

DEPARTMENT OF ECONOMICS				CLASS: I M.A. Economics				
Sem	Course Type	Course Code	Course Title	Credits	Contact Hours/week	CIA	Ext	Total
I	Major Core-1	21P1VMC1	Advanced Micro Economics	4	6	25	75	100

Nature of Course			
Knowledge and skill	✓		Employability oriented
Skill oriented			Entrepreneurship oriented

Course Objectives
<ol style="list-style-type: none"> To understand consumer choice and apply market theories To obtain knowledge on distribution theories To acquire welfare economics and economics of information

Unit	Description	Hours	K-Level	CLO
I	Consumer Choice Meaning of cardinal and ordinal utility – Law of diminishing marginal utility – Principle of Equi-marginal utility – Indifference curve analysis: Price effect, Income effect, Substitution effect, Combined effect by Hicks and Slutsky – Revealed preference theory of demand – Hicks logical ordering theory of demand – Neuman-Morgenstern method of constructing utility index.	18	Up to K4	1
II	Market Theories – I Price and output determination under perfect market both in the short run and long run for the firm and industry - Price and output equilibrium under monopoly: short run and long run – Price discrimination: Degrees of price discrimination – Price-output equilibrium under monopolistic competition (firm), Chamberlin’s excess capacity under monopolistic competition.	18	Up to K4	2
III	Market Theories – II Duopoly: Cournot model, Chamberlin model and Edgeworth model – Oligopoly: Price leadership by low cost and dominant firm, Collusive oligopoly with cartel and Kinked demand curve theory - Full Cost Pricing Principle (Andrew’s Version) – Bain’s Limit pricing theory – Sylos-Labini’s Model — The Behavioural Model of Cyert and March-Baumol’s theory of Contestable markets.	18	Up to K4	3
IV	Distribution Theories Ricardian theory – Marxian Theory – Marginal productivity theory – Euler’s product exhaustion theorem – Factor pricing: Perfect and imperfect completion – Determination of wages: Modern theory and Imperfect labour market - Role of trade unions and collective bargaining.	18	Up to K4	4

V	Welfare Economics and Economics of Information Pareto Optimality conditions - Bergson-Samuelson Social Welfare function - Point of constrained bliss – Kaldor-Hicks Compensation Principle - Arrow’s Impossibility Theorem - Theory of Second Best - Asymmetric information: The market for lemons, Fooling and guarantees - Moral Hazard - Market signaling.	18	Up to K4	5
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Books for Study

1. H.L.Ahuja, “**Advanced Micro Economic Theory**”, 2006, S.Chand & Company Ltd., New Delhi.
2. M.Maria John Kennedy , “**Advanced Micro Economic Theory**”, 2012, Himalaya Publishing House, Mumbai.
3. K.K.Dewett and M.H.Navalur, “**Modern Economic Theory**”, 2015, S.Chand & Company Ltd., New Delhi.

Books for References

1. Jack Hirschleifer, “**Price Theory and Applications**”, 1980, Prentice Hall of India, New Delhi.
2. A.Koutsoyiannis, “**Modern Micro Economics**”, 1979 & 1983, Mac Millan, London.
3. Jhingan M.L. “**Advanced Economic Theory**”, 2016, Vrindha Publications Pvt. Ltd. Delhi.
4. J.Cyril Kanmony, “**Advanced Micro Economics**”, 2016, Himalaya Publishing House, Mumbai.

Web Resources

1. David A.Dilts, “**Introduction to Micro Economics**”, <http://www.ebooks-for-all.com/bookmarks/detail/Introduction-to-Microeconomics/onecat/Electronic-books+Economics-and-Business+Microeconomics>

Rationale for Nature of the course

Micro Economics and Macro Economics are the two major divisions of the subject economics. Hence, it is absolutely necessary to learn the important terminologies and consumer and market behaviour.

Activities having direct bearing on knowledge and skill development/ Employability / Entrepreneurship

Students are entrusted to survey the price fluctuations under imperfect market. By analyzing the price behaviour student will be able to forecast the future price under various market conditions. This exercise will help the students to be employed and scope for becoming entrepreneur.

Pedagogy

Lecture method, PPT, Quiz, Group discussion, Seminar, Interaction, OOC.

