

MICROECONOMICS I
M.A. (Monsoon Semester), 2009
Instructor: Saptarshi Mukherjee

- I. Preliminaries on modern economics and mathematics: Modern economics and economic theory; Key assumptions and desired properties commonly used in economics; Conversion between economic and mathematical language: some useful mathematical concepts.

- II. Individual decision making:
 1. **Consumer Theory:** Consumption set and budget constraint; Preferences and Utility; Utility maximization and optimal choice; Indirect utility and Expenditure and Money metric utility functions; Duality; Integrability; Revealed Preferences; Recoverability.

 2. **Production Theory:** Technology, Profit maximization and Profit function; Cost minimization and Cost functions; Duality.

 3. **Choice under Uncertainty:** Expected utility theory; Risk aversion; State dependent utility; Subjective probability theory.

- III. Theory of Market:
 1. **Introduction:** Role of prices and market.

 2. **Perfect Competition and Pure Monopoly.**

 3. **Oligopoly:** Strategic models.

- IV. Market Failure and Partial Equilibrium Analysis.

- V. Axiomatic Choice Theory: Structure of set and Rationalizability; Bounded Rationality.

REFERENCE:

1. Microeconomic Theory, *Mascolell Whinston and Green* (OUP)
2. Oligopoly Pricing, *Xavier Vives* (MIT Press)
3. Selected journal articles.