



# ECONOMICS-I

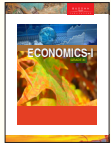
## GRADE XI



**Prof. Dr. Nav Raj Kanel**  
**Prof. Dr. Madhav Prasad Dahal**  
**Dr. Nar Bahadur Bista**  
**Mani Ratna Lamsal**  
**Indra Prasad Bhusal**

---

Approved by Government of Nepal, Ministry of Education, Science & Technology,  
Curriculum Development Centre, Bhaktapur, as an Additional Material from 2077 to 2079



# ECONOMICS - I

Edition 2020  
Reprint 2021

Copyright © 2020, by the Buddha Publications. All rights reserved. Printed in the Nepal. Except as permitted under the Nepal Copyright Act of 2059, no part of this publication may be reproduced or distributed in any form or by any means, or stored in a database or retrieval system, without the prior written permission of the publisher.

## Authors:

Prof. Dr. Nav Raj Kanel	9851146903	Prof. Dr. Madhav Prasad Dahal	9851155588
Dr. Nar Bahadur Bista	9851036585	Mani Ratna Lamsal	9841371776
Indra Prasad Bhusal	9857028780		

## Publishers:

**Buddha Publications Pvt. Ltd.**  
Anamnagar, Kathmandu - 29, Nepal  
Tel. 00977-1- 5705165, 5705210, 5705177  
e-mail: info@buddhapublicaiton.com  
www.buddhapublication.com

## Design by:

Dipendra Shrestha  
Rajani Shrestha

## Price:

**Rs.519.00**

## ISBN:

978-9937-30-354-5

Printed in Nepal



नेपाल सरकार  
शिक्षा, विज्ञान तथा प्रविधि मन्त्रालय  
**पाठ्यक्रम विकास केन्द्र**

सानोठिमी, भक्तपुर  
(मान्यता, समकक्षता तथा मूल्याङ्कन शाखा)

फोन नं. ६६३०५८  
६६३४१९९  
६६३००८८  
फ्याक्स: ६६३०७९७  
नोटिस बोर्ड: १६१८०१६६३०७९७

सानोठिमी, भक्तपुर  
www.moecdc.gov.np

पत्र संख्या:- २०७७/०७८  
चलानी नं.:- ३२




मिति २०७७/०६/०९

विषय : पाठ्यसामग्री स्वीकृति सम्बन्धमा ।

श्री Buddha Publications,  
Kathmandu

प्रस्तुत विषयमा त्यस प्रकाशनबाट मूल्याङ्कन र स्वीकृतिका लागि तपसिलका पाठ्यसामग्री पेस भएकामा मूल्याङ्कनकर्ताबाट प्राप्त सुभावसहित पाठ्यसामग्री व्यवस्थापन तथा मूल्याङ्कन समितिमा पेस हुँदा उक्त पाठ्यसामग्रीमा यसैसाथ संलग्न निर्देशन तथा मूल्याङ्कनकर्ताबाट प्राप्त सुभावअनुसार परिमार्जन गरी प्रकाशन गर्न स्वीकृति दिन सिफारिस भएअनुसार यस केन्द्रको मिति २०७७/०६/०७ गतेको निर्णयानुसार शैक्षिक सत्र २०७७ देखि २०७९ सम्मका लागि पाठ्यसामग्रीका रूपमा स्वीकृति दिइएको छ । संलग्न निर्देशन, सुभाव एवम् विद्यमान सवैधानिक व्यवस्था, ऐन, कानून, कार्यविधि, निर्देशिका, पाठ्यक्रम विकास केन्द्रबाट विभिन्न समयमा जारी गरिएका निर्देशन लगायतका प्रावधानहरूको पूर्ण परिपालना गर्नुहुन र पूर्ण परिपालना नगरी त्रुटिपूर्ण सामग्री विकास, परिमार्जन, प्रकाशन तथा विक्री वितरण गरेको पाइएमा, पाठ्यक्रम परिवर्तन भएमा वा यस केन्द्रबाट अन्य निर्णय भएमा यो स्वीकृति जुनसुकै बेला रद्द हुने छ ।

पाठ्यसामग्रीको नाम : Economics (Prof Nawaraj Kandel) : Class 11  
निर्देशन :

