

Course Name: Microeconomics 1

Lecturer: Sushama Murty

Number of credits: 4

Course scheduling: Monsoon semester

Number of lecture hours per week: 4 hours

Evaluation: Mid semester: 50%, End semester: 50%

Topics to be covered.

1 Theory of the consumer

Preference ordering, utility functions and their properties, consumer behaviour, Walras law and its implications, comparative statics, Slutsky and Hicks decomposition, duality theory, the envelope theorem and its applications, expenditure and indirect utility functions, demand functions and their properties, revealed preference, integrability, welfare evaluation of economic changes employing money-metric utility functions, separable preferences, the aggregate demand function and its properties.

2 Theory of the firm

Production technologies and their properties, functional representations of production technologies, cost functions, profit maximization in a competitive firm, supply function, aggregate supply function, production efficiency.

3 General equilibrium and welfare economics

Introduction to general equilibrium, pure exchange economy, the general equilibrium implications of Walras law, contract curves, economies with exchange and production, pareto optimality, the first and second welfare theorems, social choice, introduction to second-best economies, existence of a general equilibrium, uniqueness and stability of a general equilibrium, comparative statics in a general equilibrium.

4 Market equilibrium and market failure

Competitive markets, partial equilibrium analysis, externalities, public goods

Main references

- Mas Colell, Whinston and Green, Microeconomic Theory
- Hall Varian, Microeconomic Analysis
- Jehle and Reny, Advanced Microeconomic Theory