

CONTENTS

PART ONE -BASIC CONCEPTS

Chapter-1

The Scope and Nature of Economics

Introduction; The subject matter of Economics; Robbins' Definition of Economics; Superiority of Robbins' Definition; Conclusion; The Central Problems of an Economy; Society's Production Possibilities or Production Possibility Curve; The Circular Flow of Economic Activity; Economics As a Science; Conclusion; Exercises

Chapter-2

The Methodological Issues in Economics

Introduction; The Nature of Theoretical Economics (or Economic Theory); Uses of Theoretical Economics; Limitations of Theoretical Economics; Methods of Theoretical Economics—Deduction and Induction; The Nature of Economic Laws (or Generalisations); Nature, Role and Significance of Assumptions in Economic Theory; Its Criticisms; Exercises

Chapter-3

Economic Models

Introduction; Meaning and Nature; Concepts in Model Building; Building a Micro-Static Model; The Process of Building and Testing an Economic Model; Choice among Models; Limitations of Economic Models; Uses of Models in Economics; Exercises

Chapter-4

Micro-and Macroeconomics

Introduction; Microeconomics—Meaning; Scope; Importance; Limitations; Macroeconomics—Scope and Importance; Limitations; Distinctions between Microeconomics and Macroeconomics; Problems of Inter-relation and Integration of the Two Approaches; Exercises

Chapter-5

Economic Statics and Dynamics

Introduction; Economic Statics—Micro-Statics; Macro-Statics; Economic Dynamics; The Cobweb Model (Micro Dynamics); Macro Dynamics; Comparative Statics—Limitations; Importance; Importance of Economic Statics;

Limitations of Economic Statics; Significance of Economic Dynamics; Limitations of Economic Dynamics; A Note on the Stationary State—Its Limitations; Exercises

Chapter-6

The Concept of Equilibrium

Meaning; Static Equilibrium; Dynamic Equilibrium; Stable vs. Unstable Equilibrium; Neutral Equilibrium; Partial Equilibrium; General Equilibrium; Exercises

Chapter-7

The Role of Price Mechanism

Meaning of the Price Mechanism; The Role of Prices or Price Mechanism in a Free Market Economy; Price Mechanism in a Socialist Economy; Limitations of the Price Mechanism in a Free Market Economy; Exercises

PART TWO – DEMAND THEORY

Chapter-8

The Neo-Classical Demand Analysis

Introduction; Assumptions of Utility Analysis; Total Utility vs. Marginal Utility; The Law of Diminishing Marginal Utility; The Proportionality Rule; Demand—An Individual's Demand Schedule and Curve; The Market Demand Schedule and Curve; Changes in Demand; The Law of Demand; Causes of Downward Sloping Demand Curve; Exceptions of the Law of Demand; Income Demand; Cross Demand; Short-Run and Long-Run Demand Curves; Defects of Utility Analysis or Demand Theory; Exercises

Chapter-9

The Indifference Curve Theory

Introduction; Indifference Curves; Assumptions of Indifference Curve Analysis; Properties of Indifference Curves; Marginal Rate of Substitution (MRS); Consumer's Equilibrium—Corner Solutions of Consumer's Equilibrium; Income Effect—Income Consumption Curve and Engel Curve; The Substitution Effect—Hicks' Substitution Effect; Slutsky's Substitution Effect; Conclusion; The Price Effect; The Separation of Substitution and Income Effects from the Price Effect—The Hicksian method; The Slutsky Method; Slutsky vs. Hicks—Separation of Income and Substitution Effects from Price Effect; To Derive Demand Curve from Price Consumption Curve; The Compensated Demand Curve—The Marshallian Uncompensated Demand Curve; The Hicksian Compensated Demand Curve; The Slutsky Compensated Demand Curve; Conclusion; Substitutes and Complements in Indifference Curve Analysis; Hicks' Views on Substitutes and Complements; Measuring Elasticity of Demand from the Price-Consumption Curve; Uses or Application of Indifference Curve Analysis;

Superiority of Indifference Curve Technique over Utility Analysis; Criticisms of Indifference Curve Analysis; Exercises

Chapter-10

The Modern Utility Analysis of Choices Involving Risk or Uncertainty

The Problem; The Bernoulli Hypothesis; The Neumann-Morgenstern Method of Measuring Utility; The Friedman-Savage Hypothesis; The Markowitz Hypothesis; Critical Appraisal of Modern Utility Analysis; Exercises

Chapter-11

The Revealed Preference Theory of Demand

Introduction; Choice Reveals Preference; The Law of Demand; Fundamental Theorem or Demand Theorem; Derivation of the Demand Curve from Revealed Preference; Derivation of Indifference Curve from Revealed Preference; Superiority of Revealed Preference Theory; Defects of the Revealed Preference Theory; Exercises

