



CUET

# Common University Entrance Test

**309 - Economics/Business Economics**

Syllabus

# CUET (UG)



### Unit I: Introduction, Theory of Consumer Behaviour

- What is microeconomics?
- Central problems of an economy
- Consumer's Equilibrium:** meaning and attainment of equilibrium through Utility Approach: One and two commodity cases, Consumers Budget and Optimal choice of the consumer.
- Demand:** market demand, determinants of demand, demand schedule, demand curve, movement along and shifts in the demand curve, price elasticity of demand, measurement of price elasticity of demand – percentage, total expenditure, factor determining price elasticity of demand for a good.

### Unit II: Production and Costs.

- Production function: Short run and Long run production function
- Shapes of TP, MP and AP curves
- Cost and Revenue: Concepts of costs; short-run cost curves (fixed and variable costs; total, average and marginal costs); concepts of revenue – total, average and marginal revenue and their relationship. Producer's equilibrium – with the help of MC and MR.

### Unit III: The Theory of the firms under perfect competition

- Features of perfect competition
- Profit maximization.
- Price determination under perfect competition – equilibrium price, effects of shifts in demand and supply.
- 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.

### Unit IV: Market Equilibrium and Simple Applications

- Market equilibrium, excess demand, excess supply,
- Applications:-- Price ceiling and Price flooring.

### Unit I: Introduction and National Income Accounting

- ❑ What is macroeconomics?
  - Basic concepts in macroeconomics:
  - Circular flow of income; Methods of calculating National Income – Value Added or Product method, Expenditure method, Income method
  - **Aggregates related to National Income:** Factor Cost, Basic Prices and Market Price. GDP and Welfare

### Unit II: Money and Banking

- ❑ Meaning and functions, supply of money – Money Creation and Money Multiplier.
- ❑ Central bank and its functions (example of the Reserve Bank of India)
- ❑ Policy tools to control money supply.

### Unit III: Determination of Income and Employment

- ❑ Aggregate demand and its components.
- ❑ Determination of Income in two sector model.
- ❑ Problems of excess demand and deficient demand; measures to correct them – changes in government spending, taxes and money supply
- ❑ Multiplier mechanism.

### Unit IV: 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 V: Open Economy Macroeconomics

- ❑ **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. Merits and demerits of exchange rate regimes.
- ❑ Determination of exchange rate.
- ❑ Managed Floating

### Course III: Indian Economic Development

#### Unit I: Development Policies and Experience (1947–90)

- ❑ A brief introduction of the state of Indian economy on the eve of independence.
- ❑ Indian economic system and common goals of Five Year Plans
- ❑ Main features, problems and policies of agriculture (institutional aspects and new agricultural strategy), industry (IPR 1956; SSI – role & importance) and foreign trade.

#### Unit II Economic Reforms since 1991: Macroeconomics: Meaning.

- ❑ Economic Reforms since 1991:
  - Features and appraisals of liberalisation, globalisation and privatisation (LPG policy);

#### Unit III: Current challenges facing the Indian Economy

- ❑ **Human Capital Formation:** How people become resource; Role of human capital in economic development; Growth of Education Sector in India
- ❑ **Rural development:** Key issues – credit and marketing – role of cooperatives; agricultural market system, Agriculture diversification; alternative farming – organic farming
- ❑ **Employment:** Growth and changes in work force participation rate in formal and informal sectors; problems and policies
- ❑ **Environment and Sustainable Development:** Definition and Functions, State of India's environment, Strategies for sustainable development.

#### Unit IV: Development Experiences of India: A comparison with neighbours.

- ❑ A comparison with neighbours.
- ❑ **Issues:** economic growth, population, sectoral development and other Human Development Indicators.
- ❑ Development Strategies.