

**2025-26**  
**ECONOMICS(112)**  
**CLASS XII**

Time: 3 Hours

**One Theory Paper**

**Marks:80**

Units	Marks
<b>Part A :Introductory Microeconomics</b>	
1. Introduction	04
2. Consumer's Equilibrium and Demand	14
3. Producer Behaviour and Supply	14
4. Forms of Market and Price Determination under perfect competition with simple applications	08
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<b>Part B: Introductory Macroeconomics</b>	
5. National Income and Related Aggregates	10
6. Money and Banking	06
7. Determination of Income and Employment	12
8. Government Budget and the Economy	06
9. Balance of Payments	06
	40

## **Part A: Introductory Microeconomics**

### **Unit 1: Introduction**

Meaning of microeconomics and macroeconomics; positive and normative economics

What is an economy? Central problems of an economy: what, how and for whom to produce; concepts of Production Possibility Frontier and Opportunity Cost.

### **Unit 2: Consumer's Equilibrium and Demand**

Consumer's equilibrium - meaning of Utility, Marginal Utility, Law of Diminishing Marginal Utility, conditions of consumer's equilibrium using marginal utility analysis.

Indifference curve analysis of consumer's equilibrium-the consumer's budget (budget set and budget line), preferences of the consumer (indifference curve, indifference map) and conditions of consumer's equilibrium.

Demand, market demand, determinants of demand, demand schedule, demand curve and its slope, movement along and shifts in the demand curve; price elasticity of demand - factors affecting price elasticity of demand; measurement of price elasticity of demand – percentage-change method and total expenditure method

### **Unit 3: Producer Behaviour and Supply**

Meaning of Production Function – Short-Run and Long-Run Total Product, Average Product and Marginal Product. Returns to a Factor Cost – Short run costs - Total Cost, Total Fixed Cost, Total Variable Cost; Average Cost; Average Fixed Cost, Average Variable Cost and Marginal Cost - meaning and their relationships.

Revenue – Total Revenue, Average Revenue and Marginal Revenue - meaning and their

relationship.

Producer's Equilibrium - meaning and its conditions in terms of Marginal Revenue- Marginal Cost.

Supply, market supply, determinants of supply, supply schedule, supply curve and its slope, movements along and shifts in supply curve, price elasticity of supply; measurement of price elasticity of supply - percentage-change method.

#### **Unit 4: Perfect Competition - Price Determination and simple applications.**

Perfect competition - Features; Determination of market equilibrium and effects of shifts in demand and supply. (Short Run Only) Simple Applications of Demand and Supply: Price ceiling, Price floor.

### **Part B: Introductory Macroeconomics**

#### **Unit 5: National Income and Related Aggregates**

What is Macroeconomics?

Basic concepts in macroeconomics: consumption goods, capital goods, final goods, intermediate goods; stocks and flows; gross investment and depreciation. Circular flow of income (two sector model); Methods of calculating National Income - Value Added or Product method, Expenditure method, Income method. Aggregates related to National Income: Gross National Product (GNP), Net National Product (NNP), Gross Domestic Product (GDP) and Net Domestic Product (NDP) - at market price, at factor cost; Real and Nominal GDP, GDP Deflator, GDP and Welfare

#### **Unit 6: Money and Banking**

Money – meaning and functions, supply of money - Currency held by the public and net demand deposits held by commercial banks.

Money creation by the commercial banking system.

Central bank and its functions (example of the Reserve Bank of India): Bank of issue, Govt. Bank, Banker's Bank, Control of Credit through Bank Rate, Cash Reserve Ratio (CRR), Statutory Liquidity Ratio (SLR), Repo Rate and Reverse Repo Rate, Open Market Operations, Margin requirement.

#### **Unit 7: Determination of Income and Employment**

Aggregate demand and its components. Propensity to consume and propensity to save (average and marginal). Short-run equilibrium output; investment multiplier and its mechanism. Meaning of full employment and involuntary unemployment. Problems of excess demand and deficient demand; measures to correct them - changes in government spending, taxes and money supply.

#### **Unit 8: Government Budget and the Economy**

Government budget - meaning, objectives and components. Classification of receipts – revenue receipts and capital receipts; Classification of expenditure – revenue expenditure and capital expenditure. Balanced, Surplus and Deficit Budget – measures of government deficit.