  
मीनबहादुर थापा  
पाठ्यक्रम अधिकृत

१. यस केन्द्रको वेबसाइटबाट डाउनलोड गरी नेपालको आधिकारिक नक्सा र कोभिड १९ सङ्क्रमण रोकथामसम्बन्धी सूचना तथा यस केन्द्रबाट प्रदान गरिएको स्वीकृति पत्रको प्रतिलिपि स्वीकृत पाठ्यसामग्रीको भित्री मुखपृष्ठ (Inner Front Page) मा छपाइ गर्ने । पुस्तकको हरेक पानाको अन्त्य (Footer) मा पाठ्यक्रम विकास केन्द्रबाट स्वीकृत भन्ने व्यहोरा राखी छपाइ गर्ने ।
२. पाठ्यसामग्री उपयुक्त फर्म्याटमा छपाइ गर्ने । पाठ्यक्रम विकास केन्द्रबाट प्रकाशित प्रकाशन शैली, २०७६ अनुसार डिजाइन र सम्पादन गर्ने । छपाइ तथा अक्षरको आकार मिलाई तोकिएको रडमा स्पष्ट र शुद्धसँग छापने, छापिएको पाठ्यसामग्री १८ से.मि. x २४ से.मि. साइजको हुनुपर्ने । प्रकाशनपछि तीन प्रति पाठ्यक्रम विकास केन्द्रमा पेस गरेपछि मात्र वितरण गर्ने ।
३. शिक्षा, विज्ञान तथा प्रविधि मन्त्रालयको निर्णयानुसारको मूल्य कायम गर्ने र मूल्य सर्वाधिकार पृष्ठमा राख्नुपर्ने । प्रतिलिपि अधिकार (Copy right) को सम्बन्धमा लेखक र प्रकाशक स्वयम् जिम्मेवार हुने ।
४. विषयवस्तुको प्रस्तुतीकरण, उदाहरण, अभ्यास, चित्राङ्कनलगायतका कार्य गर्दा समावेशीकरणमा ध्यान दिने । राष्ट्र, राष्ट्रियता, कुनै पनि धर्म, लिङ्ग, जातजाति, संस्कृति, समुदायमा आक्षेप लाग्ने, कुनै समूहका लागि अधिय लाग्ने र अपाङ्गतामैत्री नहुने शब्द, वाक्यांशहरू समावेश गरिएका भए हटाउने ।
५. पाठ्यक्रमको सक्षमता, उद्देश्य एवम् विषयवस्तुको क्षेत्र र क्रमअनुसार सामग्रीमा सुधार गरी प्रकाशन गर्ने । पाठ्यक्रममा उल्लेख भएका तर पाठ्यसामग्रीमा छुट हुन गएका विषयवस्तुहरू समावेश गर्ने । मिति २०७७/०४/१५ मा प्रकाशित पाठ्यसामग्री मूल्याङ्कनसम्बन्धी सूचनाअनुसार मूल्याङ्कनका लागि सामग्री पेस गर्दा अपनाउनुपर्ने विधि र सर्त तथा सोही सूचनाबमोजिम पाठ्यसामग्री स्वीकृति सम्बन्धमा लेखक तथा प्रकाशकसँग गरिएको अनुरोधको पूर्ण पालना गर्ने ।
६. प्रत्येक एकाइको अन्त्यमा एक दुई वाक्यमा उत्तर आउने अति छोटो, छोटो र लामो उत्तर आउने गरी तीनै प्रकारका प्रश्नहरू र विषयवस्तुको प्रकृति मिल्ने एकाइहरूमा प्रशस्त साङ्ख्यिकीय समस्या र प्रश्नहरू समावेश गर्ने । विषयवस्तुको प्रकृतिअनुसार ज्ञान र बोध, प्रयोग, विश्लेषण, मूल्याङ्कन, सिर्जनशीलता तहका प्रश्नहरू समावेश गर्ने । अभ्याससँगै एकाइसँगै सम्बन्धित विषयमा पाठ्यक्रममा निर्देश गरिएअनुसारका प्रयोगात्मक, परियोजना कार्य र सामुदायिक कार्यका नमुना क्रियाकलापहरू उल्लेख गर्ने ।
७. सूक्ष्म अर्थशास्त्रको क्षेत्रभित्रका विषयहरू माग र आपूर्ति लोच आदिमा सम्बन्धित अवधारणालाई प्रस्ट र सरल ढङ्गले व्याख्या एवम् विश्लेषण गर्न तालिका तथा रेखाचित्र दुवैको प्रयोग गर्ने ।
८. पाठ्यसामग्रीमा पाठको प्रकृतिअनुसार मिल्ने विषयवस्तुमा प्रशस्त साङ्ख्यिकीय उदाहरणहरू समावेश गर्ने, Simple र Partial derivatives का उदाहरण र अभ्यास पर्याप्त नभएकाले यसमा थप गर्ने ।
९. चित्र, तालिका, ग्राफ आदिमा भएका गलतिहरू अनिवार्य रूपमा सच्याउने । Quantitative Techniques अर्न्तगतको Differential Calculus मा पर्ने Simple and Partial Derivatives एकाइ समावेश गर्ने ।





