp	le Theory of Income		·	
To enable the students know the theory of income	The theory of income determination	Classical theory of full employment- Say's Law of Market – its' critism. Aggregate Demand-	Diagrams showing i) Consumption and saving Curve	1
determination		Three components of aggregate demand- i) Consumption expenditure, ii) Investment expenditure	and Break Even point. ii) Investment Curve	1

				-
To encourage the students apply their knowledge of income determination- to develop skills of students to draw diagrams	Aggregate demand and aggregate supply, consumption function, investment function, Govt.'s Spending	<ul> <li>iii) Govt.'s expenditure</li> <li>Aggregate supply:- Meaning and definition Consumption function:- -MPC,MPS, consumption and saving curves- diagram <ul> <li>Slope of consumption function – APC, APS</li> <li>Determination of consumption other than income.</li> </ul> </li> <li>Investment Function:- Decision to invest – demand for money- investment curve Govt's Spending:- Effective demand, employment and income <ul> <li>Equilibrium level of income and output</li> <li>Aggregate demand and aggregate demand and aggregate supply diagram</li> <li>Equilibrium level of</li> <li>Employment and output - diagram</li> </ul> </li> </ul>	<ul> <li>iii) Aggregate demand and aggregate supply</li> <li>iv) Shifts in agg.dem.</li> <li>v) Savings and Investments</li> <li>vi) Shifts in saving and Investments.</li> <li>Diagrams showing</li> <li>i) Consumption and saving Curve and Break Even point</li> <li>ii) Investment Curve</li> <li>iii) Aggregate demand and aggregate supply</li> <li>iv) Shifts in agg.dem,</li> <li>v) Savings and Investments</li> <li>vi) Shifts in saving and Investments</li> </ul>	3
To encourage the students develop their understanding to analyse the shifts in aggregate demand	Shifts in aggregate demand.	Shifts in aggregate demand-diagram- savings and investment - diagram	Diagrams showing i) Consumption and saving Curve and Break Even point ii) Investment Curve iii) Aggregate demand and aggregate supply iv) Shifts in agg. dem. v) Savings and Investments vi) Shifts in saving and Investments	2
To develop the understanding of students to apply their skill	Multiplier and accelerator Interaction of multiplier and	Multiplier – meaning and definition – value of multiplier – significance and kinds of multiplier – significance and kinds of multiplier – paradox of thrift –		2

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to interpret the	accelerator	unemployment		
importance of		Accelerator: - meaning and definition –		-
multiplies and		significance of accelerator.		2
accelerator		Interaction of multiplier and accelerator		
Chapter XI Mon				
To enable the	Money	Definitions of money		1
students know				
the term				
'money'.				
To enable the	Functions of	Functions of money:		2
students	money, money	A store of value		
develop deep	supply	A medium of exchange		
understanding		A measure of value		
about the		Importance of money and role of money		
concepts,		in economic development		
functions of		Money supply – meaning		
money		M1, M2, M3, M4		
		Five sources which contribute to the		
		aggregate monetary resources - No		
		money concept- Credit cards etc		
		Reserve money – Currency with the		
		public		
To encourage	Monetary policy	Monetary policy – meaning – objectives	Diagrams	6
the students		of monetary policy:-	showing the	
apply the		-Stability of prices	monetary	
acquired		-Full employment	transmission	
knowledge to		-Economic growth	mechanism	
understand the		instruments to achieve the monetary		
monetary		objectives		
policy.		- Monetary transmission mechanism		
		diagram		
		-Cheap money and dear money policies		
		-Monetary policy in action the equation		
-		of exchange		
To enable the	Inflation and	Inflation – meaning and definitions.		4
students apply	Deflation	Kinds of inflation: walking, creeping,		
their knowledge		crawling, running, galloping, cost push,		
to understand		demand pull inflation		
the concepts of		Courses of inflation definit hudgeting		
Inflation and		Causes of inflation deficit budgeting,		
deflation.		increase in population, increase in		
		wages		
		Measures to control inflation: dear		
		money policy, credit control,		
		Price control, Deflation – meaning, definitions		
Chapter VII Fire	al Policy		1	
Chapter XII Fisc To enable the		Public finance, meaning the subject		4
	The concept of	Public finance- meaning- the subject		1
students know	public finance and	matter of public finance.		
the concepts of	its' importance,	The role of Police States and welfare		
public finance	taxes	states		
and its		Public expenditure, public revenue and		
importance.		public debt.		2
		-Taxes – meaning and definition of		2
		taxes		

		Kinds of Taxes:- -Direct, indirect, proportional, progressive, regressive, degressive -Taxes of Central govt. and State govt.	2 2
To enable the students develop understanding about the "budget"	Budget	Budget- meaning and definitions – Kinds of budget – revenue: capital, surplus, deficit; balanced, zero based; performance.	3
To encourage students understand the importance and objectives of fiscal policy.	Fiscal policy	Fiscal policy- its' importance and objectives:- full employment, economic stability, capital formation, improve distributive justice, mobilize resources etc	3
To enable the students analyse the limitations of fiscal policy.	Limitations of fiscal policy.	Limitations of fiscal policy -Size of fiscal measure -Ineffective anticyclical measure -Administrative delays -Other limitations	1

A group or individual project work can be given on the broader are "Economic Problems". The chapters prescribed in Standard XI may be of great help to select a suitable topic for the project work.

## **Thrust Areas:**

- 1. Population
- 2. Poverty
- 3. Unemployment
- 4. Plans
- 5. Agriculture Marketing, P.D.S., Consumption of manure, fertilizers and pesticides and Their impact on productivity
- 6. Industries Health hazards, Pollution, Location/ Concentration of industries
- 7. Banking Banks and Credit creation for agriculture and industrial activities
  - Indigenous banks (unorganized banks)
  - Banking Transactions
  - Mobilisation of deposits
- 8. Foreign Trade- Trends in exports and imports
  - Changes in compositions of exports and imports

9. Human Resource Development – Literacy percentage, mortality rate, fertility rate, male-female ratio, Provision of Health and Sanitation facilities, census regarding Number of schools, colleges, universities, other educational institutions, Number of hospital, doctors etc. Life span.

10. Index Numbers – Cost of living index, consumer price index, wholesale price index.

## Sources of data:

World Bank Reports, Census Reports, Budget Documents, R.B.I. Bulletins, Economics Times, Five Year Plans, Columns. I. Publications, Year Books, Economic Survey of India, Bulletins of LICHF, HDFC, HUDCO, CANBANK, INDBANK, and other lending banks,