



**DriveEdumax
Academy**

Economics

Curriculum for Grade XII

Class 12 Economics Curriculum Overview (Arts)

The Class 12 Economics curriculum is divided into two significant branches: *Microeconomics* and *Macroeconomics*. These areas explore the functioning of individual markets and the economy as a whole, respectively. Through two key textbooks—*Introductory Microeconomics* and *Introductory Macroeconomics*—students will develop an understanding of key economic concepts, theories, and practical applications that shape economies on both small and large scales.

Textbook 1: Introductory Microeconomics

1. Introduction

This chapter introduces the foundational ideas of microeconomics, explaining the basic economic problems faced by societies, such as scarcity, choice, and how economies function. It also highlights the difference between centrally planned and market economies, along with positive and normative economic approaches.

2. Theory of Consumer Behaviour

Students learn about the decision-making processes of consumers, focusing on utility theory and how consumers optimize their choices given their budget constraints. The chapter also explains the law of demand, market demand, and price elasticity of demand.

3. Production and Costs

This section deals with how goods and services are produced, examining production functions, the law of diminishing returns, and the relationship between inputs and outputs. Students will explore concepts like total, average, and marginal products, and both short-run and long-run costs in production.

4. The Theory of the Firm under Perfect Competition

Students are introduced to the concept of perfect competition and how firms maximize profit under such conditions. The chapter covers revenue generation, profit maximization, and the derivation of supply curves for firms in both the short and long run.

5. Market Equilibrium

This chapter explores how supply and demand interact to reach equilibrium in competitive markets, examining cases of excess demand and excess supply. It also covers real-world applications, including price ceilings and price floors, which are used by governments to regulate markets.

Textbook 2: Introductory Macroeconomics

1. Introduction to Macroeconomics

The introductory chapter discusses the evolution of macroeconomics and provides an overview of its scope, addressing broader economic indicators and trends that affect nations as a whole.

2. National Income Accounting

This chapter explores the measurement of a country's economic performance through concepts such as Gross Domestic Product (GDP), national income, and other macroeconomic identities. Students will learn the three methods of calculating national income: product, expenditure, and income methods.

3. Money and Banking

Here, the role of money in the economy is analyzed, covering its functions, demand, and supply. The chapter explains how money is created through the banking system and the tools used by central banks to regulate money supply.

4. Determination of Income and Employment

The chapter focuses on how aggregate demand influences national income and employment. It introduces concepts like the multiplier effect and explains how macroeconomic equilibrium is achieved in the short run.

5. Government Budget and the Economy

This section covers the role of government budgets in the economy, focusing on their components, objectives, and the different types of deficits. Students will study how governments use fiscal policy to influence economic growth and stability.

6. Open Economy Macroeconomics

The final chapter introduces students to the functioning of open economies, with a focus on international trade, balance of payments, and the foreign exchange market. Students will learn about exchange rate systems and the effects of global economic integration on national economies.

The Class 12 Economics curriculum provides students with a comprehensive understanding of both micro and macroeconomic principles. Through the two textbooks, students will learn how economies function at individual, firm, and national levels, and they will develop analytical skills to interpret real-world economic scenarios. This foundation is essential for anyone pursuing further studies or careers in economics, business, or public policy.