UPSC Economics Syllabus 2026, Prelims and Optional Syllabus PDF

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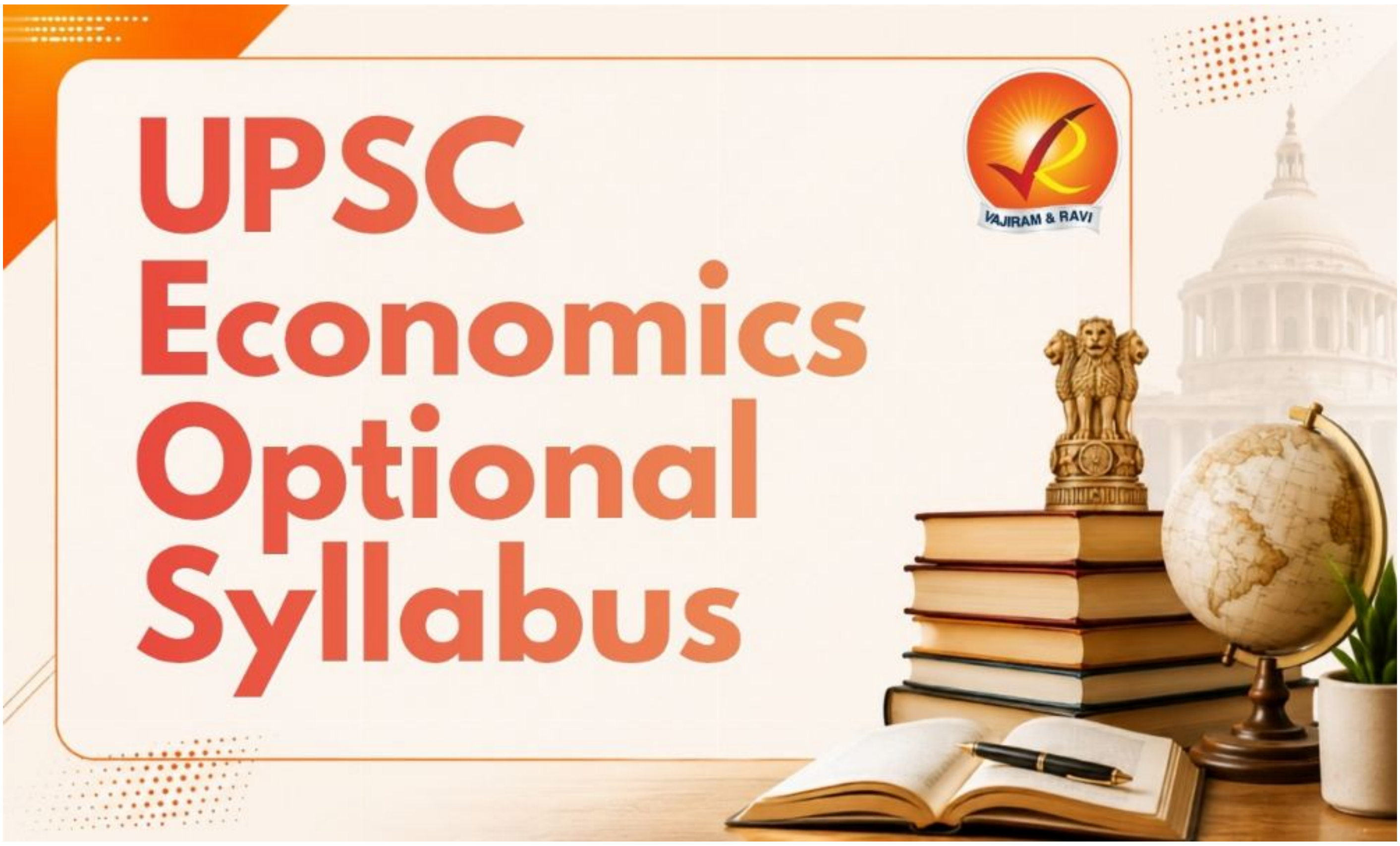

The **UPSC Economics Syllabus** for Paper 1 includes Microeconomics, Macroeconomics and Growth and Development, and the **Economics Optional Syllabus 2026** for Paper 2 includes the Indian Economy before the liberalisation and post-liberalisation period.

