

B.A .	BEC-C201	Semester-II
BEC-C201	Principles of Microeconomics-II	70+30

Core Economics II: 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

1. Market Structures :

a. Concept and classification of market. 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 remedies for monopoly

b. Imperfect Competition

Monopolistic competition: Assumptions, SR & LR price and output determinations under monopolistic competition, economic efficiency and resource allocation; oligopoly: assumptions, game theory, contestable markets, role of government.

2. Consumer and Producer Theory

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; evaluating the market mechanism.

3. Income Distribution and Factor pricing

Input markets: demand for inputs; labour markets, land markets, profit maximisation condition in input markets, input demand curves, distribution of Income.

4. International Trade

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

Suggested Readings:

1. Ahuja H.L. (2003) **Advanced Economic Theory: Microeconomic Analysis**, 13th Edition, S. Chand and Company Ltd. New Delhi
2. Case, Karl E., Ray C. Fair and Sharon E. Oster (2013) **Principles of Economics**, (11th Edition), Prentice Hall of India, New Delhi
3. Koutsoyiannis, A. (1990) **Modern Microeconomics**, Macmillan Press Ltd., London
4. Layard, P.R.G. and A. W. Walters (1978) **Microeconomic Theory**, McGraw Hill, New York
5. Lipsey, R.G. and K.A. Chrystal (2004) **Principles of Economics**, (9th Edition), Oxford University Press, New Delhi
6. Perloff, Jeffrey M. (2001) **Micro Economics**, Addison Wesley Longman Pvt. Ltd., New Delhi
7. Sen, A. (1999) **Microeconomics Theory and Applications**, Oxford University Press, New Delhi
8. Stigler, G. (1996) **Theory of Price**, (4th Edition), Prentice Hall of India, New Delhi
9. Varian, H. (2000) **Microeconomic Analysis**, W. W. Norton, New York