

KARNATAKA EXAMINATION AUTHORITY SYLLABUS

Subject: ECONOMICS

Unit-1 : Micro Economics

- Theory of Consumer Behaviour
- Theory of Production and Costs
- Decision making under uncertainty Attitude towards Risk
- Game Theory -- Non Cooperative games
- Market Structures, competitive and non-competitive equilibria and their efficiency properties
- Factor Pricing
- General Equilibrium Analysis
- Efficiency Criteria: Pareto-Optimality, Kaldor – Hicks and Wealth Maximization
- Welfare Economics: Fundamental Theorems , Social Welfare Function
- Asymmetric Information: Adverse Selection and Moral Hazard

Unit-2 : Macro Economics

- National Income: Concepts and Measurement
 - Determination of output and employment: Classical & Keynesian Approach
-

- Consumption Function
- Investment Function
- Multiplier and Accelerator
- Demand for Money
- Supply of Money
- IS – LM Model Approach
- Inflation and Phillips Curve Analysis
- Business Cycles
- Monetary and Fiscal Policy
- Rational Expectation Hypothesis and its critique

Unit- 3 : Statistics and Econometrics

- Probability Theory: Concepts of probability, Distributions, Moments, Central Limit theorem
 - Descriptive Statistics – Measures of Central tendency & dispersions, Correlation, Index Numbers
 - Sampling methods & Sampling Distribution
 - Statistical Inferences, Hypothesis testing
 - Linear Regression Models and their properties – BLUE
 - Identification Problem
 - Simultaneous Equation Models – recursive and non-recursive
-

- Discrete choice models
- Time Series Analysis

Unit-4 : Mathematical Economics

- Sets, functions and continuity, sequence, series
- Differential Calculus and its Applications
 - Linear Algebra – Matrices, Vector Spaces
- Static Optimization Problems and their applications
- Input-Output Model, Linear Programming
- Difference and Differential equations with applications

Unit-5 : International Economics

- International Trade: Basic concepts and analytical tools
 - Theories of International Trade
 - International Trade under imperfect competition
 - Balance of Payments: Composition, Equilibrium and Disequilibrium and Adjustment Mechanisms
 - Exchange Rate: Concepts and Theories
 - Foreign Exchange Market and Arbitrage
 - Gains from Trade, Terms of Trade, Trade Multiplier
 - New international economic order (NIEO)
-

- Role of FDI & MNCs
- Tariff and Non-Tariff barriers to trade; Dumping
- GATT, WTO and Regional Trade Blocks; Trade Policy Issues
- IMF & World Bank

Unit-6 : Public Economics

- Market Failure and Remedial Measures: Asymmetric Information, Public Goods, Externality
- Regulation of Market – Collusion and Consumers' Welfare
- Public Revenue: Tax & Non-Tax Revenue, Direct & Indirect Taxes, Progressive and non-Progressive Taxation, Incidence and Effects of Taxation
- Public expenditure
- Public Debt and its management
- Public Budget and Budget Multiplier
- Fiscal Policy and its implications

Unit-7 : Money and Banking

- Components of Money Supply
 - Central Bank
 - Commercial Banking
 - Challenges to be faced by public sector banks in coming years
 - Demonetisation & its impact
-

- Instruments and Working of Monetary Policy
- Non-banking Financial Institutions
- Capital Market and its Regulation

Unit-8 : Growth and Development Economics

- Economic Growth and Economic Development
- Theories of Economic Development: Adam Smith, Ricardo, Marx, Schumpeter, Rostow, Balanced & Unbalanced growth, Big Push approach.
- Models of Economic Growth: Harrod-Domar, Solow, Robinson, Kaldor
- Technical progress – Disembodied & embodied; endogenous growth
- Indicators of Economic Development: PQLI, HDI, SDGs
- Poverty and Inequalities – Concepts and Measurement
- Social Sector Development: Health, Education, Gender -4-

Unit-9 : Environmental Economics and Demography

- Environment as a Public Good
 - Market Failure
 - Coase Theorem
 - Cost-Benefit Analysis and Compensation Criteria
 - Valuation of Environmental Goods
 - Theories of Population
 - Concepts and Measures: Fertility, Morbidity, Mortality
-

- Age Structure, Demographic Dividend
- Life Table
- Migration

Unit-10 : Indian Economy

- Economic Growth in India : Pattern and Structure
 - Agriculture: Pattern & Structure of Growth, Major Challenges, Policy Responses, new agricultural policy
 - Industry: Pattern & Structure of Growth, Major Challenges, Policy Responses
 - Services: Pattern & Structure of Growth, Major Challenges, Policy Responses
 - Rural Development – Issues, Challenges & Policy Responses
 - Urban Development – Issues, Challenges and Policy Responses.
 - Foreign Trade: Structure and Direction, BOP, Flow of Foreign Capital, Trade Policies
 - Infrastructure Development: Physical and Social; Public-Private Partnerships
 - Reforms in Land, Labour and Capital Markets
 - Centre-State Financial Relations and Finance Commissions of India; FRBM
 - Poverty, Inequality & Unemployment
-

- **Karnataka economy –**
- **agriculture – Pattern & Structure of Growth, Major Challenges, Policy Responses**
- **Industry – role of MSMEs**
- **Services – major challenges, policy responses**
- **Rural development – issues, challenges, policy responses**

NOTE : NET ECONOMICS SYLLABUS is comprehensive & relevant, few current issues have been included wherever needed. Small section on Karnataka economy has been included