# PREFACE

An applied science as it is, Economics is a popular subject with which many activities of our daily life are related. Alongside, it has also a significant role in national and international news. In addition, it is offered as a subject not only in humanities and social sciences but also in management, education and law. Therefore, the number of students interested in study of Economics is increasing.

This edition of Economics textbook, now in your hand, is designed for the students in Economics of higher secondary level (Class XI) with required changes as per the current syllabus of Curriculum Development Centre (CDC) of Nepal, with every suggestion and comment given by the students, teachers, and general readers. We hope and are sure that the book will definitely be of great help to the students and other readers in the subject. The basic objective of this book has been to guide the students through the complete course of XI level Economics, as prescribed by the NEB, in a way it is easy to understand the otherwise complex concept. To make that happen, the book is written in lucid language to facilitate easy and quick comprehension of the contents.

**CONTENT COVERAGE** The course details of XI level Economics are composed of six units: Basic Concepts of Economics and Allocation of Resources, Microeconomics, Macroeconomics, Development Economics, Nepalese Economy and Quantitative Techniques in Economics.

The pedagogical aspects of this book are distinct from those of many other similar books. It is so because the book emphasizes on the following major pedagogical features in the teaching and learning process.

**SPECIAL FEATURES** The book contains some important and specific features in it. The readers will find the book as best and really the type they were looking for because it is written by a team of well experienced and renowned teachers teaching either at various campuses of Tribhuvan University or at different 10+2 colleges. Instead of beginning a chapter in an instructional way, we have tried to motivate the students by giving local and practical examples and problems as a lead in.

**Multi-coloured design** Every chapter and exercise is designed in multi-colours.

**CONCEPTUAL PICTURES** Every chapter of this book begins with pictures appropriate to the chapter. Such pictures give the summary of the chapter.

**WARM UP ACTIVITIES** Some warm up activities are included before starting the chapter to motivate the students.

**THINGS TO REMEMBER** Major definitions and key notes are written in TTR to make the complex concept easy for readers.

**WORKED OUT PROBLEMS** Worked out problems are there to lead the students in the Statistics and Mathematics portions.

**CLASS AND HOME ASSIGNMENT** Class work and home work/ assignment are included at the end of every topic.

**SAMPLE ANSWER** A hand written sample answer of model question 2077 is provided.

**LEARNING OBJECTIVES** Every chapter of this book begins with learning objectives, which the readers are expected to achieve after they study the chapter.

**Glossary** You find the definition of key terms at the end of every single chapters.

**EXERCISES** Review questions on the concerned topic are given at the end of each chapter so as to help the students practice to answer the questions for their examinations.

Practical and Project Work Practical and project works are given at the end of each chapters as per the guidance of CDC.

Student friendly design Every chapter and topics of this book is designed as per the requirement of the students.



## ACKNOWLEDGEMENTS

This book, Principles of Economics, is an outcome of a combined effort. It has been prepared by professional teachers of 10+2 colleges and economics teachers at various campuses of Tribhuvan University. We have tried to meet the need of those students who have been looking for a concise and comprehensive book on economics for Class XI.

We would like to express our warm appreciation to Mr. Nabaraj Bajgain, Managing Director, Buddha Publications Pvt. Ltd., for his cooperation in bringing out this book in this form. Had he not pushed us to complete this book quickly, this book would have come later. Other staff members of Buddha Publications helped us in several ways. In particular, we would like to thank Mr. Dipendra Shrestha and Ms. Rajani Shrestha for their painstaking job of typing the manuscript of and designing this book.

Many people helped and encouraged us to get this book published. We express our deep gratitude to all of them. We also offer our sincere thanks to our colleagues at various campuses and 10+2 colleges for sharing their experience on the teaching of XI economics and expectations of the students.

