Category II

Economics Courses for Undergraduate Programme of study with Economics as one of the Core Disciplines

(B.A. Programmes with Economics as Major discipline)

DISCIPLINE SPECIFIC CORE COURSE -9 (DSC-9): Intermediate Microeconomics II: Market, Government and Welfare

Course title & Code	Credits	Duration (per week)			Eligibility Criteria	Prerequisite
		Lecture	Tutorial	Practical/ Practice		
Intermediate Microeconomics II: Market, Government and Welfare - ECON010	4	3	1	0	Class 12th	Introductory/Principles of Microeconomics

Learning Objectives

The Learning Objectives of this course are as follows:

- This course introduces students to analysis of multi-commodity markets.
- The efficiency results, known as welfare theorems, are central to understanding of market economy.
- The course also discusses inefficiencies coming from market concentration and externalities.
- It further would discuss the role of government to deal with the inefficiencies and resultant welfare outcomes.

Learning outcomes

The Learning outcomes of this course are as follows:

- This course helps the students to understand efficiency of markets and the environment where the standard market mechanism fails to generate the desirable outcomes in simple general equilibrium settings.
- The issues of market imperfection and market failures lead students to the economics of policy design. The students will learn the efficacy of government interventions for the improved welfare.

Syllabus

UNIT I: Monopoly (9 hours)
Monopoly pricing, Inefficiency, Price discrimination, Regulation

UNIT II: General equilibrium (9 hours)
Exchange economy, Robinson Crusoe economy, Pareto optimality, Welfare theorems, Welfare and social choice

UNIT III: Models of Monopolistic Competition (9 hours)
Firms with differentiated products, mark-up, short-run and long-run equilibrium

UNIT IV: Externalities (9 hours)
Market inefficiency under externalities, Pigou tax, Coase theorem, Market creation and other solutions

UNIT V: Public Good (9 hours)
Inefficiency of market equilibrium, Optimal public good provision, Free rider problem, Lindahl taxes

Recommended readings

- Serrano, Roberto and Feldman, Alan (2012), *A short course in intermediate Microeconomics with Calculus*, Cambridge UniversityPress
- Espinola-Arredondo, Ana and Munoz-Garaia, Felix (2020), *Intermediate Microeconomic Theory*,MITPress
- Munoz-Garaia, Felix (2017) *Practice Exercises for Advanced Microeconomic Theory*, MITPress.
- Dunaway, Eric; Strandholm, John C., Espinola-Arredondo, Ana and Munoz-Garcia, Felix (2020) *Practice Exercises for Intermediate Microeconomic Theory*, MIT press

Note: Examination scheme and mode shall be as prescribed by the Examination Branch, University of Delhi, from time to time.