

KU3DSCSSE201: INTERMEDIATE MICROECONOMICS

Semester	Course Type	Course Level	Course Code		Credits	Total Hours
III	DSC-Major	200-299	KU3DSCSSE201		4	60
Learning Approach (Hours/ Week)			Marks Distribution			Duration of ESE (Hours)
Lecture	Practical/ Internship	Tutorial	CE	ESE	Total	
4	-	-	30	70	100	2

Course Description:

This course sets a foundation for studying advanced microeconomics at the fourth year. The course enables the students to grab more grip in the microeconomic theory via getting hold of some of the theoretical developments. The course starts with the consumer behaviour analysis which would provide foundation for demand analysis under uncertainty conditions in the advanced level. Theories of production and cost are followed in the subsequent module. This is followed by analysis of competitive markets and subsequently analysis of market power with special emphasis on monopoly and monopolistic competition. In brief the course widens the theoretical understanding of an undergraduate student of economics so as to better experience learning of microeconomics at the advanced level.

Course Prerequisite: NIL**Course Outcomes:**

At the end of the course the student will be able to;

CO No.	Expected Outcome	Learning Domains
1	Apply theories for understanding the behaviour of a consumer in given market conditions	R, U, A
2	Apply theories for observing the behaviour of production and cost	U, A

3	Learn the dynamics and working of competitive markets by applying models and theories	U, A
4	Learn the dynamics of imperfect markets like monopoly and monopolistic competition by applying models and theories	U, A
5	Widen the analytical tool box of Microeconomics with applications for subsequent learning at the advance levels	A, An

**Remember (R), Understand (U), Apply (A), Analyse (An), Evaluate (E), Create (C)*

-Mapping of Course Outcomes to PSOs

-	PSO 1	PSO 2	PSO 3	PSO 4	PSO 5	PSO 6	PSO 7
CO 1	✓		✓				
CO 2	✓						
CO 3	✓						
CO 4	✓		✓				
CO 5	✓						

COURSE CONTENTS

Contents for Classroom Transaction:

M O D U L E	U N I T	DESCRIPTION	HOURS
1	CONSUMER BEHAVIOUR ANALYSIS		15
	1	Consumer preferences	2
		a) Market baskets	
		b) Basic assumptions about consumer preferences: Completeness, consistency, transitivity and more is better than the less	
	2	Budget constraints - Budget line	1
		a) Effects of changes in income and prices on Budget lines	
	3	Cardinal vs. Ordinal utility - Marginal utility and consumer choice	2
	4	Indifference curve and indifference map	1

		a) Shape of indifference curves: convexity and diminishing marginal rate of substitution	
	5	Consumer choices: Utility Maximisation with indifference curves	2
	6	Price effect bifurcation for normal, inferior and Giffen good (as a special case)	5
		a) Income effect and substitution effect (Hicks and Slutsky)	
		b) Demand curve from price consumption curve	
	7	Revealed preference: with two budget lines	2
2	ANALYSIS OF PRODUCTION AND COST		15
	1	Production with one variable input (labour): the law of variable proportions	2
	2	Production with two variable inputs (labour and capital) with Isoquants	2
		a) Substitution among inputs and diminishing marginal rate of technical substitution	
	3	Return to a scale - Isoquant approach	2
	4	Empirical production function – Cobb-Douglas Production function	2
	5	Cost in the long run: user cost of capital	4
		a) Concept of Iso-cost line	
		b) Cost minimising input choice and producer's equilibrium: a given output at minimum cost, output maximization with given cost	
		c) Cost minimisation with varying output levels: the expansion path	
	6	Long run average cost and long run marginal cost	3
		a) Economies and diseconomies of scale	
3	ANALYSIS OF COMPETITIVE MARKETS		10
	1	Characterising perfectly competitive markets	1
	2	Profit maximisation by a competitive firm: TC and TR approach, MC and MR approach	2
	3	Short run profit maximisation by a competitive firm - shut down rule	1
	4	Short run supply curve of a competitive firm – the short run market supply curve	1
	5	Long run equilibrium and profit maximisation with zero economic profit	2
	6	Competitive factor market	3

		a) Demand for input, Derived demand, Marginal Productivity of Factor,	
		b) Supply of inputs	
		c) Equilibrium in a competitive factor market	
		ANALYSIS OF MARKET POWER	10
4	1	Conceptualizing Monopoly	6
		AR and MR under monopoly	
		Monopolist's output decision – Rule of thumb for pricing	
		Equilibrium of a multi-plant firm	
		Price discrimination – first degree, second degree and third-degree price discrimination	
		Monopoly power – Sources of monopoly power	
		Social cost of monopoly – Concept of Dead Weight Loss	
	2	Monopsony and Bilateral monopoly (Concepts only)	1
	3	Monopolistic competition: the makings of monopolistic competition	3
		a) Equilibrium in the short run and long run	
		b) Economic inefficiency: excess capacity	
5		Teacher Specific Module	10
		Directions: <i>Exercises from Schaum's Outlines</i>	-
		<i>This module would preferably be set as a work-based module keeping Schaum's Outlines as basic reference without overlapping contents in the Introductory Microeconomics. The content would be preferably based on the modules in the current syllabus or any other topic so as to give better foundations for advanced learning of the course in the subsequent semesters.</i>	10

Essential Readings:

1. Pindyck, R. S., Rubinfeld, D. L., & Mehtha P L. *Microeconomics*. Pearson Education. Latest Edition, 437 - 463
2. Nicholson, W., & Snyder, C. M. *Intermediate microeconomics and its application*. Cengage Learning. Latest Edition
3. Dominick Salvatore, Schaum's Outlines, Basic Microeconomics, Latest Edition

Reference Distribution:

Module	Unit	Reference No.	Remarks
1	1	Essential Reading 1 and 2	

	2	Essential Reading 1 and 2	
	3	Essential Reading 1	
	4	Essential Reading 1 and 2	
	5	Essential Reading 1	
	6	Essential Reading 1 and 2	
	7	Essential Reading 1	
2	1	Essential Reading 1	
	2	Essential Reading 1 and 2	
	3	Essential Reading 1	
	4	Essential Reading 1	
	5	Essential Reading 1 and 2	
	6	Essential Reading 1 and 2	
3	1	Essential Reading 1	
	2	Essential Reading 1	
	3	Essential Reading 1	
	4	Essential Reading 1	
	5	Essential Reading 1	
	6	Essential Reading 1 and 2	
4	1	Essential Reading 1 and 2	
	2	Essential Reading 1	
	3	Essential Reading 1 and 2	
5	-	Essential Reading 3	Preferably

Suggested Readings:

1. Mankiw. G, Principles of Microeconomics, Cengage-MindTap, Latest Edition
2. Hall R Varian, Intermediate Microeconomics: A Modern Approach, Latest Edition
3. Salvatore. D, Principles of Microeconomics, Oxford International, Latest Edition
4. Krugman, P & Wells, R. Microeconomics, Worth Publishers, Latest Edition

Assessment Rubrics:

Evaluation Type		Marks
End Semester Evaluation		70
Continuous Evaluation		30
a)	Test Paper- 1	6
b)	Test Paper-2	6
c)	Assignment	9
d)	Seminar/Debate	5
e)	Book/ Article Review	-
f)	Viva-Voce/quiz	4
g)	Field Report	-
Total		100