

Discipline Specific Elective 25 (DSE-25): Industrial Organisation

Semester	Course title & Code	Credits	Duration (per week)			Eligibility Criteria	Prerequisite
			Lecture	Tutorial	Practical/ Practice		
VI/VIII	Industrial Organisation – ECON055	4	3	1	0	Class 12th Pass	Game Theory and Strategic Interactions (ECON013)

Learning Objectives

The Learning Objectives of this course are as follows:

- The course assumes knowledge of intermediate microeconomics and game theoretical tools. The students should also be comfortable with applications of calculus.
- This course studies imperfectly competitive market and primarily focuses on firms' strategies in oligopolistic market environments.
- This is the foundation course which aims to prepare the students for further study and research.
- Along with classical models of industrial organisation, the course also covers some contemporary topics like mergers and acquisitions, patents, advertising and networks.
- The learning from this course would be useful to understand and analyse different anti-competitive practices of the firms and the need for designing better competition policy for regulating the market.

Learning outcomes

The Learning outcomes of this course are as follows:

- The students will be able to learn classical models in imperfectly competitive market, understand why regulation of firms is necessary.
- They will be able to relate modern issues of industrial organisation

Syllabus

UNIT I: Imperfectly Competitive Market Product Differentiation, Bertrand, Cournot, Hotelling, Salop, Monopolistic Competition (6 hours)

UNIT II: Dynamic Models of Oligopoly, Cartels, Collusion and Entry Deterrence, Anti-trust (9 hours)

UNIT III: Vertical Relation and Vertical Restraint; Double Marginalization, Successive Oligopoly, Raising Rival's Cost, Resale Price Maintenance (RPM), Exclusive Dealing (6 hours)

UNIT IV: Mergers and Acquisitions, Horizontal and Vertical Integration (6 hours)

UNIT V: Technology, Innovation, R&D; Market structure and innovation, R&D, Patents, Technology Transfer (6 hours)

UNIT VI: Networks; network Effects, Markets for a Single Network Good and Several Network goods (6 hours)

UNIT VII: Advertisement; Social Costs and Benefits of Advertising, Market Structure, Advertising as Barrier to Entry, Product Differentiation and Competition (6 hours)

Recommended readings

- Cabral, L. M. B. (2017), *Introduction to Industrial Organization*. Second edition, Cambridge, Mass: MIT Press.
- Church, J. R., and Roger Ware, (2000), *Industrial Organization: A Strategic Approach*. Boston: Irwin McGraw Hill.
- Shy, O., (1995), *Industrial Organization-Theory and Applications*, MIT Press.
- Watson, J., (2013) *Strategy: An Introduction to Game Theory*, W. W Norton & Company.
- Waldman, D. and Jansen E., (2013), *Industrial Organization: Markets and Strategies* (second edition), Pearson.
- Belleflamme, P., and Peitz, M. (2010), *Industrial organization: markets and strategies*. Cambridge, UK, Cambridge University Press.
- Tirole, J. (1988), *The theory of industrial organization*, Cambridge, MA: MIT Press.

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