Economics I
Grade: XI
Full Marks : 100
Teaching Hours : 150

I. Introduction
This course is designed for grade XI students opting for economics as a subject at higher secondary level in Nepal.

II. General objective
The general objective of this course is to familiarize students with the basic concepts of economics, development economics, main features of the Nepalese economy, and basic statistics as well as basic mathematics used in economics.

III. Specific Objectives
Upon the completion of this course the students will be able to:
1. State the meaning and basic concept of economics;
2. Discuss basic issue in economics;
3. Explain the concept and laws of demand and supply, derivation of demand and supply curves, movements, and shifts;
4. Explain the concept of economic development;
5. Discuss the characteristics of developing countries and various indicators of economic development;
6. Describe the nature and causes of poverty and remedial measures of poverty reduction;
7. Explain the concepts of human resources and human development index
8. Explain the concepts of development planning and describe the salient feature of the current plan in Nepal;
9. Discuss the process of plan formulation in Nepal;
10. State the current status of the Nepalese economy;
11. Explain the importance of natural resources in the economic development of Nepal and discuss the problems of natural resource management;
12. Discuss the characteristics of the Nepalese agriculture and the problem of agricultural marketing;
13. Explain the problems and sources of agricultural financing;
14. Explain the importance and problems of industrial development;
15. Discuss the role, prospects and problems of tourism industry in Nepal;
16. State the current status of public enterprises in Nepal;
17. Explain the role and means of transportation and communication development Nepal; and
18. Use basic Statistical and mathematical tools in economics
IV. Course scheme
The course is divided into four major parts containing a total of sixteen units. The details of the course with recommended teaching hours are as follows:

<table>
<thead>
<tr>
<th>Unit</th>
<th>Title</th>
<th>Teaching hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Part A: Basic Concepts of Economics</td>
<td>37</td>
</tr>
<tr>
<td>1</td>
<td>Nature of Economics</td>
<td>10</td>
</tr>
<tr>
<td>1</td>
<td>Basic Concepts and issues</td>
<td>14</td>
</tr>
<tr>
<td>3</td>
<td>Demand and Supply</td>
<td>13</td>
</tr>
<tr>
<td></td>
<td><strong>Part B: Development Economics</strong></td>
<td><strong>32</strong></td>
</tr>
<tr>
<td>4</td>
<td>Meaning and Indicators of Economic Development</td>
<td>10</td>
</tr>
<tr>
<td>5</td>
<td>Poverty and Inequality</td>
<td>8</td>
</tr>
<tr>
<td>6</td>
<td>Human Resources</td>
<td>6</td>
</tr>
<tr>
<td>7</td>
<td>Development Planning</td>
<td>8</td>
</tr>
<tr>
<td></td>
<td><strong>Part C: Nepalese Economy</strong></td>
<td><strong>31</strong></td>
</tr>
<tr>
<td>8</td>
<td>Overview of the Nepalese Economy</td>
<td>4</td>
</tr>
<tr>
<td>9</td>
<td>Natural Resources of Nepal</td>
<td>9</td>
</tr>
<tr>
<td>10</td>
<td>Agriculture</td>
<td>5</td>
</tr>
<tr>
<td>11</td>
<td>Industry</td>
<td>8</td>
</tr>
<tr>
<td>12</td>
<td>Transport and communication</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td><strong>Part D: Quantitative Techniques in Economics</strong></td>
<td><strong>50</strong></td>
</tr>
<tr>
<td>13</td>
<td>Quantitative Analysis in Economics</td>
<td>2</td>
</tr>
<tr>
<td>14</td>
<td>Basic Statistics</td>
<td>24</td>
</tr>
<tr>
<td>15</td>
<td>Basic Mathematics</td>
<td>24</td>
</tr>
<tr>
<td></td>
<td>Total Teaching Hours</td>
<td>150</td>
</tr>
</tbody>
</table>

For Evaluation Purpose, the percentage distribution for each part will be as follows:

