



**Economics**  
**Micro Economic Analysis I**  
**[Core Course]**

<b>Semester I</b>	<b>Credits: 4</b>	<b>Subject Code: MEC 12001</b>	<b>Lectures : 48</b>
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**Course Outcomes:**

At the end of the course, the learner will be able to--

- Understand and apply the concepts of micro economics such as market/ price mechanism, elasticity of demand, and economics of information.
- Analyze and demonstrate knowledge of the basic theories/laws in economics- laws of production, theories of consumer behavior.
- Evaluate microeconomic concepts, models and its use in real life situations like collective bargaining, opportunity cost.

<b>Unit 1: Introduction</b>	<b>6</b>
<ul style="list-style-type: none"> <li>• The Basic Micro- Economic Problems of Scarcity and Choice.</li> <li>• Price Mechanism: - Functions &amp; Limitations</li> <li>• Disturbances to Equilibrium, Floor Price, Ceiling Price.</li> </ul>	

<b>Unit 2: Consumer Theory</b>	<b>14</b>
<ul style="list-style-type: none"> <li>• Theory of Consumer Choice: Cardinal Utility Approach and Ordinal Utility approach</li> <li>• Ordinal Utility Approach –Assumptions; Indifference Curves – characteristics; Consumer's Equilibrium; Price effect, Income Effect and Substitution Effect</li> <li>• Theory of Revealed Preference</li> <li>• Hick's Logical Ordering Theory</li> <li>• Concept and Types of Elasticity of Demand, Determinants and Significance of the concept of elasticity of demand;</li> <li>• Revenue Concepts</li> <li>• Consumers' Surplus.</li> <li>• Economics of Information - Asymmetric Information; Adverse Selection- The market for lemons; Insurance Sector: Measures; Moral Hazard; Market Signaling; Principal Agent problem</li> </ul>	

<b>Unit 3: Production and Cost Theory</b>	<b>14</b>
<ul style="list-style-type: none"> <li>• Production Function - short run and long run</li> <li>• Law of Variable Proportions, Law of Returns to Scale,</li> </ul>	

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<ul style="list-style-type: none"> <li>• Isoquants- meaning and characteristics, MRTS, Iso- cost line,</li> <li>• Producers' equilibrium with isoquants</li> <li>• Concept of Producers' Surplus</li> <li>• Cost Curves, Total, Average and Marginal Cost, Short Run and Long Run Costs, Concept of Economic Cost and Accounting Cost.</li> <li>• Incremental Costs and Sunk Costs;</li> <li>• Private Costs and Social Costs</li> <li>• Economies of Scale and LAC</li> <li>• L- shaped LAC</li> </ul>	
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<b>Unit 4: Theory of Factor Pricing</b>	<b>14</b>
<ul style="list-style-type: none"> <li>• Wage determination under Perfect Competition and Imperfect Competition</li> <li>• Trade Unions and Collective Bargaining in wage determination</li> <li>• Rent- Classical and Modern Theory of Rent</li> <li>• Interest- Classical theory, Neoclassical theory and Keynesian Theory of rate of Interest</li> <li>• Profit- Rent Theory of profits, Wage Theory of profits, Dynamic theory of profits</li> </ul>	

**#12 lectures are assigned for library work, assignments, guest lectures and other contact hours**

<b>Recommended Text Books:</b>
<ul style="list-style-type: none"> <li>• Dwivedi, D.N. (2003), <i>Micro Economics : Theory and Applications</i>; Pearson Education (Singapore) Pvt. Ltd, Delhi.</li> <li>• Koutsoyiannis, A. (1980) <i>Modern Microeconomics</i>, the Macmillan Press Ltd, London.</li> <li>• Lipsey and Chrystal (2004), <i>Economics</i>, Oxford University Press.</li> <li>• Samuelson P. A. &amp; Nordhaus W.D. (1998), <i>Economics</i>, Tata McGraw Hill, New Delhi</li> <li>• Stigler, G (1996): <i>Theory of Price</i>, Prentice Hall of India, New Delhi.</li> <li>• Stonier A .W. &amp; Hague D.C. (2004), <i>A Textbook of Economic Theory</i>, Pearson Education, Delhi</li> </ul>

<b>Reference Books:</b>
<ul style="list-style-type: none"> <li>• Gravelle H. and R.Rees (2007) <i>Microeconomics</i> Pearson Publication New Delhi</li> <li>• Hirschleifer J and A. Glazer (1997): <i>Price Theory and Applications</i>, Prentice Hall of India, New Delhi.</li> <li>• James Gerber (2012) <i>Microeconomics</i>, Pearson Publication New Delhi</li> <li>• Kreps, David, M (1990): <i>A Course in Microeconomic Theory</i>, Princeton University Press.</li> <li>• Mansfield, E. (1997), <i>Micro Economics</i>, W. W. Norton and Company, New York.</li> <li>• Mankiw, N.G. (2002), <i>Principles of Economics</i>, Thomson Asia Pvt. Ltd., Singapore.</li> <li>• Pindyck, Robert S Rubinfeld, Daniel L, Mehta, Prem (2009) <i>Microeconomics</i>, Pearson India</li> </ul>

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- Salvatore, D. (2003), *Micro Economics*, Oxford University Press.
- Sen, A.(1999): *Micro Economics: Theory and Applications*, Oxford University Press, New Delhi.
- Varian, Hal (2009): *Microeconomic Analysis*, 3<sup>rd</sup> edition W.W. Norton and Company, New York.
- William J. Baumol , Alan S. Blinder ( 2002) *Microeconomics- Principle and Policy*, 9<sup>th</sup> edition.

