

Semester I

Core Course I EC 1141

Introductory Microeconomics

Instructional Hours 6

Credits 4

Module I: Scarcity, Work and choice

(15 Hrs)

Labour and production – Preferences opportunity costs – The feasible set – Decision making and scarcity – Hours of work and economic growth – Income and substitution effects on hour of work and free time – Explaining our working hours: Changes overtime, Differences between .countries

Module II: Consumer and Producer Theory

(25 Hrs)

Demand and Supply – Market Mechanism- Elasticities of Demand and Supply - Consumer behaviour: Consumer Preferences – Budget Constraints – Consumer choice – Revealed Preferences, Marginal Utility and Consumer Choice – Individual and Market Demand: Individual Demand - Income and Substitution Effect – Market Demand – Consumer Surplus - Production: Technology of Production – Production with one variable input – Production with Two Variable Inputs – Returns to Scale – The cost of production: Measuring Cost – Cost in the short - run and Long -run – Short Run and Long Run cost curves - Profit Maximisation and Competitive Supply

Module III Competitive Markets

(25 Hrs)

Price taking firms - Price setters and price taking firms - Competitive Equilibrium – The model of perfect competition – Perfectly Competitive Markets – Profit Maximisation- Marginal Revenue, Marginal Cost and Profit – Choosing output in the Short Run and Long Run – Competitive firms Short Run supply curve – Industry's Long Run Supply Curve

Module IV: Market Structures

(25 Hrs)

Monopoly – Average Revenue and Marginal Revenue – Monopolist's Output Decision - Monopoly Power – Price Discrimination – Monopoly Pricing Policies– Monopsony and Monopoly - Monopolistic Competition –Equilibrium in the Short Run and Long Run – Oligopoly – Equilibrium in an Oligopolistic Market – Price Competition – Price Rigidity - . Cartels

Readings:

Microeconomics Robert S. Pindyck, Daniel L. Rubinfeld & PL Mehta 7) th Ed Part V Chapter 9 & 11, Intermediate Microeconomics: A Modern Approach Bernheim, Douglas B and Whinston, (Michael D (2011) Chapters 17,18 &19

References:

Module I The Economy: Economics for a Changing World by CORE team, Chapter 3

Module II Microeconomics Robert S. Pindyck, Daniel L. Rubinfeld & P L Mehta 7th Ed Part 2 .Chapter 3,4,6,7& 8

Module III The Economy: Economics for a Changing World by CORE team Chapter 8 and Microeconomics Robert S. Pindyck, Daniel L. Rubinfeld & P L Mehta 7th (Ed Chapter 7

Module IV Robert S. Pindyck, Daniel L. Rubinfeld & P L Mehta Microeconomics 7th Ed ,chapter 9 &11 Bernheim, Douglas B and Whinston, Michael D (2011) Intermediate Microeconomics: A Modern Approach, Chapters 17,18 and 19 Ashok Sanjay Guha Economics without Tears –A New Approach to Old Discipline

Additional Readings

Hal R Varian: Intermediate Microeconomics: A Modern Approach 8 .1 th edition, W.W.Norton and Company/Affiliated east-West Press (India), 2011 5C.

Synder and W Nicholson(S-N): Fundamentals of Microeconomics, Cengage Learning .2 (India), 2010, Indian Edition

Semester II

EC 1241 Intermediate Microeconomics

Instructional Hours 6

Credits 4

Module I: Markets for Factor inputs: (25 Hrs)

Competitive Factor markets – Equilibrium in factor markets – Investment, time and capital markets: Stocks vs Flows – Present Discounted value – Net Present Value criterion- How are .interest rates determined

Module II: Risk and Uncertainty (20 hrs)

Risk- Probability – Expected Value – Variability - Preferences towards Risk – Reducing Risk - .The Demand for Risky Assets – Behavioural Economics.. Uncertainty

Module III: Social Interactions, Property and Power (20 hrs)

Game Theory – Equilibrium in the invisible hand game – The Prisoner’s dilemma – Social preferences: Altruism – Public goods, free riding and repeated interactions – Public good contributions and peer punishment – Behavioural experiments in the lab and in the field - co operation, negotiation, conflicts of interest and social norms – Dividing a pie – Fair Farmers, self interested students – contribution in the ultimatum - Social interactions: Conflicts in the choice among Nash equilibrium. Institutions and power – Evaluating institutions and outcomes: Pareto Criterion – Fairness – A model of choice and conflict – Technically feasible allocations – allocations imposed by force – Economically feasible allocations and the surplus – The Pareto efficiency curve and the distribution of the surplus – Measuring economic inequality – A policy to redistribute the surplus and raise efficiency

Module IV: General Equilibrium, Economic Efficiency and Market Failure: (25hrs)

General Equilibrium and Economic Efficiency - General Equilibrium analysis - Efficiency in exchange – Efficiency in production – Efficiency in product-mix . The Gains from trade – .Market failure – Externalities – Ways to correct Market failure – Public Goods

References

Module I Microeconomics / Robert S. Pindyck, Daniel L. Rubinfeld 7th Edition Part III Chapter .13 & 14

Module II Microeconomics / Robert S. Pindyck, Daniel L. Rubinfeld & P L Mehta 7th Edition .Part V Chapter 18 .

Module III: The Economy: Economics for a Changing World by CORE team chapter 4 & 5

Module IV: Microeconomics / Robert S. Pindyck, Daniel L. Rubinfeld & P L Mehta 7th Ed , .chapter 15 & 16 Ashok Sanjay Guha Economics without Tears –A New Approach to Old Discipline

Additional Readings

Hal R Varian: Intermediate Microeconomics: A Modern Approach 8 .1 th edition, W.W.Norton and Company/Affiliated east-West Press (India), 2010 C.

Synder and W Nicholson(S-N): Fundamentals of Microeconomics, Cengage Learning .2 (India), 2010, Indian Edition