

DEPARTMENT OF ECONOMICS
Delhi School of Economics
University of Delhi

DISCIPLINE SPECIFIC CORE COURSE - (DSC-9)

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 **14 May 2024**, 3:30 pm (DSE, Room 205)

Conducted By: Prof Anirban Kar & Dr. Vishruti Gupta

Attended By

1	Abhishek Singh	St Stephen's College
2	Shruti Garg	Sri Guru Gobind Singh College of Commerce
3	Sakshi Bansal	Janki Devi Memorial college
4	SANJEEV KUMAR	Shyam Lal College (M)
5	Mausumi Mohanty	Sri Venkateswar College
6	Niti Arora	Mata Sundri College for Women
7	Amrat Lal Meena	Motilal Nehru College
8	Dr Sandhya Varshney	Dyal Singh College
9	Dr. Sheebani Goswami	Sri Venkateswara College
10	Nivedita Mullick	Gargi College
11	Rupali Khanna	Kamala Nehru College
12	Shubhra Suman	Maitreyi college
13	Shailu Singh	Hansraj College
14	Vandana Tulsyan	Dyal Singh College
15	Vandita Sahay	Kamala Nehru College
16	S. Rubina Naqvi	Hindu College
17	Shalini Basna	Kirorimal College

18	Dr Shrishti Kasana	Daulat Ram
19	Shivani Gupta	Shivaji College
20	Ravi	Miranda House
21	Roopali Goyanka	Indrapratha College
22	A.Vijay Kumar	Ramjas Kumar

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

Varian - Ch 24, 25

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 Good (9 hours)

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

Varian - Ch 36

Readings

- 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.

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.