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**Economics**  
**Micro Economic Analysis II**  
**[Core Course]**

<b>Semester II</b>	<b>Credits: 4</b>	<b>Subject Code: MEC 22001</b>	<b>Lectures: 48</b>
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**Course Outcomes:**

At the end of the course, the learners will be able to--

- Understand and apply the concepts of micro economics in real life such as market structures, collusive oligopolies, game theory.
- Analyze and demonstrate knowledge of the basic theories/laws in economics- Price determination, Price Discrimination, Managerial theories of firm, etc. and their application in real life situations.
- Evaluate socially relevant microeconomic concepts/ models such as excess capacity under imperfect markets, welfare implications of monopoly, Amartya Sen's contribution.

<b>Unit 1 Market Structure I: Perfect Competition and Monopoly</b>	<b>12</b>
<ul style="list-style-type: none"> <li>• Perfect Competition – Features; short run and long run equilibrium of firm and industry under perfect competition, Shut-Down Condition</li> <li>• Monopoly: Meaning and features; Short Run and Long Run Equilibrium of a Firm under Monopoly</li> <li>• Price Discrimination under Monopoly- Meaning, Types and forms of price discrimination; Conditions of Price Discrimination</li> <li>• Degrees of Price Discrimination; Equilibrium of a Discriminating Monopolist</li> <li>• Dumping as a special case of Price Discrimination</li> <li>• Welfare implications of Monopoly and Role of Public Policy</li> </ul>	

<b>Unit 2: Market Structures II</b>	<b>14</b>
<ul style="list-style-type: none"> <li>• Monopolistic Competition- features, short run and long run equilibrium of firms and Group;</li> <li>• Non-price competition - Product Differentiation, Selling Costs</li> <li>• Excess Capacity.</li> <li>• Oligopoly- Features of Oligopoly</li> <li>• Classical Models of oligopoly- Cournot, Bertrand, Edgeworth, Chamberlin and Stackelberg Models;</li> <li>• Kinked demand curve and sticky prices</li> <li>• Collusive Oligopoly- Cartels and Price Leadership</li> <li>• Game Theory- Basic Concepts, Prisoner's Dilemma, Dominant Strategy Equilibrium, Nash Equilibrium,; Tit for Tat Strategy; Strategic Moves; Entry Deterrence</li> </ul>	

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<b>Unit 3: Alternative Theories of the Firm</b>	<b>08</b>
<ul style="list-style-type: none"> <li>Baumol's Sales Revenue Maximization Model.</li> <li>Managerial Theories of firm: Marris and Williamson's Models</li> <li>Behavioural Theory of firm: Satisficing Model</li> <li>Theory of Limit Pricing</li> </ul>	

<b>Unit 4: Welfare Economics and General Equilibrium</b>	<b>14</b>
<ul style="list-style-type: none"> <li>Pigou's Contribution to Welfare economics</li> <li>Concept of Social Welfare and Role of Value Judgments</li> <li>Social Welfare Function - Classical, Pareto, Rawlsian, Bergson- Samuelson Social welfare Function</li> <li>Conditions of Pareto Optimality</li> <li>New Welfare Economics: Compensation Principle.</li> <li>Arrow's Impossibility Theorem</li> <li>Introduction to Amartya Sen's Capabilities approach</li> <li>Partial Equilibrium and General Equilibrium;</li> <li>Graphical Treatment of Two factor, Two commodity, Two Consumer General Equilibrium Model</li> </ul>	

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- Salvatore, D. (2003), *Micro Economics*, Oxford University Press.
- Sen, A.(1999): *Micro Economics: Theory and Applications*, Oxford University Press, New Delhi.
- Varian, Hal (2009): *Microeconomic Analysis*, 3<sup>rd</sup> edition W.W. Norton and Company, New York
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Faculty	Dr. Meenal Sumant	Meenal 15/6/20	
Faculty- other than Parent University	Dr. Manjushree Bobade		Manjushree 15/6/20
Faculty- other than Parent University	Dr. Subhash Patil	Subhash 15/6/20	
One Expert-Nominated by VC, SPPU	Dr. Saili Belsare		Saili 15/6/20
One Industry Representative	Dr. Girija Lagad,	Girija 15/6/20	
One Alumni	Ms. Suchismita Mohanty		Suchismita Mohanty 15/6/20

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