

**Semester II**  
**B.A. (Non-Honours) Economics**  
**Core 2: PRINCIPLES OF MICROECONOMICS–II (6 Credits)**  
**Full marks: 100 (Mid Term-20 + End Term-80)**

**Course Description**

This course intends to expose the student to the basic principles in Microeconomic theory and illustrate with applications.

Units		No. of Lecture hours	No. of Tutorial hours	Marks
1	<p><b>Market Structures: Perfect Competition:</b></p> <p><b>a.</b> Assumptions: theory of a firm under perfect competition, demand and revenue; equilibrium of the firm in the short run and long run; long run industry supply curve: increasing, decreasing and constant cost industries.</p> <p><b>b.</b> Welfare: allocative efficiency under perfect competition.</p>	15	3	20
2	<p><b>Market Structures: Imperfect Competition:</b></p> <p><b>a. Theory of a Monopoly Firm</b>            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, price discrimination.</p> <p><b>b. Monopolistic competition:</b> Assumptions, SR &amp; LR price and output determinations under monopolistic competition, economic efficiency and resource allocation;</p> <p><b>c. Oligopoly:</b> assumptions, oligopoly models, game theory, contestable markets, role of government.</p>	20	4	20
3	<p><b>Consumer and Producer Theory</b></p> <p><b>a. Consumer and Producer Theory in Action</b>            Externalities, marginal cost pricing, internalising externalities, public goods; imperfect information: adverse selection, moral hazard, social choice, government inefficiency.</p> <p><b>b. Markets and Market Failure</b>            Market adjustment to changes in demand, efficiency of perfect competition; sources of market failure: imperfect markets, public goods, externalities, imperfect information; evaluating the market mechanism.</p>	20	4	20

<b>4</b>	<b>Income Distribution and Factor pricing</b> Input markets: demand for inputs; labour markets, land markets, profit maximisation condition in input markets, input demand curves, distribution of Income.	20	4	20
<b>Total</b>		<b>75</b>	<b>15</b>	<b>80</b>

**Reading List:**

1. Karl E. Case and Ray C. Fair, Principles of Economics, Pearson Education Inc., 8th Edition, 2007.
2. N. Gregory Mankiw, Economics: Principles and Applications, India edition by South Western, a part of Cengage Learning, Cengage Learning India Private Limited, 4th edition, 2007.
3. Joseph E. Stiglitz and Carl E. Walsh, Economics, W.W. Norton & Company, Inc., New York, International Student Edition, 4th Edition, 2007.
4. G.S. Maddala and Ellen Miller, Microeconomics: Theory and Applications, Mc Graw Hill Education, Tenth Reprint, 2013, New Delhi Edition.
5. R. S. Pindyck, D. N. Rubinfeld and P. L. Meheta (2009): Microeconomics, 7th Edition, Pearson, New Delhi.