

February 23, 2018

UNIVERSITY OF DELHI
DELHI SCHOOL OF ECONOMICS
DEPARTMENT OF ECONOMICS

Corrigendum
to
Minutes of Meeting

Subject: B.A. (Prog) Eco., 2nd Sem. CBCS (2018)
Course: 02 Principles of Microeconomics – II
Date of Meeting: Thursday 12th & Tuesday 16th January 2018
Venue: Department of Economics, Delhi School of Economics, University of Delhi
Convenor: Dr. Sugata Bag

This is to inform the concerned teachers and students of B.A. (Prog.) Eco., 2nd Sem. CBCS (2018) that the last meeting had brought certain changes of text book.

It has been noticed that a portion of topic no. 1 (b) [i.e. oligopoly] has not been covered in the newly prescribed textbook of Mankiw due to an inadvertent error while mapping the chapters. This corrigendum intends to rectify that. Complete reference for that section should be as follows –

Topic 1: Market Structures

Subtopic (b). Imperfect Competition Monopolistic competition:

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

References:

- Chapter 16: Monopolistic Competition and Chapter 17: Oligopoly, Principles Of Microeconomics, by Mankiw, 6th Edition)
- **Chapter 14: Case, Karl E. & Ray C. Fair, 8th Edition; Pages 310 – 314.**

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Attended by:

S.No.	Name	College
1	Aisha Ahmed	Daulat Ram College
2	S. Rubina Naqvi	Hindu College
3	Gupreet Kaur	Mata Sundri College
4	Anjali Agarwal	Motilal Nehru College (E)
5	Hema Nagpal	Sri Aurobindo College
6	Deepika Sharma	PGDAV (E)
7	Nikita Jain	Hindu College
8	Namita Mathur	IP College
9	Manula Singh	St. Stephens College
10	Jyoti Prakash verma	Hansraj College
11.	Ravish	Atma Ram Sanatan Dharam
12.	Rohit Rao,	Bhagini Nivedita College
13.	Navpreet Kaur	Janki Devi Memorial College
14.	Ritika Aggarwal	P.G.D.A.V.

Proceedings of the meeting are as follows.

- I.** It was decided to continue with the topics as decided in the previous meetings, however, a new textbook (Mankiw, G., *Principles Of Microeconomics*, 6th Edition, Cengage Pub.) has been introduced, that replaces certain readings from earlier textbook (Case & Fair, 8th ed.). For detailed chaptalization see below.
- II.** Two chapters are retained from the other textbook: Case, Karl E. & Ray C. Fair, *Principles of Economics*, Pearson Education, Inc., 8th Edition. For detailed chaptalization see below.
- III.** Concerns were raised about the paper setting. Committee has agreed to following points -
 1. *The new division of marks for the final examination would be – 30 marks (numerical) + 45 marks (non-numerical/descriptive) = total 75 marks.*
 2. How to formulate the questions (and sub-parts) for the final examination? It was decided to advice the paper setters to restrict the number of subparts of any question (preferably within 3).
 3. It was reiterated that questions for the final examination should be asked on the basis of prescribed textbooks only and NOT from any other parallely available materials. And paper-setters should stress conceptual

understanding rather than idiosyncratic points listed in quick digest books.

IV. The suggested allocation of lectures across the units remains unchanged as before:

Name of Unit	Number of Lectures
<i>Market Structure</i>	20
<i>Consumer and Producer Theory</i>	24
<i>Income Distribution and Factor Pricing</i>	10
<i>International Trade</i>	06

List of topics and revised prescribed chapters from two textbooks –

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.

(Chapter 13: Monopoly and Antitrust Policy, Principles of Economics, by Case, Karl E. & Ray C. Fair, 8th Edition)

b. Imperfect Competition

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

(Chapter 16: Monopolistic Competition and Chapter 17: Oligopoly, Principles Of Microeconomics, by Mankiw, 6th Edition)

2. Consumer and Producer Theory:

a. Consumer and Producer Theory in Action

Externalities, marginal cost pricing, internalising externalities, public goods; imperfect information: adverse selection, moral hazard, social choice, government inefficiency.

b. 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.

(Chapter 10: Externalities; Chapter 11: Public Goods and Common Resources; and Chapter 22- Frontiers of Microeconomics (Pg. 467-479, excluding Behavioral Economics), Principles of Microeconomics, by Mankiw, 6th Edition)

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.

(Chapter 18: Markets for the Factors of Production, Principles Of Microeconomics, by Mankiw, 6th Edition)

4. International Trade

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

(Chapter 3: Interdependence and the Gains from Trade; Chapter 9: Application- International Trade, Principles of Microeconomics, by Mankiw, 6th Edition)
And, The Sub-Topic: The Sources of Comparative Advantage, to be done from Chapter 33: International Trade, Comparative advantage and Protectionism, Pg. 708-709, Principles of Economics, by Case, Karl E. & Ray C. Fair, 8th Edition)