



Department of Economics,  
Presidency University, Kolkata  
Presents

LECTURE SERIES

## REFLECTIONS ON DEVELOPMENT ECONOMICS

21 October 2022 (Friday)

6:30 pm IST via Google Meet

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LECTURE

# BASIC AUCTION THEORY

SPEAKER

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## ABSTRACT

This lecture provides a brief and non-technical introduction to “Auction Theory”. First, it is discussed why auctions are important. We provide some real-life examples of auctions. Subsequently, we discuss the evolution of auction theory as a discipline. Then we introduce four basic kinds of auctions and analyze the benchmark model where a single indivisible object is up for sale. Thereafter, we provide a discussion of the revenue equivalence theorem. We also discuss some issues related to the design of optimal auctions. After this we generalize the benchmark model, relax its assumptions, and analyze the interdependent value model with affiliated types. We also focus attention on common value auctions and winner’s curse. Thereafter, we proceed to analyze multi-unit auctions (where more than one unit is up for sale). It may be noted that auctions of many interrelated objects raise issues that do not come up in the analysis of "standard" single unit auction formats. We introduce various new auction formats: (i) Share Auctions (ii) Simultaneous Ascending Auction (iii) Combinatorial Clock Auctions and (iv) Incentive Auctions. We discuss the real-life applications of these auctions and the challenges and complexities of implementing them. Lastly, we provide some concluding remarks.



Krishnendu Ghosh Dastidar is a Professor of Economics at the Centre for Economic Studies and Planning, Jawaharlal Nehru University, New Delhi. His areas of specialization are oligopoly theory and auction theory. He was educated at Presidency College, Kolkata and JNU, New Delhi. In 2013-14 he was a Visiting Research Scholar at the “Institute of Social and Economic Research”, Osaka University and in 1997-98 he was a Visiting Fellow, Department of Economics, Harvard University, USA (with "Ford Foundation Post-Doctoral Fellowship").

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