

UG Sem-II

6 Credits

Programme: B.A Semester: II
Core Economics II

Course Title: Principles of Microeconomics-II

Course Description

This is a sequel to Principles of Microeconomics-I covered in the first semester. The objective of the course is the same as in Principles of Microeconomics I.

Course Outline

Unit 1. Market Structures

a. Theory of a Monopoly Firm

Concept of imperfect competition; short run and long run price and output decisions of a monopoly firm; concept of a supply curve under monopoly; comparison of perfect competition and monopoly, social cost of monopoly, price discrimination-concept

b. Imperfect Competition

Monopolistic competition: characteristics, SR & LR price and output determinations under monopolistic competition; oligopoly: assumptions, oligopoly models: Cournot, Bertrand and Kinked demand curve.

Unit 2. Markets and Market Failure

Market adjustment to changes in demand, efficiency of perfect competition; sources of market failure: imperfect markets, public goods, externalities, imperfect information.

Unit 3. Income Distribution and Factor pricing

Input markets: demand for inputs; labour markets, profit maximization condition in perfectly competitive input markets, input demand curves; modern theory of wages; Ricardian theory of rent, distribution of Income.

Unit 4. International Trade

Absolute advantage, comparative advantage, terms of trade, sources of comparative advantage, trade barriers, free trade/ protectionism.

Unit 5: Tutorial 1

- a) Group discussion: different topics related to course content
- b) Presentations: different topics related to course content
- c) Class test

Unit 6: Tutorial 2

- a) Home Assignment
- b) Viva Voce

Readings:

1. Case, Karl E. & Ray C. Fair, *Principles of Economics*, Pearson Education, Inc., 8th Edition, 2007

2. N.Gregory Mankiw, *Principles of Microeconomics*, Cengage Learning

3. H.L Ahuja, *Modern Microeconomic Theory*, S.Chand

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