

UNIVERSITY OF MADRAS
M.A. DEGREE PROGRAMME IN ECONOMICS
SYLLABUS WITH EFFECT FROM 2023-2024

401C1A

SEMESTER – I - CORE – I

ADVANCED MICRO ECONOMICS

Course Objectives:

1. To make the students to understand consumer behavior with the theories of Demand and Production.
2. To elaborate various market structure and the theories of distribution.

Unit I: Consumer Choice

Cardinal and ordinal utility - Indifference curve approach – Slutsky's Decomposition of price effect into substitution effect and income effect – Consumer surplus - Marshall's and Hicksian measures – Compensatory Demand Curve- Revealed Preference Theorem- and derivation of Marginal Utility schedule for money income.

Unit II: Economics of Information

Informational asymmetry -- Choice under Uncertainty - N-M Index – Inter-temporal choice - Market for lemons- Adverse selection – Insurance market and adverse selection – Solution to principal agent problem- Hidden action (Moral Hazard) - Signaling and Screening.

Unit III: Market Structure Models

- a. Perfect competition – Price and output determination – Optimum firm-
- b. Monopoly – Short run and long run equilibrium - Price discrimination monopoly control, and regulation – Contestable Market-
- c. Monopolistic competition–Chamberlin Model- selling costs - Excess capacity –
- d. Oligopoly – Duopoly price game-dominant strategy-Nash Equilibrium Non-collusive Models - Cournot- Bertrand – Chamberlin – Edgeworth –Sweezy – Stackelberg- Oligopoly - Collusive Models - Cartels and mergers -Price leadership - Base point price system
- e. Monopsony – Price and output determination – Workable competition.

Unit -IV: Alternative Theories of Firm

Full Cost Pricing Rule- Limits pricing theory- Bains Theory- Sylos-Labini Model-Modigliani's Models- Input-output model -Linear programming applications in decision making- Peak Load Pricing – Administered Pricing- Purchasing Power Parity Price.

Unit -V: Distribution Theories

Neo-classical approach – Marginal productivity theory; Product exhaustion theorem; - Modern theory of distribution – Factor Pricing in imperfect product and factor markets- Determination of

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Wages –Labour supply and wage determination – Role of trade unions and collective bargaining-
Theories of Interest- Theories of Profit.

Text Books:

1. Jhingan M.L, (2004 Reprint)Advanced Economic Theory(Vrindha Publications (P) Ltd., New Delhi.
2. Agarwal, H.S. Micro Economic Theory, (Ane’s Books Pvt. Ltd.,) New Delhi.

References:

1. Hal R. Varian (2004), Intermediate Micro Economics (East-West Press: New Delhi).
2. Ruffin Roy. J (1992), Intermediate Micro Economics Harper & Collins Publishers.
3. Koutsiyannis A. (1978), Modern Micro Economics, (Macmillan- London).

Web Resources:

1. <http://open.oregonstate.education/intermediatemicroeconomics/chapter/module-1>
2. http://saylordotorg.github.io/text_introduction-to-economic-analysis/s16-monopoly.html
3. http://saylordotorg.github.io/text_introduction-to-economic-analysis/s17-games-and-strategic-behaviour.html

Course Outcomes (Cos):

Upon Completion of this course, the Students will be able

No.	Course Outcomes	K-Levels
CO1	To illustrate and analyse the theories of consumer behavior	K1, K2, K4
CO2	To illustrate and identify the choice under uncertainty.	K2, K3
CO3	To compare how price and output is determined in different market situations and evaluate the market structures	K2, K4, K5
CO4	To identify and examine the alternative theories of firms.	K3, K4
CO5	To define, explain, and compare the theory of distribution.	K1, K2, K4

K₁ – Knowledge, K₂ - Understand, K₃ – Apply, K₄ – Analyse, K₅ – Evaluate, K₆ – Create.

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CO-PO Mapping (Course Articulation Matrix)

CO /PO	PSO1	PSO2	PSO3	PSO4	PSO5
CO1	3	3	3	3	3
CO2	3	3	3	3	3
CO3	3	3	3	3	3
CO4	3	3	3	3	3
CO5	3	3	3	3	3
Weightage	15	15	15	15	15
Weighted percentage of Course Contribution to Pos	3.0	3.0	3.0	3.0	3.0

Level of Correlation between PSO's and CO's

(Suggested by UGC as per Six Sigma Tool – Cause and Effect Matrix)

Assign the value

1 – Low

2 – Medium

3 – High

0 – No Correlation