

ECONOMICS

OPTIONAL 2026 - 27

Pratigya Batch



By **Hrishabh Singh**

SENIOR FACULTY - Economics



30th June '25



1:00 PM

ADVANTAGES OF ECONOMICS AS AN OPTIONAL SUBJECT

1. OVERLAP WITH GENERAL STUDIES (GS) PAPERS:

- Economics covers about 60% of the GS Paper III syllabus, i.e, 120-125 marks. This significant overlap can save you time and effort in preparation.
- GS Paper II: Economics can be helpful for understanding topics like governance, development, and international relations.
- In the prelims paper, at least 30-50 marks can be covered by this subject.

2. ANALYTICAL AND PROBLEM-SOLVING SKILLS:

Economics fosters analytical thinking and problem-solving abilities, which are crucial for a civil servant.

It helps you analyse complex issues, evaluate policies, and make informed decisions.

SCORING POTENTIAL

Economics is considered a logical and rational subject, making it generally scoring if you have a good understanding of the concepts.

Candidates with a good grasp of graphs and data interpretation can score high marks in the economics papers.

1. OVERLAP WITH GENERAL STUDIES (GS) PAPERS:

- Economics has a consistent success rate among candidates.
- Constantly performs as Top 5 success rate.
- For instance, in the Civil Service Exam of 2013, the first rank holder, Gaurav Agrawal, had economics as his optional subject.
- At least 1 rank in top 10 and 4 in top 50 constantly for the last 5-6 years.

SCORING POTENTIAL

Economics is highly relevant to current affairs, which is a crucial part of the UPSC syllabus. This relevance helps in both the prelims and mains exams.

Features

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Comprehensive Coverage of Every Topic with PYQ Discussion



Current affairs to keep the aspirants updated



Regular answer writing sessions with evaluation



One to one Mentorship 24*7



Mains Test Series (Sectional & Full Length Test)



Optional Gyan Bhandar



Weekly Doubt Clearing Sessions with Faculty



Validity

18 Months

30 Months

STUDY PLAN

Date

Topic

30 June

Orientation Session

2 July

Indian Economy Between 1947-1990

- Contributions of Economists:
- Vakil: Industrial planning.
- Gadgil: Cooperative movement, rural development.
- V.K.R.V. Rao: National income estimation.
- Agriculture:
- Land Reforms: Abolition of intermediaries, tenancy reforms, ceiling laws.
- Land Tenure System: Types and inefficiencies.
- Green Revolution: High-yielding varieties, irrigation, fertilizers.
- Capital Formation: Investment in agriculture, mechanization.
- Industry:
- Trends in composition: Heavy industries, consumer goods.
- Role of Public Sector: Industrial Policy Resolutions (1948, 1956).
- Private Sector: Growth and limitations.
- Small-Scale and Cottage Industries: Employment generation, rural industrialization.
- National and Per Capita Income:
- Patterns and trends: Sectoral contributions (agriculture, industry, services).
- Income distribution: Gini coefficient, regional disparities.
- Poverty and Inequality:
- Measures of poverty: Headcount ratio, poverty line.
- Trends: Pre-reform poverty alleviation efforts.
- Inequality: Rural-urban divide, sectoral disparities.

21-Jul

Advanced Micro Economics

- Marshallian Approach to Price Determination:
 - Demand and supply analysis.
 - Equilibrium price and quantity.
 - Elasticity of demand and supply.
- Walrasian Approach to Price Determination:
 - General equilibrium theory.
 - Tatonnement process.
 - Stability of equilibrium.
- Alternative Distribution Theories:
 - Ricardo: Theory of rent and distribution.
 - Kaldor: Income distribution and technical progress.
 - Kalecki: Distribution based on market power and pricing.
- Market Structure:
 - Monopolistic Competition: Chamberlin's model, product differentiation, excess capacity.
 - Duopoly: Cournot, Bertrand, and Stackelberg models.
 - Oligopoly: Kinked demand curve, price leadership, collusion, and game theory.
- Modern Welfare Criteria:
 - Pareto Criterion: Efficiency and optimality.
 - Hicks and Scitovsky Criteria: Compensation principles, Kaldor-Hicks efficiency.
 - Arrow's Impossibility Theorem: Social choice and voting paradoxes.
 - A.K. Sen's Social Welfare Function: Capability approach, social justice.

