

**CORE COURSE - IV : MANAGERIAL ECONOMICS**

**Unit I**

Consumer Preferences – Consumer preference and utility function, utility maximization, indirect utility, compensated (Hicksian) and ordinary (Marshallian) demand functions Consumer Demand – Normal versus inferior goods, Slutsky equation, consumers surplus Behaviour under Uncertainty – Expected utility, measures of risk aversion; revealed preference.

**Unit II**

The theory of Firm Behaviour – Production function, isoquants, elasticity of substitution, returns to scale, profit maximization, factor demand and output supply functions, profit function. Cost Minimization – Conditional factor demands, average and marginal costs, short-run versus long-run costs.

**Unit III**

Market Equilibrium – Industry demand and supply functions, short-run equilibrium, entry and exit, long-run equilibrium. Monopoly – Basic model, welfare and output, price discrimination (first degree, second degree, third degree), monopoly regulation. Oligopoly – Basic elements of game theory; Cournot model, Bertrand model, quantity, or price leadership model; collusion.

**Unit IV**

Macroeconomics: micro foundations, aggregation problem, macro economic problems. Microfoundations of Keynesian Models – Microeconomic foundations of consumption function, investment function and liquidity preferences. Macroeconomic Models for India – Nature and scope, computable general equilibrium models.

**Unit V**

Indian Economic Development – Understanding the Indian Economy – Growth of GDP and Per Capita Income – Planning for the economy; Monetary Policy – Financial Sector Reforms – Role of Central Bank – Credit Policy – Inflation Targetting – NBFCs. Industrial Policy – Industrial Controls and Licensing – Productivity and Growth – Industrial Credit – Industrial Sickness – Foreign Investment – Industrial Reforms – Investment – Regional Variations – Impact of WTO.

**Texts :**

1. Mas-Colell, Andreu; Whinston, Michael D. and Green, Jerry R. Microeconomic theory. Oxford University Press, 1995.
2. Varian, Hal R. Microeconomic analysis. W.W. Norton and Company, 1992.
3. Branson, W. Macroeconomic Theory and Policy, 1989.
4. Dornbusch, R. and Fischer, S. Macroeconomics (Chapters 1-5, 7-13). McGraw Hill, 1990.
5. Leavacic and Rebman, Macroeconomic Analysis, Macmillan, 1990.
6. Bimal Jalan (ed.), The Indian Economy: Problems and Prospects, Penguin Books, 1992.