Course Designer

Dr.S.Karthikeyan

Lecture Schedule

Unit	Topics	Hours	Mode
Unit I	Meaning of cardinal and ordinal utility	3	Lecture Method, PPT Seminar, Test
	Law of diminishing marginal utility, Principles of Equi-marginal utility	4	
	Indifference curve analysis: Price effect, Income effect, Substitution effect, Combined effect by Hicks and Slutsky	4	
	Revealed preference theory of demand	4	
	Hicks logical ordering theory of demand, Neuman-Morgenstern method of constructing utility index	3	
Unit II	Price and output under perfect market both in the short run and long run for the firm and industry	4	Lecture Method, Seminar, Quiz
	Price and output equilibrium under monopoly: short run and long run	4	
	Price discrimination: Degrees of price discrimination	3	
	Price-output equilibrium under monopolistic competition (firm)	4	
	Chamberlin's excess capacity under monopolistic competition	3	
Unit III	Duopoly: Cournot model, Chamberlin model and Edgeworth model	4	Lecture Method, Seminar, Group Discussion
	Oligopoly: Price leadership by low cost and dominant firm, Collusive oligopoly with cartel and Kinked demand curve theory	4	
	Full Cost Pricing Principle (Andrew's Version) and Bain's Limit pricing theory	4	
	Sylos-Labini's Model, The Behavioural Model of Cyert and March	4	
	Baumol's theory of Contestable markets.	2	
Unit IV	Ricardian theory, Marxian Theory	3	Lecture Method, Seminar, PPT
	Marginal productivity theory, Euler's product exhaustion theorem	4	
	Factor pricing: Perfect and imperfect completion	4	
	Determination of wages: Modern theory and Imperfect labour market	4	
	Role of trade unions and collective bargaining	3	
Unit V	Pareto Optimality conditions, Bergson-Samuelson Social Welfare function	4	Lecture Method, Seminar, OOC
	Point of constrained bliss, Kaldor-Hicks Compensation Principle	4	
	Arrow's Impossibility Theorem, Theory of Second Best	3	
	Asymmetric information: The market for lemons, Fooling and guarantees	4	
	Moral Hazard, Market signaling	3	
	Total	90	

Course Learning Outcome:

On successful completion of the course, the student will be able to:

CLOs	Course Learning Outcome	Knowledge Level
CLO1	Analyse consumer choice using cardinal and ordinal approaches	Up to K4
CLO2	Identify the market theories with perfect and imperfect market situations	Up to K4
CLO3	Determine the market situations with duopoly and oligopoly models	Up to K4
CLO4	Analyse theories of distribution	Up to K4
CLO5	Recognise the different behavioural theories for economics of information	Up to K4

K1 – Remembering

K2 – Understanding

K3 – Application

K4 – Examining, analyzing and presentation

Mapping of CLOs with POs

#	PO1	PO2	PO3	PO4	PO5
CLO-1	2	2	1	3	3
CLO-2	3	2	3	1	2
CLO-3	2	2	3	3	1
CLO-4	3	3	1	1	2
CLO-5	2	1	3	3	2

Measurement of Scaling: Advanced Application - 3, Intermediate Level – 2, Basic Level – 2

Learning Outcome Based Education (LOBE) & Assessment**Formative – Blue – Print – Model**

(Articulation Mapping with Course Learning Outcome (CLOs))

Units	CLOs	K-Level	Section - A		Section – B (Either or Choice)	Section – C (Open choice)
			Short Answers			
			No. of Questions	K-Level		
I & II	CLO 1 & 2	Up to K4	2	K2, K3	2 (K3 & K3)	2 (K2, K3)
III, IV	CLO 3 & 4	Up to K4	3	K2, K2, K3	2 (K4 & K4)	1(K3/K4)
No. of questions to be asked			5		4	3
No. of questions to be answered			5		2	2
Marks for each question			2		5	10
Total marks for each section			10		10	20

Learning Outcome Based Education (LOBE) & Assessment
Summative – Blue – Print – Model
(Articulation Mapping with Course Learning Outcome (CLOs))

Unit	CLOs	K-Level	Section – A MCQs		Section – B Short Answer		Section – C (Either or Choice)	Section – D (Open Choice)
			No. of Questions	K-Level	No. of Questions	K- Level		
I	CLO-1	Up to K4	2	K1 & K1	1	K1	2 (K3 & K3)	1 (K3)
II	CLO-2	Up to K4	2	K2 & K3	1	K2	2 (K1 & K1)	1 (K2)
III	CLO-3	Up to K4	2	K2 & K3	1	K1	2 (K4 & K4)	1 (K4)
IV	CLO-4	Up to K4	2	K3 & K4	1	K3	2 (K4 & K4)	1 (K3)
V	CLO-5	Up to K4	2	K2 & K3	1	K2	2 (K2 & K2)	1 (K4)
No. of questions to be asked			10		5		10	5
No. of question to be answered			10		5		5	3
Marks for each question			1		2		5	10
Total marks for each			10		10		25	30

K1 – Remembering

K2 – Understanding

K3 – Application

K4 – Examining, analyzing and presentation

Distribution of Section-wise Marks with K-Levels

K Levels	Section – A (No Choice)	Section – B (No Choice)	Section – C (Either or)	Section – D (Open Choice)	Total Marks	% of Marks without choice
K1	2	4	10	-	16	13.33
K2	2	4	10	10	26	21.67
K3	4	2	10	20	36	30.00
K4	2	-	20	20	42	35.00
Total Marks	10	10	50	50	120	100.00