

### **Course Description:**

The aim of the course is to deliver thorough understanding of the core concepts and methods of microeconomics. We will analyze the way in which the market system functions as a mechanism for coordinating the independent choices of individual economic agents. The course will develop a basis for evaluating the efficiency and equity implications of competition and other market structures, and a perspective on the appropriate role of government. Included areas are the study of consumer choice, production and cost theory, market structure, and market failure. Students will develop their understanding of economic models specified in standard mathematical terms. Towards the end of the course, students will be able to assess the real microeconomic situations using the tools learnt in the course.

### **Learning Outcomes:**

- Identifying mathematical tools as means for illustrating economic theories.
- Developing algebraic, graphical, and numerical tools to build “models” of economic behaviors that affect the allocation of scarce resources.
- Utilizing the techniques of constrained optimization and equilibrium analysis to consumer and producer behavior.
- Analyzing the interplay of market power and government interventions.
- Judging microeconomic behavior in the surroundings and presenting a critique using the learnings from the class.

### **Weekly Lecture Plan:**

Week 1	Review: Mathematical Tools
Week 2	Consumer Theory: Introduction to Preferences and Utility
Week 3	The Theory of Consumer Choice: Utility Maximization with Budget Constraints
Week 4	Demand Curve and the Slutsky Equation
Week 5	Applications of Consumer Demand and Welfare Analysis
Week 6	Production Theory: Introduction to Production Function and Technology
Week 7	Profit Maximization
Week 8	Cost Minimization
Week 9	Market Structure: Introduction to Competitive, Monopoly and Oligopoly markets
Week 10	The Problem of Exchange: General Equilibrium and Welfare
Week 11	Informational Market Failures
Week 12	Risk & Uncertainty
Week 13	Term Paper Presentations

**Assessment Plan:**

Type of Evaluation	% Contribution in Grade
Assignments (3)	25
Term Paper/Class Presentations	30
Mid-Sem exam	15
Final exam	30

**Textbook:**

- Varian, H., Microeconomic Analysis, 3rd Edition, Norton, 1992.
- Varian, H., Intermediate Microeconomics - A Modern Approach, 8th Edition, Norton, 2005.
- Simon, C., Blume, L. Mathematics for Economists, Norton, 1994.
- Sydsaeter, K., Hammond, P. Mathematics for Economic Analysis, Pearson Educational Asia, 2006