

BECC-132

**BACHELOR'S OF ARTS PROGRAMME
(B.A.G)**

ASSIGNMENT 2023-24

For July 2023 and January 2024 Admission cycle

COURSE CODE: BECC-132

PRINCIPLES OF MICROECONOMICS - II



**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-132 Principles of Microeconomics- II** 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 as per the following schedule:

1. **By 30th April, 2024 by the students who took admission in the Academic Cycle July, 2023.**
2. **By 31st October, 2024 by the students who took admission in the Academic Cycle January, 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 - II
Tutor Marked Assignments

Course Code: BECC-132
Assignment Code: Asst /TMA /2023-24
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) Discuss the features of an Oligopolistic market structure. What are the various reasons that lead to emergence of this market structure? 10
- (b) With regards the Kinked demand curve theory given by Paul Sweezy, answer the following:
 - (i) What does the kinked demand curve model of oligopoly assumes about the price elasticity of demand? 5
 - (ii) Comment upon the discontinuous shape of the Marginal revenue curve under this model. 5
2. (a) A country can have a comparative advantage in producing a good even if it is absolutely less efficient at producing that good. Do you agree? Explain using an example. 12
- (b) Consider the following Table 1 which represents labour time (in minutes) requirements for the production of a unit of commodity X and Y by country A and B, and answer the questions that follow:

Table 1: Labourtime (in minutes) requirement for production of a unit of Good X and Y by Country A and B

	Commodity X	Commodity Y
Country A	20	20
Country B	30	60

- (i) Which country among A and B has absolute advantage in producing commodity X and which has in producing commodity Y? Give reason. 3
- (ii) Which country among A and B has comparative advantage in producing commodity X and which has in producing commodity Y? Give reason. 3
- (iii) Suppose after trade each country specialises in production of commodity in which it has a comparative advantage, which country will specialise in producing commodity X? 2

Assignment Two

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

$3 \times 10 = 30$

3. What is meant by Pareto efficient allocation of resources? Is Perfect competition market equilibrium Pareto efficient? Discuss using appropriate diagrams. 10
4. Using appropriate diagram, show how interaction of demand and supply curve in land market leads to determination of equilibrium rent. 10
5. Discuss various forms of government interventions intended to internalize externalities. 10

Assignment Three

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

$5 \times 6 = 30$

6. Discuss Joseph Schumpeter's theory of profit.
7. The concept of quasi-rent is an extension of the Ricardian concept of rent to other factors of production. Elucidate.
8. Discuss the concept of excess capacity associated with the long run equilibrium under Monopolistic competition.
9. What has been the impact of the WTO on Indian economy?
10. What is meant by derived demand of a factor?