Chapter-12

Hicks's Revision of Demand Theory : Demand Theory of Logical Ordering

Introduction; Strong and Weak Ordering; The Direct Consistency Test; Demand Theory of Weak Ordering; Exercises

Chapter-13

Bandwagon, Snob and Veblen Effects in Demand

Introduction; The Bandwagon Effect; The Snob Effect; The Veblen Effect; Exercises

Chapter-14

The Elasticity of Demand

Introduction; Price Elasticity of Demand; Cross Elasticity of Demand; Income Elasticity of Demand; Demand-Elasticity of Substitution; Importance of the Concept of Price Elasticity; Exercises

Chapter-15

The Concept of Consumer's Surplus

Introduction; Statement of the Concept; Consumer's Surplus in Terms of Indifference Curve Analysis; Hicks' Reformulation; Four Measures of Consumer's Surplus; Conclusion; Exercises

Chapter-16

Recent Developments in Demand Theory

Introduction; The Pragmatic Approach to Demand Theory—The Constant Elasticity of Demand Function; Limitations of Demand Functions; The Linear Expenditure System; The Indirect Utility Function; Similarities and Differences between Indirect Indifference Curve and Indifference Curve; The Expenditure

Function; Lancaster's Attributes or Characteristics of Demand Theory;
Conclusion; Exercises

PART THREE – PRODUCTION THEORY

Chapter-17

Production Function : The Traditional Approach

Introduction; The Production Function; The Law of Variable Proportions; The Law of Returns to Scale; Economies of Scale— Real Internal Economies; Pecuniary Internal Economies; Real External Economies; Pecuniary External Economies; Relation between Internal and External Economies; Diseconomies of Scale— Real Internal Diseconomies; Pecuniary, External Diseconomies; Exercises

Chapter-18

Production Function : The Isoquant-Isocost Approach

Isoquants; Isoquants vs. Indifference Curves; Properties of Isoquants; Isocost Curves; The Principle of Marginal Rate of Technical Substitution; Elasticity of Factor Substitution; The Law of Variable Proportions; The Laws of Returns to Scale; Relation between Returns to Scale and Returns to a Factor; Choice of Optimal Factor Combination or Least Cost Combination of Factors or Producer's Equilibrium; Factor Substitution with a Change in Factor Price: Dual Effect in Production; Choice of Optimal Expansion Path; The Multiproduct Firm; The Cobb-Douglas Production Function; The CES Production Function; Production Function vs. Production Process; Exercises

Chapter-19

Technical Progress and Production Function

Meaning; Classification of Technical Progress; Disembodied and Embodied Technical Progress; Conclusion; Exercises

PART FOUR – PRODUCT PRICING

Chapter-20

The Nature of Costs and Elasticity of Costs

Introduction; Accounting and Economic Costs; Production Costs; Real Costs; Opportunity Costs; Private and Social Costs; The Cost Function; The Traditional Theory of Costs; The Modern Theory of Costs; Derivation of Long-Run Total Cost Curve from Production Function *or* Expansion Path; Derivation of *LAC* and *LMC* Curves from *LTC* Curves; Economies of Scale and the *LAC* Curves; Elasticity of Cost; Elasticity of Productivity; Exercises

Chapter-21

The Concept of Revenue

Total, Average and Marginal Revenue; Relation between *AR* and *MR* Curves; *AR*, *MR* and Elasticity; Importance of Revenue Curves; Exercises

Chapter-22

The Supply Curve under Different Market Conditions

The Law of Supply; The Elasticity of Supply; The Short-Run Supply Curve of the Industry under Perfect Competition; The Long-Run Supply Curve of the Industry under Perfect Competition; Incompatibility of Supply Curve and Perfect Competition; Supply Curve under Monopoly or Imperfect Competition; Exercises

Chapter-23

Equilibrium of The Firm and Industry under Perfect Competition

Perfect Competition—Perfect Competition vs. Pure Competition; Equilibrium of the Firm and Industry, Resource Allocation under Perfect Competition; Exercises

Chapter-24

Pricing under Perfect Competition

Equilibrium Price; Importance of Time Element in Price Theory-Market Period Price; Short Period Price; Long Period Price or Normal Price; Secular Period Price; Conclusion; Exercises

Chapter-25

Independent Prices

Joint Demand; Joint Supply; Composite or Rival Demand; Composite or Rival Supply; Exercises

