

**Bachelor's Degree Programme
(BDP)**

**ASSIGNMENT
2023-2024**

**Elective Course in Commerce
ECO – 06: Economic Theory**

For July 2023 and January 2024 admission cycle



**School of Management Studies
Indira Gandhi National Open University
Maidan Garhi, New Delhi -110068**



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**Elective Course in Commerce
ECO – 06: Economic Theory
ASSIGNMENT: 2023-24**

Dear Students,

As explained in the Programme Guide, you have to do one Tutor Marked Assignment in this Course.

Assignment is given 30% weightage in the final assessment. To be eligible to appear in the Term-end examination, it is compulsory for you to submit the assignment as per the schedule. Before attempting the assignments, you should carefully read the instructions given in the Programme Guide.

This assignment is valid for two admission cycles (**July 2023 and January 2024**). The validity is given below:

1. Those who are enrolled in **July 2023**, it is valid up to **June 2024**.
2. Those who are enrolled in **January 2024**, it is valid up to **December 2024**.

You have to submit the assignment of all the courses to The Coordinator of your Study Centre. For appearing in June Term-End Examination, you must submit assignment to the Coordinator of your study centre latest by **15th March**. Similarly for appearing in December Term-End Examination, you must submit assignments to the Coordinator of your study centre latest by **15th September**.

TUTOR MARKED ASSIGNMENT

COURSE CODE	:	ECO-06
COURSE TITLE	:	ECONOMIC THEORY
ASSIGNMENT CODE	:	ECO-06/TMA/2023-24
COVERAGE	:	ALL BLOCKS

Maximum Marks: 100

Attempt all the questions:

1. Explain the concept of a production possibility curve. Enumerate its assumptions. Illustrate it with the help of an example. (20)
2. Explain the law of demand with the help of a demand schedule and a demand curve. Explain the exceptions to the law of demand using the distinction between substitution and income effects. (20)
3. Define the concept of Marginal cost. What is the relation between average cost and marginal cost? Explain the factors responsible for Long run Average cost curve being U shaped. (20)
4.
 - a) Explain the concept of profit. "Profit is a reward for uncertainty bearing". Explain. (10+10)
 - b) What are the various sources of profits? Do you think that all profits can be explained in terms of the monopoly power exercised by the producer?
5. **Write short notes on the following:** (4×5)
 - a) Opportunity cost
 - b) Marginal productivity theory of Distribution
 - c) Discriminating Monopoly
 - d) Price elasticity and Income elasticity of demand