

BACHELOR'S OF ARTS (ECONOMICS HONOURS) PROGRAMME

(BAECH)

ASSIGNMENT 2024-25

For July 2024 and January 2025 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. The assignments should be submitted to the Coordinator of your Study Centre as per the following schedule:**

- 1. By 31st March, 2025 by the students who took admission in the Academic Cycle July, 2024.**
- 2. By 30th September, 2025 by the students who took admission in the Academic Cycle January, 2025.**

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: BECC-101/2024-25

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) How is Monopoly different from that under Perfect Competition? Explain the long run equilibrium under Monopoly.

(b) Give reasons for diminishing returns to scale accruing to a firm in the long run.

2. (a) In a duopolist market two firms can produce at a constant average and marginal cost of $AC = MC = 2$. They face the market demand curve $P = 14 - Q$, where $Q = Q_1 + Q_2$, here Q_1 is the output of Firm 1, Q_2 is the output of Firm 2. In the Cournot's model:
 - (i) Find the action-reaction functions of the two firms.
 - (ii) What are the profits of the two firms.
 - (iii) Calculate the profit maximizing levels of output (Q_1 and Q_2) and price.
(b) The Paul Sweezy's kinked demand curve model shows price rigidity under Oligopoly. Explain how.

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) What is economic rent? Discuss the Ricardian theory of economic rent.

(b) The demand for factors is called derived demand. Explain.

4. Why do you find variations in the wage-rates across different professions? Give reasons as to why a professor is paid higher salary than a school teacher?

5. What are externalities? Explain with diagram why is the optimal output not reached under negative externality.

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. $5 \times 6 = 30$

6. What do you understand by the term "Excess Capacity"?
7. What is an Income consumption curve? Draw the Income consumption curve for an inferior good.
8. What are the policy instruments available for government intervention to regulate inefficient market situations?
9. What is the concept of efficiency in economics? How is the efficient allocation of resources done among firms?
10. Elucidate the features existing under Oligopolistic market structure.