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**Syllabus for Recruitment Examination of Post Graduate Teacher**  
**SUBJECT: ECONOMICS**

**PAPER-I**  
**MICRO & MACRO ECONOMICS**

**1. Introduction**

Definition of Economics. Central Problems of an Economy what? How? For whom to produce? Concept of Consumption, Production and Distribution. Possibility Frontier and Opportunity Cost. Distinction between Normative and Positive Economics, Planned and Market Economy, Micro and Macro Economics. Inter-dependence of Micro and Macro Economics.

**2. Consumer Behaviour and Demand**

Meaning and Determination of Equilibrium through Utility and Indifference Curve approach. Meaning of Utility – Average, Marginal and Total Utility. Law of Diminishing, Marginal Utility. Condition of Consumer Equilibrium using Marginal Utility analysis and Law of Substitution—its limitations. Implications and practical importance of Utility Analysis. Properties of Indifference Curve. Indifference Curve analysis of consumer (Indifference curve and Indifference Map) and condition of Consumer Equilibrium.

**3. Producer Behaviour and Supply**

Production Function: Total, Average and Marginal Product. Concept of Isoquant. Short run and long run costs, Fixed Costs and Variable Costs, Total, Average and Marginal Costs\_ Meaning and relationship. Total, Average and Marginal Revenue. Concept of Production – Return to Factor and Return to Scale. Producer's Equilibrium\_ Meaning and its condition in short run and long run through-(a) Total Revenue and Total Cost approach (b) Marginal Revenue and Marginal Cost approach. Supply\_ Determinants of Supply. Changes in Supply. Movements and Shift in Supply Curve. Price Elasticity of Supply\_ Methods of Measurement of Price Elasticity of Supply.

**4. Simple Application of Tools of Demand and Supply**

Scientific tools for analysis of Economic Theory. Induction and Deduction Method. Some basic Concepts: Economic Goods, Consumption Goods, Capital Goods, Final Goods & Intermediate Goods. Stock and Flows. Gross Investment and Depreciation.

**5. Forms of Market and Price Determination**

Perfect Competition: Meaning and Features. Market Equilibrium under Perfect Competition. Equilibrium Price and Quantity. Situations of Excess Demand and Excess Supply on Market Equilibrium Price and Quantity. Non -Competitive Market: Monopoly, Monopolistic Competition, Duopoly and Oligopoly.

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**6. Factor Price Determination**

Factor Demand. Marginal Productivity Theory of Distribution. Total Factor Demand and Factor Supply. Factor Price Determination. Role of Trade Unions. Competitive advantages of International Trade and Factor Mobility.

**7. Structure of Macro Economy & National Income Accounting**

National Income Accounting: Uses and its importance. Circular flow of income. Main Sectors in an Economy. Flow of income into; two, three and four sector economy. Money flow, Real flow and Deposition flow.

**8. National Income and related Aggregates**

Concept of Economic Territory. Resident, Non- Resident and Normal Residents. Concept of GDP, NDP, GNP, and NNP at Factor Cost and Market Price. Methods of calculating National Income – Produce Method, Income Method and Expenditure Method –Precautions. Private Income, Personal Income and Personal Disposable Income. Real and National GNP, GDP and welfare along with its limitations.

**9. Determination of Income and Employment**

Say's law of Market. Keynesian Approach- Aggregate Demand and Aggregate Supply. Meaning and Components of Aggregates Demand. Consumption and Saving function. Propensity to Consume and Propensity to Save- Average and Marginal Propensity to Save. Short Run Fixed Price in Product Market. Equilibrium Page 2 Multiplier and Multiplier Mechanism. Meaning of Full Employment and Involuntary Unemployment. Problem of Excess Demand and Deficit Demand. Measures to correct through Fiscal and Monetary policies.

**10. Money and Banking**

Barter System and its problems. Evolution of Money. Meaning and Functions of Money- Primary, Secondary and Development function. Demand for money and its different approaches. Banking-Commercial Banks and Central bank. Mechanism of Credit Creation. Financial Institutions NABARD, IDBI, ICICI, Regional Rural Banks. Non Banking Financial Institutions - Insurance & Mutual Funds etc.

**11. Foreign Trade and International Monetary Institutions**

Foreign Exchange Rate – Meaning and its Determination. Demand and Supply of Foreign Exchange. Equilibrium in Foreign Exchange Market. Types of Foreign Exchange Rate. Fixed and Variable Foreign Exchange Rate system. Operation of Foreign Exchange Market. Spot and Capital Accounts, Autonomous and Accommodation items. Factors responsible for disequilibrium in Balance of Payments. International Monetary Institutions IMF, IBRD, ADB. Trade Policy. Tariff, Theory of Regional Blocks. Customs Union. European Common Market: GATT, WTO.