

# SYLLABUS IN ECONOMICS

318

## RATIONALE

Every economy in the world aims at securing for its people as high a standard of living as possible. To fulfil this aim it requires 'resources'. No country in the world has enough of all types of resources. As such there is no alternative but to economise the scarce resources.

Economics, as a discipline, aims at developing concepts and theories which provide insights into the basis of economising resources and identifying various ways to economise scarce resources. It helps us in understanding economic and social problems which individuals (i.e. at micro level) and the nation as a whole (i.e. at macro level) face.

This syllabus aims at making students familiar with certain basic concepts and laws of economics to enable them to understand the process of economic decision making both at individual level and at national level. After going through the study material contained in the syllabus the students are expected to have developed an insight into the economic events taking place in our economy and the world over. They would be able to understand the important economic problems and issues, why they arise and how the various Governments are trying to overcome these problems.

### The highlights of the syllabus are :

- (i) Common problems faced by all economies of the world are explained along with the features of the Indian economy.
- (ii) Use of statistical data in understanding and analysing various economic problems is explained at an elementary level.
- (iii) National income is the most important measurable indicator of the economic performance of a country. The meaning of national income and other related aggregates, the methods of measuring national income are also a part of this syllabus.
- (iv) Basic concepts demand, supply, cost and revenue are explained. The process of price determination is also explained.

- (v) A detailed information on Government budget, money supply and its role in an economy is also included.
- (vi) The Indian economic scene is described through its experience in planning, development of agriculture and industry, economic and social infrastructure, foreign trade, balance of payments position and growth of population.
- (vii) It also gives a detailed account of economic reforms introduced in India.

## OBJECTIVES

The objectives of the syllabus are to enable the learners :

- to understand the working of an economy.
- to understand the basic economic problems and why do they arise.
- to understand the uses of statistical data in understanding and analysing the economic problems.
- to understand the concept, methods of estimation and significance of national income.
- to identify the factors determining demand for and supply of goods and services.
- to understand the role of demand and supply in price determination.
- to understand the Central Government budget and other economic policies of the government.
- to understand the meaning and significance of economic and social infrastructure for our economy.
- to understand the need, objectives and achievements of planning.
- to understand the performance of various sectors of the Indian economy.
- to understand various aspects of population and its impact on development.
- to understand the need and importance of economic reforms introduced in our country.

(i)

## DIVISION OF MARKS AND STUDY TIME

### Core Modules

S.No.		Marks	Time (Hrs.)
I	The Economy	10	20
II	Statistical Data and Methods	16	40
III	National Income	15	35
IV	Micro Economics	15	40
V	The Government and the Indian Economy	12	30
VI	Indian Planning Experiences	12	30

### Optional Modules (Choose any one group)

Group A		Marks	Study (Hrs.)
VII	Agriculture and Industry in India's Economic Development	10	25
VIII	Economic and Social Infrastructure	10	20
OR			
Group B			
IX	India's Balance of Payments	10	25
X	Population	10	20
Total		100	240

## CORE MODULES

### Module I : The Economy

**Approach** : This module seeks to familiarise the students with the common problems faced by all economies and the features of developed and underdeveloped economies.

**Pre-requisite knowledge** : Some familiarity with the characteristics of the Indian economy.

### Unit 1 : What is an Economy?

- 1.1 Meaning of an economy and its vital processes. Production, consumption, saving and investment.
- 1.2 Central problems of an economy - How they arise?

### Unit 2 : Economic Development and Indian Economy

- 2.1 Meaning of economic development.
- 2.2 Difference between developed and developing economies.
- 2.3 Features of Indian Economy - a developing economy.

### Module II : Statistical Data and Methods

**Approach** : Statistics is a very useful subject and it has many applications in the social sciences, in business, in government and even in daily life. This module helps to develop an understanding of statistical data, presentation and analysis for using them to understand economic problems.

**Pre-requisite knowledge** : Some elementary knowledge of arithmetic and geometry.

### Unit 1 : Statistical Data

- 1.1 Meaning of Statistics. The need and scope of statistics in economics. Distinction between statistical data and statistical methods. Sources of statistical data.
- 1.2 Arrangement and classification of data. Frequency distribution.
- 1.3 Presentation of data (i) Tabular Presentation (ii) Graphical Presentation (bar charts, pie-charts, time series).

### Unit 2 : Statistical Methods

- 2.1 Ratios, rates and percentages;
- 2.2 Arithmetic mean including weighted mean as a measure of central tendency.

### Unit 3 : Index Numbers

- 3.1 Meaning and Construction of Index Numbers: Wholesale Price Index Number and Consumer Price Index Number. Problems in construction of Index Number.
- 3.2 Application of Index Numbers.

### **Module III : National Income**

**Approach** : National income is a central concept in economics. It gives a quantitative view of a country's economic performance. It is also used to compare the economic performance with that of other countries.

**Pre-requisite knowledge** : Some familiarity with arithmetic and tabular presentation as given in Module II.

#### **Unit 1 : National Income Flows**

- 1.1 Participants in income generation.
- 1.2 The circular flow in income generation in real and monetary term.
- 1.3 The circular flows in closed and open economies.

