

PAPER – I - MICRO ECONOMIC ANALYSIS

Module-1 : Demand Analysis & Selective theories of firm

Cardinal versus ordinal analysis – Indifference curve analysis – separation of income and substitution effect – Derivation of Demand curve from Price Consumption Curve – Revealed Preference theory – Hicks revision of demand Theorem – Cobweb theorem – Baumol's sales maximization model – Williamson model of managerial discretion – Bain's limit pricing – Marris model of managerial enterprise.

Module-2 : Production and Cost

Production function – Law of variable proportions - returns to scale – production function of Multi-product firm – producer's equilibrium - elasticity of substitution - Euler's theorem; Cobb-Douglas production function – CES production function – Derivation of cost function from production function – cost function – traditional and modern cost analysis.

Module - 3 : Market and Competition

Price and output determination under different market conditions – perfect competition, monopoly discriminative monopoly, monopolistic competition and oligopoly – price rigidity under oligopoly – price leadership models – non collusive models – Cournot, Edgeworth & Chamberlin.

Module - 4 : Factor Pricing and Economics of Uncertainty

Factor pricing in perfectly and imperfectly competitive markets – Bilateral monopoly – St. Petersburg paradox – Bernoulli's Hypothesis – Newmann – Morgenstein Utility index under risky situation – Gambling – farmer's gambling against nature – The investors choice problem – Friedman – Savage hypothesis – Markovitz Hypothesis.

Module – 5 :

General Equilibrium analysis and Welfare economics

Partial and general equilibrium – Walrasian system – 2X2X2 model – equilibrium of production – equilibrium of consumption – simultaneous equilibrium of production and consumption – General equilibrium and the allocation of resources – welfare economics – The Pareto optimality criterion – social welfare function – welfare maximization and perfect competition – Arrow's impossibility theorem – compensation principle.

Reference:

1. Ahuja H.C. (1991) Advanced Economic Theory, S.Chand & Co., New Delhi.
2. Kreps, David M. (1990), A Course in Microeconomic Theory, Princeton University Press, Princeton.
3. Koutsoyiannis, A. (1979), Modern Microeconomics, (2nd Edition), Macmillan Press, London.
4. Layard, P.R.G. and A.W. Walters (1978), Microeconomic Theory, McGraw Hill, New York.
5. Sen, A. (1999), Microeconomics : Theory and Applications, Oxford University Press, New Delhi.
6. Stigler, G. (1996), Theory of Price, (4th Edition), Prentice Hall of India, New Delhi.
7. Varian, H. (2000), Microeconomic Analysis, W.W. Norton, New York.
8. Baumol, W.J. (1982), Economic Theory and Operations Analysis, Prentice Hall of India, New Delhi.
9. Hirshleifer, J. and A. Glazer (1997), Price Theory and Applications, Prentice Hall of India, New Delhi.
10. Da Costa, G.C. (1980), Production, Prices and Distribution, Tata McGraw Hill, New Delhi.
11. Salvatore, Dominic (1991), Micro Economic Theory, 3rd Edition, McGraw Hill, New Delhi.