<table>
<thead>
<tr>
<th>Part A</th>
<th>Part B</th>
<th>Part C</th>
<th>Part D</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>25</td>
<td>20</td>
<td>25</td>
<td>30</td>
<td>100</td>
</tr>
</tbody>
</table>

V. Course Content: The detailed course contents are follows:

**Part A: Basic Concepts of Economics**

Unit 1: Nature of Economics
10 Teaching Hours
1. Definition of Economics: Adam Smith, Alfred Marshall, and Lionel Robbins
2. Subject matter of Economics
3. Concepts of positive and normative economics
4. Concepts of micro- and macroeconomics

Unit 2: Basic Concepts and Issues
14 Teaching Hours
1. Introduction to factors of production: land, labour, capital and organization
2. Scarcity, choice, opportunity cost, and allocation of resources
3. Production possibility curve (PPC): concept, shape, and shift
4. Goods and services: definition and types (normal, Giffen, inferior, substitutes, complements, private, and public)
5. GDP, GNP, and Per Capita Income

Unit 3: Demand and Supply 13 Teaching Hours
1. Concept of market economy
2. Demand: meaning and determinants; law of demand; demand schedule, demand curve, and demand equation; derivation of individual demand and market demand curves
3. Supply: meaning and determinants; law of supply; supply schedule; supply curve and supply equation; derivation of individual supply and market supply curves
4. Movement along and shift in demand and supply curves; factors causing shifts of demand and supply curves
5. Interaction between demand and supply (equilibrium position)

Part B: Development Economics

Unit 4: Meaning and Indicators of Economic Development 10 Teaching Hours
1. Concept of economic development
2. Characteristics of developing countries
3. Capital formation process
4. Indicators of economic development
5. Unemployment: meaning and types

Unit 5: Poverty and Inequality 8 Teaching Hours
1. Concept of poverty and inequality
2. Characteristics of the poor
3. Causes of poverty
4. Poverty in Nepal and measure of poverty reduction

Unit 6: Human Resources 6 Teaching Hours
1. Concept and role of human resource
2. Concept of human development indicators and Human Development Index (HDI)
3. Current status of Nepal's population (size, composition, distribution and growth)

Unit 7: Development Planning 8 Teaching Hours
1. Concept of planning
2. Objectives, priorities, policies of the current plan (Nepal)
3. General evaluation of the immediate past plan
4. Process of plan formulation in Nepal

Part C: Nepalese Economy

Unit 8: Overview of the Nepalese Economy 4 Teaching Hours
1. Major economic indicators of Nepal: GDP, GNP, per capita income, price level
2. Comparison with major economies (SAARC, China, USA, and Japan)
3. Foreign employment and remittance
Unit 9: Natural Resources of Nepal 9 Teaching Hours
1. Water Resources: importance, potentialities, and current situation
2. Forest resources: importance, causes and consequences of deforestation
3. Mineral resource: importance and problems
4. Environment and natural resource management for sustainable development
5. Problems of natural resource management

Unit 10: Agriculture 5 Teaching Hours
1. Characteristics, importance and problem
2. Sources of agricultural finance in Nepal
3. Nature and problems of agricultural marking

Unit 11: Industry 8 Teaching Hours
1. Importance and problems of cottage, small, medium and large scale industries
2. Tourism industry: importance, prospect, problems, and remedial measures
3. Current status of public enterprises

Unit 12: Transportation and Communication 5 Teaching Hours
1. Role of transpiration and communication in economic development
2. Means of transportation and communication
3. Current status, problems, and suggestions

Part D: Quantitative Technique Economics

Unit 13: Quantitative Analysis in Economics 2 Teaching Hours
1. Need for Quantitative Analysis in economics
2. Use of statistics and mathematics in economics

Unit 14: Basic statistics 24 Teaching Hours
1. Introduction to statistics: definition, importance, and limitations
2. Collection of data: primary and secondary data; methods of primary data collection; concepts of census and sampling; sources of secondary data; and precaution to use the secondary data.
3. Condensation of data: mean (AM, HM, and GM) median, and mode; their uses and applications, partition values: quartiles, deciles and percentiles; dispersion: range, mean deviation, quartile deviation, variance and standard deviation
4. Index number: meaning, price index (simple and weighted), Laspeyres's and paache's formulas