Our special thanks also go to the family members of the authors for their patience and cooperation during the preparation of this book. This book would not have come out in this form without their support.

We have tried to minimize errors in this book. However, we realize that some errors might have left undetected despite our repeated proofreading. We would appreciate if the readers point out such errors. Besides, comments and suggestions regarding the content, organization, and presentation of the book are welcome.

**Authors**



# SYLLABUS

## Economics

Credit hour 5

Subject Code: Eco303

Total Teaching hour = 160 hours

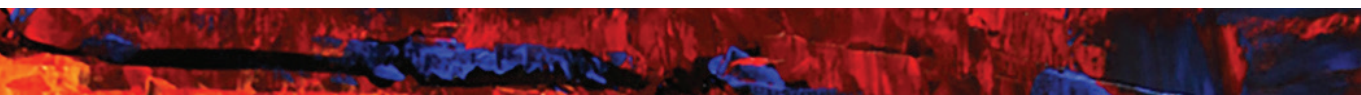
Chapters	(Scope)	(Subject Matters)	Credit hours
1.	<b>Basic concepts of Economics and Allocation of Resources</b>	<b>1. Basic concepts of Economics and Allocation of Resources</b> 1.1 Definition of Economics: Adam Smith, Alfred Marshall and Lionel Robbins 1.2. Concepts and differences between Positive and Normative Economics 1.3 Concepts and differences between microeconomics and macroeconomics. 1.4 Definitions and types of Goods and Services: Normal goods, Giffen goods, Inferior, Substitute, Complementary, Private, Public, Economic and Free goods. 1.5 Introduction and Features of factors of production: Land, Labour, Capital and Organization.	8
2.	<b>Microeconomics</b>	<b>2.1 Demand, Supply and market Equilibrium</b> 2.1.1 Demand: Meaning of Demand, Demand function, Determinants of Demand, Law of Demand, Movement along and shift in Demand curve, Factor causing shift in Demand curve. 2.1.2 Supply: Meaning of supply, supply function, Determinants of supply, Law of supply, movement along and shift in supply curve, Factors causing shift in supply curve. 2.1.3 Interaction between Demand and supply 2.1.4 Simple Numerical Illustrations/Examples <b>2.2 Elasticity of Demand and supply</b> 2.2.1 Concepts of Elasticity of Demand and its types: price, Income and cross Elasticities 2.2.2 Types of price, Income and cross Elasticity of Demand 2.2.3 Determinants of price elasticity of demand 2.2.4 Meaning and types of price Elasticity of supply 2.2.5 Simple Numerical Illustration <b>2.3 Theory of consumer's Behaviour</b> 2.3.1 concepts of cardinal utility: Total and Marginal utility 2.3.2 Law of Diminishing marginal utility 2.3.3 Law of substitution 2.3.4 Concepts of consumer's surplus and producer's surplus. 2.3.5 Simple Numerical Illustrations. <b>2.4. Theory of production</b> 2.4.1 Concepts of production and production function (Short run and long run) 2.4.2 Meaning and Derivation of Total product, marginal product, Average product. 2.4.3 Law of variable proportions 2.4.4 Laws of Returns to scale 2.4.5 Simple Numerical Illustrations	38

