



SECOND SEMESTER 2014-2015

Course Handout (Part II)

Date: 12.01.2015

In addition to part I (General Handout for all courses appended to the time table) this portion gives further specific details regarding the course.

Course No. : ECON F242
Course Title : Microeconomics
Instructor-in-charge : Dr. RAJORSHI SEN GUPTA

1. Scope and objective of the course:

The objective of the course is to introduce the students to the most important yet basic models that economists use to explain the behavior of consumers, firms, and markets. These models are central to the study of all areas of economics. Students will learn theories related to functioning of perfectly and imperfectly competitive markets, aspects of game theory and decision making under uncertain situations.

Text Book :

Walter Nicholson and Christopher Snyder, "Microeconomic Theory: Basic Principles and Extensions", Tenth Edition

3. Reference Books :

R1. Varian, H. Intermediate Microeconomics: A Modern Approach, Norton & Company; 9th International student edition

4. Course Plan:

No. of Lectures	Learning Objectives	Topics	Reference
1-2	Introduction to Microeconomics : Role of economic models in Microeconomics	Development and Verification of Theoretical Models	Text Ch 1
3-6	Mathematical tools for Microeconomics	Maximization of a Function of One Variable, 2 variables, 1 st and 2 nd order conditions, Lagrangean Multiplier	Text Ch 2
7-9	Preferences and Utility: understand ways in which economists characterize individuals' preferences	Utility function, Trade-offs, slope and curvature of indifference curves, MRS,	Text Ch 3
10-13	Utility Maximization and Choice: examine the basic model of choice that economists use to explain individuals' behavior	The Two-Good Case, Indirect Utility Function, Expenditure Minimization, Properties of Expenditure Functions	Text Ch 4



14-16	Income and Substitution Effects: study how the quantity of a good that an individual chooses is affected by changes in price	Demand Functions, Changes in Income, Changes in a good's price, Compensated Demand Curves, Demand Elasticities	Text Ch 5
17-18	Consumer surplus: monetary measure of the gains and losses that individuals experience when prices change	Measurement of consumer surplus	Text Ch 5
19 -20	Demand Relationships among Goods	The Two-Good Case, Substitutes and Complements, Net Substitutes and Complements,	Text Ch 6
21- 22	Theory of firm: production function	Marginal Productivity, Isoquant Maps and the Rate of Technical Substitution, Returns to Scale, The Elasticity of Substitution,	Text Ch 9
23-24	Theory of firm: cost functions	Cost-Minimizing Input Choices, Cost Functions, Shephard's Lemma and the Elasticity of Substitution, Short-Run, Long-Run Distinction	Text Ch 10
25-27	Theory of firm: profit maximization	The Nature and Behavior of Firms, Profit Maximization, Marginal Revenue, Short-Run Supply by a Price-Taking Firm, Profit Functions, Profit Maximization and Input Demand	Text Ch 11
28-30	Perfectly competitive model	Short-Run Price Determination, Shifts in Supply and Demand Curves, Long-Run Analysis, Comparative Statics Analysis of Long-Run Equilibrium, Price Controls and Shortages, Tax Incidence Analysis	Text Ch 12
31-32	Market power: examine the consequences of relaxing the assumption that firms are price takers	Barriers to Entry, Monopoly and Resource Allocation, Price Discrimination,	Text Ch 14
33-34	Imperfect Competition: markets with relatively few firms	Short-Run Decisions: Pricing and Output, Bertrand Model, Cournot Model, Product Differentiation	Text Ch 15



35-36	Uncertainty and Information: theory of individual behavior in uncertain situations	Expected Utility Hypothesis, Risk Aversion, The Portfolio Problem	Text Ch 7
37-40	Strategy and Game Theory: non-cooperative game theory used to understand the strategic interactions among two or more agents	Nash Equilibrium, Mixed Strategies, Sequential Games, Repeated Games	Text Ch 8

5. Evaluation Schedule:

Component	Duration	Weightage (%)	Date & Time	Remarks
T1	1 hr	25	26/2/15 (8:30-9:30)	CB
T2	1 hr	25	26/3/15 (8:30-9:30)	CB
Comp. Exam.	3 hrs.	50	4/5/15 3/12/2014(FN)	CB

6. Chamber Consultation Hours: Saturday 11 AM -12 PM, Chamber # CC 216

7. Notice concerning this course will be displayed on the **Economics & Finance Group** Notice Board or Photon.

Instructor-in-charge
ECON F242