

B.A.(Prog.) Economics
Semester V
Discipline Specific Core Course-(Major)

DSC-10 : INTERMEDIATE MICROECONOMICS II:
MARKET, GOVERNMENT AND WELFARE

Course title & Code	Credits	Duration (per week)			Eligibility Criteria	Prerequisite
		Lecture	Tutorial	Practical/ Practice		
Intermediate Microeconomics II: Market, Government and Welfare - ECON010	4	3	1	0	Class 12th	Introductory/Principles of Microeconomics

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 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 the improved welfare.

Syllabus

UNIT I: Monopoly

Monopoly pricing, Inefficiency, Price discrimination, Regulation

UNIT II: General equilibrium

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

UNIT III: Models of Monopolistic Competition

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

UNIT IV: Externalities

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

UNIT V: Public Good

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

Recommended readings

- Serrano, Roberto and Feldman, Alan (2012), *A short course in intermediate Microeconomics with Calculus*, Cambridge University Press
- Espinola-Arredondo, Ana and Munoz-Garaia, Felix (2020), *Intermediate Microeconomic Theory*, MIT Press
- 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

Note: Examination scheme and mode shall be as prescribed by the Examination Branch, University of Delhi, from time to time.