



भारतीय प्रबंध संस्थान बेंगलूर  
INDIAN INSTITUTE OF MANAGEMENT  
BANGALORE

## MARKET DESIGN: EMERGING MARKET PERSPECTIVES

Name of the Faculty:	Haritha Saranga & Suresh Bhagavatula
Designation:	Professor, IIM Bangalore
Teaching Area:	Production and Operations & Entrepreneurship
This course may be offered to:	GNAM
Credits (No. of hours):	3 credits (30 hours)
Term / Quarter:	June 2024
Course Type: Offered as:	Elective GNAM course: 5-day continuous course in IIM Bangalore
Are there any financial implications to this course?	Costs pertinent to GNAM week. No additional course costs
Course Evaluation	Class Participation: 30% Market/Haat visit: 20% Group Project: 50%

## Course Summary

Markets facilitate value exchange. Markets are everywhere and they affect all of us. If farmers are only able to sell their produce in certain markets like mandis, then their income depends solely on what type of buyers visit mandis. When prospective students can secure a spot in universities only if they can pay high tuition fees, only students from wealthy families would be able to afford higher education. Imagine if marriages can only happen within a religious or caste community, then sustenance of small religious communities is threatened. If kidney disease patients are unable to access deceased donors, the cadaveric organs go underutilized while living patients continue to suffer. In general, market design affects everything from what and where we eat, where we study and work, to who gets to live a healthy life or even live at all.

The design of markets affects buyers' access to products/service and sellers' access to markets/segments of interest. In modern-day online markets too, it affects consumers purchase decisions, reviews/ratings, which in turn affects the profitability of marketplaces. The internet marketplaces therefore spend substantial amount of money and resources on market design.

This course aims to introduce students to the workings of a market, and the principles that guide its functioning. Some topics include: (i) price discovery, (ii) information asymmetry and role of signals, (iii) matching markets, (iv) online markets, (v) bargaining, and (vi) reputation issues. In addition to universally applicable principles of market design, the course will bring in perspectives from the Indian context, to enable an understanding of socio-cultural factors that impact market design.

## Learning Objectives / Outcomes

The course is designed with the following specific objectives and learning outcomes:

- a. Understand basic principles of market design
- b. Explore factors that help markets succeed/fail
- c. Introduce emerging market perspectives in market design
- d. Enable students to experience economic, social, and cultural issues that impact market design

## Pedagogy

The course-sessions are designed as a combination of lectures, case discussions, guest talks, field visits, and panel discussions. Students will also be able to learn the challenges of market design in India, by interacting with peers and experts, engaging in classroom discussions related to cases/experiential sessions and undertaking project work

## Session-wise plan\*

Day		9 - 10:15	10:30 - 11:45	12 - 1:15	2:15-3:30	3:45 to 5	Evening	
<b>0</b>		<b>Arrival Day</b>						
<b>1</b>	Market Design through an Economist's Lens	Inauguration + Introduction to Market Design <i>(HS + SB)</i>	Why do agri-markets fail Indian farmers? Case: Onion prices make India cry <i>(SB)</i>	Agri-market design Guest session: <i>(Mr. Ramaseshan)</i>	Guest session: Indian Bazaars <i>(Kiran Keswani)</i>	Social structure matters for market design <i>(SB)</i>	Campus walk/High-Tea	
<b>2</b>	Socio-cultural aspects of market design	Field visit: Market visit in Bangalore + Debrief With Arun Pai from Bangalore Walks, <b>Day starts early.</b> 6:45 am assemble at IIMB reception <i>(SB)</i>			Free afternoon			
<b>3</b>	Matching markets	Signaling and screening in market design: The case of entrepreneurial funds (NSRCEL) <i>(SB)</i>	Understanding Category Creation in Markets Case: SaffronArt.com <i>(SB)</i>		Guest Session: Indian Matchmaking <i>(Priyanka Bharadwaj)</i>	Mkt Visit (self-guided)		
<b>4</b>	Contemporary issues in market design	How to match the demand for organs with cadaveric organ donations? <i>(HS)</i>	The history of Organ donation and allocation in the State of Kerala <i>(Dr. Noble Gracious)</i>	Research findings on how to improve the mismatch between organ donation and allocation <i>(Satyajit Roy)</i>	Pitch time: Students work in groups or by themselves and pitch an idea for design improvements for their chosen market <i>(HS)</i>			
<b>5</b>	Society, values, and market design	Group work: Work on market-design-improvement projects <i>(HS)</i>		Course Wrap-up <i>(SB + HS)</i>	Student Presentations + Certificate Presentations <i>(SB + HS)</i>		Departure	

\*Tentative plan. Subject to change

## References

- **Reference Book (TB):** Roth, Alvin E. Who gets what--and why: the new economics of matchmaking and market design. Houghton Mifflin Harcourt, 2015.
- Journal and multimedia articles as referred in each session
- **Sessions 21 - 22: Supervised group work on projects**
- **Session 23: Course Feedback & Wrap-up**
- **Sessions 24 -25: Student Presentations and certificate presentation**

### **Self-guided Activities for Market Design GNAM: Choose one of the following activities**

**Handicraft Market Exploration:** Participants of the market design course are expected to physically visit one store that sells handicrafts. Participants can pick from one of the stores for the list given below. However, students can choose to do this activity on any of the program days, outside of class hours (Mon-Thu). A report on the learnings from this exercise is due on the last class day (Friday). Questions to guide the field visit:

What products are housed in these stores? What skills and unique aspects of India are being show cased in these handicraft stores? Compare and contrast with similar products that you may have seen in another country. What is your assessment of prices for these handicrafts? Are prices commensurate with skill/labor? What suggestions do you have to improve the market design for handicrafts?

List of Suggested Stores are Raga Arts and Cauvery Handicrafts. There are many branches, suggested locations are below:

#### **Raga Arts**

4.3(1.4T) · Craft store

No. 10, 38th B Cross 11th Main Road, Opp: Shalini Grounds Jayanagar · 081979 70063

Open · Closes 8:30 pm

#### **Cauvery Handicrafts Emporium (KSHDCL)**

4.3(4.8T) · Craft store

45, Mahatma Gandhi Rd

Open · Closes 8:30 pm · 098458 54526

Store with traditional handcrafted goods