

GUJARAT STATE LEVEL ELIGIBILITY TEST

Code No. : 10

Subject : ECONOMICS

SYLLABUS AND SAMPLE QUESTIONS

Note: There will be two question papers, Paper—II and Paper—III. Paper-II shall consist of 50 objective type compulsory questions based on the subject selected by the candidate. Each question will carry 2 marks. Paper-III will consist of 75 objective type compulsory questions from the subject selected by the candidate. Each question will carry 2 marks. All questions of Paper-II and Paper-III will be compulsory, covering entire syllabus (including all electives, without options).

PAPER—II

1. Micro-economic Analysis

Demand analysis—Marshallian, Hicksian and Revealed preference approaches
Theory of Production and Costs
Pricing and output under different forms of market structure
Factor Pricing analysis
Elements of general equilibrium and new welfare economics

2. Macro-economic Analysis

Determination of output and employment—Classical approach, Keynesian approach,
Consumption hypotheses
Demand for Money—Fisher and Cambridge versions, Approaches of Keynesian,
Friedman, Patinkin, Baumol and Tobin
Supply of Money, Determinants of money supply, High-powered money, Money multiplier
Phillips Curve analysis
Business cycles—Models of Samuelson, Hicks and Kaldor.
Macro-economic Equilibrium—Relative roles of monetary and fiscal policies

3. Development and Planning

Economic Growth, Economic Development and sustainable Development—
Importance of institutions—Government and markets—Perpetuation of
underdevelopment—Vicious circle of poverty, circular causation, structural view of
underdevelopment—Measurement of development conventional, HDI and quality of
life indices
Theories of Development—Classical, Marx and Schumpeter; Economic Growth—
Harrod-Domar model, instability of equilibrium, Neoclassical growth—Solow's
model, steady state growth. Approaches to development : Balanced growth, critical
minimum effort, big push, unlimited supply of labour, unbalanced growth, low
income equilibrium trap
Indicators and measurement of poverty
Importance of agriculture and industry in economic development—choice of

techniques and appropriate technology—Investment criteria— Elementary idea of cost-benefit analysis

Trade and Aid—International trade as ‘engine of growth’—Globalization and LDC’s

Objectives and role of monetary and fiscal policies in economic development

Techniques of planning; Plan Models in India; planning in a market-oriented economy

4. Public Finance

Role of the Government in Economic activity—Allocation, distribution and stabilization functions; Private, Public and Merit goods

The Public Budgets—Kinds of Budgets, Zero-base budgeting, different concepts of budget deficits; Budgets of the Union Government in India

Public Expenditure—Hypotheses; effects and evaluation

Public Revenue—Different approaches to the division of tax burden, incidence and effects of taxation; elasticity and buoyancy; taxable capacity

Public Debt—Sources, effects, burden and its management

Fiscal Federalism—Theory and problems; Problems of Centre-State Financial relations in India

Fiscal Policy—Neutral and compensatory and functional finance; balanced budget multiplier

5. International Economics

Theories of International Trade : Empirical verification and Relevance

International Trade under Imperfect competition

Terms of Trade and Economic Growth—Secular

Deterioration of Terms of Trade Hypothesis—a critical review

Equilibrium/disequilibrium in Balance of Payment—Traditional, Absorption and Monetary approaches for adjustment in the Balance of Payments, Foreign Trade multiplier

Impact of Tariffs, Partial and general equilibrium analysis; Political economy of Non-Tariff Barriers

Theory of regionalism at Global level—Collapse of Bretton-Wood System—Recent Monetary reforms

Trade Policy and Reforms in India

6. Indian Economy

Basic Economic indicators—National income, performance of different sectors

Trends in prices and money supply

Agriculture—Institutional and technological aspects, new agricultural policy

Industry—New industrial policy and liberalization

Money and banking—Concepts of money supply, inflation, monetary policy and financial sector reforms

Public finance—Trends in revenue and expenditures of the Central and State Governments, Public debt; analysis of the Union Budget

