

BECC-131

**FOUR-YEAR UNDERGRADUATE PROGRAMMES
BACHELOR OF ARTS MULTIDISCIPLINARY (BAM)**

ASSIGNMENT 2024

For January 2024 Admission cycle

**COURSE CODE: BECC-131
PRINCIPLES OF MICROECONOMICS - I**



**SCHOOL OF SOCIAL SCIENCES
INDIRAGANDHINATIONALOPENUNIVERSITY
MAIDAN GARHI, NEW DELHI-68**

Dear Students,

As we have informed you in the Programme Guide, evaluation at IGNOU consists of two parts: i) continuous evaluation through assignments, and ii) term-end examination. In the final result, assignments of a course carry 30% weightage while 70% weightage is given for term-end examination.

You will have to do three Tutor Marked Assignments (TMA) for a six credit course and two TMAs for a four credit course. This Assignment booklet has TMAs for the core course **BECC-131 Principles of Microeconomics- I** which is a six credit course. The booklet therefore has three TMAs whose total marks add up to 100 and carry a weightage of 30%.

Assignment One has Descriptive Category Questions (DCQs). These are meant for writing essay type answers, with an introduction and a conclusion. These are intended to test your ability to describe your understanding/knowledge about the topic in a systematic, to-the-point and coherent manner.

Assignment Two has Middle Category Questions (MCQs). These questions require you to first analyse the topic in terms of arguments and explanations and then write the answers in a concise manner. They are meant to test your ability to distinguish, compare and contrast, or clear understanding of the concepts and processes.

Assignment Three has Short Category Questions (SCQs). These questions are meant to improve your skill of recall in brief the relevant/precise information about persons, writing, events, or clear understanding of concepts and processes.

Before you attempt the assignments, please read the instructions carefully provided in the Programme Guide. It is important that you write the answers to all the TMA questions in your own words. Your answers should be within the approximate range of the word-limit set for a particular section. Remember, writing answers to assignment questions will improve your writing skills and prepare you for the term-end examination.

As mentioned in the Programme Guide, you need to submit all the assignments within the stipulated time for being eligible to appear in the term-end examination. .

The assignments should be submitted to the Coordinator of your Study Centre by 31st October, 2024.

You must obtain a receipt from the Study Centre for the assignments submitted and retain it. If possible, keep a xerox copy of the assignments with you.

The Study Centre will have to return the assignments to you after they are evaluated. Please insist on this. The Study Centre has to send the marks to the Student Evaluation Division at IGNOU, New Delhi.

We expect you to answer each question as per guidelines for each category as mentioned in the assignment. You will find it useful to keep the following points in mind:

- 1) **Planning:** Read the assignments carefully, go through the Units on which they are based. Make some points regarding each question and then rearrange them in a logical order.

- 2) **Organisation:** Be a little selective and analytic before drawing up a rough outline of your answer. Give adequate attention to your introduction and conclusion.

Make sure that your answer:

- a) is logical and coherent;
- b) has clear connections between sentences and paragraphs, and
- c) is written correctly giving adequate consideration to your expression, style and presentation.

- 3) **Presentation:** Once you are satisfied with your answer, you can write down the final version for submission, writing each answer neatly and underlining the points you wish to emphasize. Make sure that the answer is within the stipulated word limit.

PRINCIPLES OF MICROECONOMICS - I
Tutor Marked Assignments

Course Code: BECC-131
Assignment Code: Asst /TMA /2024
Total Marks: 100

Assignment One

Answer the following Descriptive Category questions in about 500 words each. Each question carries 20 marks

$2 \times 20 = 40$

1. (a) The behaviour of the firm which seems to be efficient in the short-run may found to be inefficient in the long-run. Do you agree? Explain using appropriate diagram. 10
(b) Discuss the reasons behind a typical U-shaped long-run average cost curve (LAC) that a firm may face over its range of output in the long run. 10
2. (a) Explain the concept of an Expansion path? Explain why an expansion path in case of a linear homogeneous production function is a straight line? Discuss. 10
(b) Illustrate isoquants having positively sloped segments. In the same diagram construct ridge lines and explain the concept of Economic Region of Production. 10

Assignment Two

Answer the following Middle Category questions in about 250 words each. Each question carries 10 marks.

$3 \times 10 = 30$

3. (a) Discuss the concept of Utility. How is the cardinal utility approach different from the ordinal utility approach? 5
(b) On what grounds is the law of diminishing marginal utility being criticized by the modern economists? 5
4. (a) Illustrate the impact of a price support measure imposed by the government on the market of a commodity under the following conditions:
(i) When the price floor is fixed at a price lower than the equilibrium price.
(ii) When the price floor is fixed at a price equal to the equilibrium price. 5
(b) What will be the consequences of setting up a price floor above the equilibrium price? 5
5. (a) For equilibrium, a producer may attempt maximization of output subject to a given cost or alternatively, he may seek to minimize cost subject to a given level of output. Do you agree? Discuss. 10

Assignment Three

Answer the following Short Category questions in about 100 words each. Each question carries 6 marks.

$$5 \times 6 = 30$$

6. Why does the marginal rate of technical substitution (MRTS) decline as we move rightward and downward along a convex-shaped isoquant?
7. The concept of consumer's surplus is derived from the law of diminishing marginal utility. Discuss.
8. What is meant by Arbitrage?
9. Draw an income consumption curve in case the good marked on the horizontal axis is a necessity good while that marked on the vertical axis is a superior good.
10. Who does bear the tax burden when the demand is perfectly elastic and supply is of normal shape?