Chapter-26

Monopoly

Meaning; Sources and Types of Monopoly; Pure Monopoly; Monopoly Price Determination; Multiplant Monopoly Firm; Monopoly Pricing with Threat of Entry; Monopoly Price Discrimination; Degree of Monopoly Power—Its Measure; Control and Regulation of Monopoly; Comparison between Monopoly and Perfect Competition; Resource Allocation under Monopoly; Exercises

Chapter-27

Monopsony and Bilateral Monopoly

Monopsony Pricing; Comparison between Monopsony and Perfect Competition; Bilateral Monopoly; Exercises

Chapter-28

Monopolistic Competition

Meaning; Its Features; Price Determination of a Firm under Monopolistic Competition; Chamberlin's Group Equilibrium; Theory of Excess Capacity; Chamberlin's Concept of Excess Capacity; Selling Costs; Problem of Resource Allocation under Monopolistic Competition; Differences between Perfect Competition and Monopolistic Competition; Differences between Monopoly and Monopolistic Competition; Exercises

Chapter-29

Duopoly and Oligopoly

Duopoly—Its Meaning; The Cournot Model; The Bertrand Model; The Edgeworth Model; The Stackelberg Model; The Hotelling Model; The Chamberlin Model (Small Group Model); Oligopoly—Its Meaning; Characteristics of Oligopoly; Price Determination under Oligopoly—The Sweezy Model of Kinked Demand Curve (Rigid Prices); Collusive Oligopoly; The Low-cost Price Leadership Model; The Dominant Firm Price Leadership Model; The Barometric Price Leadership Model; Non-Price Competition in Oligopoly; Exercises

Chapter-30

Limit Pricing Theories

Introduction; Bain's Limit Pricing Theory; Sylos-Labini Model of Limit Pricing; Exercises

Chapter-31

Profit Maximisation and Full-Cost Pricing Theories

Introduction; Profit Maximisation Theory; Theory of Full-Cost or Average Cost Pricing—The Andrew's Version; The Marginalist Controversy; Exercises

Chapter-32

Behavioural and Managerial Theories of the Firm

Introduction; Simon's Satisficing Theory; Behavioural Theory of Cyert and March; Williamson's Managerial Discretion Model; Growth Maximisation Model of Marris; Baumol's Sales Maximisation Model; Exercises

Chapter-33

Pricing of Public Undertakings

Introduction; Pricing of Public Utility Services; Marginal Cost Pricing Rule; No- Profit No-Loss Policy; Profit-Price Policy; Exercises

Chapter-34

The Theory of Contestable Markets

The Theory; Its Assumptions; Contestable Markets and Monopoly; Contestable Markets and Natural Monopoly; Its Criticisms; Exercises

Chapter-35

The Applications of Demand and Supply Analysis Under Perfect Competition

Application on Farm Products; Price Control; Black Market; Consumer's Surplus and Producer's Surplus; Minimum Wage Legislation; Subsidy; Taxation; Exercises

Chapter-36

Game Theory and Price Determination

Introduction; Two-Person Constant-Sum or Zero-Sum Game; Non-Constant-Sum Games : Nash Equilibrium; Prisoners' Dilemma; Limitations of Game Theory; Importance of Game Theory; Exercises

Chapter-37

Input-Output Analysis

Introduction; Main Features; The Static Input-Output Model; The Dynamic Input-Output Model; Limitations of Input-Output Analysis; Importance; Exercises

Chapter-38

Linear Programming

Introduction; Meaning; Conditions and Generalizations; Application to the Theory of The Firm; Limitations of Linear Programming; Mathematical Note; Graphic Solutions; Marginalism and LP as Techniques of Optimisation; Marginalism and LP; Exercises

PART FIVE – FACTOR PRICING

Chapter-39

Macro-Theories of Distribution

Personal Distribution and Functional Distribution; The Ricardian Theory; The Marxian Theory; The Marginal Productivity Theory of Distribution; Kalecki's Degree of Monopoly Theory; The Keynesian or Kaldor's Theory of Distribution; The Sraffa Model; Exercises

Chapter-40

Euler's Theorem : The Adding-up Problem

Meaning and Solution; Euler's Product Exhaustion Theorem; Clark's Production Exhaustion Theorem; Importance of Product Exhaustion Theorem; Exercises

Chapter-41

Factor Pricing Under Different Market Conditions

Introduction; Differences between Factor Pricing and Product Pricing; Factor Pricing under Perfect Competition; Factor Pricing under Imperfect Competition; Exercises

Chapter-42

Rent

Meaning; The Ricardian Theory of Rent; Modern Theory of Rent; Rent and Price; Quasi-Rent; Exercises

