

Semester	II
Paper Number	MECO4201
Paper Title	Microeconomics-II
No. of Credits	6
Theory/Composite	Theory
No. of periods assigned	6 Theory
Course description/objective	To expose students to the various aspects of game theory and its applications.
Syllabus	<p>Module 1 (20 marks) The Theory of firm The nature of the Firm, Critique of the Classical Theory of the Firm, Firms' Objectives and Alternative Hypotheses.</p> <p>Module 2(40 marks) Game Theory: A) Strategic Form Games: Strategic Form Games and Dominant Strategies; Dominance Solvability, Nash Equilibrium, Mixed Strategies. B) Extensive Form Games: Backward Induction; Subgame Perfect Equilibrium, Finitely Repeated Games, Infinitely Repeated Games. Nash Bargaining.</p> <p>Module 3(20 marks) Oligopoly and Strategic Interactions: Entry Deterrence, and Dynamic Price Competition and Tacit Collusion. Information Economics: A) Adverse Selection- Signalling and Screening. B) Moral Hazard and Principal Agent Problem- Symmetric information and Asymmetric information.</p>
Readings	<ul style="list-style-type: none"> • Drew Fudenberg and Jean Tirole, <i>Game Theory</i>, The MIT Press. • Geoffrey A. Jehle and Philip J. Reny, <i>Advanced Microeconomic Theory</i>, The Addison-Wesley Series in Economics. • Martin J. Osborne, <i>An Introduction to Game Theory</i>, OUP. • Oz Shy, <i>Industrial Organization: Theory and Application</i>, The MIT Press. • Robert Gibbons(1992): <i>Game Theory for Applied Economists</i> Princeton University Press • Mas-Colell, Whinston and Green (2012): <i>Microeconomics Theory</i>, Oxford University Press. • Robert Gibbons(1992): <i>A Primer in Game Theory</i>, Pearson Higher Education
Evaluation	Continuous Internal Assessment: 20 marks End- Semester Theory Examination: 80 marks

Paper Structure for End Sem Theory	Module	No. of Questions to be Answered	No. of Alternatives	Marks
	Modules 1&3	1	2	5 x 1 = 5
		1	2	15 x 1 = 15
	Module 2	2	3	5 x 2 = 10
		2	3	15 x 2 = 30
	Total Marks			80