

For the Year 2025

# **Economics/Business**

## **Economics – 309**

### **Syllabus for**

### **NCET 25**

Economics/Business

Note:

There will be one Question Paper which will have 28 questions out of which 25 questions need to be attempted.

## Course I: Introductory Microeconomics

This course introduces the learner to economics as a science of abstraction and reasoning. It introduces some basic concepts and tools to understand economic issues of an individual or a firm and how decisions are taken in variety of markets. It also intends to provide exposure to the learners on how choices are made and how a variety of statistical tools are used to optimally allocate the resources.

### Unit I: Introduction

- What is microeconomics?
- Central problems of an economy, production possibility curve and opportunity cost.

### Unit II: Consumer Behaviour and Demand

- *Consumer's Equilibrium*: meaning and attainment of equilibrium through Utility Approach: One and two commodity cases.
- *Demand*: market demand, determinants of demand, demand schedule, demand curve, movement along and shifts in demand curve, price elasticity of demand, measurement of price elasticity of demand – percentage, total expenditure and geometric methods

### Unit III: Producer Behaviour and Supply

- *Production function*: returns to factor and returns to scale
- *Supply*: market supply, determinants of supply, supply schedule, supply curve movement along and shifts in supply curve, price elasticity of supply, measurement of price elasticity of supply – percentage and geometric methods
- *Cost and Revenue*: Concepts of costs; short-run cost curves (fixed and variable costs; total, average and marginal costs); concepts of revenue – total, average and marginal revenue and their relationship. Producer's equilibrium – with the help of MC and MR.

### Unit IV: Forms of Market and Price Determination

- Forms of market – perfect competition
- Price determination under perfect competition – equilibrium price, effects of shifts in demand and supply.

## **Unit V: Simple Applications of Tools of Demand and Supply Curves**

The teachers can be given the flexibility to choose the issues: rationing, floors and ceilings and Food Availability Decline (FAD) Theory (the teachers may also choose alternative examples that are simple and easy to understand)

## **Course II: Introductory Macroeconomics**

The overall working of an economy and some of its economic theorisation are introduced in this course. The learners will get some basic idea of how the government regulates the functioning of economic aspects of a country through accounting of the production activities, running financial institutions, budgeting and the accounting of its economic interaction with other countries. The impact it will have on citizens is also briefly introduced.

### **Unit I: National Income and Related Aggregates - Basic Concepts and Measurement**

- *Macroeconomics*: meaning.
- Circular flow of income, concepts of GDP, GNP, NDP, NNP (at market price and factor cost), National Disposable Income (gross and net); Private Income, Personal Income and Personal Disposable Income
- Measurement of National Income – Value Added method, Income method and Expenditure Method

### **Unit II: Determination of Income and Employment**

- Aggregate demand, aggregate supply and their components
- Propensity to consume and propensity to save (average and marginal)
- Meaning of involuntary unemployment and full employment
- Determination of income and employment: two sector model
- Concept of investment multiplier and its working
- Problems of excess and deficient demand
- Measures to correct excess and deficient demand – availability of credit, change in government spending

### **Unit III: Money and Banking**

- *Money*: meaning, evolution and functions
- *Central bank*: meaning and functions
- *Commercial banks*: meaning and functions
- *Recent significant reforms and issues in Indian Banking System*: privatisation and modernization

#### **Unit IV: *Government Budget and the Economy***

- Government budget – meaning and its components
- Objectives of government budget
- Classification of receipts – revenue and capital; classification of expenditure – revenue and capital, plan and non-plan, and developmental and non-developmental
- Balanced budget, surplus budget and deficit budget: meaning and implications
- Revenue deficit, fiscal deficit and primary deficit: meaning and implications; measures to contain different deficits
- Downsizing the role of government: meaning and implications

#### **Unit V: *Balance of Payments***

- Foreign exchange rate – meaning (fixed and flexible), merits and demerits; determination through demand and supply
- Balance of payments accounts – meaning and components
- A brief analysis about recent exchange rate issues