3	<b>Macroeconomics</b>	<b>3.1 Introduction to Macroeconomics</b> 3.1.1 Concepts of closed and open Economy 3.1.2 Macroeconomic Variables <b>3.2 National Income Accounting</b> 3.2.1 Various concepts of National Income: Gross domestic product, Gross national product, Net national product, National Income, personal Income, Disposable Income, Per capita Income 3.2.2 Concepts of Nominal GDP and Real GDP; Differences and calculation, GDP Deflator 3.2.3 Measurement of National Income: Expenditure, Income and product Method. 3.2.4 Difficulties of measurement of National Income in the context of Nepal. 3.2.5 Simple Numerical Illustrations <b>3.3 Money and Inflation</b> 3.3.1 Meaning of money, Function of money, Importance and types of money. 3.3.2 Concept of money supply: Narrow and Broad money 3.3.3 Fisher's quantity theory of money. 3.3.4 Meaning of Inflation and Deflation, causes and consequences 3.3.5 Simple Numerical Illustration.	25
4.	<b>Development Economics</b>	<b>4.1 Economic Development, Growth and capital formation</b> 4.1.1 Concepts of Economic growth and Economic Development. 4.1.2 Indicators of Economic Development 4.1.3 Characteristics of Developing/Less Developed countries 4.1.4 Capital formation: Meaning and process.	8
5	<b>Nepalese Economy</b>	<b>5.1 Overview of Nepalese Economy</b> 5.1.1 Characteristics of Nepalese Economy 5.1.2 Macroeconomic Indicators of central Government and seven provinces of Nepal <b>5.2 Natural Resources of Nepal</b> 5.2.1 Water Resource: Importance, potentiality, current situation and problems of water Resource Development. 5.2.2 Forest Resources: Current situation, Importance, Causes of Deforestation and Consequences 5.2.3 Mineral Resources: Importance and problems. 5.2.4 Natural Resource Management, Climate change and its impacts in the Economy 5.3. Agriculture 5.3.1 Characteristics of Nepalese Agriculture 5.3.2 Problems of Nepalese Agriculture 5.3.3 Measures to modernize and commercialization of Nepalese Agriculture. 5.3.4 Sources of Agricultural Finance in Nepal. 5.3.5 Agricultural Marketing: Nature, problems and Remedial measures. <b>5.4 Manufacturing and Tourism Industry in Nepal</b> 5.4.1 Brief History of Industrial Development 5.4.2 Concept and Types of Industry 5.4.3 Importance and problems of Industrial sector of Nepal 5.4.4 Tourism Industry: Importance, current situation, potentiality, problems and Remedial measures. <b>5.5 Transport and communication</b> 5.5.1 Role of Transport and communication in Economic Development. 5.5.2 Means of Transport and communication and current situation.	28
6	<b>Quantitative Techniques for Economics</b>	<b>6. Basic Mathematics</b> 6.1. Importance and use of mathematics in Economics 6.2. Equation of straight line 6.3. Differential calculus: Simple and partial Derivatives	13

## Specification Table

Units	Very short Questions	Short Questions	Long Questions	Toal Questions	Total Marks
Basic Concept of Economics and Allocation of Resources	1	1	-	2	$1+5=6$
Microeconomics	1	3	1	5	$1+15+8=24$
Macroeconomics	2	1	1	4	$2+5+8=15$
Development Economics	1	1	-	2	$1+5=6$
Nepalese Economy	3	1	1	5	$3+5+8=16$
Quantitative Techniques in Economics	3	1	-	4	$3+5=8$
Total	11	8	3	22	75

**Note:** Numbering of the questions should be arranged from Very Short Questions (Q.N. 1 to 11), Short Questions (Q.N. 12 to 19) and Long Questions (Q.N. 20 to 22).





# CONTENTS

## CHAPTER 1

### Basic Concepts of Economics and Allocation of Resources

Origin of Economics	2	Normative Economics	14
Development of Economics	3	Concepts of Microeconomics and Macroeconomics	15
Definition of Economics	4	Concept of Microeconomics	15
Wealth Definition (Classical Definition): Adam Smith	4	Concept of Macroeconomics	16
Welfare Definition (Neo-Classical Definition): Alfred Marshall	6	Goods and Services	18
Comparison between Wealth and Welfare Definitions	8	Definition of Goods and Services	18
Scarcity Definition (Modern Definition): Lionel Robbins	9	Types of Goods and Services	18
Comparison between Welfare and Scarcity Definitions of Economics	11	Introduction to Factors of Production	20
Superiority of Robbins' Definition over Marshallian Definition	12	Land	20
Concepts of Positive and Normative Economics	13	Labor	22
Positive Economics	13	Capital	23
		Organization or Entrepreneurship	24
		Glossary	25
		Very Short Questions with Answer	25
		Questions for Practice	26
		Practical and Project Work	27

## CHAPTER 2

### Microeconomics

#### Unit 2.1: Demand, Supply and Market Equilibrium

Meaning of Desire	31	Demand Curve	39
Demand	31	Change in Demand	41
Meaning of Demand	31	Theory of Supply	46
Determinants of Demand	32	Meaning of Supply	46
Law of Demand	35	Supply Function	46
Demand Schedule	37	Determinants of Supply	46
Demand Curve	37	Law of Supply	47
Exceptions of the Law of Demand	38	Supply Schedule	48
Reasons behind Downward Sloping		Supply Curve	48

