

## I M.A.

### Core Papers:

#### MACEC 1.1 MICRO ECONOMIC ANALYSIS

##### **Module I: Introduction to Economic Theory**

Introduction to Micro Economics - Approaches to Micro Economic Analysis - Theory and Policy - Assumptions and Value Judgements in Economics.

##### **Module II: Theory of Demand and Supply**

Cardinal and Ordinal Utility Analysis - Slutsky Theorem - Revealed Preference Theory - Expected Utility Theory - Recent Developments in Theory of Demand - the Theory of Supply.

##### **Module III: Production Function Analysis**

Laws of Production - Laws of Returns to Scale - The Law of Variable Proportions - Internal and External Economies - Production Function - Its Form and Underlying Assumptions - Production Possibility Curve - Multi Product Firm - Substitution Between Inputs - Elasticity of Substitution - Cobb-Douglas Production Function.

##### **Module IV: Price and Output Determination**

Perfect Competition - Short run and Long run Equilibrium of the Firm and Industry - Monopoly - Discriminating Monopoly - Monopolistic and Imperfect Competition - Oligopoly - Collusive and Non Collusive Oligopoly - Duopoly - Models of Cournot, Bertrand and Stackelberg - Chamberlin's Ologopoly Model - The Kinked Demand Curve Model.

##### **Module V: Price Leadership Models**

Models of the Low Cost and Dominate Firm Price Leadership - Barometric Price Leadership - Concept of Joint Profit Maximization and Market Sharing Cartels, Baumol's Sales Maximization Theory - Marri's Model of Managerial Enterprise - Williamson's Model - Bain's Limit Pricing Theory - Recent Developments in Theory of Limit Pricing - Game Theory - Micro Economic Policy.

## **Module VI: Theory of Distribution**

Marginal Productivity theory - Law of Constancy of Shares - Euler's Theorem - Ricardian and Modern Theories of Rent - Wages - Role of the Trade Unions and Collective Bargaining in Wage Determination - Interest - Hicks Hansen Synthesis of Classical and Keynesian theories of Interest - Profit - Shackle's Approach to the Theory of Profits.

## **Module VII: Information and Markets**

Theory of Asymmetric Information - Quality Uncertainty - Market Signaling - Simple Model of Job Market Signaling.

## **Module VIII: General Equilibrium Analysis**

Walras, Arrow, Debreu - General Equilibrium and Efficiency.

## **References:**

Baumol, W.J. (1982), *Economic Theory and Operational Analysis* 4<sup>th</sup> ed., Prentice Hall of India, New Delhi.

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Gravelle, H and Rees, R. (1981), *Micro Economics*, Longman, London 2<sup>nd</sup> ed.

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- Nath S.K (1969), A Reappraisal of Welfare Economics, R and K. Paul, London.
- Sen, Anindya (1999), Microeconomic Theory and Applications, Oxford University, Press, New Delhi.
- Varian, H. (1972), Micro Economics Analysis, W.W.Norton, New York, 3<sup>rd</sup> ed.
- Varian H.R. (1990), Intermediate Micro Economics, W.W.Norton and Co., New York.
- Winch D.M (1971), Analytical Welfare Economics, Penguin London.
- Watson, Price Theory and Its Uses, latest edition.
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