

DEPARTMENT OF ECONOMICS
Delhi School of Economics
University of Delhi

DISCIPLINE SPECIFIC CORE COURSE - (DSC-10)

Intermediate Microeconomics II: Market, Government and Welfare

Course & Title Code	Credits	Lecture/ week	Tutorial/ week	Eligibility	Prerequisite
Intermediate Microeconomics II :Market, Government and Welfare ECON010	4	3	1	Class 12 with Mathematics	NIL

Meeting held on **2 December 2024**, 1:00 pm (online)

Conducted By: Prof Anirban Kar & Dr. Vishruti Gupta

Attended By

1	Shirin Akhter	Zakhir Hussain College
2	Shruti Garg	Sri Guru Gobind Singh College of Commerce
3	Priyanka Singhl	Shaheed Bhagat Singh College
4	SANJEEV KUMAR	Shyam Lal College (M)
5	Sheebani Goswami	Sri Venkateswar College
6	Dr. Amrat Lal Meena	Motilal Nehru College
7	Sandhya Varshney	Dyal singh college
8	Dr. Sakshi Bansal	Janki Devi Memorial College
9	Shalini Saksena	Delhi College of Arts & Commerce
10	Dr. Stuti Gupta	Shyam Lal College (Eve)
11	Nivedita Mullick	Gargi College
12	Ranjan Swarnakar	ARSD College
13	Vandana Tulsyan	Dyal Singh College
14	Ravinder Ram	Satyawati College
15	Dr Promila Sehwat	Aditi Mahavidyalaya
16	S. Rubina Naqvi	Hindu College
17	Shalini Basna	Kirorimal College

18	Dr Shrishti Kasana	Daulat Ram
19	Mansi Gupta	Hansraj College
20	Dr Animesh Naskar	Hansraj College
21	Roopali Goyanka	Indrapratha College
22	Ravinder Jha	Miranda House
23	Rajiv Jha	SRCC
24	Vijaya Rajni	CVS

Learning Objectives

- 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

- This course helps the students to understand the 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 improved welfare.

Syllabus

UNIT I: Monopoly (9 hours)

Monopoly pricing, Inefficiency, Price discrimination.

Nicholson & Snyder - Ch 14

UNIT II: General equilibrium (9 hours)

Exchange economy, Robinson Crusoe economy, Pareto optimality, Welfare theorems, Welfare and social choice

Varian - Ch 31, 33

UNIT III: Models of Monopolistic Competition (9 hours)

Firms with differentiated products, mark-up, short-run and long-run equilibrium

Varian - Section 25.7

UNIT IV: Externalities (9 hours)

Market inefficiency under externalities, Pigou tax, Coase theorem, Market creation and other solutions

Varian - Ch 34

UNIT V: Public Goods (9 hours)

Inefficiency of market equilibrium, Optimal public good provision, Free rider problem, Lindahl taxes

Varian - Ch 36 (excluding page 711-715)

Nicholson & Snyder - Ch 19 (page 684 - 687)

Readings

- Nicholson, W. and Snyder, C. (2008) *Microeconomic Theory: Basic Principles and Extensions*. 10th Edition, Thomson South-Western, Mason.
- Varian, Hal (2010): *Intermediate Microeconomics: A Modern Approach*, 8th edition, Affiliated East West Press (India).

Other Recommended Readings

- Serrano, Roberto and Feldman, Alan (2012), *A short course in intermediate Microeconomics with Calculus*, Cambridge University Press
- Espinola-Arredondo, Ana and Munoz-Garcia, Felix (2020), *Intermediate Microeconomic Theory*, MIT Press
- Osborne, M J and Rubinstein, A (2020), *Models in Microeconomic Theory*, Open Book Publishers
- Munoz-Garaia, Felix (2017) *Practice Exercises for Advanced Microeconomic Theory*, MIT Press.
- Dunaway, Eric; Strandholm, John C., Espinola-Arredondo, Ana and Munoz-Garcia, Felix (2020) *Practice Exercises for Intermediate Microeconomic Theory*, MIT press

Examination Scheme

Final Assessment

Suggested weightage for each unit in the final examination

Unit I – 20%

Unit II – 30%

Unit III – 10%

Unit IV – 20%

Unit V - 20%

This division is flexible and plus/minus 5 percentage points of the marks and can be done in each unit.

The examination paper may follow the pattern below:

It is suggested that the question paper may have SEVEN questions out of which students can do any FIVE questions (with equal weightage to all questions)

Internal Assessment

As per University of Delhi guidelines.