

## **SECOND SEMESTER GE**

### **ECO-HG-2016: Principles of Microeconomics–II**

#### **Course Description**

This is a sequel to Principles of Microeconomics covered in the first semester.

#### **Course Outline**

##### **1. Market Structures**

###### **a. Theory of a Monopoly Firm**

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, social cost of monopoly, price discrimination; remedies for monopoly: Antitrust laws, natural monopoly.

###### **b. Imperfect Competition**

Monopolistic competition: Assumptions, short run and long run price and output determinations under monopolistic competition,

Oligopoly: assumptions, overview of different oligopoly models, contestable markets.

##### **2. Factor pricing**

Demand for a factor input in a competitive factor market, supply of inputs to a firm, market supply of inputs, equilibrium in a competitive factor market. Factor markets with monopsony power.

##### **3. Market Failure**

Efficiency of perfect competition, Sources of market failure.

Externalities and market failure, public goods and market failure, markets with asymmetric information (Ideas only)

#### **Readings:**

Case, Karl E. & Ray C. Fair, *Principles of Economics*, Pearson Education, Inc., 8<sup>th</sup> edition, 2007.

Pindyck, R.S, Rubinfeld, B.L and Mehta, P.L, *Microeconomics*, Pearson, 7<sup>th</sup> edition