This subject combines *technical, analytical, and logical* elements with contemporary relevance. Generally, a background in economics during one's undergraduate studies or a fundamental understanding of introductory mathematics and statistics is preferred in economics.

While **Paper I in UPSC Economics Optional Syllabus is majorly conceptual and static**, **Paper 2 requires greater attention to contemporary events** with greater emphasis on updated information and conceptual clarity.

UPSC Economics Syllabus for Prelims

Since 2014, the UPSC Civil Services Preliminary Examination has consistently featured approximately 15-25 questions from the **UPSC Economics syllabus** each year. Therefore, choosing Economics as an optional subject can significantly contribute to your performance in the UPSC CSE Prelims. A solid conceptual understanding gained from Paper I and Paper II of the optional subject will enable you to tackle a majority of these questions.

UPSC Economics Optional Course

Here is the detailed UPSC Economics Syllabus for Prelims GS Paper 1:

Topics	**Subtopics**
1. Introduction to Economics	• Definition and scope of economics • Basic concepts • Role of State in an Economy • Sectors of an Economy • Types of Economies • Idea of National Income- GDP, NDP, GNP, NNP, Cost and Price of National Income • Comparing GVA & GDP • Characteristics of the Indian Economy
2. Macroeconomics	• Gross Domestic Product (GDP) • Unemployment • Inflation • Fiscal Policy • Monetary Policy • Economic Growth • Exchange Rates
3. Microeconomics	• Supply and Demand • Market Structures (Perfect Competition, Monopoly, Oligopoly, Monopolistic Competition) • Elasticity • Consumer Behaviour • Producer Behavior • Market Failures
4. Growth, Development and Happiness	• Economic growth vs. development • Measurement of development • Insights into Human Behaviour Social Norms, Culture and Development Values and Economics

5. Evolution of the Indian Economy	• Pre-independence economy • Post-independence economy • Prime Moving Force: Agriculture vs. Industry Planned and • Mixed Economy • Economic reforms since independence
6. Economic Planning	• Concept of economic planning • Different Types of Economic Planning • Objectives and Strategies • Five-Year Plans, Twenty-Point Programme, MPLADS
7. Planning in India	• Pioneer Plans: The Visvesvaraya Plan, The Congress Plan, The Bombay Plan, The Gandhian Plan, The People's Plan, The Sarvodaya Plan. • Planning Commission and Its Functions • NDC • Grassroot Planning • NITI Aayog and Its Functions • Inclusive Growth • Resource Mobilisation • Investment Models
8. Economic Reforms	• Washington Consensus • Mixed Economy • Obligatory Reform Reform Measures • The LPG-Liberalisation Privatisation Globalisation Reforms in India • Generations of Economic Reforms • Disinvestment • New economic policies
9. Inflation and Business cycle	• Causes and types of inflation • Measurement • Effects • Business cycle theory • Inflationary Gap, Deflationary Gap, Inflation Tax, Inflation Spira,l Inflation Accounting, Inflation Premium, Phillips Curve, Reflation, Stagflation. • Skewflation, GDP Deflator, Base Effect, Effects of Inflation. • WPI and CPI • Producer Price Index, Housing Price Index, and Service Price Index.

10. Agriculture and Food Management	• Croping System and Types of Crops in India • Agricultural Policies • Green Revolution • Minimum Support Price Market Intervention Scheme Procurement Prices Issue Price Economic Cost of Foodgrains Open Market Sale Scheme Price Stabilisation Fund • Agriculture Marketing, Model APMC Act, Model Contract Farming Act • Irrigation, Farm Mechanisation, Seed Development, Fertilisers, Pesticides, Agri-Credit • WTO and the Indian Agriculture: Prospects and Challenges, WTO and Agricultural Subsidies AMS • National Food Security Act, Climate Smart Agriculture
11. Industry and Infrastructure	• Industrial development • Industrial Policies Upto 1986, New Industrial Policy, 1991 • Disinvestment Types of Disinvestment Current Disinvestment Policy Proceeds of Disinvestment: Debate Concerning the Use. • MSME Sector, Ease of Doing Business Make in India Start-up India Indian Infrastructure, • UDAY Scheme, Railways, Roads, Civil Aviation, • Smart Cities Private Sector and Urbanisation PPP Models Concerns of Petroleum Sector Renewable Energy Logistics Sector Housing Policy, PMAY-U • National Infrastructure Pipeline
12. Services Sector	• Growth and contribution • IT and ITES Sector • Tourism industry • Offshore Fund Management, Global Negotiations WTO Negotiations Bilateral Agreements
13. Indian Financial Market	• Indian Money Market, • Financial intermediaries • Mutual Funds DFHI, • Indian Capital Market Project Financing 1. Financial Institutions 2. Banking Industry 3. Insurance Industry 4. Security Market • Financial Regulation in India, Establishment of FSDC

