

FOUR-YEAR UNDERGRADUATE PROGRAMMES
BACHELOR'S OF ARTS
(MAJOR)
ECONOMICS PROGRAMME (BAFEC)

ASSIGNMENT 2024

For January 2024 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 admission cycle **January 2024**. Students should submit the assignments 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.

BECC-101 : INTRODUCTORY MICROECONOMICS

Tutor Marked Assignments

Course Code: BECC-101

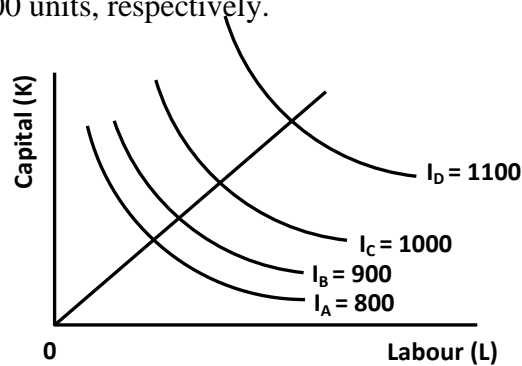
Assignment Code: Asst /TMA /2024

Total Marks: 100

Assignment One

Answer the following Descriptive Category questions in about 500 words each. Each question carries 20 marks. Word limit does not apply in case of numerical questions. 2× 20 = 40

1. (a) Consider the figure below where capital (K) and labour (L) are the factors of production in producing output. I_A, I_B, I_C, I_D represent isoquants for output levels 800, 900, 1000 and 1100 units, respectively.



- (i) Identify the returns to scale represented by the above set of isoquants. What are the factors that lead to such returns to scale? 5
- (ii) Expansion of output by a firm comes with increasing average unit cost of production. Identify the phenomenon in terms of scale economies. Also discuss the reasons behind such a phenomenon. 5
- (b) What are the reasons behind internal economies and internal diseconomies of scale faced by a firm? 10
2. a) Using appropriate diagrams compare and contrast long-run equilibrium conditions faced by a firm under perfect and monopolistic competition market structures. 10
- (b) A firm operating in a competitive market faces a marginal cost function given by

$$MC(Q) = 2Q + 100$$

where MC is the marginal cost, Q represents level of output produced and P is the price. If the unit price of output is Rs 60, what level of output will maximize profits? What will be the maximum profit? At what minimum price will the firm produce a positive output? 10

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 (a) Illustrate with the help of a diagram, higher the price elasticity of demand, larger will be the per unit tax burden borne by the producers. 5
- (b) Using appropriate diagrams, compare and contrast the shapes of demand and supply curves when there are multiple equilibriums with the shapes of demand and supply curves when there is a unique equilibrium with respect to a commodity. 5

4. Explain the concept of Technical efficiency. Technical efficiency will not necessarily ensure overall Pareto optimum product mix. Why? **(10)**
5. With the help of a diagram, illustrate the deadweight loss associated with a negative externality. How does a Pigouvian tax work to solve the welfare loss from such a deadweight loss? **(10)**

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. Why does the marginal rate of technical substitution (MRTS) decline as we move rightward and downward along a convex-shaped isoquant? **(6)**
7. The concept of quasi-rent is an extension of the Ricardian concept of rent to other factors of production. Elucidate. **(6)**
8. The concept of quasi-rent is an extension of the Ricardian concept of rent to other factors of production. Elucidate. **(6)**
9. Discuss the concept of excess capacity associated with the long run equilibrium under Monopolistic competition. **(6)**
10. 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. **(6)**