



UPSC Optional Paper Syllabus for Economics- Paper I

1. **Advanced Micro Economics:**

- (a) Marshallian and Varrasiam Approach to Price determination.
- b) Alternative Distribution Theories; Ricardo, Kaldor, Kaleeki.
- (c) Markets Structure: Monopolistic Competition, Duopoly, Oligopoly.
- (d) Modern Welfare Criteria: Pareto Hicks and Scitovsky, Arrow's Impossibility Theorem, A. K. Sen's Social Welfare Function.

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.

3. **Money-Banking and Finance:**

(a) Demand for and Supply of Money:

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

(b) Public Finance and its Role in Market Economy:

- In stabilization of supply, allocation 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.

4. **International Economics:**

(a) Old and New theories of International Trade.



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- 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.

(b) Forms of Protection:

- Tariff and quota.

(c) 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.

5. Growth and Development:

(a)

- Theories of growth: Harrod's model;
- Lewis model of development with surplus labour.
- Balanced Unbalanced Growth.
- Human Capitals and Economic Growth.
- Research and Development and Economic Growth.

(b) 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.

(c) Economic Development and International Trade and Investment, Role of Multinationals.

(d) Planning and Economic Development:

- changing role of Markets and Planning,
- Private-Public Partnership.

(e) Welfare indicators and measures of growth



- Human Development Indices.
- The basic needs approach.

(f) Development and Environmental Sustainability

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

UPSC Optional Paper Syllabus for Economics- Paper-II (Indian Economics in Post-Independence Era)

A. 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 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.

B. The Post-Liberalization Era

(i) New Economic Reform and Agriculture

- Agriculture and WTO,
- Food processing,
- Subsidies,
- Agricultural prices and public distribution system,
- Impact of public expenditure on agricultural growth.

(ii) New Economic Policy and Industry:

- The strategy of industrialization,
- Privatization,



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- Disinvestments,
 - Role of foreign direct investment and multinationals.
- (iii) New Economic Policy and Trade:
- Intellectual property rights:
 - Implications of TRIPS, TRIMS, GATS and new EXIM policy.
- (iv) New Exchange Rate Regime:
- Partial and full convertibility,
 - Capital account convertibility.
- (v) New Economic Policy and Public Finance:
- Fiscal Responsibility Act,
 - the Twelfth Finance Commission and
 - Fiscal Federalism and
 - Fiscal Consolidation.
- (vi) New Economic Policy and Monetary System.
- Role of RBI under the new regime.
- (vii) Planning:
- From central Planning to indicative planning,
 - Relation between planning and markets for growth and decentralized planning:
 - 73rd and 74th Constitutional amendments.
- (viii) New Economic Policy and Employment:
- Employment and poverty,
 - Rural wages,
 - Employment Generation,
 - Poverty alleviation schemes,
 - New Rural, Employment Guarantee Scheme.