14. Banking in India	• Types of banks • RBI and its functions • RBI’s Reserves & Surplus Capital, • Cash Reserve Ratio Statutory Liquidity Ratio Bank Rate Repo Rate Long Term Repo Reverse Repo Rate Marginal Standing Facility (MSF) Other Tools • Base Rate MCLR • Nationalisation and Development of Banking in India, Regional Rural Banks (RRBs), Co-operative Banks, • Financial Sector Reforms, Banking Sector Reforms • REsolution of NPAs and Stressed ASSETS • SARFAESI Act, 2002, Capital Adequacy Ratio, Basel III Compliance of the PSBs & RRBs • Non-Resident Indian Deposits, Nidhi, Chit Fund, Small & Payment Banks, • Financial Inclusion • Gold Investment Schemes • Mudra Bank
15. Insurance in India	• Types of insurance • IRDA and regulation • Insurance penetration in India • LIC and GIC • Public Sector Insurance Companies • Reinsurance, Deposit Insurance and Credit Guarantee Corporation (DICGC), Export Credit Guarantee Corporation (ECGC), National Export Insurance Account (NEIA) • New Insurance Schemes
16. Security Market in India	• Stock exchanges and Important Terms of Stock Market • Primary and Secondary Markets • IPOs • Mutual funds • SEBI and regulation, Commodity Trading, Spot Exchanges in India • Foreign Financial Investment, Angel Investor, QFIs Scheme, Participatory Notes (PNs) • Credit Default Swap (CDS), Securitisation, Corporate Bond in India, Inflation-Indexed Bonds, Gold Exchange Traded Funds

17. External Sector in India	• Foreign trade policy • Definitions of Forex Reserves, External Debt, Fixed Currency Regime, Floating Currency Regime, Managed Exchange Rates, Foreign Exchange Market, Exchange Rate in India, Trade Balance, Trade Policy, Depreciation, Devaluation, Revaluation, Appreciation, Current Account, Capital Account, Balance of Payment (BoP) • Convertibility in India • LERMS, NEER, REER • Hard Currency, Soft Currency, Hot Currency, Heated Currency • Cheap currency, Dear Currency • Special Economic Zone • ECB Liberalised • New Foreign Trade Policy,
18. International Economic Organisations & India	• IMF • World Bank • WTO • BRICS • India's role and memberships • Asian Development Bank • Nairobi Negotiations & India • Buenos Aires Conference and India • Trade Facilitation By India • BRICS Bank • Asian Infrastructure Investment Bank
20. Tax structure in India	• Incidence of Tax and Impact of Tax • Direct and indirect taxes • Progressive Taxation, Regressive Taxation, Proportional Taxation • VAT and GST • Commodities Transaction Tax, Securities Transaction Tax • Capital Gains Tax, Minimum Alternate Tax • Corporate Tax, Reform Dividend Distribution Tax, Tax Expenditure Collection Rate • Income and Consumption Analysis • Tax reforms • Tax administration in India

