SCERT Kerala · Class 12 · Economics

Economics

ORIGINAL STUDY COMPANION
PADIKAM
CLASS 12 | COMMERCE / HUMANITIES
Economics
Kerala SCERT / prescribed NCERT core lessons
12 chapter lessons
Quick explanations, core points, exam practice and chapter-specific notation in one consistent format.
Padikam explanations are independently written. Official textbooks are used as the coverage map, chapter sequence and terminology reference.

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Study rhythm
Read the quick explanation, recall the core points aloud, then answer the prompts without looking back. Use the official textbook links for full prescribed readings, activities and diagrams.
Textbook and verification links
1. https://www.hsslive.in/2015/05/plus-two-2-new-text-booksscert.html
2. https://samagra.kite.kerala.gov.in/
3. https://ncert.nic.in/textbook.php
4. https://www.hsslive.in/2016/09/plus-two-economics-study-notes.html

CHAPTER 01
Microeconomics: Introduction
Quick understanding
Microeconomics studies how consumers, firms and markets allocate scarce resources among alternative uses.
Core points Check your learning
Scarcity creates choice and opportunity cost. Explain the central idea of Microeconomics: Introduction in your own words.
Positive analysis describes; normative analysis judges.
Apply one idea from Microeconomics:
A production possibility curve shows trade-offs and efficiency.
Introduction to a textbook-style example

or source.
One-line recall Scarcity creates choice and opportunity cost.
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CHAPTER 02
Microeconomics: Theory of Consumer Behaviour
Quick understanding
Consumer theory explains choice using preferences, utility, budget limits and demand.
Core points Check your learning
A budget line records affordable combinations. Explain the central idea of
Microeconomics: Theory of Consumer
Indifference curves represent ranked preferences.
Behaviour in your own words.
Equilibrium occurs where the best reachable
Apply one idea from Microeconomics:
preference meets the budget.
Theory of Consumer Behaviour to a
textbook-style example or source.
Equation and notation
Budget: $P_x x + P_Y y = M$
Price elasticity E^d = (% change in quantity demanded) / (% change in price)
SYMBOLS AND UNITS
P_x, P_Y: prices in currency per unit x, y: quantities
M: consumer income in currency E^d: price elasticity, dimensionless
One-line recall A budget line records affordable combinations.
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CHAPTER 03
Microeconomics: Production and Costs
Quick understanding
A firm transforms inputs into output and faces short-run and long-run cost relationships.
Core points Check your learning
Marginal product is the addition from one more Explain the central idea of
variable input. Microeconomics: Production and Costs
in your own words.
Diminishing marginal product is a short-run pattern,
not an immediate fall in total product. Apply one idea from Microeconomics:
Production and Costs to a textbook-style
Marginal cost intersects average cost near its
example or source.
minimum.
Equation and notation
AP = TP / L
MP = ΔTP / ΔL
TC = TFC + TVC
MC = ΔTC / ΔQ
SYMBOLS AND UNITS
TP, AP, MP: total, average and marginal product L: variable input units
TC, TFC, TVC: cost amounts in currency Q: output quantity
MC: currency per additional unit
One-line recall Marginal product is the addition from one more variable input.
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CHAPTER 04
Microeconomics: Firm under Perfect Competition

Quick understanding
Acompetitive firm takes market price as given and selects output by comparing revenue and cost.
Core points Check your learning
For a price-taking firm, average and marginal Explain the central idea of
revenue equal price. Microeconomics: Firm under Perfect
Competition in your own words.
Profit is total revenue minus total cost.
Apply one idea from Microeconomics:
The short-run supply curve follows marginal cost
Firm under Perfect Competition to a
above average variable cost.
textbook-style example or source.
Equation and notation
TR = P × Q
Profit = TR - TC
Firm equilibrium: MR = MC with rising MC
SYMBOLS AND UNITS
TR, TC, profit: currency amounts P: price per unit
Q: quantity MR, MC: currency per additional unit
One-line recall For a price-taking firm, average and marginal revenue equal price.
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CHAPTER 05
Microeconomics: Market Equilibrium
Quick understanding
Market equilibrium occurs where planned demand equals planned supply, and shifts change
equilibrium price and quantity.
Core points Check your learning
Amovement along a curve follows own-price change. Explain the central idea of
Microeconomics: Market Equilibrium in
Ashift follows another determinant.
your own words.
Price ceilings and floors create consequences when
Apply one idea from Microeconomics:
binding.
Market Equilibrium to a textbook-style
example or source.
Equation and notation
At equilibrium: Qd(P*) = Qs(P*)
SYMBOLS AND UNITS
Qd, Qs: quantities demanded and supplied P*: equilibrium price in currency per unit
One-line recall Amovement along a curve follows own-price change.
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CHAPTER 06
Microeconomics: Non-Competitive Markets
Quick understanding
Market power allows price or output decisions to differ from perfect competition.
Core points Check your learning
Amonopoly faces the market demand curve. Explain the central idea of
Microeconomics: Non-Competitive
Product differentiation supports monopolistic
Markets in your own words.
competition.
Apply one idea from Microeconomics:

