

**BACHELOR'S OF ARTS PROGRAMME**

**(B.A.G)**

**ASSIGNMENT 2022-23**

For July 2022 and January 2023 Admission cycle

**COURSE CODE: BECC-132**

**PRINCIPLES OF MICROECONOMICS - II**



**SCHOOL OF SOCIAL SCIENCES  
INDIRA GANDHI NATIONAL OPEN UNIVERSITY  
MAIDAN GARHI, NEW DELHI-68**

Dear Student,

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 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.

**PRINCIPLES OF MICROECONOMICS - II**  
**Tutor Marked Assignments**

**Course Code: BECC-132**  
**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) Discuss the implications of price regulation adopted in terms of MC/AC pricing by a public monopoly on the consumer welfare. **(8)**
  
- (b) Consider a Monopoly producing good X. The firm has fixed costs equal to Rs 100 and the firm's total costs increase by Rs 10 for each additional good X they produce. The inverse demand curve for good X is given by:  $P(X) = 200 - X$ , where P is the price.
  - (i) Write down an equation giving total costs for the firm as a function of X. **(2)**
  - (ii) What will be the equilibrium quantity of good X that the firm will produce? Also calculate the equilibrium profit. **(5)**
  - (iii) What would have been the equilibrium quantity had it been a perfectly competitive firm? **(5)**
  
2. (a) Discuss characteristic features of an Oligopolistic market structure. What are the various reasons that have led to emergence of this market structure? **(10)**
  
- (b) With regards to the Kinked demand curve theory given by Paul Sweezy, answer the following:
  - (i) The demand curve facing an oligopolist is relatively more elastic above the kink and less elastic below the kink. Discuss. **(5)**
  - (ii) Comment on the shape of the Marginal revenue curve of this model. **(5)**

## Assignment Two

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

$3 \times 10 = 30$

3. 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. (10)
4. (a) Compare and contrast the Marshall's concept of rent with that given by the Ricardian. (4)  
(b) Draw a backward bending labour supply curve. Explain why does this curve bend backwards? (6)
5. 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)

## Assignment Three

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

$5 \times 6 = 30$

6. Discuss the theory of Excess capacity associated with the long run equilibrium under Monopolistic competition. (6)
7. How is equilibrium achieved when labour market is imperfectly competitive? (6)
8. What is a Cartel? Comment upon the stability of a cartel. (6)
9. What are the major agreements of the WTO? (6)
10. Compare and contrast the elasticities of demand curves under Monopoly and Monopolistic competition. (6)