21. Public Finance in India	• Developmental and Non-developmental Expenditure • Plan and Non-Plan Expenditure • Tax and Non-tax Revenue Receipts • Revenue Budget, Revenue and Non-revenue Receipts , Revenue Expenditure • Revenue Deficit, Effective Revenue Deficit, • Capital Budget, Capital Receipts Capital Expenditure Capital Deficit • Fiscal Deficit, Primary Deficit, Primary Surplus, Monetised Deficit, Deficit and Surplus Budget • Government budgeting, Types of Budgets, Golden Rule, Balanced Budget, Gender Budgeting • Public Debt, Independent Debt Management, Central Government Debt • FRBM Act, 2003. • Means of Deficit Financing • Fiscal Policy and Deficit Financing in India
22. Sustainability and Climate Change: India and the World	• Environmental policies • Green Finance, Climate Finance, Green Climate Fund, Global Environment Facility, INDCs, Climate change mitigation and adaptation • Renewable Energy • Sustainable development
23. Human Development in India	• Health and education indicators • Demographics, Socio-Economic and Caste Census, Education for All , Skill Development, Employment Scenario in India • Burden of Diseases, Health for All, Drinking Water & Sanitation • Social welfare schemes • Poverty alleviation programs • Other Development Indicators
25. Economic Survey	• Overview of key economic indicators, Government policies and initiatives
26. Union Budget	• Budgetary allocations, Tax proposals, Economic outlook

UPSC Economics Syllabus PDF

Here's the updated **UPSC Economics Syllabus PDF** for UPSC IAS 2026 Exam.

UPSC Economics Optional Syllabus 2026

The Economics optional syllabus seamlessly blends both **static and dynamic** elements in an easily understandable manner. The UPSC Economics Optional syllabus consists of two papers (**Paper-I and Paper-II**), each carrying 250 marks, totalling **500 marks.**

Other Related Posts of UPSC 2027	
UPSC Syllabus	UPSC Exam Pattern
UPSC Age Limit	IAS Salary
UPSC Exam Date 2026	UPSC Calendar
UPSC Prelims 2027	UPSC Mains 2026
UPSC Mains Syllabus	UPSC Interview
UPSC Prelims Result	UPSC Mains Result
UPSC Final Result	UPSC Cut Off
UPSC CSAT Syllabus	UPSC Books
UPSC Admit Card	UPSC Previous Year Papers
UPSC Answer Key	IAS vs IPS
UPSC GS Course	UPSC Mains Test Series 2027
UPSC Mentorship Program 2027	UPSC 2 Year Course

UPSC Economics Syllabus for Paper 1

The UPSC Economics optional syllabus for Paper 1 is predominantly conceptual and theoretical in nature, which can be advantageous for achieving high marks. However, due to the technicalities of the subject matter, it also requires a substantial portion of your optional subject preparation.

Macro Topic	Micro Topics
Advanced Micro Economics	- **Approaches to Price Determination:** Marshallian and Varrasiam. - **Alternative Distribution Theories;** Ricardo, Kaldor, Kaleeki. - **Market Structure:** Monopolistic Competition, Duopoly, Oligopoly. - **Modern Welfare Criteria:** Pareto Hicks and Scitovsky, Arrow's Impossibility Theorem, A. K. Sen's Social Welfare Function.
Advance 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	- **Demand for and Supply of Money:** • Money Multiplier Quantity Theory of Money (Fisher, Pique and Friedman) and Keynes 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. - **Public Finance and its Role in Market Economy:** • In stabilisation of supply, allocative, of resources and in distribution and development. • Sources of Government 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	- **Old and New Theories of International Trade**: • Comparative advantage • Terms of Trade and Offer Curve • Product Cycle and Strategic Trade Theories • Trade as an engine of growth and theories of underdevelopment in an open economy. - **Forms of Protection:** Tariff and quota. - **Balance of Payments Adjustment:** Alternative Approaches. • Price versus income, income adjustments under fixed exchange rates. • Theories of Policy Mix. • Exchange rate adjustments under capital mobility. • Floating Rates and their Implications for Developing Countries: Currency Boards. • Trade Policy and Developing Countries. • BOP, adjustments and Policy Coordination in open economy macro-model. • Speculative attacks. • Trade Blocks and Monetary Unions. • **WTO:** TRIMS, TRIPS, Domestic Measures, Different Rounds of WTO talks.

Growth and Development	- **(A) Theories of growth:** • Harrod’s model • Lewis's model of development with surplus labour • Balanced Unbalanced Growth • Human Capital and Economic Growth • Research and Development and Economic Growth. - **Process of Economic Development of less developed countries:** • **Myrdal and Kuzments on economic development and structural change**: Role of Agriculture in Economic Development of Less Developed Countries. - **Economic Development and International Trade** and Investment, Role of Multinationals. **- Planning and Economic Development:** Changing Role of Markets and Planning, Private-Public Partnership. **- Welfare indicators and measures of growth**—Human Development Indices. The basic needs approach. **- Development and Environmental Sustainability**—Renewable and Non-renewable Resources, Environmental Degradation, Intergenerational equity development.

