INTERMEDIATE FIRST YEAR

ECONOMICS SYLLABUS

Paper – I  Introductory Economic Theory

Unit – I  Introduction
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
      National Product – National Income at factor cost – Personal income –
      Disposable Income – Percapita Income
   b) Components of National Income – Consumption – Investment – Government
      Expenditure – Exports minus Imports, (Y = C + I +G + X – M)
      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