Unit 14: Basic Mathematics 24 Teaching Hours
1. Logarithm: basic concept, rules and use
2. Simultaneous equations (two and three variables): solution and application in economics
3. Quadratic equations: their solutions and graph
4. Equation of straight line: slope intercept form, point slope from double point from, and double intercept from
5. Determinants: meaning, value of a determinant (up to 3X3)
6. Matrix: definition, types; addition, subtraction, multiplication of matrices
   inverse of a matrix (3X3 only); solution of simultaneous equations by
   using matrix and Cramer's rule (up to three variables),

VI. Instructional Material and Techniques

Instructional Materials
- Text and Reference Books
- Journals and Reports
- Multimedia/ E-Media
- Models
- Charts, Picture, Posters and Pamphlets

Instructional Technique
- Teacher centered techniques
- Student-centered techniques
- Role play
- Demonstration
- Discussion
- Individual/group work
- Field work/project work etc
- Report presentation
- Self-study
- Web based techniques

VII. Evaluation Scheme

<table>
<thead>
<tr>
<th>Question No.</th>
<th>Nature of Question</th>
<th>Marks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Part A: Basic Concept of Economics</td>
<td>25</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>One long answer type question will be asked and the students will have to answer it</td>
<td>1X10=10</td>
</tr>
<tr>
<td>2</td>
<td>One short answer type question with a choice will be asked and the students will have to answer one question</td>
<td>1X5=5</td>
</tr>
<tr>
<td>3-7</td>
<td>Five very short answer type questions will be asked and the students will have to answer all questions</td>
<td>5X2=10</td>
</tr>
<tr>
<td>Part B: Development Economics</td>
<td>20</td>
<td></td>
</tr>
<tr>
<td>8-12</td>
<td>Five short answer type questions will be asked and the student will have to answer only four questions</td>
<td>4X5=20</td>
</tr>
<tr>
<td>Part C: Nepalese Economy</td>
<td>25</td>
<td></td>
</tr>
<tr>
<td>13-18</td>
<td>Six short answer type questions will be asked and the students will have to answer only five questions</td>
<td>5X5=25</td>
</tr>
<tr>
<td>Part D: Quantities Techniques in Economics</td>
<td>30</td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>One long answer type question will be asked and the students will have to answer it</td>
<td>1X10=10</td>
</tr>
<tr>
<td>20-24</td>
<td>Five short answer type questions will be asked and the students will have to answer only four questions</td>
<td>4X5=20</td>
</tr>
<tr>
<td>Total Marks</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>
Reference Books


Ministry of Finance (various issue). Economic survey.SinghaDarbar: Ministry of finance


Economic II
Grade :XI

Full Marks : 100
Teaching Hours :150

I. Introduction
This course is designed for grade XII students opting for economics as a subject at higher secondary level in Nepal.

II. General objective
The general objective of this course is to acquaint students with the basics of microeconomics and macroeconomics. It will enable students to analyze different constituents of microeconomics such as elasticity, consumer behaviour, theories of production, cost and revenue, product pricing, and factor pricing. They will also obtain elementary insight on macroeconomics including money, banking, government finance, and international trade with special reference to Nepal.