Economics Optional Syllabus for Paper 2

UPSC Economics syllabus for Paper 2 revolves around the Indian economy. You will study various reforms and policies introduced from independence until now. Therefore, students will need to stay updated on various economic developments by reading newspapers and magazines.

Indian Economy in Pre-Independence Era	• Land Systems & its Changes, • Commercialization of Agriculture Drain Theory, • Laissez-Faire Theory & Critique. • Manufacture & Transport: Jute, Cotton, Railways, Money & Credit.

<table>
<tr><td rowspan="2">Indian Economy after Independence</td><td>The Pre-liberalisation Era:
Contribution of Vakil, Gadgil & V.K.R.V. Rao
Agriculture: Land Reforms & Land Tenure System, Green Revolution & Capital Formation in Agriculture.
Industry Trends in Composition & Growth, Role of Public & Private Sector, Small Scale & Cottage Industries.
National & Per Capita Income: Patterns, Trends, Aggregate & Sectoral Composition & Changes Therein.
Broad Factors Determining National Income & Distribution, Measures of Poverty, Trends in Poverty & Inequality.</td></tr>
<tr><td>The Post-liberalization Era:
New Economic Reform & Agriculture: Agriculture & WTO, Food Processing, Subsidies, Agriculture Prices & Public Distribution System, Impact of Public Expenditure on Agriculture Growth.
New Economic Policy & Industry: Strategy of industrialization, Privatization, Disinvestments, Role of Foreign Direct Investment & Multinationals.
New Economic Policy & Trade: Intellectual Property Rights: Implications of TRIPS, TRIMS, GATS & EXIM policy.
New Exchange Rate Regime: Partial & Full Convertibility, Capital Account Convertibility.
New Economic Policy & Public Finance: Fiscal Responsibility Act, Twelfth Finance Commission & Fiscal Federalism & Fiscal Consolidation.
New Economic Policy & Monetary System, Role of RBI under the New Regime.
Planning: From Central Planning to Indicative Planning, Relation between Planning & Markets for Growth & Decentralized Planning: 73rd & 74th Constitutional Amendments.
New Economic Policy & Employment: Employment & Poverty, New Rural, Employment Guarantee Scheme.</td></tr>
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UPSC Economics Optional Syllabus 2026 Preparation Strategy

To prepare UPSC Economics Optional Syllabus keep the following points in mind:

Master Economic Theories in Paper 1:

- Prioritize understanding economic theories.
- Develop comfort with graphical interpretations and basic mathematical tools (functions and differentiation).
- Initial classes focus on these graphical and mathematical concepts.

Graph Drawing Proficiency:

- Be proficient in drawing conceptually correct graphs.
- Graphs need not be accurate in measurement but should be conceptually correct.
- Use graphs to support brief yet accurate answers.

Link Theories with Indian Economy:

- Connect economic theories with features of the Indian Economy.
- Questions may directly ask for these links or students can show them briefly for extra marks.
- Classes provide examples of applying theories in the Indian context.

Paper 2 Writing Skills:

- Focus on accurate rather than lengthy answers.
- Prepare thoroughly for pre-independence Indian Economy as questions are regularly asked from this area.
- Similarly, prepare for post-independence and pre-1991 economies.

Memorize and Analyze Data Points:

- Remember and analyze data related to Indian economic performance (GDP growth, sectoral employment shares, etc.).

Post-1991 Economy:

- Questions can be from diverse areas due to economic reforms after 1991.
- Identify interconnections between various policies (e.g., industrial reforms linked to foreign investment and unemployment).
- Agricultural performance is linked to poverty.

Invest Time in Post-1991 Economy:

- Worth investing time as it holds about 50% weightage in Paper 2.
- Useful for GS Paper 2 and 3 and in writing essays.

A regular study of interconnections between Paper 1 and Paper 2 of the UPSC Economics syllabus is desirable and helps the students in getting extra marks in both papers.

Important Topics in UPSC Economics Syllabus 2026

The **Economics optional syllabus** is divided into two papers.

Paper 1 focuses on economic theories, and the paper can be classified into four major sections.