#### **Unit 2 : Alternative Approaches to National Income (N.I.)**

- 2.1 N.I. as aggregate of net output.
- 2.2 N.I. as aggregate of factor income : Labour income, capital income, mixed income.
- 2.3 N.I. as aggregate of final expenditure.  
-Gross National Product, Gross Domestic Product, Net Domestic Product and Net National Product and Per Capita Income.
- 2.4 Uses of National Income estimate.

### **Module IV : Micro Economics**

**Approach** : This module will enable the learners to understand how individual buyers and sellers make economic decisions.

**Pre-requisite knowledge** : Some knowledge about reading of graphs and charts.

#### **Unit 1 : What Micro Economics is all about**

- 1.1 Micro Economics as a study of individual economic decisions about production and consumption; buying and selling.
- 1.2 Importance of Micro Economics studies.
- 1.3 Micro economic behaviours and generalised economic laws.

#### **Unit 2 : What Affects Demand**

Meaning of Demand; Factors affecting demand; Law of Demand.

#### **Unit 3 : What Affects Supply**

Meaning of Supply; Factors affecting supply; Law of Supply.

#### **Unit 4 : Price Determination**

- 4.1 Market demand and market supply of a commodity.
- 4.2 Process of price determination. Meaning of equilibrium price. Effects of changes in market demand and market supply on equilibrium price.
- 4.3 Meaning of excess demand and excess supply and their implications.

#### **Unit 5 : Cost**

Meaning of cost ; explicit and implicit costs; fixed and variable cost ; total cost, average cost and marginal cost.

#### **Unit 6 : Revenue**

Meaning of total revenue. average revenue and marginal revenue.

#### **Unit 7 : Objectives of a Firm**

Profit maximisation in terms of the excess of total revenue over total cost and in terms of the equality of marginal revenue and marginal cost. Other objectives of a firm.

### **Module V : The Government and the Indian Economy**

**Approach** : This module explains the influence of money supply and fiscal or budgetary policy on economic activities.

**Pre-requisite knowledge** : Some idea about the role of government in India.

#### **Unit 1 : The Government's Budget**

- 1.1 Its meaning and components : Receipts and Expenditure; Revenue and Capital.
- 1.2 Sources of government receipts; heads of expenditure.
- 1.3 Meaning of budgetary and fiscal deficit. Sources of financing the deficit and their implications.
- 1.4 Objectives of Budgetary Policy.

**Unit 2 : Money Supply: Meaning and Regulation**

- 2.1 Meaning and components of money supply.
- 2.2 Effects of change in money supply.
- 2.3 Regulation of money supply. Role of reserve Bank of India.

**Module VI : Indian Planning Experiences**

**Approach :** This module provides information on planning in India.

**Pre-requisite knowledge :** Familiarity with Indian Economy as contained in Module I.

**Unit 1 : Major objectives of Planning in India**

Economic Growth; Reduction of inequalities of income and wealth and poverty alleviation; Reduction of unemployment, self-reliance and modernisation.

**Unit 2 : Achievements of Planning in India (in the context of major objectives).**

**Unit 3 : Recent economic reforms and the role of Planning.**

**Unit 1 : Agriculture**

Importance of agriculture; Problems of agriculture; Measures taken to overcome these problems.

**Unit 2 : Industry**

Role of industrialisation and policy of industrialisation (1991).

**Unit 3 : Interdependence of Agriculture and Industry**

**Module VIII : Economic and Social Infrastructure**

**Approach :** In this module importance of economic infrastructure and social infrastructure for India's economic development will be emphasised.

**Pre-requisite knowledge :** Familiarity with knowledge about Indian economy as contained in Module I.

**Unit 1 : Economic Infrastructure**

- 1.1 Transport and Communication
- 1.2 Energy
- 1.3 Financial Institutions

**Unit 2 : Social Infrastructure**

- 2.1 Housing
- 2.2 Health
- 2.3 Education

**OPTIONAL MODULES**

(Choose any one group)

**GROUP A**

**Module VII : Agriculture and Industry in India's Economic Development**

**Approach :** India's economic development depends on the growth of both the agricultural and the industrial sectors which are interdependent. This module will provide detailed information about the agricultural and industrial sectors.

**Pre-requisite knowledge :** Familiarity with knowledge about Indian Economy as contained in Module I.

**OR**

**GROUP B**

**Module IX : India's Balance of Payments**

**Approach :** In this module India's balance of payment problems would be discussed and highlighting the need for promoting exports and opening up of the economy.

**Pre-requisite knowledge :** Familiarity with knowledge about Indian economy as contained in Module I.

**Unit 1 : Direction and Composition of India's Foreign Trade**

**Unit 2 : Foreign exchange rate**

2.1 How is it determined and why does it fluctuate?

2.2 The effects of changes in the exchange rate.

**Unit 3 : Balance of Trade and Balance of Payments.**

**Unit 4 : Inflow of Capital. Need for foreign direct investment in India.**

**Unit 5 : Implication of new trade policy.**

## **Module X : Population and Economic Development**

**Approach :** To acquaint the learners about India's population problem and the National Population Policy to overcome this problem. The inter-relationship between economic development and the growth rate of population will also be discussed.

**Pre-requisite knowledge :** Some knowledge about India's population problem.

**Unit 1 : Population and Economic Development**  
Interdependence between population and economic development.

**Unit 2 : Population of India : Structure, Problems and Measures**