18-Aug

Advanced Macro Economics

- Approaches to Employment, Income, and Interest Rate Determination:
- Classical Theory: Full employment, Say's Law, wage-price flexibility.
- Keynesian Theory: IS-LM model, aggregate demand, liquidity preference.
- Neo-Classical Synthesis: Integration of classical and Keynesian models.
- New Classical: Rational expectations, policy ineffectiveness proposition.
- Theories of Interest Rate Determination:
- Loanable funds theory.
- Liquidity preference theory.
- Term structure of interest rates (yield curve).
- Interest Rate Structure:
- Expectations theory, segmented markets theory.
- Risk and liquidity premiums.

10-Sep

Money and Banking

- Demand for and Supply of Money:
- Money Multiplier: Process and determinants.
- Quantity Theory of Money: Fisher's equation, Pigou's Cambridge approach, Friedman's restatement.
- Keynes' Theory: Motives for holding money (transaction, precautionary, speculative).
- Monetary Management:
- Goals: Price stability, economic growth, full employment.
- Instruments: Open market operations, reserve requirements, discount rate.
- Monetary policy in closed vs. open economies.
- Central Bank and Treasury Relations:
- Independence of central banks.
- Coordination of monetary and fiscal policies.
- Ceiling on Money Growth:
- Monetarist proposals for controlling money supply.
- Inflation targeting vs. fixed money growth rules.

6-Oct

Public Finance:

- Role in market economy: Allocation, distribution, stabilization, development.
- Government Revenue: Taxes (direct, indirect), non-tax revenue.
- Taxes and Subsidies: Incidence, shifting, effects on efficiency and equity.
- Limits to Taxation: Laffer curve, tax evasion.
- Public Borrowing: Crowding-out effect, debt sustainability.
- Public Expenditure: Wagner's law, effects on growth and distribution.

30-Oct

International Economics

- Theories of International Trade:
- Old Theories:
- Comparative Advantage (Ricardo).
- Absolute Advantage (Adam Smith).
- New Theories:
- Terms of Trade: Offer curve analysis, Prebisch-Singer hypothesis.
- Product Cycle Theory (Vernon).
- Strategic Trade Theory (Krugman).
- Trade and Growth:
- Trade as an engine of growth (export-led growth).
- Theories of underdevelopment: Dependency theory, unequal exchange.
- Forms of Protection:
- Tariffs: Effects on consumers, producers, and government revenue.
- Quotas: Import restrictions, quota rents.
- Non-tariff barriers: Subsidies, standards, and regulations.
- Balance of Payments Adjustments:
- Price Adjustments: Elasticities approach, Marshall-Lerner condition.
- Income Adjustments: Absorption approach.
- Policy Mix: Mundell-Fleming model, fiscal-monetary policy under fixed/flexible exchange rates.
- Exchange Rate Adjustments:
- Capital mobility and exchange rate regimes.
- Floating rates: Implications for developing countries.

- Currency boards: Advantages and limitations.
- Trade Policy and Developing Countries:
- Import substitution vs. export promotion.
- Speculative attacks and currency crises.
- Trade Blocks and Monetary Unions:
- Regional trade agreements: ASEAN, EU, NAFTA.
- Monetary unions: Eurozone, benefits, and challenges.
- World Trade Organization (WTO):
- TRIMS (Trade-Related Investment Measures).
- TRIPS (Trade-Related Intellectual Property Rights).
- GATS (General Agreement on Trade in Services).
- Domestic measures: Anti-dumping, subsidies.
- WTO negotiation rounds: Doha Round, Uruguay Round.

26-Nov

Growth and Development

- Theories of Growth:
- Harrod-Domar Model: Capital-output ratio, warranted growth rate.
- Lewis Model: Dual economy, surplus labor, capital accumulation.
- Balanced vs. Unbalanced Growth: Hirschman’s strategy, Nurkse’s approach.
- Human Capital: Education, health, and productivity.
- Research and Development: Technological progress, endogenous growth models (Romer, Lucas).
- Economic Development in Less Developed Countries:
- Myrdal’s Cumulative Causation: Vicious circles of poverty.
- Kuznets’ Hypothesis: Structural change, income inequality.
- Role of Agriculture: Backward and forward linkages, food security.
- International Trade and Investment:
- Trade and development: Terms of trade, export instability.
- Role of multinationals: Technology transfer, profit repatriation.
- Planning and Economic Development:
- Role of markets vs. planning.
- Public-private partnerships: Infrastructure, service delivery.
- Welfare Indicators:
- Human Development Index (HDI): Components and limitations.
- Basic Needs Approach: Health, education, sanitation.
- Multidimensional Poverty Index (MPI).
- Environmental Sustainability:
- Renewable vs. non-renewable resources.
- Environmental degradation: Pollution, deforestation.
- Intergenerational equity: Sustainable development goals.