III. Specific Objectives
1. Explain the concept of elasticity of demand and measurement of price elasticity using total outlay and point methods.
2. Describe total, average and marginal utilities, explain law of diminishing marginal utility and law of substitution, and explain the concept of consumer's surplus;
3. Derive total, average and marginal product curve, and explain the law of variable proportions and the concept of returned to scale;
4. Derive total, average and marginal revenue curves, explain the concept of short run and long run, fixed and variable costs, and derive short-run cost curves.
5. Determine equilibrium price and output under perfect competition and monopoly;
6. Explain the meaning of macroeconomics, closed and open economy, and macroeconomic variables;
7. Discuss the concepts of rent, wage, interest and profit and explain their basic theories;
8. Explain the meaning of national income along with its measurement;
9. Explain the functions and role of money, the quantity theory of money and the concept of inflation and deflation;
10. Discuss the role and functions of the central bank and commercial banks with reference to Nepal and explain the meaning of capital and money markets;
11. Discuss the meaning of government finance, importance and classifications of government expenditure, sources of government revenue, and types of taxes (with special reference to Nepal), and characteristics of a good tax system;
12. Distinguish between balance of trade and balance of payments, discuss the pros and cons of free trade and protectionism, and explain the Ricardian comparative cost theory of international trade; and give a general introduction of WTO and SAFTA.
IV Course scheme

The course is divided into Two Parts containing a total of twelve units. The details of the course with recommended teaching hours are as follows:

<table>
<thead>
<tr>
<th>Unit</th>
<th>Title</th>
<th>Teaching hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>Part A: Microeconomics</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Elasticity and Its Measurement</td>
<td>10</td>
</tr>
<tr>
<td>2</td>
<td>Theory of Consumer Behaviour</td>
<td>13</td>
</tr>
<tr>
<td>3</td>
<td>Theory of Production</td>
<td>10</td>
</tr>
<tr>
<td>4</td>
<td>Revenue and Cost Curves</td>
<td>15</td>
</tr>
<tr>
<td>5</td>
<td>Theory of price and output Determination</td>
<td>12</td>
</tr>
<tr>
<td>6</td>
<td>Factor Pricing</td>
<td>15</td>
</tr>
<tr>
<td>Part B: Macroeconomics</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Basic Concepts</td>
<td>6</td>
</tr>
<tr>
<td>8</td>
<td>National Income Accounting</td>
<td>10</td>
</tr>
<tr>
<td>9</td>
<td>Money</td>
<td>11</td>
</tr>
<tr>
<td>10</td>
<td>Banking</td>
<td>20</td>
</tr>
<tr>
<td>11</td>
<td>Government Finance</td>
<td>12</td>
</tr>
<tr>
<td>12</td>
<td>International Trade</td>
<td>18</td>
</tr>
<tr>
<td></td>
<td>Total Teaching Hours</td>
<td>150</td>
</tr>
</tbody>
</table>

For Evaluation Purpose, equal weights (50 percent each) will be assigned to both the parts.

V. Course Content: The detailed course contents are as follows:

Part A: Microeconomics

Unit 1: Elasticity and Its Measurement 10 Teaching Hours
1. Review of demand and supply curves
2. concept of elasticity of demand and its types: Price, income and cross elasticity of demand
3. Degrees of price elasticity of demand
4. Determining factors of price elasticity of demands
5. Measurement of price elasticity: Total outlay method and point method (linear case only)
6. Elasticity of supply

Unit 2: Theory of Consumer Behaviour 13 Teaching Hours
1. Concept of cardinal utility: total utility and marginal utility and marginal utility
2. Law of diminishing marginal utility
3. Law of substitution
4. Consumer's surplus: concept and importance

Unit 3: Theory of Production 10 Teaching Hour
1. Concept of Production Function (Short and long run)
2. Total, average and marginal products and their derivation
3. Law of variable proportions
4. Returns to scale
Unit 4: Market, Revenue and cost Curves  15 Teaching Hour
1. Concept of market: Perfect competition, Monopoly and Imperfect competition
2. Concepts of total, average and marginal revenue
3. Derivation of average revenue and marginal revenue from total revenue curve under perfect competition and monopoly
4. Fixed cost, variable cost, and total cost, average and marginal costs
5. Concepts of Short run and long costs
6. Derivation of short run cost curves

Unit 5: Theory of price and Output Determination  12 Teaching Hours
1. Equilibrium of firm: TR=TC and MR=MC approaches
2. Meaning, features and price and output determination under perfect competition (firm and industry)
3. Meaning, features and price and output determination under monopoly

