

**DEPARTMENT OF ECONOMICS**  
**Delhi School of Economics**  
**University of Delhi**

**DISCIPLINE SPECIFIC CORE COURSE -10 (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  <b>ECON010</b>	4	3	1	Class 12 with Mathematics	NIL

Meeting held on **23 January 2024**, 3:30 pm (DSE, Room 107)

**Conducted By:** Prof Sudhir Shah & Vishruti Gupta

**Attended By**

<b>NAME</b>	<b>COLLEGE</b>
Rakesh Sharma	ARSD
Dr Animesh Naskar	Hansraj
Sanjeev Kumar	Shyam Lal
Shikha Singh	Daulat Ram
Sakshi Bansl	Janki Devi Memorial
Abhishek	St. Stephen
Gagan Swamy	Lakshmi Bai
Indu Choudhary	Kalindi

Dr Sandhya Varshney	Dyal Singh
S. Rubina Naqvu	Hindu
Harneet Kaur	SGTB Khalsa
Shruti Garg	Sri Guru Gobind Singh College of Commerce
Vandana Tulsyan	Dyal Singh
Surabhi Gupta	Lady Shri Ram
Kaushal Kishore	Shri Ram College of Commerce
Yuthika Aggarwal	Shri Ram College of Commerce

## 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 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, Regulation

[AMG] - Ch 10, Ch 11

***UNIT II: General equilibrium (9 hours)***

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

[SF] - Ch 15

[DSEM] - Applications, Chapter 9

***UNIT III: Models of Monopolistic Competition (9 hours)***

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

[SF] - Ch12

***UNIT IV: Externalities (9 hours)***

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

[AMG] - Ch 17

***UNIT V: Public Good (9 hours)***

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

[SF] - Ch18

**Recommended Readings**

- Serrano, Roberto and Feldman, Alan (2012), A short course in intermediate Microeconomics with Calculus, Cambridge University Press **[SF]**
- Espinola-Arredondo, Ana and Munoz-Garcia, Felix (2020), Intermediate Microeconomic Theory, MIT Press **[AMG]**
- Osborne, M J and Rubinstein, A (2020), Models in Microeconomic Theory, Open Book Publishers **[OR]**
- Munoz-Garaia, Felix (2017) Practice Exercises for Advanced Microeconomic Theory, MIT Press. **[G]**

- Dunaway, Eric; Strandholm, John C., Espinola-Arredondo, Ana and Munoz-Garcia, Felix (2020) Practice Exercises for Intermediate Microeconomic Theory, MIT press **[DSEM]**

## **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.

Question paper can have

EITHER

TWO compulsory questions and FIVE questions out of which students can do any THREE questions (with equal weightage to all questions)

OR

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.