Chapter-43

Wages

Meaning; Determination of Wages in a Competitive Market—Modern Theory; Monopsony in Labour Market—Imperfect Labour Market; Union and Wages—Collective Bargaining; Minimum Wages; Share of Wages in National Income; Exercises

Chapter-44

Interest

Meaning; Gross and Pure Interest; Time Preference Theory; The Classical Theory of Interest; The Loanable Funds Theory of Interest; Its Superiority over The Classical Theory; Keynes' Liquidity Preference Theory of Interest; Its Superiority over the Loanable Funds Theory; Indeterminacy of the Classical, The Loanable Funds and The Keynesian Theories of Interest; Modern Theory of Interest—The *IS* Curve; The *LM* Curve; Determination of the Rate of Interest; Superiority over the Keynesian Theory; The Wicksell Theory; Natural and Market Rate of Interest; Real Rate and Money Rate of Interest; Exercises

Chapter-45

Profits

Meaning; Nature of Profit—The Dynamic Theory; The Innovation Theory; The Risk Theory; The Uncertainty-bearing Theory; Shackle's Theory; The Marginal Productivity Theory of Profit; Determination of Profits under Perfect Competition (Modern Theory); The Concept of Normal Profits; Monopoly Profits; Tendency of Profits to Equality; Profits and Cost of Production; Rent Theory of Profits; Exercises

PART SIX – WELFARE ECONOMICS

Chapter-46

General Equilibrium Theory

Introduction; Problems of Existence, Stability and Uniqueness of General Equilibrium; The Walrasian General Equilibrium Model; 2x2x2x Graphical General Equilibrium Model; Exercises

Chapter-47

Nature of Welfare Economics

Introduction; What is Welfare Economics; Economic and General Welfare; Value Judgements; Positive Economics and Welfare Economics; Exercises

Chapter-48

The Classical and Marshallian Welfare Economics

The Classical Welfare Economics; The Marshallian Welfare Economics; Exercises

Chapter-49

Pigovian Welfare Economics and Externalities

Introduction; Meaning of Welfare; Pigovian Welfare Conditions; Analysis of Externalities or Divergences between Private and Social Costs and Returns (Benefits); Pigou's Ideal Output; Exercises

Chapter-50

New Welfare Economics

The Paretian Optimum; The Compensation Criteria—The Kaldor-Hicks Criterion; Scitovsky Criterion; The Little Criterion; The Social Welfare Function; Arrow's Impossibility Theorem; Political Aspects of Welfare Economics; Exercises

Chapter-51

Maximisation of Social Welfare

Introduction; Assumptions; From Production Function to the Production Possibility Curve; From the Production Possibility Curve to the Grand Utility Possibility Curve; From the Grand Utility Possibility Curve to the Point of Constrained Bliss; Exercises

Chapter-52

Rawls' Theory of Justice

Introduction; The Theory of Justice; Its Criticisms; Exercises

Chapter-53

Marginal Conditions of Paretian Optimum

Introduction; Assumptions; The Optimum Condition of Exchange; The Optimum Condition of Factor Substitution; The Condition of Optimum Degree of Specialisation; The Condition of Optimum Factor-Product Utilisation; The Optimum Condition of Product-Substitution; The Optimum Condition for Intensity of Factor Use; The Optimum Intertemporal Condition; Exercises

Chapter-54

Pareto Optimality and Perfect Competition

Conditions of Pareto Optimality; Market Failure or Non-Attainment of Pareto Optimality; Trade-off between Efficiency and Equity; The Theory of Second Best; Exercises

Chapter-55

Economics of Risk and Uncertainty

Introduction; Individual Consumer's Behaviour Towards Risk; Gambling; Insurance; Choice between Insurance and Gambling; Asset Portfolio Selection; Exercises

Chapter-56

Theories of Search, Asymmetric Information and Efficient Markets

Introduction; The Theory of Search; Asymmetric (or Imperfect) Information; The Efficient Market Hypothesis; Exercises

PART SEVEN – MACROECONOMIC THEORY

Chapter-57

National Income : Concepts and Measurement

Introduction; Definitions of National Income; Concepts of National Income; Methods of Measuring National Income; Difficulties in the Measurement of National Income; Importance of National Income Analysis; Exercises.

