



## GATE Economics (XH-C1): Syllabus

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### 1. MICRO-ECONOMICS

**Theory of Consumer Behaviour:** Cardinal Approach and Ordinal Approach; Consumer Preferences; Nature of the utility function; Marshallian and Hicksian demand functions; Duality Theorem. Slutsky equation and Comparative Statics. Homogeneous and Homothetic Utility Functions; Euler's Theorem

**The Theory of Revealed Preference:** Weak Axiom of Revealed Preference and Strong Axiom of Revealed Preference

**Theory of Production and Costs:** Short-run and Long-run Analysis

**Existence, Uniqueness and Stability of Market Equilibrium:** Walrasian and Marshallian Stability Analysis. The Cobweb Model

**Decision making under Uncertainty and Risk**

**Asymmetric Information:** Adverse Selection and Moral Hazard. Theory of Agency costs. The Theory of Search

**Non-Cooperative games:** Constant sum game, Mixed Strategy & Pure Strategy, Bayesian Nash Equilibrium, SPNE, Perfect Bayesian Equilibria

**Theory of Firm:** Market Structures - Competitive and Non-competitive equilibria and their efficiency properties. Structure-Conduct-Performance Paradigm

**Factor Pricing:** Marginal productivity Theory of Distribution in Perfectly Competitive markets; Theory of Employment in Imperfectly Competitive Markets — Monopolistic Exploitation

**General Equilibrium Analysis-** Welfare Economics: Fundamental Theorems, Social Welfare Function. Efficiency Criteria: Pareto Optimality.



## 2. MACRO-ECONOMICS

**National Income Accounting:** Closed Economy Concepts and Measurement and Open Economy Issues

**Determination of output and employment:** Classical & Keynesian Framework,

**Theories of Consumption:** Absolute Income Hypothesis, Relative Income Hypothesis, Life Cycle Hypothesis, Permanent Income Hypothesis and Robert Hall's Random Walk Model

**Investment Function Specifications** - Dale Jorgenson's Neoclassical Theory of Capital Accumulation and Tobin's, Keynesian Stabilization Policies, (Autonomous)

**Multipliers and Investment Accelerator**

**Demand and Supply of Money,** Components of Money Supply, Liquidity Preference and Liquidity Trap, Money Multiplier, Interest Rate determination

**Central Banking:** Objectives, Instruments (Direct and Indirect) of Monetary Policy, Prudential Regulation, Quantitative Easing (Unconventional Monetary Policy), Commercial Banking, Non-Banking Financial Institutions, Capital Market and its Regulation

**Theories of Inflation** and Expectations Augmented Phillips Curve

**Real Business Cycles,** Adaptive Expectations Hypothesis, Rational Expectation Hypothesis and its critique

**Closed Economy IS – LM Model** and Mundell Fleming Model: Monetary and Fiscal Policy Efficacy. The Impossible Trinity

## 3. STATISTICS, ECONOMETRICS and MATHEMATICAL ECONOMICS

**Index Numbers** and Construction of Price Indices

**Probability Theory:** Concepts of probability, Probability Distributions [Discrete and Continuous], Central Limit Theorem

**Sampling Methods & Sampling Distribution,** Statistical Inferences, Hypothesis Testing

**Linear Regression Models** and the Gauss Markov Theorem, Heteroscedasticity, Multicollinearity and Autocorrelation



## TESTONOMICS Spurious Regression and Unit roots

**Simultaneous Equation Models** : Recursive and non-recursive. Identification Problem

**Differential Calculus and its Applications**, Static Optimization Problems and Applications

**Linear Algebra** : Matrices, Applications of Cramer's Rule, Input-Output Model

**Linear Programming**

**Difference equations** and Differential equations with applications.

## 4. INTERNATIONAL ECONOMICS

**Theories of International Trade**, International Trade under Imperfect Competition, Gains from Trade, Terms of Trade, Trade Multiplier

**Tariff and Non-Tariff barriers to trade**, Dumping and Anti-Dumping Policies

**GATT**, WTO and Regional Trade Blocks; Trade Policy Issues

**Balance of Payments**: Composition, Equilibrium and Disequilibrium and Adjustment Mechanisms

**Foreign Exchange Market** and Arbitrage, Exchange rate determination

**IMF & World Bank**

## 5. 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**, Tax Incidence, Fiscal Policy and its implications

**Environment as a Public Good**, Market Failure and Coase Theorem, Cost-Benefit Analysis



## 6. DEVELOPMENT ECONOMICS

**Theories of Economic Development:** Adam Smith, David Ricardo, Karl Marx, J. Schumpeter, W. Rostow, Balanced & Unbalanced Growth, Big Push Approach,

**Indicators of Economic Development:** HDI, SDGs, MDGs

**Poverty and Inequalities** – Concepts and Measurement Issues

**Social Sector Development:** Health, Education, Gender, Fertility, Morbidity, Mortality, Migration, Child Labor, Age Structure, Demographic Dividend

**Models of Economic Growth:** Harrod-Domar, Solow, Ramsey

**Technical Progress** – Disembodied & Embodied, Endogenous Growth Models

## 7. INDIAN ECONOMY

**Economic Growth in India:** Pattern and Structure

**Agriculture, Industry & Services Sector:** Pattern & Structure of Growth, Major Challenges, Policy Responses

**Rural & Urban Development:** Issues, Challenges & Policy Responses

**Flow of Foreign Capital,** Trade Policies

**Infrastructure Development:** Physical and Social; Public-Private Partnerships,

**Reforms in Land,** Labour and Capital Markets

**Poverty,** Inequality & Unemployment

**Functioning of Monetary Policy** in India

**Fiscal Policy in the Indian context:** Structure of Receipts and Expenditure, Tax Reforms-Goods and Services Tax, Issues of Growth and Equity

**Fiscal Federalism,** Centre-State Financial Relations and Finance Commissions of India; Sustainability of Deficits and Debt, The Fiscal Responsibility and Budget Management Act 2003, Demonetization and aftermath

**India's balance of payments,** Composition of India's Trade, Competitiveness of India's exports, India's exchange rate policy