

**BACHELOR'S OF ARTS (ECONOMICS HONOURS) PROGRAMME  
(BAECH)**

**ASSIGNMENT 2022-23**

For July 2022 and January 2023 Admission cycle

**COURSE CODE: BECC-101**

**INTRODUCTORY MICROECONOMICS**



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

Dear Student,

As explained 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- 101 Introductory Microeconomics** which is a six credit course.

**Assignment One** has Descriptive Category Questions (DCQs) along with the application part. These questions are framed to check your understanding of various introductory concepts of Economics along with your ability to solve the application based questions 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.

**Assignment Three** has Short Category Questions (SCQs). These questions are meant to improve your skill of recalling in brief the relevant/precise information about various economic 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.

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 to the **Coordinator of your study centre**. This assignment is valid for two admission cycles (**July 2022 and January 2023**).

1. **By 30<sup>th</sup> April, 2023 by the students who took admission in the Academic Cycle July, 2022.**
2. **By 31<sup>st</sup> October, 2023 by the students who took admission in the Academic Cycle January, 2023.**

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.

**BECC-101 : INTRODUCTORY MICROECONOMICS**  
**Tutor Marked Assignments**

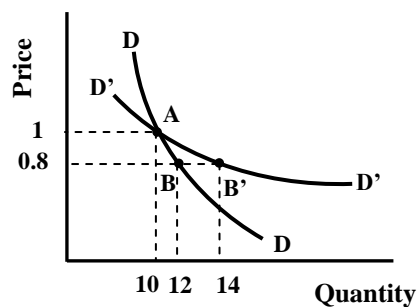
Course Code: BECC-101  
Assignment Code: Asst /TMA /2022-23  
Total Marks: 100

**Assignment One**

**Answer the following Descriptive Category questions in about 500 words each. Each question carries 20 marks. Word limit does not apply in case of numerical questions.**

**2 × 20 = 40**

1. (a) Using appropriate diagrams compare the level of production when there is a positive production externality with the production level when there is a negative production externality. How can the resulting inefficient production levels be corrected? **(10)**  
  
(b) Discuss the various factors that distort the ability of Competitive markets to achieve efficiency. **(10)**
  
2. (a) Using appropriate diagrams discuss the income and substitution effects of a price change in case of an inferior good. **(10)**  
  
(b) With respect to the demand and supply analysis, discuss the Walrasian equilibrium and the Walrasian stability condition. **(6)**  
  
(c) Consider Figure 1, where DD and D'D' represent the two different demand curves for a commodity in two different markets. Compare the two demand curves in terms of the price elasticity of demand. **(4)**



**Figure 1**

## Assignment Two

Answer the following Middle Category questions in about 250 words each. Each question carries 10 marks. Word limit does not apply in application part of the question.

**3 × 10 = 30**

3. (a) Given that a firm experiences a linear homogenous production function, comment upon the shape of the Expansion path, both in the long run and in the short run. **(4)**
- (b) Consider the following Table which gives total cost schedule of a firm. Given that the average fixed cost of producing 2 units of output is Rs. 10. Find the total variable cost, total fixed cost, average variable cost, average fixed cost, short-run average cost, and short-run marginal cost schedules of the firm for the corresponding values of output. **(6)**

Quantity	Total cost
1	50
2	65
3	75
4	95
5	130
6	185

4. (a) Draw a kinked demand curve and explain how a change in marginal costs may not affect the price in the market. **(5)**
- (b) A Monopoly faces market demand given by  $Q = 30 - P$ , where Q stands for quantity and P for price. Total cost function is given by  $C(Q) = 2Q^2$ . Find the profit maximising price and quantity and the resulting profit to the monopoly. Compare your results with the equilibrium quantity and price of that of a perfect competitive industry. **(5)**
5. (a) With the help of a diagram show the effect of the minimum wage rule on the labour market given that the wage is set above the market equilibrium wage rate. **(5)**
- (b) What will be the resultant effects on the labour market if the minimum wage is set below the market equilibrium wage rate? **(5)**

### Assignment Three

Answer the following Short Category questions in about 100 words each. Each question carries 6 marks. Word limit does not apply in application part of the question.

5 × 6 = 30

6. Discuss the types of non-cooperative behaviour under Oligopoly (6)
7. Law of Diminishing returns applies only in the short-run. Do you agree? (6)
8. Illustrate the relation between the Value of Marginal product and Marginal Revenue product of a factor under perfect competition. (6)
9. Discuss the central problems of an Economy. (6)
10. Illustrate with the help of a diagram, higher the price elasticity of supply, larger will be the per unit tax burden borne by the consumers. (6)