

BECC-108

BACHELOR'S OF ARTS (ECONOMICS HONOURS) PROGRAMME

(BAECH)

ASSIGNMENT 2024-25

For July 2024 and January 2025 Admission cycle

COURSE CODE: BECC-108

INTERMEDIATE MICROECONOMICS - II



SCHOOL OF SOCIAL SCIENCES

INDIRAGANDHINATIONALOPENUNIVERSITY

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- 108 Intermediate 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 is intended to test your ability to understand the topic in a systematic, to-the-point and coherent manner.

Assignment Two 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 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 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-108 : INTERMEDIATE MICROECONOMICS - II
Tutor Marked Assignments

Course Code: BECC-108
Assignment Code: Asst /TMA /2024-25
Total Marks: 100

Assignment One

Answer the following questions. Each question carries 20 marks $2 \times 20 = 40$

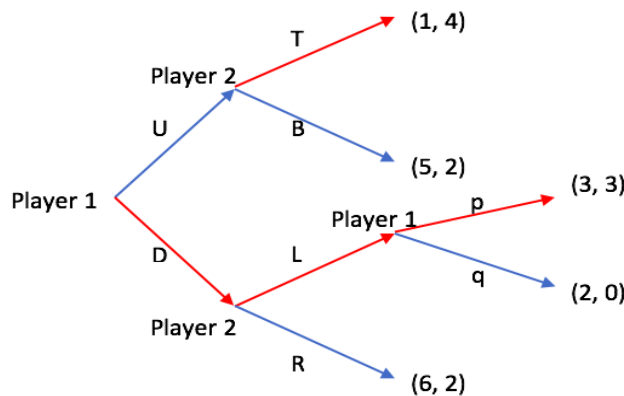
1. (a) Explain how the presence of externalities in the market does not lead to optimal production of goods? Suggest at least three ways of internalizing the externalities.

(b) Consider a duopoly of firm 1 and 2 producing a homogenous product, the demand of which is described by the following demand function: $Q = (100 - P)$ where Q is total production of both firms (i.e., $Q = Q_1 + Q_2$, Q_1 and Q_2 are the output produced by firm 1 and firm 2, respectively). Let the marginal cost of production faced by both firms be Rs. 50, i.e. $MC_1 = MC_2 = 50$. Calculate the residual demand function for both the firms. Find their reaction curves and the Cournot-Nash equilibrium quantity produced by each firm?

2. (a) What is Pareto Efficiency? Explain the statement that Pareto efficiency requires Efficiency in exchange, production and output mix.

(b) Distinguish between the Sequential- move game and Simultaneous-move games.

(c) Explain Subgame perfect Nash Equilibrium. Find the same in the following game



Assignment Two

Answer the following questions. Each question carries 10 marks.

$3 \times 10 = 30$

3. What are Public Goods? How is the optimal provision of public goods done in the society?
4. What is Deadweight loss for a monopolist? If a monopolist faces the demand curve given by $P(Q) = 20 - 2Q$ and the cost function as $2Q + Q^2$, calculate the deadweight loss that he might face.
5. What is a Contract curve? Explain how any perfectly competitive equilibrium allocation is Pareto efficient.

Assignment Three

Answer the following questions. Each question carries 6 marks.

$5 \times 6 = 30$

6. What are Iso-welfare curves? How do they help in determining the maximum point of social welfare?
7. Differentiate between Bergson-Samuelson Social Welfare Function and Classical Utilitarian or Benthamite Welfare Function
8. Natural Monopoly cannot have Marginal cost Pricing. Explain why?
9. Explain the concept of excess capacity under Monopolistic Competition.
10. Differentiate between any three:
 - (a) Long run equilibrium of Monopoly and Perfect competition
 - (b) Bertrand and Stackelberg model
 - (c) First Degree and third-degree price discrimination
 - (d) Asymmetric Information and Moral Hazard