Foreign trade—Trends, Balance of payments and trade reforms

Poverty, unemployment, migration and environment

7. **Statistical Methods**

Measures of Central tendency, dispersion, skewness and kurtosis
Elementary theory of probability—Binomial, Poisson and Normal distributions
Simple correlation and regression analysis
Statistical inferences—Applications, sampling distributions (t, c2 and F tests),
sampling of attributes, testing of Hypothesis
Index numbers and time series analysis
Sampling and census methods, types of sampling and errors

PAPER—III (A)

[Core group]

Unit—I

Theory of Demand—Axiomatic approach, Demand functions, Consumer behaviour under conditions of uncertainty
Theory of production
Collusive and non-collusive oligopolies
Different models of objectives of the firm—Baumol, Morris and Williamson
Factor pricing
General equilibrium and Welfare Economics

Unit—II

Keynesian and post-Keynesian approaches to theory of output and employment; concept of investment multiplier; consumption hypotheses
Theories of investment and accelerator
Theories of demand for money—Keynesian and post-Keynesian
Different approaches to money supply; money supply; components and determinants; money multiplier
Output—price determination (aggregate supply and aggregate demand curve analysis)
Fleming-Mundell open economy model

Unit—III

Development and Growth—Role of institutions
Theories of growth and development—Models of growth of Joan Robinson and Kaldor; Technical Progress—Hicks, Harrod and learning by doing, production function approach to the determinants of growth : Endogenous growth : role of education, research and knowledge—explanation of cross country differentials in economic development and growth.
Theories of development—Classical, Marx, Schumpeter and structural analysis of development—Imperfect market paradigm, Lewis model of development, Ranis-Fei model, Dependency theory of development
Factors in economy development—natural resources, population, capital, Human Resource Development and infrastructure
Trade and development—trade as engine of growth, two-gap analysis, Prebisch, Singer and Myrdal views; gains from trade and LDCs

Unit—IV

Theories of taxation, types, incidence and effects
Theories of public expenditure—effects on savings, investment and growth
Burden of public debt
Union Finance—Trends in Revenue and Expenditure of the Government of India
State finance—Trends in Revenue and Expenditure of the State Governments
Public Debt—India's Public debt since 1951—growth composition, ownership pattern and debt management
Union-State Financial Relations—Horizontal and vertical imbalances; the Finance Commissions
Fiscal Policy and Fiscal Reforms in India

Unit—V

'Monetary approach' and adjustment in the balance of payments
Regional blocs—multilateralism and world trading system
The Political Economy of imposition of non-tariff barriers
International trade under conditions of imperfect competition in goods market
Theory of International reserves
Optimum Currency Areas—Theory and impact in the developed and developing countries
WTO and its impact on the different sectors of the economy

Unit—VI

Components of money supply
Role, constituents and functions of money and capital markets
RBI—recent monetary and credit policies
Commercial banks and cooperative banks
Specialized financial and investment institutions
Non-Bank financial institutions and Regional Rural Banks

Unit—VII

Industrial structure and economic growth
Pattern of industrialization—Public and Private; large and small industries
Theories of Industrial location—Indian experience
Industrial productivity—measurement, partial and total trends
Industrial Finance in India
Industrial Labour—Problems, policies and reforms in India
Economic Reforms and industrial growth

Unit—VIII

Population and Economic development—interrelation between population, development and environment, sustainable development
Malthusian theory of population, Optimum theory of population, theory of demographic transition, population as 'Limits to Growth' and as 'Ultimate Source'
Concepts of Demography—Vital rates, Life tables, composition and uses,
Measurement of fertility—Total fertility rate, gross and net reproduction rate—Age pyramids, population projection—stable, stationary and quasi-stationary population;

characteristics of Indian population through recent census
Poverty in India—Absolute and relative; analysis of poverty in India
Environment as necessity—amenity and public good; causes of environmental and ecosystem degeneration—policies for controlling pollution—economic and persuasive; their relative effectiveness in LDCs; Relation between population, poverty and environmental degradation—microplanning for environment and ecopreservation
—water sheds, joint forest management and self-help groups
Role of State in environmental preservation—Review of environmental legislation in India

