

Useful Books for Economics Optional – Civil Services Mains Exam

Paper 1:

Micro:

Ahuja – Advanced microeconomics theory – macro theories of distribution, welfare etc.

Pindyck and Rubenfield – game theory, asymmetric info etc.

Koutsoyiannis – markets, welfare economics etc.

Varian – intermediate micro economics

Macro:

Snowdon and Vane – the best one.

Froyen.

Dornbusch.

Dwivedi (for money multiplier).

Trade:

Salvatore – The best one.

Krugman and Obstfeld.

IGNOU.

Growth:

IGNOU.

C I Jones.

Development:

Thirlwall

IGNOU

Public Finance:

H L Bhatia.

Musgrave.

Environment:

Economics of Environment – Subhashini Muthukrishnan

Paper 2:

Economic Survey.

India Year Book.

Indian Economy Since Independence – Uma Kapila.

Indian Economy – Datt and Sundaram.

Indian Economy – Sanjeev Varma.

Indian Economy – Mishra and Puri.

Indian Economy – Performance and Policies – Uma Kapila.

March of Indian Economy.

Indian Economy – Ramesh Singh.

Selected seminal articles from MA course like those by Deaton and Dreze, Deepak Nayyar, R Nagaraj, K Nagaraj etc.

Magazines: Yojana, Kurukshetra, Economy at a glance.

Draft Plan document- selected topics.

Business newspapers, selected epw articles etc.

Book List / Sources for Syllabus

Strategy for Paper – I

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.

The above topics are best covered in from HL Ahuja "Advanced Microeconomics".

Questions from "Rent, quasi rent" and "Product Exhaustion Problem", can be covered also in the book.

2. **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.

For the above topics refer **HL Ahuja's "Macroeconomics" book.**

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 growth rate of money.

Refer HL Ahuja's Macroeconomics and Snowdon's Modern Macroeconomics.

(b) Public Finance and its Role in Market Economy: In stabilization of supply, allocation of resources and in 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 under development 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.

Strategy for Paper – II

1. Indian Economy in Pre-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.

2. Indian Economy after Independence:

A Pre Liberalization Era:

- (i) Contribution of Vakil, Gadgil and V.K.R.V. Rao.
- (ii) Agriculture: Land Reforms and land tenure system, Green Revolution and capital formation in agriculture,(iii) Industry Trends in composition and growth, Role of public and private sector, Small scale and cottage industries.
- (iv) National and Per capita income: patterns, trends, aggregate and Sectoral composition and changes there in.
- (v) Broad factors determining National Income and distribution, Measures of poverty, Trends in poverty and inequality.

Uma Kapilla is a very good source for these topics. One should also focus on economic stats. Can also see my notes. Stats on efficacy of land reforms need to be remembered (see my notes), stats

on economic growth rate, growth rates of agriculture, industry, manufacturing, capital goods, services, per capita income need to be remembered for 3 periods – 1950s to 1965, 1965 to 1980, 1980 to 1990.

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: Strategy of industrialization, Privatization, 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, 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.