

FIRST YEAR B. B. A.
PAPER- 2 PRINCIPLES OF ECONOMICS (MICRO and MACRO)

(Effective from June 1999)

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| I. Nature and Scope of Economics : | 15% |
| Nature of Economics and subject - matter of Economics - Basic concepts: Good, Utility, Price & value, Wealth and welfare, Equilibrium, Consumption, production, Consumer's surplus, Std. of living, Capital Entrepreneur (Mgt). | |
| II. Demand & Supply : | 10% |
| Meaning of demand - Demand Determinants, the law of demand- change in demand - meaning of supply, Determination of supply- the law of supply- change in Supply, Equilibrium price interaction of demand and supply. Time element in the theory of price. | |
| III. Distribution : | 5% |
| The Marginal Productivity theory of Distribution under perfect competition and imperfect competition. | |
| IV. National Income : | 10% |
| Definition of National Income- Circular flow of income - GNP-NNP-NNP at market price & factor cost - personal income Disposable -real income - Per capital income - Methods of Measuring National income- Significance of national income- Significance of N.I. in India. | |
| V. Theory of Income & Employment : | 10% |
| Conceptual frame-work of Effective demand- consumption function investment multiplier and accelerator, liquidity trap-modern theory of interest - Keynesian economics and under-developed countries - Typical business cycle. | |
| VI. Business Cycle : | 10% |
| Concept and characteristics of business cycle-Phases of business cycle, Inflation, Deflation and Stagflation, Remedies, effects of inflation - Method of Control (Philips Curve) Comparison between inflation and deflation. | |
| VII. Theories of Interest rate : | 10% |
| Classical - Loan able fund and Liquidity preference theory. | |
| VIII. Money : | 10% |
| Function of Money -value of money - the quantity theory of money (Fisher's and Cash balance equations) - Components of money supply. | |
| IX. Banking : | 10% |
| Functions of Commercial Bank-Credit creation- Functions of a Central Bank-weapons of credit control. | |
| X. International Trade : | 10% |
| Theory of Comparative cost-Balance of payment. | |