

UPSC Syllabus of Economics - Paper 1 & Paper 2

UPSC Economics Syllabus for Paper 1

Advanced Micro Economics:

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

Advanced 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

Money – Banking and Finance

- (a) Demand for and Supply of Money

Money Multiplier Quantity Theory of Money (Fisher, Pique, and Friedman) and Keynes's 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.

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

In stabilization of supply, allocation of resources, and distribution and development. Sources of Govt. 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.

International Economics

- (a) Old and New Theories of International Trade
 - (i) Comparative Advantage
 - (ii) Terms of Trade and Offer Curve
 - (iii) Product Cycle and Strategic Trade Theories
 - (iv) 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 Adjustments: Alternative Approaches.
 - (i) Price versus income, income adjustments under fixed exchange rates,
 - (ii) Theories of Policy Mix
 - (iii) Exchange rate adjustments under capital mobility
 - (iv) Floating Rates and their Implications for Developing Countries: Currency Boards.
 - (v) Trade Policy and Developing Countries
 - (vi) BOP, adjustments and Policy Coordination in open economy macro-model.
 - (vii) Speculative attacks
 - (viii) Trade Blocks and Monetary Unions. (ix) WTO: TRIMS, TRIPS, Domestic Measures, Different Rounds of WTO talks

Growth and Development

- (a) (i) Theories of growth: Harrod's model,
- (ii) Lewis's model of development with surplus labour
- (iii) Balanced and Unbalanced growth,
- (iv) Human Capital and Economic Growth.
- (v) 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
- (e) Welfare indicators and measures of growth – Human Development Indices.
- (f) Development and Environmental Sustainability – Renewable and Non-Renewable Resources, Environmental Degradation, Intergenerational equity development

UPSC Economics Syllabus for Paper 2

Indian Economy in the Pre-Independence Era:

- ◆ The land system in pre-independence India
- ◆ Agriculture sector commercialisation
- ◆ The drain theory, popularized by Dadabhai Naoroji
- ◆ The laissez-faire theory advocated for minimal government intervention in economic affairs
- ◆ The manufacturing and transport sector in pre-independence India - industries like jute and cotton
- ◆ Money and credit systems
- ◆ The introduction of modern banking institutions, such as the establishment of the Reserve Bank of India, contributed to the growth of credit and facilitated monetary transactions.
- ◆ Indian Economy After Independence

The Pre-Liberalization Era:

- ◆ Contributions of Vakil, Gadgil, and V.K.R.V. Rao
- ◆ Agriculture: Land reforms, land tenure system, Green Revolution, introduction of high-yielding crop varieties, irrigation, and the use of fertilizers, Capital formation in agriculture
- ◆ Industry: The composition and growth of industries, significant role in key industries, private sector contribution to industrial growth, Small-scale and cottage industries
- ◆ National and Per Capita Income: Patterns and trends in national income and per capita income, Composition of national income in different sectors and changes
- ◆ Factors Determining National Income and Distribution: Various factors, such as investment, technology, labour, and infrastructure, Impact on national income and its distribution, Measures of poverty, Trends in poverty and inequality

2. 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



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