Unit—IX

Role of Agriculture in Indian Economy—Share of Agriculture, interrelationship between agriculture and industry
Institutional aspects—Land reforms, Green revolution
Technological aspects—Agricultural inputs and shifts in production function
Capital formation in the rural sector—Savings, assets and credits
Strategies for rural development
Regional disparities in Indian agriculture
Cooperative movement in India—Organization, structure and development of different types of cooperatives in India

Unit—X

Application of Differential and Integral Calculus in theories of consumer behaviour, Production and pricing under different market conditions
Input-output analysis and linear programming
Application of Correlation and Regression
Testing of Hypothesis in Regression Analysis

PAPER—III (B) **[Elective/Optional]**

Elective—I

Single Equation Linear Model :
Assumption and properties of OLS
Multiple Regression Model—Estimation and Interpretation
Multi-collinearity—Auto-correlation and heteroscedasticity—Causes, detection, consequences and remedy
Dummy variables, distributed lags—Need, limitations and interpretation
Applications in Economics
Simultaneous Equation models :
Structural and reduced forms
Endogenous and exogenous variables
Identification problems and conditions
Single equation methods of estimations—TSLs, indirect least squares and least variance ratio
Techniques of Forecasting :

ARMA, ARIMA

Econometric properties of time series, Unit root, integrated series, random walk and white noise

Elective—II

Theory of Consumer Behaviour and Theory of Firms

Theory of Pricing—Monopoly, Monopolistic competition, Duopoly and Oligopoly

Theory of Games—Two-person, Zero-sum Game, Pure and Mixed strategy, Saddle point solution, Linear programming and input output analysis

Static and Dynamic Multiplier and Accelerator, Samuelson-Hicks trade cycle model.

Growth Models—Harrod and Domar, Neoclassical models—Solow, Meade,

Kaldor's Model with technological progress, endogenous growth models

Employment and output determination with fixed and flexible prices (IS-LM,

Aggregate demand and aggregate supply analysis)

Elective—III

The Rise and Fall of Bretton-Wood and emerging International Monetary System

World Trading System—Evolution and Distortions

Globalization—Developments in Exchange Markets, Euro-Currency Markets, and International Bond Markets, International Debt crisis

Theory of Foreign Exchange Markets—Exchange Trading, Arbitrage and Market Hedging

Elective—IV

Growth and Productivity trends in Indian Agriculture

Development of distributive institutions—Costs and price policies

Agricultural marketing and credit

Trends in migration and labour markets. Minimum Wages Act

WTO and sustainable agricultural development

Reforms in Indian agriculture

Elective—V

UNIVERSITY GRANTS COMMISSION

Planning and Economic Development

Costs, Prices, WTO and Indian Agriculture

Globalization, Liberalization and the Indian Industrial Sector

Infrastructure and Economic Development

Social Sector, Poverty and Reforms in India

Women, Environment and Economic Development

Trade Reforms and Liberalization

Financial sector reforms

Fiscal policy and fiscal reforms

SAMPLE QUESTIONS

Paper—II

1. During the year June 1980 to June 1981 money supply with the public (M1) in India has increased by
 - (A) above 30 percent
 - (B) above 20 percent but below 30 percent
 - (C) above 10 percent but below 20 percent
 - (D) below 10 percent
2. The Indian economist with whom the CES production function is associated is
 - (A) B. S. Minhas
 - (B) A. K. Sen
 - (C) T. N. Srinivasan
 - (D) V. K. R. V. Rao

Paper—III (A)

1. Briefly distinguish between Cournot and Sweezy models of oligopoly.
Or
Elucidate the Newmann-Morgentern index of expected utility. How Cardinal is it in nature?
2. What is externality? How does it lead to market becoming inefficient?
Or
Explain the efficiency of prior savings approach to economic development.

Paper—III (B)

11. Examine the view that there can be no general theory of oligopoly.
Or
Explain the meaning and significance of identification problem. State the rank and order conditions.