

CONTENTS

Preface 5

1 PROBABILITY THEORY 1

- 1.1 *Introduction* 1
- 1.2 *Borel Sets and Borel Function* 8
- 1.3 *Random Variables* 9
- 1.4 *Probability Generating Functions and Characteristic Function* 13
- 1.5 *Stochastic Processes* 21
- Problems* 28

2 DISCRETE PARAMETER STOCHASTIC PROCESSES 33

- 2.1 *Introduction* 33
- 2.2 *Discrete Parameter Markov Chain* 33
- 2.3 *Examples* 39
- 2.4 *Two-State Markov Chain* 41
- 2.5 *Classification of States* 48
- 2.6 *Limiting Probabilities* 60
- 2.7 *Algebraic Theory of Markov Chains* 63
- 2.8 *Stationary Distribution of a Markov Chain* 67
- Problems* 75

3 RANDOM WALK AND RENEWAL THEORY 81

- 3.1 *Introduction* 82
- 3.2 *Simple Random Walk* 85
- 3.3 *Expected Duration of the Game in the Ruin Problem* 90
- 3.4 *Probability of Ruin at the n th Trial* 92
- 3.5 *Explicit Evaluation of the Probabilities* 95
- 3.6 *Two Absorbing Barriers* 96
- 3.7 *Two Reflecting Barriers* 100
- 3.8 *Random Walk with Continuous Time* 103
- 3.9 *Renewal Processes* 108
- 3.10 *Distribution of the Number of Renewals* 113
- 3.11 *Moments of the Number of Renewals* 115
- Problems* 117

4 DISCRETE VALUED CONTINUOUS STOCHASTIC PROCESSES 123

- 4.1 *Introduction* 123
- 4.2 *Two-State Markov Process* 130
- 4.3 *Poisson Process* 134
- 4.4 *Characteristic Functional* 139
- 4.5 *Pure Birth Process* 141
- 4.6 *Polya Process* 150
- 4.7 *Birth and Death Process* 152
- 4.8 *Queueing Theory* 167
- 4.9 *Queue $M \mid M \mid s$* 172
- 4.10 *System with an Infinite Number of Servers* 176

X CONTENTS

4.11	<i>Transient Solution of the Single Server Queueing Problem</i>	177
4.12	<i>Non-Markovian Processes</i>	181
4.13	<i>Imbedded Processes in Queueing Theory</i>	184
	<i>Problems</i>	187
5	CONTINUOUS STOCHASTIC PROCESSES	194
5.1	<i>Introduction</i>	194
5.2	<i>General Theory</i>	194
5.3	<i>Fokker-Planck Equation</i>	198
5.4	<i>Wiener Process as a Continuous Approximation to a Simple Random Walk</i>	206
5.5	<i>First Passage Problems in Wiener Diffusion Process</i>	212
5.6	<i>Some Examples of Markov Process with Continuous State Space</i>	216
	<i>Problems</i>	222
6	POINT PROCESSES	226
6.1	<i>Introduction</i>	226
6.2	<i>Point Processes : Preliminary Ideas and Definitions</i>	226
6.3	<i>Product Densities and Characteristic Functional</i>	229
6.4	<i>Stationary Point Processes</i>	235
6.5	<i>Renewal Processes</i>	239
6.6	<i>Doubly Stochastic Poisson Processes</i>	245
6.7	<i>Physical Applications of Point Processes</i>	250
	<i>Problems</i>	259
7	STATIONARY PROCESSES	262
7.1	<i>Introduction</i>	262
7.2	<i>Theory</i>	262
7.3	<i>Complex Random Functions</i>	269
7.4	<i>Bochner's Theorem</i>	274
7.5	<i>Orthogonal Processes</i>	285
7.6	<i>Hilbert Space of the Processes</i>	292
7.7	<i>Ergodic Theorems</i>	296
	<i>Problems</i>	300
8	STOCHASTIC CALCULUS	305
8.1	<i>Introduction</i>	305
8.2	<i>Stochastic Limits and Modes of Convergence</i>	305
8.3	<i>Stochastic Derivatives</i>	311
8.4	<i>Stochastic Integrals</i>	315
8.5	<i>Stochastic Differential Equations</i>	319
8.6	<i>Examples</i>	326
	<i>Problems</i>	330
9	BRANCHING PHENOMENA	334
9.1	<i>Introduction</i>	333
9.2	<i>Structure of the Process</i>	334
9.3	<i>Continuous Branching Process (Markov Branching Process)</i>	347
9.4	<i>Age-Dependent Branching Processes</i>	259
9.5	<i>Branching Renewal Process</i>	366
	<i>Problems</i>	368
	References	373
	Bibliography	379
	Index	381