Syllabus template

Semester: IV	
Course: Major	
Paper Title: Intermediate Microeconomics - II	
Paper code: C2EC230421T	**Credits: 4**
Hours/week: 4	
Category: Core/MDC/SEC/VAC: Core	
Theory / Practical / Composite: Theory	
No of Modules: 2	

Course Overview:

1.To explain theoretical concepts pertaining to working of imperfect markets, general equilibrium, welfare economics and market failures.
2.Specific focus on techniques of monopoly, monopolistic competition and in oligopolistic markets.
3.To study imperfect input market and the role of trade union in such a case.
4.To explain aspects of allocational efficiency using general equilibrium framework.
5.To study the fundamental theorems of welfare economics.
6.To study the importance of Pigouvian tax and Coase bargaining in the field of the presence of externalities.

Course Outcome:
Module 1
1.Outline the basic issues pertaining to imperfect competition in both product and input markets.
2.Describe the pricing policies and equilibrium conditions of monopoly, monopolistic competition, oligopoly and monopsony.
3. Determine the various types of monopoly market, the uniqueness of monopolistic competition, Nash-Cournot equilibrium, Stackelberg leadership model, the importance of collective bargaining.
4. Illustrate with appropriate mathematical modelling the analysis of the imperfect product and factor markets
5. Critically differentiate between the various models of imperfect markets and highlighting their significances.
6. Create an idea of imperfect competition in both product and input markets and their practical applications.
Module 2
1.Defining the idea of Pareto Efficiency and listing the core optimality conditions and outlining the issue of externalities and market failure.
2. Explaining the difference between partial equilibrium and general equilibrium analysis. Summarizing the significance of Walras' Law in a multi-market economy. Explaining the ways of internalizing externalities.

3. Calculating the Contract Curve in a simple 2x2 Edgeworth Box exchange economy. Using the efficiency conditions to solve for an equilibrium allocation given specific utility and production functions. Illustrate the working of Pigouvian taxes and subsidies.
4. Analysing how a simultaneous change in two or more markets affects the overall General Equilibrium outcome. Differentiating between the conditions for a competitive equilibrium and a social optimum. Illustrate the methods of internalizing externalities.
5. Critically discuss the First Fundamental Theorem of Welfare Economics by evaluating how real-world market imperfections. Differentiate between the applications of Coasean bargaining technique and Pigouvian taxes.
6. Constructing a basic Computable General Equilibrium model structure to simulate the economy-wide impact of a new policy.
Prerequisites: ***Basic cumulative knowledge about microeconomics***
SYLLABUS

UNIT/Module	**CONTENT**	**HOURS or NUMBER OF CLASSES**	**CO Mapping**	**COGNITIVE LEVEL**
1	Market Structure (Imperfect Competition) Monopoly; pricing with market power; price discrimination; peak- load pricing; two-part tariff; monopolistic competition, oligopoly; Nash-Cournot equilibrium, Stackelberg leadership model. Imperfect Input Market and Role of Trade Union Monopsony and bilateral monopoly, collective bargaining	2 classes per week	CO1-CO6	K1-K6
2	General Equilibrium, Efficiency and Welfare Equilibrium and efficiency under pure exchange and production - Edgeworth box, overall efficiency and welfare economics: fundamental theorems of welfare economics. Externalities and market failure	2 classes per week	CO1-CO6	K1-K6

	Pigouvian tax and subsidy, Coase Theorem, internalizing externalities.			

Text Books

1. Hal R. Varian, Intermediate Microeconomics, a Modern
2. Approach, 8th edition, W.W. Norton and Company/Affiliated East-West Press (India), 2010.The workbook by Varian and Bergstrom could be used for problems.
3. C. Snyder and W. Nicholson, Fundamentals of Microeconomics, Cengage Learning (India), 2010.
4. Anindya Sen, Microeconomics: Theory and Applications, OUP, 1999.
5. Pindyck and Rubinfeld, Microeconomics, Prentice Hall

Suggested readings

1.

2.

3.

Web Resources

1.

2.

Evaluation CIA: 30 marks End- Semester Examination: 70 marks

Paper Structure for Theory Semester Exam Module:

Module	No. of Questions to be Answered	No. of Alternatives	Marks
Module 1	4	5	5 x 4 = 20
	2	3	10 x 2 = 20
Module 2	2	3	5 x 2 = 10
	2	3	10 x 2 = 20
Total Marks			70

Course outcomes (COs) and Cognitive Level Mapping

COs	CO Description	Cognitive levels
	Module 1	
CO1	Outline the basic issues pertaining to imperfect competition in both product and input markets.	K1

CO2	Describe the pricing policies and equilibrium conditions of monopoly, monopolistic competition, oligopoly and monopsony.	K2
CO3	Determine the various types of monopoly market, the uniqueness of monopolistic competition, Nash-Cournot equilibrium, Stackelberg leadership model, the importance of collective bargaining.	K3
CO4	Illustrate with appropriate mathematical modelling the analysis of the imperfect product and factor markets.	K4
CO5	Critically differentiate between the various models of imperfect markets and highlighting their significances.	K5
CO6	Create an idea of imperfect competition in both product and input markets and their practical applications.	K6
	Module 2	
CO1	Defining the idea of Pareto Efficiency and listing the core optimality conditions and outlining the issue of externalities and market failure.	K1
CO2	Explaining the difference between partial equilibrium and general equilibrium analysis. Summarizing the significance of Walras' Law in a multi-market economy. Explaining the ways of internalizing externalities.	K2
CO3	Calculating the Contract Curve in a simple 2x2 Edgeworth Box exchange economy. Using the efficiency conditions to solve for an equilibrium allocation given specific utility and production functions. Illustrate the working of Pigouvian taxes and subsidies.	K3
CO4	Analysing how a simultaneous change in two or more markets affects the overall General Equilibrium outcome. Differentiating between the conditions for a competitive equilibrium and a social optimum. Illustrate the methods of internalizing externalities.	K4
CO5	Critically discuss the First Fundamental Theorem of Welfare Economics by evaluating how real-world market imperfections. Differentiate between the applications of Coasean bargaining technique and Pigouvian taxes.	K5
CO6	Constructing a basic Computable General Equilibrium model structure to simulate the economy-wide impact of a new policy.	K6