Unit 6: Factor pricing  15 Teaching Hours
1. Rent: Concept of economic rent and contract rent; Ricardian theory of rent
2. Wage: money wage and real wage; subsistence wage theory; wage fund theory
3. Interest: gross and net interests; classical theory of interest
4. Profit: gross and net profits; risk and uncertainty bearing theories of profit

Part B: Macroeconomics

Unit 7: Basic Concept  6 Teaching Hours
Meaning of macroeconomics, closed and open economy, and macro-economic variables

Unit 8: National Income Accounting  10 Teaching Hours
1. Gross Domestic product (GDP), Gross National Product (GNP), National Income (NI), Net National Product (NNP), Personal Income (PI), Disposable Income (DI), and Per Capita Income
2. Nominal and real GDP: difference and calculations; GDP deflator
3. Circular flow of income
4. Measurement of national income: product, income and expenditure methods
5. Difficulties in measuring national income

Unit 9: Money  10 Teaching Hours
1. Meaning importance, functions and forms of money
2. Value of money
3. Quantity theory of money (Fisher's equation)
4. Inflation and deflation: meaning, causes and consequences

Unit 10: Banking  11 Teaching Hours
1. Role of banking system economy
2. Classification of bank: central bank, commercial banks and development banks
3. Functions of central bank with special reference to Nepal Rastra Bank
4. Functions of commercial banks with reference to commercial bank in Nepal
5. Concepts of money market and capital market

Unit 11: Government finance  
20 Teaching Hours
1. Concept and importance of government finance
2. Government expenditure: Importance and classifications (with references of Nepal)
3. Government of Revenue: Tax and non-Tax sources; concept of direct and indirect taxes; concepts of progressive; proportional, and regressive taxes; characteristics of a good tax system; its sources in Nepal
4. Government borrowing : Concepts of internal borrowing
5. Government Budget : Meaning and steps in budget formulation

Unit 12: International trade  
18 Teaching Hours
1. Concept and importance of international trade
2. Balance of Trade: Surplus, deficit and balance
3. Concept and importance of balance to payment
4. Free trade and protectionism: advantages and disadvantages
5. Nepal's foreign trade: growth, composition, and direction; its problems
6. Ricardian comparative cost theory of international trade
7. General introduction to WTO and SAFTA

VI Instructional Materials and Techniques

Instruction Materials
- Text and References Books
- Journals and Reports
- Multimedia/ E- Media
- Models
- Charts, Picture, Posters and Pamphlets

Instructional Techniques
- Teacher centered techniques
- Student - centered techniques
- Role Play
- Demonstration
- Discussion
- Individual/group work
- Field work/ project work etc
- Report Presentation
- Self-study
- Web based techniques
### VI Evaluation Scheme

<table>
<thead>
<tr>
<th>Question No.</th>
<th>Nature of Question</th>
<th>Marks</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Part A: Microeconomics</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1-3</td>
<td>Group A1: Three long answer type questions will be asked and the students will have to answer any two questions</td>
<td>2x10=20</td>
</tr>
<tr>
<td>4-8</td>
<td>Group A2: Five short answer type questions will be asked and the students will have to answer only four questions</td>
<td>4x5=20</td>
</tr>
<tr>
<td>9-13</td>
<td>Group A3: Five very short answer type questions will be asked and the students will have to answer all questions</td>
<td>5x2=10</td>
</tr>
<tr>
<td><strong>Part B: Macroeconomics</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14-16</td>
<td>Group B1: Three long answer type questions will be asked and the students will have to answer any two questions</td>
<td>2x10=20</td>
</tr>
<tr>
<td>17-21</td>
<td>Group B2: Five short answer type questions will be asked and the students will have to answer only four questions</td>
<td>4x5=20</td>
</tr>
<tr>
<td>22-26</td>
<td>Group B3: Five very short answer type questions will be asked and the students will have to answer all questions</td>
<td>5x2=10</td>
</tr>
<tr>
<td><strong>Total Marks</strong></td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

**Reference Books**


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