Oligopoly decisions are strategically interdependent.
Non-Competitive Markets to a textbook-
style example or source.
One-line recall A monopoly faces the market demand curve.
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CHAPTER 07
Macroeconomics: Introduction
Quick understanding
Macroeconomics studies economy-wide output, employment, prices and linkages among sectors.
Core points Check your learning
Aggregate variables are not simple stories about one Explain the central idea of
household or firm. Macroeconomics: Introduction in your
own words.
Stocks are measured at a point; flows over a period.
Apply one idea from Macroeconomics:
Models simplify reality to examine defined
Introduction to a textbook-style example
relationships.
or source.
One-line recall Aggregate variables are not simple stories about one household or firm.
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CHAPTER 08
Macroeconomics: National Income Accounting
Quick understanding
National accounts measure production and income consistently while avoiding double counting.
Core points Check your learning
Value added, income and expenditure methods Explain the central idea of
should agree in principle. Macroeconomics: National Income
Accounting in your own words.
Domestic and national aggregates differ through net
factor income from abroad. Apply one idea from Macroeconomics:
National Income Accounting to a
Real GDP separates output change from price
textbook-style example or source.
change.
Equation and notation
GDP = C + I + G + (X - M)
NDP = GDP - Depreciation
GDP deflator = (Nominal GDP / Real GDP) × 100
SYMBOLS AND UNITS
GDP, C, I, G, X, M, NDP: currency amounts per Depreciation: currency amount per period
accounting period
GDP deflator: index number
One-line recall Value added, income and expenditure methods should agree in principle.
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CHAPTER 09
Macroeconomics: Money and Banking
Quick understanding
Money facilitates exchange and banking connects deposits, credit creation and central-bank policy.
Core points Check your learning
Money serves as medium, unit, store and deferred- Explain the central idea of
payment standard. Macroeconomics: Money and Banking in

your own words.
Commercial banks create deposits within reserve
and demand limits. Apply one idea from Macroeconomics:
Money and Banking to a textbook-style
The central bank issues currency and manages
example or source.
credit conditions.
Equation and notation
Simple money multiplier = 1 / reserve ratio
SYMBOLS AND UNITS
Reserve ratio: fraction of deposits, dimensionless Money multiplier: dimensionless
One-line recall Money serves as medium, unit, store and deferred-payment standard.
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CHAPTER 10
Macroeconomics: Income Determination
Quick understanding
Short-run output is determined where planned aggregate demand equals production, with multiplier
effects from autonomous spending.
Core points Check your learning
Consumption depends partly on disposable income. Explain the central idea of
Macroeconomics: Income Determination
MPC plus MPS equals one.
in your own words.
Excess or deficient demand can create inflationary or
Apply one idea from Macroeconomics:
unemployment pressure.
Income Determination to a textbook-style
example or source.
Equation and notation
Y = C + I
C = C + cY
Multiplier k = 1 / (1 - MPC) = 1 / MPS
SYMBOLS AND UNITS
Y, C, I, C̄ : currency amounts per period c or MPC: marginal propensity to consume
MPS: marginal propensity to save k: multiplier, dimensionless
One-line recall Consumption depends partly on disposable income.
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CHAPTER 11
Macroeconomics: Government Budget and the
Economy
Quick understanding
Agovernment budget records expected receipts and expenditure and supports allocation,
redistribution and stabilisation.
Core points Check your learning
Revenue and capital items follow different effects on Explain the central idea of
assets and liabilities. Macroeconomics: Government Budget
and the Economy in your own words.
Fiscal deficit measures total borrowing need under
the stated convention. Apply one idea from Macroeconomics:
Government Budget and the Economy to
Budget choices influence demand and distribution.
a textbook-style example or source.
Equation and notation

Revenue deficit = Revenue expenditure - Revenue receipts
Fiscal deficit = Total expenditure - Total non-debt receipts
Primary deficit = Fiscal deficit - Interest payments
SYMBOLS AND UNITS
All deficit, receipt, expenditure and interest values:
currency amount per budget year
One-line recall Revenue and capital items follow different effects on assets and liabilities.
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CHAPTER 12
Macroeconomics: Open Economy
Quick understanding
An open economy trades goods, services and assets, so exchange rates and the balance of payments link domestic and world activity.
Core points Check your learning
Current and capital/financial transactions record different flows. Explain the central idea of Macroeconomics: Open Economy in your own words.
Currency demand and supply influence a flexible exchange rate. Apply one idea from Macroeconomics: Open Economy to a textbook-style example or source.
A balance-of-payments account is an accounting statement, not simply a profit score.
Equation and notation
Balance of trade = Exports of goods - Imports of goods
SYMBOLS AND UNITS
Exports, imports and balance: currency amount per period
Exchange rate: units of one currency per unit of another
One-line recall Current and capital/financial transactions record different flows.
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