

## INTERMEDIATE FIRST YEAR

### ECONOMICS SYLLABUS

- Paper – I                      Introductory Economic Theory
- Unit – I                      Introduction
- a) Origin and meaning of Economics -  
Concept of Economics – Free goods, economic goods, consumer goods, producer goods, Intermediary goods, Wealth, Income, Utility, Value, Price, wants and welfare.
  - b) Definitions of Economics; Adam Smith, Alfred Marshall, Lionel Robbins, Paul Samuelson, Jacob Viner.
  - c) Different methods of Economic Evaluation; Inductive and Deductive methods; static and Dynamic Analysis; partial and general equilibrium; Micro and Macro Economic Analysis
- Unit – II                      Theory of Consumption
- Cardinal and Ordinal utility, the law of Diminishing marginal utility – limitations – importance; law of equimarginal utility – consumer's equilibrium, importance of the law.
- a) Theory of Demand – Determinants of demand, Demand schedule – individual and market demand schedules; The law of Demand, causes for the downward slope of the demand curve, Exceptions to law of demand
- Unit – III                      Elasticity of Demand
- a) Types of Elasticity of Demand – Price, Income and cross elasticity of demand
  - b) Measurement of price elasticity of demand;  
1) Total outlay method 2) Point method 3) Arc method
  - c) Determinants of Elasticity of demand; Importance of Elasticity of demand
- Unit – IV                      Indifference Curves
- a) Criticism of Marginal utility analysis
  - b) Introduction to indifference curves – Assumptions – Indifference curve schedule and indifference curve – Indifference Map – Budget line – consumer equilibrium
- Unit – V                      Theory of Production
- a) Production function – Factors of production; Law of variable proportions;
  - b) Returns to scale – Increasing, constant and diminishing Returns to scale – Internal and External Economics
  - c) Supply – Determinants of supply – Supply functions – Law of supply
  - d) Cost curves – Fixed and variable costs, Money costs and Real costs – Total, Average and Marginal costs – Opportunity costs
  - e) Revenue – Total, Average and Marginal Revenue
- Unit – VI                      Theory of Value
- a) Classification of Markets – Perfect competition – features – price determination
  - b) Types of Imperfect competition – Monopoly – price determination – oligopoly – duopoly

Unit – VII Theory of Distribution

- a) Distribution of income – Determination of Factor prices – Marginal productivity theory
- b) Rent – Economic Rent – Contract Rent – Ricardian theory of Rent – quasi Rent – Scarcity Rent – Transfer earnings.
- c) Wages – Meaning and types of wages – Money and real wage – Factors determining Real Wages – Piece wage – Time wage
- d) Interest; Meaning – Gross and Net interest
- e) Profits – Meaning – Gross and Net profits

Unit – VIII National Income

- a) Definitions of National Income – Concepts – Gross National Product – Net National Product – National Income at factor cost – Personal income – Disposable Income – Per capita Income
- b) Components of National Income – Consumption – Investment – Government Expenditure – Exports minus Imports, ( $Y = C + I + G + X - M$ )
- c) Measurement of National Income – Product method – Income method – Expenditure method

Unit – IX Macro Economic Aspects

- a) Classical theory of Employment – criticism – Keynesian theory of income and Employment
- b) Role of Government in Economic Activities – Public Revenue – Public Expenditure – Public debt – Budget
- c) International Trade – Exports and Imports – Balance of Payments

Unit – X Money, Banking and Inflation

- a) Money – Definitions and functions of money – Supply of Money – Types of Money
- b) Banking – Commercial Banks – Functions, Central Bank – Functions – Reserve Bank of India
- c) Inflation – Definitions – Types – Effects of inflation – Measures to control Inflation – Monetary and Fiscal Policies