

Class 12 Economics - Chapter-wise Detailed Notes

Part A: Macroeconomics

1. National Income

National Income refers to total value of goods and services produced in a country.

$$\text{GDP} = C + I + G + (X - M)$$

Methods: Production, Income, Expenditure method

2. Money and Banking

Money is anything accepted as a medium of exchange.

Functions: Medium of exchange, store of value, unit of account

Banking: Commercial banks accept deposits and give loans

3. Determination of Income and Employment

Aggregate Demand = Consumption + Investment

Equilibrium occurs when $AD = AS$

4. Government Budget

Budget is annual financial statement of government.

Types: Surplus, Deficit, Balanced budget

5. Balance of Payments

BOP records all economic transactions with rest of the world.

Components: Current Account and Capital Account

Part B: Indian Economic Development

6. Indian Economy on the Eve of Independence

Low GDP, high poverty, backward agriculture

7. Indian Economy (1950-1990)

Planned development, focus on public sector

8. Liberalisation, Privatisation, Globalisation

1991 reforms opened Indian economy

9. Rural Development

Focus on agriculture, poverty alleviation

10. Human Capital Formation

Investment in education and health

11. Sustainable Development

Development without harming future generations