

## 10. अर्थशास्त्र (Economics)

### 1. A. Introduction

- What is Economics ?
- Basic understanding of economics and economic phenomenon especially in context of the concept of scarcity and allocation of resources.
- Definitions of Economics: Adam Smith, Alfred Marshall, Lionel Robbins, Samuelson.
- Meaning, Scope and importance of statistics in Economics.

### B. Collection, Organisation and Presentation of Data

- Collection of Data- Sources of Data- Primary and secondary; how basic data is collected; methods of collecting data; three important sources of secondary data. Census of India, National Sample Survey Organisation and Directorate of Statistics & Evaluation, Bihar, Patna.
- Organisation of Data: Meaning and types of variables; Frequency Distribution.
- Presentation of Data : Tabular Presentation and Diagrammatic Presentation of Data :
  - (i) Geometric forms (bar diagrams and pie diagrams),
  - (ii) Frequency diagrams (histogram, polygon and ogive) and
  - (iii) Arithmetic line graphs (time series graph).

### C. Statistical Tools and Interpretation.

- Measures of Central Tendency- mean (simple and weighted), median and mode.
- Measures of Dispersion- Absolute dispersion (range, quartile deviation, mean deviation and standard deviation), relative dispersion (co-efficient of quartile-deviation, co-efficient of mean deviation, co-efficient of variation). Lorenz Curve: meaning and its application.
- Introduction of Index Numbers- meaning; what does an Index number show, measure or indicate; How you can construct index number; types- wholesale price index, consumer price index and index of industrial production, uses of index numbers; Inflation and index numbers.

## 2. Economic Development of Bihar & India

### A. Development Policies and Experience (1947-90)

- A brief introduction of the state of economy of Bihar and Indian on the eve of independence.
- Common goals of Five Year Plans.
- Main features, problems and policies of :
  - (i) Agriculture (institutional aspects and new agricultural strategy etc.)
  - (ii) Industry (agro-based, industrial licensing, etc.) and
  - (iii) Foreign trade.

## **B. Economic Reforms since- 1991**

- Need & main features: Liberalisation, globalization and Privatisation.
- An appraisal of SEZ & LPG Policies.
- Impact of Bihar.

## **C. Current Challenges Facing Economy of Bihar and India.**

- Poverty: Absolute and relative; Meaning of poverty line; vicious circle of poverty; causes of poverty; Government and non-government measures on poverty alleviations; Main programmes for poverty alleviation : A critical assessment.
- Rural development: Key issues- credit and marketing- role of co-operatives and self help groups; agricultural diversification; alternative farming- organic farming.
- Population growth over the years; Census of 2001; age, sex composition; density of population and occupational distribution; the current National Policy on Population.
- Human Capital Formation: How people become resource; Role of human capital in economic development; Growth of Education Sector in India.
- Employment: Growth informalisation and other issues; Problems and policies.
- Infrastructure: Meaning & types; Case studies: Energy and Health- Problems and Policies- A Critical assessment;
- The role of Public Distribution System in providing food security in Bihar; A critical examination of the PDS.
- Capital formation in Bihar; Capital requirements for economic growth.
- Environment: Sustainable economic development; limited availability of resources; environmental degradation.

## **D. Development Experience of Bihar: A comparison with other states**

- Bihar and Punjab
- Bihar and Maharashtra
- Issues: Growth, sectoral development and other developmental indicators.

## **E. Development Experience of India: A comparison with neighbours**

- India and Pakistan
- India and China
- Issues: Growth, sectoral development and other developmental indicators.

## **3. Introductory microeconomics**

### **A. Introduction**

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

### **B. 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 method.

### **C. Producer Behaviour & 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 method.
- Cost and Revenue: Short run costs- Total cost, Total variable cost, Total Fixed cost; Average Fixed cost, Average variable cost and Marginal cost- meaning and their relationship. Revenue-total, average and marginal revenue; Opportunity cost : definition, application.
- Producers' equilibrium- Meaning and its conditions in terms of total cost and total revenue.

### **D. Forms of Market and Price Determination**

- Forms of Market- Perfect competition, Monopoly, Monopolistic competition- their meaning and features.
- Price determination under perfect competition- Equilibrium price, effects of shifts in demand and supply.

### **E. Simple applications of Tools of demand and supply Curves**

- The teachers can be given the flexibility to choose the issues : rationing, floor and ceilings and Food availability decline (FAD) Theory. The teachers are encouraged to choose alternative examples that are simple and easy to understand.

**Note to text book writers :** More examples from day-to-day context could be given. More numerical examples (solved) will have to be given. Use of pictures, charts and simple tables is essential.

## **4. Introductory macro-economics**

### **A. National Income and related aggregates**

- 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.

### **B. 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.

### **C. Money and Banking**

- Money – meaning, evolution and functions.
- Inflation: cost-push; demand-pull; causes, effects of inflation on different groups of society; measures to control inflation.
- Central Bank – meaning and functions.
- Commercial banks – meaning and functions.
- Recent significant reforms and issues in Indian Banking System : Privatisation and modernization.

### **D. Government Budget and the Economy.**

- Government budget- meaning and its components.
- Objectives of government budget.
- Classification of receipt- revenue and capital;
- Taxes – types
- Classification of expenditure- revenue and capital, plan and non plan & developmental and non-developmental.
- Balanced budget, surplus budget and deficit budget: meaning and implication.
- Revenue deficit, fiscal deficit and primary deficit: meaning and implications; measures to contain different deficits.
- Latest budget of Bihar and India.

### **E. International Trade:**

- Why International Trade takes place
- Balance of payments accounts- meaning and components
- Foreign exchange rate- meaning (Fixed and Flexible), merits and demerits, Determination through demand and supply.
- A brief analysis about recent exchange rate issues.