

M.A. (ECONOMICS) DEGREE COURSE (1997 Admission onwards)

Syllabus

PAPER-I

Paper I MICRO ECONOMIC THEORY Total Teaching hours: 110

Module I Conceptual Basis (10 hours)

Role and significance of assumptions in economic analysis - value judgements, ideology and economic theory - model building - Difference between evaluation and research - the use of data and empirical estimates of models - conditional and statistical testing.

Module II Theory of Consumer Behaviour (12 hours)

Revealed Preference Theory - Hicksian Revision of Demand Theory - Neumann - Morgenstern's Hypothesis - Friedman - Savage Hypothesis - Markowitz Hypothesis - A Pragmatic Approach to Demand Analysis and Linear Expenditure Systems (LES).

Module III Theory of Production (12 hours)

Production function - Cobb - Douglas production function, CES production function, the fixed coefficient production function, technical progress and production function - linear programming and input-output analysis.

Module IV Structure of Market (16 hours)

Joan Robinson's imperfect competition and Chamberlin's monopolistic competition - Duopoly models of Cournot, Bertrand and Edgeworth - characteristics of oligopoly - collusion - price leadership and kinked demand curve - indeterminate price and output under oligopoly - Extension: Baumol's sales maximisation model, Maximum rate of growth and profits hypothesis of Marris, Managerial discretion model of Williamson, the Behavioral model of Cyert and March.

Module V Theory of pricing (12 hours)

A critique of the Neoclassical theory of the firm - the basic assumptions of the neoclassical theory - the Hall and Hitch report and the Full-Cost pricing principle - Corden's attack on marginalism - Mark-up Rule of price determination - Bains' Limit Pricing theory - Recent Developments in the theory of limit pricing: the

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models of Sylos-Labini and Franco Modigliani - public sector pricing and problems of its applicability to public utilities.

Model VI Theory of Distribution (10 hours)

Macro theories of distribution: Ricardo, Marx, 'degree of monopoly' theory of Kalecki, neo-Keynesian model of Kaldor - the modified model of Pasinetti - technical progress and distribution - neutral and biased technical progress - determination of factor prices under perfect and imperfect conditions - derived demand approach.

Module VII Capital Theory Controversy (8 hours)

Sraffa's critique of neoclassical theory - central issues of capital theory - capital as a unit independent of distribution and prices - embodied and disembodied technical change - problems of capital measurement - Wicksell effects - reswitching - surrogate production function.

Module VIII General equilibrium (15 hours)

Meaning of equilibrium - partial equilibrium and general equilibrium approach - Walrasian equilibrium model - tatonnement - existence, uniqueness and stability of equilibrium - graphical treatment of the 2-factor, 2-commodity, 2 consumer general equilibrium system (2 x 2 x 2 model) - fixed point theorems (elementary concepts only) - duality principle - introduction to the contributions of Arrow and Debreu - critique of the general equilibrium theory - non-tatonnement process.

Module IX Welfare economics (15 hours)

Criteria of social welfare - value judgement in welfare economics - utility and welfare - community indifference curves. - basic theorem of new welfare economics - Pareto optimality and conditions of optimality - market forms and welfare - theory of second best welfare frontier and the social problem of welfare maximisation - compensation principles - social welfare function - Arrow's Impossibility theorem - Rawlsian concept of justice - concepts of fairness and altruism - Equity - Efficiency trade-off - intertemporal and intratemporal equity.

