

MAJOR PAPER III – MICRO ECONOMICS

Module – I Introduction and Consumption

Definition - scope of Micro Economics - Static and dynamic Analysis – Inductive and Deductive analysis – Positive and normative economics – Law of demand – Elasticity of Demand – Diminishing Marginal utility – Law of equimarginal utility – Indifference curve Analysis – Price, Income and Substitution Effects – consumer's equilibrium – consumer's surplus.

Module – II Production, revenue and Cost

Factors of production - Production function – Law of variable proportions – Isoquant – producer's equilibrium – Cost function – Traditional cost analysis – short-term and long run cost curve - opportunity cost – imputed cost - Revenue Curves – Relationship between AR and MR – Product exhaustion theorem.

Module – III Market and Competition

Market structure – Time Element – Equilibrium of Firm and Industry – Price and output determination under perfect Competition – Monopoly and its types – price and output determination under monopoly – Price discrimination – discriminative monopoly – monopolistic competition - Selling Cost – price and output determination under monopolistic competition – duopoly oligopoly – price and output determination under oligopoly.

Module – IV Distribution

Theories of Distribution – Theories of Rent – Ricardian and modern – Quasi-rent- Theories of wages – Real and money wage - Theories of profit – interest theories – classical, Keynesian and Modern theory of L M – I S framework – Marginal Productivity theories.

Module – V General Equilibrium and Welfare Economics

General equilibrium – the Walrasian system – Existence, uniqueness and stability of an equilibrium – static properties of a general equilibrium state – welfare economics – growth of GNP criterion – Bentham's criterion – a Cardinalist criterion – The Pareto – optimality criterion.

Reference:

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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
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