

M.A. (Previous)
Micro Economic Analysis

Paper-I

Max. Marks : 100
Time : 3 Hours

- Note :**
- (i) Question paper will consist of two sections A and B.
 - (ii) Section A will consist of two compulsory questions spread over the whole of syllabus. The first questions will consist of 7 parts and the candidate will be required to attempt 5 parts. Answers will be very short type about 35 words carrying 4 marks each. The second question will consist of 3 parts and the candidate will be required to attempt 2 parts. Answer will be short type of about 200 words carrying 10 marks each.
 - (iii) Section B of the paper will consist of 6 questions taking two from each unit, and the candidate will be required to attempt 3 questions selecting one from each Unit. The answers will be full length essay type carrying 20 marks each.

Unit-I Nature and scope of Micro Economics. Role and significance of assumptions in economic analysis and appraisal of economic theories. Concepts of equilibrium, partial and general, static, comparative static and dynamic.

Analysis of consumer behaviour, demand function, law of demand-Cardinal, Ordinal and Revealed preference approaches. Meaning, types and measurement of elasticity of demand: elementary idea of consumer's surplus. Bandwagon, snob and veblen effect. Consumer behaviour under conditions of uncertainty. Intertemporal consumption choice.

Production function. Laws of Production: short period and long period: Internal and External economics and diseconomies. Concept of cost of production. Derivation of short and long run cost curves and their interrelationship. Optimum input combinations. Multiproduct firm. Technical progress and production function; Hick's classification. Concepts of elasticity of substitution. Properties of CD and CES production functions. Empirical evidence on cost curves.

Unit-II Pricing process and equilibrium of firm and industry under perfect competition, monopoly (including discriminating monopoly and bilateral monopoly); monopolistic competition, oligopoly (including non-collusive oligopoly, duopoly models of Cournot and Bertrand and collusive models dealing with joint profit maximization, market sharing and leadership phenomena). Kinked demand model and price rigidity. Welfare effects of price control, price support and production quotas.

Marginalist debate. Average cost pricing principle. Bain's limit pricing model. Baumol's sales revenue maximisation hypothesis (Simple Static model). Behavioural approach (Cyert and March model).

Economics of search for information. Markets with asymmetric information.

Unit-III Neoclassical Theory of factor pricing: under competitive conditions, in case of monopolistic power in product the factor market, bilateral monopoly and in case of monopoly union. Product Exhaustion problem. Rent and quasi rent, interest and profits. Technical process and factor shares.

Issues in General equilibrium analysis. Welfare economics.

Concept of social welfare-some early criteria-pareto optimality criterion and efficiency conditions-Kaldor-Hicks compensation criterion-Bergson's Social Welfare Function. Idea of theory of second best and Arrow's Impossibility theorem. Perfect competition and welfare maximisation, imperfect competition. Market failure and ways of correcting it.