

**UPSC
OPTIONAL
SYLLABUS FOR
ECONOMICS**

ECONOMICS OPTIONAL SYLLABUS

UPSC OPTIONAL SYLLABUS FOR ECONOMICS PAPER 1

1.1) ADVANCED MICRO ECONOMICS:

Approaches to Price Determination: Marshallian and Varrasiam.

Alternative Distribution Theories; Ricardo, Kaldor, Kaleeki.

Market Structure: Monopolistic Competition, Duopoly, Oligopoly.

Modern Welfare Criteria: Pareto Hicks and Scitovsky, Arrow's Impossibility Theorem, A.K Sen's Social Welfare Function.

1.2) ADVANCE MACRO ECONOMICS:

Approaches to Employment Income and Interest Rate determination: Classical,

Keynes (IS)-LM) curve,

Neo-classical synthesis and New classical,

Theories of Interest Rate determination and Interest Rate Structure.

1.3) MONEY BANKING AND FINANCE:

Demand for and Supply of Money:

- Money Multiplier Quantity Theory of Money (Fisher, Pique and Friedman) and Keynes Theory on Demand for Money
- Goals and Instruments of Monetary Management in Closed and Open Economies.
- Relation between the Central Bank and the Treasury.
- Proposal for ceiling on the growth rate of money

Public Finance and its Role in Market Economy:

- In stabilisation of supply, allocative, of resources and in distribution and development.
- Sources of Government revenue, forms of Taxes and Subsidies, their incidence and effects.
- Limits to taxation, loans, crowding-out effects and limits to borrowings.
- Public expenditure and its effects.

1.4) INTERNATIONAL ECONOMICS:

Old and New Theories of International Trade:

- Comparative advantage
- Terms of Trade and Offer Curve
- Product Cycle and Strategic Trade Theories

Trade as an engine of growth and theories of underdevelopment in an open economy.

Forms of Protection: Tariff and quota.

Balance of Payments Adjustment: Alternative Approaches.

- Price versus income, income adjustments under fixed exchange rates.
- Theories of Policy Mix.
- Exchange rate adjustments under capital mobility.
- Floating Rates and their Implications for Developing Countries: Currency Boards.
- Trade Policy and Developing Countries.
- BOP, adjustments and Policy Coordination in open economy macro-model.
- Speculative attacks.
- Trade Blocks and Monetary Unions.
- WTO: TRIMS, TRIPS, Domestic Measures, Different Rounds of WTO talks.

1.5) GROWTH AND DEVELOPMENT:

Theories of growth:

- Harrod's model
- Lewis's model of development with surplus labour
- Balanced Unbalanced Growth
- Human Capital and Economic Growth
- Research and Development and Economic Growth.

Process of Economic Development of less developed countries:

-Myrdal and Kuznets on economic development and structural change: Role of Agriculture in Economic Development of Less Developed Countries.

-Economic Development and International Trade and Investment, Role of Multinationals.

-Planning and Economic Development: Changing Role of Markets and Planning, Private-Public Partnership.

-Welfare indicators and measures of growth—Human Development Indices. The basic needs approach.

-Development and Environmental Sustainability—Renewable and Non-renewable Resources, Environmental Degradation, Intergenerational equity development.

UPSC OPTIONAL SYLLABUS FOR ECONOMICS PAPER 2

INDIAN ECONOMICS IN POST-INDEPENDENCE ERA:

Land System and its changes, Commercialization of agriculture Drain theory, Laissez faire theory and critique. Manufacture and Transport: Jute, Cotton, Railways, Money and Credit. Indian Economy after Independence

THE PRE-LIBERALIZATION ERA:

- Contribution of Vakil, Gadgil and V.K.R.V. Rao.
- Agriculture: Land Reforms and land tenure system, Green Revolution and capital formation in agriculture.
- Industry Trends in composition and growth, Role of the Public and private sector, small scale and Cottage Industries.
- National and Per capita income: Patterns, trends, aggregate and sectoral composition and changes therein.
- Broad factors determining National Income and distribution, Measures of poverty, Trends in poverty and inequality.

THE POST-LIBERALIZATION ERA:

- New Economic Reform and Agriculture: Agriculture and WTO, Food processing, Subsidies, Agricultural prices and public distribution system, Impact of public expenditure on agricultural growth.
- New Economic Policy and Industry: Strategy of industrialisation, Privatisation, Disinvestments, Role of foreign direct investment and multinationals.
- New Economic Policy and Trade: Intellectual property rights: Implications of TRIPS, TRIMS, GATS and new EXIM policy.

- **New Exchange Rate Regime: Partial and full convertibility, Capital account convertibility.**
- **New Economic Policy and Public Finance: Fiscal Responsibility Act, Twelfth Finance Commission and Fiscal Federalism and Fiscal Consolidation.**
- **New Economic Policy and Monetary System. Role of RBI under the new regime.**
- **Planning: From central Planning to indicative planning, Relation between planning and markets for growth and decentralised planning: 73rd and 74th Constitutional amendments.**
- **New Economic Policy and Employment: Employment and poverty, Rural wages, Employment Generation, Poverty alleviation schemes, New Rural, Employment Guarantee Scheme.**