The first two sections are related to Microeconomics and Macroeconomics.

Microeconomics	Under Microeconomics, we study the theories of consumers’ and producers’ behaviour followed by the theories of main types of market structures like perfect competition, monopoly, and oligopoly. General Equilibrium and Welfare Economics are other major parts of Microeconomics.

Macroeconomics	Macroeconomics is associated with the study of economic aggregates like output level, general price level, interest rates, unemployment, wages, etc. and their behaviour. We study various schools of Macroeconomics like the Classicals, the Keynesians, the Neo Keynesians, the Monetarists, the New Classicals, and the New Keynesians and their theories on the behaviour of these Macroeconomic variables.
International Economics	Under this part of the UPSC Economics syllabus, we begin with Microeconomic theories of international trade, trade barriers, trade blocks, etc., followed by the Macroeconomic theories of the open economy, including concepts like the balance of payments and exchange rates.
Growth and Development	Here, we first cover various theories of economic growth, like those proposed by Harrod, Domar, Solow, Lewis, and Romer. Then, inter-relationships between economic development and agriculture, population, human capital, environment, and trade are examined.

Paper 2 is on Indian Economy, and the **syllabus is divided into three main parts**:

Pre-independence Indian Economy	to examine various features of the Indian economy, like agriculture, industries, railways, etc., during the British Rule.
Post-independence Indian economy	includes the study of various sectors like agriculture and industries, economic problems like inequality, poverty, and unemployment, and policies like planning during the period from 1947 to 1991.
Post 1991 Reforms	The third part discusses similar features in the post-1991 period, along with several new policies and reforms that were introduced after 1991 in India.

Booklist for UPSC Economics Syllabus

Following books are recommended for preparing the UPSC Economics optional syllabus of Paper I and Paper II.

Paper I	**Paper II**

• Dictionary of Economics – Graham Bannock; T.E. Baxter, Ray Rees • Economic Growth and Development – Mayer and Baldwin • Economics – Paul A. Samuelson • Economics Choice – Koutsweanik • Growth and Development – M L Jhingan • International Economics – Bo Soderston • International Economics – H.G. Mannur or Salvatore • International Trade – Bo Soderston • MacroEconomic Analysis – Edward Shapiro • Modern Banking – R.S. Sayers • Monetary Theory and Public Policy – Kenneth Kurihara • Money Supply in India: Concepts, Compilation and Analysis: Functions and Working – Reserve Bank of India • National Income Accounting – Neethu • Outline of Monetary Economics – A.C.I. Day • Public Finance – H.L. Bhatia • Public Finance – K.K. Andley and Sundharam	• Indian Economy – Ramesh Singh • The Indian Economy – Sanjiv Verma • Indian Economy – Mishra and Puri • Indian Economy – R. Dutt and KPM Sundaram • Banking – S.B. Gupta • Economic Survey: Twelve Five Year Plan: New Industrial Policy – Government of India • The Economic Times • Economical and Political Weekly

Other Related UPSC Optional Syllabus		
UPSC Commerce Optional Syllabus	**UPSC Geography Optional Syllabus**	**UPSC Geology Optional Syllabus**
UPSC History Optional Syllabus	**UPSC Law Optional Syllabus**	**UPSC Maths Optional Syllabus**
UPSC Medical Science Optional Syllabus	**UPSC Philosophy Optional Syllabus**	**UPSC Physics Optional Syllabus**
UPSC PSIR Optional Syllabus	**UPSC Psychology Optional Syllabus**	**UPSC Sociology Optional Syllabus**
UPSC Zoology Optional Syllabus	**UPSC Economics Optional Syllabus**	**UPSC Agriculture Optional Syllabus**
UPSC Anthropology Optional Syllabus	**UPSC Botany Optional Syllabus**	**UPSC Chemistry Optional Syllabus**

Other Related UPSC Optional Syllabus		
UPSC Civil Engineering Optional Syllabus	**UPSC Management Optional Syllabus**	**UPSC Mechanical Engineering Optional Syllabus**
UPSC Public Administration Optional Syllabus	**UPSC Statistics Optional Syllabus**	**UPSC Electrical Engineering Optional Syllabus**
UPSC Animal Husbandry & Veterinary Science Optional Syllabus		