#### **Unit 9: Balance of Payments**

Balance of payments account - meaning and components; Balance of payments – Surplus and Deficit. Foreign exchange rate - meaning of fixed and flexible rates and managed floating. Determination of exchange rate in a free market, Merits and demerits of flexible and fixed exchange rate. Managed Floating exchange rate system

**ECONOMICS - 112**  
**Class XII**  
**Project work**

**PROJECT WORK**

**MM-20**

**Guidelines for Project Work in Economics**

**Objectives** of the project work are to enable learners to:

- probe deeper into theoretical concepts learnt in classes XI and XII
- analyse and evaluate real world economic scenarios using theoretical constructs and arguments
- demonstrate the learning of economic theory
- follow up aspects of economics in which learners have interest
- develop the communication skills to argue logically

**Expectations** of the project work are that:

- project should be of 3,500-4,000 words (excluding diagrams & graphs), preferably hand-written
- it will be an independent, self-directed piece of study

**Role of the teacher:**

The teacher plays a critical role in developing thinking skills of the learners. A teacher should:

- help each learner select the topic based on recently published extracts from the news media, government policies, RBI bulletin, NITI Aayog reports, IMF/World Bank reports etc., after detailed discussions and deliberations of the topic
- play the role of a facilitator and supervisor to monitor the project work of the learner through periodic discussions
- guide the research work in terms of sources for the relevant data
- educate learner about plagiarism and the importance of quoting the source of the information to ensure authenticity of research work
- prepare the learner for the presentation of the project work
- arrange a presentation of the project file

### **Expected Checklist:**

- Introduction of topic/title
- Identifying the causes, consequences and/or remedies
- Various stakeholders and effect on each of them
- Advantages and disadvantages of situations or issues identified
- Short-term and long-term implications of economic strategies suggested in the course of research
- Validity, reliability, appropriateness and relevance of data used for research work and for presentation in the project file
- Presentation and writing that is succinct and coherent in project file
- *Citation of the materials referred to, in the file in footnotes, resources section, bibliography etc.*

### **Mode of presentation/submission of the Project:**

At the end of the stipulated term, each learner will present the research work in the Project File to the Internal examiner. **The questions should be asked from the Research Work/ Project File of the learner. The Internal Examiner should ensure that the study submitted by the learner is his/her own original work.** In case of any doubt, authenticity should be checked and verified.

### **Marking Scheme :**

Marks are suggested to be given as –

Topics	Marks
<b>1-Project Work</b>	
a) Relevance of the topic	3
b) Knowledge content /Research Work	3
c) Presentation Technique	3
d) Viva based on project	6
<b>2- Continuous assessment (Unit Test)</b>	5
<b>Total</b>	<b>20</b>

## Suggestive List of Projects:

Class XII	
• Micro and Small Scale Industries	• Food Supply Channel in India
• Contemporary Employment situation in India	• Disinvestment policy of the government
• Goods and Services Tax Act and its Impact on GDP	• Health Expenditure (of any state)
• Human Development Index	• Inclusive Growth Strategy
• Self-help group	• Trends in Credit availability in India
• Monetary policy committee and its functions	• Role of RBI in Control of Credit
• Government Budget & its Components	• Trends in budgetary condition of India
• Exchange Rate determination – Methods and Techniques	• Currency War – reasons and repercussions
• Livestock – Backbone of Rural India	• Alternate fuel – types and importance
• Sarva Siksha Abhiyan – Cost Ratio Benefits	• Golden Quadrilateral- Cost ratio benefit
• Minimum Support Prices	• Relation between Stock Price Index and Economic Health of Nation
• Waste Management in India – Need of the hour	• Minimum Wage Rate – approach and Application
• Digital India- Step towards the future	• Rain Water Harvesting – a solution to water crises
• Vertical Farming – an alternate way	• Silk Route- Revival of the past
• Make in India – The way ahead	• Bumper Production- Boon or Bane for the farmer
• Rise of Concrete Jungle- Trend Analysis	• Organic Farming – Back to the Nature
• Effect of equilibrium prices in local market (Taking real life situation or recent news)	• Opportunity cost as economic tool (taking real life situation)
• Effect of price change on a complementary good (taking price from real life visiting local market)	• Demand and supply of any goods / services / factors.
• Any other newspaper article and its evaluation on basis of economic principles	• <b>Any other topic</b>