

4106

M.A. Economics (Previous) 2019-20

Paper I

MICRO ECONOMICS

Objective: This core paper forms the theoretical foundation of the Advanced Micro Economics. This paper will enhance the understanding of students about behaviours of consumers and producers, price determination in commodity and factor market and criteria of welfare in Economics. The concepts, theories and diagrammatical representations aid the student to understand and grasp the subject.

Unit I

Theory of Consumer Behaviour

Demand- Determinants, law of Demand, Elasticity of Demand: Types, Measurement Methods. Indifference Curve Approach– Derivation of Demand Curve, Price, Income and Substitution Effect for Normal, Inferior and Giffen Goods. Consumers' Surplus-Cardinal and ordinal approach. Compensated demand curve. Revealed Preference Theory. Consumer Behaviour under Uncertainty & Risk- N-M Theorem, Principles of Risk Management: risk pooling and risk spreading, the Economics of Insurance Analysis and Portfolio Selection. The Economics of search and information. Concept of Behaviour Economics.

Unit II

Production Function Analysis – Short Run: Law of Variable Proportions and Long Run: Returns to Scale, Economies and Diseconomies of Scale, Isoquants-Least Cost Combinations of Inputs, Expansion Path, Producers' Surplus. Elasticity of Technical Substitution, Technical Progress and Production Function.

Cost Concepts, Cost Curves- Short Run & Long Run Curves, Empirical Theory: L-Shaped Cost Curve. Concept of Revenue, Revenue Curves-TR, AR, MR and their Relationship, Theory of Supply- Law of Supply and Elasticity of Supply.

Unit III

Product Pricing :Marginal Analysis

Marginal analysis as an approach to price and output determination: Perfect Competition – short run and long run equilibrium of the firm and industry. Monopoly – short run and long

run equilibrium, Price Discrimination, Monopoly Control And Regulation. Monopolistic competition – General and Chamberlin approaches to equilibrium, Excess Capacity. Oligopoly – Non-collusive (Cournot, Bertrand, Edgeworth, Chamberlin, Kinked Demand Curve and Stackelberg's solution) and Collusive (Price Leadership, Cartels and mergers,) models; Price And Output Determination under Monopsony and Bilateral Monopoly.

Unit IV

Product Pricing (Managerial and Behavior Theories) and Factor Pricing

Critical evaluation of Marginal Analysis; Baumol's Sales Revenue Maximization Model; Williamson's Model of Managerial Discretion; Marris Model of Managerial Enterprise; Full Cost Pricing Rule; Bain's Limit Pricing Theory and its recent developments. Behavioural models of the firm.

Factor Pricing: Marginal productivity theory, Euler's theorem. Theories of Wage Determination- Subsistence Theory and Modern Theory. Theories of Rent – Ricardian and Modern Theory. Theories of Interest – Classical, Keynesian and Modern Theory. Theories of Profit: Innovation, Risk and Uncertainty Theory.

Unit V

Welfare Economics

Pigovian welfare economics; Pareto optimal conditions; Value judgement; Social welfare function; Compensation Principle; Theory of Second Best, Arrows impossibility theorem. Partial and General Equilibrium, Walrasian Excess Demand and Input-Output Approaches to General Equilibrium; Existence, Stability and Uniqueness of Equilibrium and General Equilibrium. Rawls Theory of Justice, Equity-Efficiency Trade-Off.

Reading List:

1. Ahuja, H.L. (Latest Addition), Advanced Economic Theory, Sultan Chand and Company, New Delhi (Hindi and English Versions).
2. Barla, C.S. (Latest Addition), Advanced Micro Economics, National Publishing House, Jaipur, New Delhi (Hindi and English Versions).

3. Jhingan, M.L. (Latest Addition), Advance Economic Theory, Vrinda Publication, New Delhi (Hindi and English Versions).
4. Karl E. Case and Ray C. Fair, (2007), Principles of Economics, 8th Ed., Pearson Education Inc.
5. Koutsoyiannis, A. (1979), Modern Microeconomics, (2nd Edition), Macmillan Press, London.
6. Kreps, David M. (1990), A Course in Microeconomic Theory, Princeton University Press, Princeton
7. Mankiw, G. (2010), Principles of Microeconomics, 6th ed., South-Western College Publication, USA.
8. Misra and Puri .(Latest Addition), Advanced Economic Theory, Himalaya Publishing Company, Bombay (Hindi and English Versions).
9. Salvatore D. (2006), Microeconomics-Theory and Applications, Oxford University Press
10. Salvatore D, (2002) Theory and Problems of Microeconomic Theory, Schaum's Outline Series, McGraw-Hill Book Company, Singapore.
11. Varian, H. (2000), Microeconomic Analysis, W.W. Norton, New York.
12. Varian, H. (2003), Intermediate Microeconomics, East-West Press. Additional
13. Varma, K. N. (Latest Ed.), Microeconomic Theory, Vishal Publication Co., New Delhi (Hindi and English Versions).