Chapter-58

National Economic Accounting

Social Accounting; Presentation of Social Accounts; Importance of Social Accounting; Difficulties of Social Accounting; Exercises

Chapter-59

The Classical Theory of Income, Output and Employment

Introduction; The Classical Theory; Keynes' Criticisms of Classical Theory; Exercises

Chapter-60

Say's Law of Markets

Say's Law; Propositions and Implications of the Law; Criticisms of Say's Law; Exercises

Chapter-61

The Principle of Effective Demand : Aggregate Demand and Aggregate Supply

Meaning; Aggregate Demand Price; Aggregate Supply Price; Determination of Effective Demand; Importance of Effective Demand; Exercises

Chapter-62

The Consumption Function

Meaning of Consumption Function; Properties or Technical Attributes of the Consumption Function, Significance of MPC; Keynes' Psychological Law of Consumption; Implications of Keynes' Law or Importance of the Consumption Function; Determinants of the Consumption Function; Measures to Raise the Propensity to Consume; Exercises

Chapter-63

The Investment Function

Meaning of Capital and Investment, Types of Investment; Induced vs Autonomous; Determinants of the Level of Investment; The Marginal Efficiency of Investment (MEI); Distinction between MEC and MEI; Factors other than the interest Rate Affecting Inducement to Invest; Exercises

Chapter-64

Saving and Investment Equality

The Classical View; Keynes' Criticisms of the Classical View; The Keynesian View; Exercises

Chapter-65

The Concept of Multiplier

Meaning and Derivation of Investment Multiplier; Working of the Multiplier; Assumptions of Multiplier; Leakages of Multiplier; Criticisms of Multiplier; Importance of Multiplier; Multiplier in an Underdeveloped Country; Exercises

Chapter-66

The Keynesian Theory of Income, Output and Employment

The Keynesian Theory of Income, Output and Employment; Exercises

Chapter-67

Unemployment and Full Employment

Introduction; Types of Unemployment; Meaning of Full Employment; Measures of Achieve and Maintain full Employment; Exercises

Chapter-68

Balanced Budget Multiplier and Foreign Trade Multiplier

Balanced Budget Multiplier; Its Assumptions; Its Criticisms; Foreign Trade Multiplier; Criticisms of the Foreign Trade Multiplier; Exercises

Chapter-69

The Principle of Acceleration

The Principle of Acceleration; Operation of the Acceleration Principle; Assumptions; Criticisms; The Super-Multiplier or the Multiplier-Accelerator Interaction; Use of Multiplier-Accelerator Interaction in Business Cycles; Exercises

Chapter-70

Income Determination In Closed and Open Economy

Income Determination in a Closed Economy; Determination of Equilibrium Level of Income—Equality of Aggregate Demand and Aggregate Supply; Equality of Saving and Investment; Income Determination in an open Economy; Its Assumptions; Determination of Equilibrium Level of Income; Exercises

Chapter-71

IS and LM Functions: General Equilibrium of Product and Money Market

Introduction; The Product Market Equilibrium; The Money Market Equilibrium; General Equilibrium of Product and Money Market; Changes in General Equilibrium; Exercises

Chapter-72

Wage-Price Flexibility and Employment

Introduction; The Classical View; keynes' Criticism of Classical View; The Keynesian View; The keynesian View on Money-wage Reduction and Employment; The Keynes Effect; Its Criticism; The Pigou Effect; Its Criticism; Flexible Wage Policy vs. Flexible Monetary Policy; Exercises

Chapter-73

Inflation

Introduction; Meaning of Inflation; Demand-Pull; Cost-Push Inflation; The Phillips Curve: The Relation between Unemployment and Inflation; Friedman's View: The Long-Run Phillips Curve; The Inflationary Gap; Its Importance; Tobin's View; Solow's View; Policy Implications of the Phillips Curve; Causes of Inflation; Measures to Control Inflation; Effects of Inflation; Exercises

Chapter-74

Monetary Policy; Instruments and Types

Instruments of Monetary Policy; Expansionary Monetary policy; Restrictive Monetary Policy; Role of Monetary Policy in a Developing Economy; Exercises

Chapter-75

Fiscal Policy

Instruments of Fiscal Policy; Budgetary Fiscal Policy; Contracyclical Fiscal Policy; Compensatory Fiscal Policy; Exercises

Chapter-76

Effectiveness of Monetary and Fiscal Policy

Introduction; Monetary Policy; Fiscal Policy; The Synthesist View : Three Range Analysis; Monetary Policy; Fiscal Policy; Monetary-Fiscal Mix; Exercises

Chapter-77

Applicability of Keynes' Theory to UDCs

Introduction; Keynesian Assumptions and UDCs; The Keynesian Tools and UDCs; Effective Demand; Propensity to Consume; Saving; Marginal Efficiency of Capital; Rate of Interest; The Multiplier; Policy Measures; Exercises

Chapter-78

Business Cycles

Meaning; Characteristics of Business Cycles; Phases of a Business Cycle; Effects of Business Cycles; Theories of Business Cycles; Measures to Control Business Cycles or Stabilisation Policies; Exercises