Indian Economy after 1990 (Post LPG Reforms)

- New Economic Reforms and Agriculture:
- Agriculture and WTO: Agreement on Agriculture, subsidies, market access.
- Food Processing: Value addition, supply chain.
- Subsidies: Fertilizer, power, and water subsidies.
- Agricultural Prices: Minimum Support Prices (MSP), procurement.
- Public Distribution System (PDS): Targeting, leakages, reforms.
- Public Expenditure: Impact on agricultural growth, irrigation projects.
- New Economic Policy and Industry:
- Industrialization Strategy: Shift from import substitution to export orientation.
- Privatization: Disinvestment of public sector enterprises.
- Foreign Direct Investment (FDI): Sectors, policies, and impact.
- Multinationals: Technology transfer, employment, and challenges.
- New Economic Policy and Trade:
- Intellectual Property Rights: Patents, copyrights, TRIPS compliance.
- EXIM Policy: Export promotion, trade liberalization.
- Trade agreements: Bilateral and multilateral.
- Exchange Rate Regime:
- Partial Convertibility: Current account reforms.
- Full Convertibility: Capital account liberalization debates.
- Public Finance:
- Fiscal Responsibility and Budget Management (FRBM) Act: Targets, compliance.
- Finance Commissions: Resource sharing, devolution (focus on Twelfth Finance Commission).
- Fiscal Federalism: Center-state financial relations.
- Fiscal Consolidation: Deficit reduction, debt management.
- Monetary System:
- Role of Reserve Bank of India (RBI): Monetary policy framework, inflation targeting.
- Banking reforms: Basel norms, NPAs, financial inclusion.
- Planning:
- Shift from Central Planning to Indicative Planning.
- Role of NITI Aayog: Cooperative federalism, policy formulation.
- Decentralized Planning: 73rd and 74th Constitutional Amendments, Panchayati Raj.
- Employment and Poverty:

	<ul style="list-style-type: none"> ▪ Employment trends: Formal vs. informal sectors, unemployment rates. ▪ Rural wages: Trends and disparities. ▪ Poverty alleviation: Programs like IRDP, SGSY, MGNREGA. ▪ Employment generation: Skill development, Make in India. ▪ New Rural Employment Guarantee Scheme: MGNREGA implementation, impact.
5-Jan	<p>Indian Economy Before 1947</p> <ul style="list-style-type: none"> ▪ Land System and Changes: <ul style="list-style-type: none"> ▪ Zamindari, Ryotwari, and Mahalwari systems. ▪ Land revenue policies and their impact. ▪ Commercialization of Agriculture: <ul style="list-style-type: none"> ▪ Shift to cash crops: Cotton, indigo, opium. ▪ Impact on food security and rural economy. ▪ Drain Theory: <ul style="list-style-type: none"> ▪ Dadabhai Naoroji’s economic critique. ▪ Wealth transfer to Britain: Mechanisms and estimates. ▪ Laissez Faire Theory and Critique: <ul style="list-style-type: none"> ▪ British economic policies in India. ▪ Impact on indigenous industries. ▪ Manufacture and Transport: <ul style="list-style-type: none"> ▪ Jute and Cotton Industries: Growth and challenges. ▪ Railways: Economic and strategic significance. ▪ Money and Credit: Currency system, banking development.

4 SECTIONAL + 4 FULL LENGTH TEST

Sectional 1	Microeconomics+Macroeconomics
Sectional 2	Money Banking + Public Finance
Sectional 3	International + Growth and Development
Sectional 4	Paper 2
Full Length 1	Full Paper 1
Full Length 2	Full Paper 2
Full Length 3	Paper 1 + Paper 2
Full Length 4	Paper 1 + Paper 2

* Please note that this is a tentative schedule of the batch and the dates may vary.

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