Exceptions or Limitations of the Law of Supply	49	Glossary	57
Change in Supply	50	Very Short Questions with Answer	58
Factors Causing Shift in Supply Curve	52	Questions for Practice	59
Interaction between Demand and Supply	54	Numerical Assignment	60
Numerical Illustrations	55	Practical and Project Work	62

## Unit 2.2: Elasticity of Demand and Supply

Concept of Elasticity of Demand	64	Basic Concept	75
Types of Elasticity of Demand	65	Types of Price Elasticity of Supply	75
Price Elasticity of Demand	65	Numerical Illustration	78
Income Elasticity of Demand	69	Glossary	81
Cross Elasticity of Demand	72	Very Short Questions with Answer	82
Determinants of (Price) Elasticity of Demand	74	Questions for Practice	83
Elasticity of Supply	75	Numerical Questions	84

## Unit 2.3: Theory of Consumer's Behaviour

Basic Concept	86	The Law of Equi-Marginal Utility/Law of Substitution	95
Meaning of Utility	86	Criticisms of Equi-marginal Utility	97
Approaches to Utility Analysis	87	Importance of Law of Substitution	98
Concepts of Total Utility and Marginal Utility	87	Consumer's Surplus	99
Total Utility (TU)	87	Criticisms of Consumer's Surplus	101
Marginal Utility (MU)	87	Concept of Producer's Surplus	102
Relation between Total Utility and Marginal Utility	88	Numerical Illustrations	103
The Law of Diminishing Marginal Utility	89	Glossary	106
Limitations of the Law	93	Very Short Questions with Answer	106
Importance of the Law of Diminishing Marginal Utility	94	Questions for Practice	107
		Numerical Questions	108

## Unit 2.4: Theory of Production

Meaning of Production	110	Laws of Returns to Scale	118
Concept of Production Function	111	Increasing Returns to Scale (IRS)	119
Short-Run Production Function	111	Constant Returns to Scale (CRS)	119
Long-Run Production Function	111	Decreasing Returns to Scale (DRS)	120
Concept of Total, Average and Marginal Product	112	Returns to Scale by Means of Isoquant	122
Total Product (TP)	112	Meaning of Isoquant	122
Average Product (AP)	112	Illustration of Returns to Scale	123
Marginal Product (MP)	112	Numerical Illustration	125
Relation between TP, AP and MP of Labour in Short Run	113	Glossary	128
Law of Variable Proportions	114	Very Short Questions with Answer	129
Three Stages of Production	117	Questions for Practice	130
Stage of Operation of the Firm	118	Numerical Questions	130

## CHAPTER 3

# Macroeconomics

### Unit 3.1: Introduction to Macroeconomics

Concept of Macroeconomics	135	Macroeconomic Variables	138
Closed and Open Economy	136	Glossary	142
Closed Economy	136	Very Short Questions with Answer	142
Open Economy	137	Questions for Practice	143

### Unit 3.2: National Income Accounting

Meaning of National Income	145	Methods of Measurement of National Income or Product	153
Basic Concepts of National Income	145	Income Method	153
Gross Domestic Product (GDP)	145	Expenditure Method	155
Gross National Product (GNP)	147	Product Method	157
Net National Product (NNP)	148	Difficulties in the Measurement of National Income	159
National Income (NI)	148	Numerical Illustration	161
Personal Income (PI)	148	Glossary	163
Disposable Income (DI)	149	Very Short Questions with Answer	164
Per-Capita Income (PCI)	149	Questions for Practice	165
Nominal GDP and Real GDP	149	Numerical Questions	166
GDP Deflator	151	Practical and Project Work	168

### Unit 3.3: Money and Inflation

Barter System	170	Value of Money	177
Introduction	170	Fisher's Quantity Theory of Money	177
Difficulties of Barter System/ Inconveniences	170	Criticism of Quantity Theory of Money	179
Money	172	Inflation	180
Meaning	172	Types of Inflation	180
Functions of Money	172	Consequences of High Inflation	183
Role or Importance of Money	173	Deflation	184
Forms (Types or Kinds) of Money	174	Numerical Illustrations	185
Features /Characteristics of Money	176	Glossary	187
Concept of Money Supply	176	Very Short Questions with Answer	187
Meaning	176	Questions for Practice	188
Types	177	Numerical Assignments	189

## CHAPTER 4

# Economic Growth, Development and Capital Formation

Concepts of Economic Growth and Economic Development	192	Process of Capital Formation	199
Economic Growth	192	Meaning	199
Economic Development	193	Process	199
Characteristics of Under Developed/Developing Countries	195	Glossary	200
Indicators of Economic Development	197	Very Short Questions with Answer	201
		Questions for Practice	201
		Practical and Project Work	202

## CHAPTER 5

# Nepalese Economy

### Unit 5.1: Overview of Nepalese Economy

Nepalese Economy	205	Seven Provinces of Nepal	208
Overview of the Nepalese Economy	205	Major Economic Indicators of Nepal	208
Characteristics of the Nepalese Economy	207	Glossary	210
Macroeconomic Indicators of Central Government and		Questions for Practice	210

### Unit 5.2: Natural Resources of Nepal

Introduction to Natural Resources	212	Importance of Mineral Resources	226
Water Resources	212	Problems in Mineral Resource Utilization	227
Introduction	212	Environment and Natural Resource Management for Sustainable Development	229
Importance of Water Resources	213	Meaning of Environment	229
Potentiality of Water Resources in Nepal	215	Natural Resources Management	229
Current Situation of Water Resources of Nepal	216	Problems of Natural Resource Management	230
Problems of Water Resources Development	218	Climate Change and Its Impacts in the Economy	230
Forest Resources	219	Causes of Environmental Pollution	231
Importance or Roles or Benefits of Forest Resource	220	Consequences of Environmental Pollution	233
Causes of Rapid Deforestation in Nepal	222	Remedial Measures to Correct Environmental Pollution	234
Consequences of Deforestation in Nepal	223	Glossary	235
Remedial Measures to Control Deforestation	225	Very Short Questions with Answer	236
Mineral Resources	225	Questions for Practice	237
Introduction	225	Practical and Project Work	238
Current Position and Potentiality of Mineral Resources in Nepal	225		

## Unit 5.3: Agriculture

Background	240	Nature of Agricultural Marketing in Nepal	249
Characteristics of the Nepalese Agriculture	241	Problems of Agricultural Marketing	250
Importance of Agriculture	242	Remedies against the Problems of Agricultural Marketing	251
Problems of the Nepalese Agriculture	243	Glossary	252
Remedial Measures for Modernization and Commercialization of Nepalese Agriculture	245	Very Short Questions with Answer	253
Agriculture Finance	246	Questions for Practice	253
Agriculture Marketing in Nepal	249		

## Unit 5.4: Manufacturing and Tourism Industry in Nepal

Brief History of Industrial Development	256	Tourism Industry	267
Types of Industries	257	Introduction	267
Importance of Industrial Sector in Nepal	258	Importance / Role of Tourism in Nepal	268
Problems of Industrial Sector in Nepal	260	Present Situation of Tourism Industry	270
Cottage and Small-Scale Industries	260	Prospects of Tourism Industry	271
Importance of Cottage and Small-Scale Industries	261	Problems of Tourism Industry	273
Problems of Cottage and Small-Scale Industries	262	Remedial Measures of the Problems of Tourism Industry	274
Medium and Large Scale Industries	264	Glossary	276
Importance of Medium and Large Scale Industries	264	Very Short Questions with Answer	276
Problems of Medium and Large Scale Industries	265	Questions for Practice	277
		Practical and Project Work	278

## Unit 5.5: Transport and Communication

Introduction	280	Current Status of Transport and Communication	288
Role or Importance of Transportation and Communication in Economic Development of Nepal	280	Problems of Transport and Communication	288
Means of Transportation and Communication	282	Suggestions	288
Means of Transportation	282	Glossary	289
Means of Communication Services	285	Very Short Questions with Answer	289
		Questions for Practice	290



## CHAPTER 6

# Basic Mathematics

Need for Quantitative Analysis in Economics	292	6.2 Equation of Straight Line	296
6.1 Importance and Uses of Mathematics in Economics	292	Equation of a Straight Line	297
Importance and Uses of Mathematics in Economics	293	Worked Out Examples	299
Use of Statistics in Economics	294	Exercise 6.1	303
Glossary	295	6.3 Differential Calculus: Simple and Partial	305
Questions for Practice	295	Some Important Rules of Derivatives	307
Review of Basic Formulae	296	Exercise 6.2	311
		Sample Answer of Model Question	315
		Bibliography	342

