

BACHELOR OF ARTS PROGRAMME (FYUP)
MINOR COURSE- I (ECONOMICS)

ASSIGNMENT 2025-26

For July 2025 & January 2026 Admission cycle

COURSE CODE: BECM-161

PRINCIPLES OF MICROECONOMICS



SCHOOL OF SOCIAL SCIENCES

INDIRAGANDHINATIONALOPENUNIVERSITY

MAIDAN GARHI, NEW DELHI-68

Dear Students,

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.

This Assignment booklet has TMAs for the core course **BECM- 161 Principles of Microeconomics** which is of four credit course.

Section A 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.

Section B 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.

Section C 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 sections 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 assignment should be submitted to the Coordinator of your Study Centre as per the following schedule:

- 1. By 31st March, 2026 by the students who plan to appear in the June 2026 Term End Examination.**
- 2. By 30th September 2026 by the students who plan to appear in the December 2026 Term End Examination.**
- 3.**

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.

BECM-161 : PRINCIPLES OF MICROECONOMICS

Tutor Marked Assignments

Course Code: BECM-161

Assignment Code: BECM-161/2025-26

Total Marks: 100

Section A

Answer the following Descriptive Category questions in about 500 words each. Each question carries 20 marks **2× 20 = 40**

1.(a) Explain with illustration the three stages of production. Why should a rational producer under competitive condition should produce in stage II?

(b) What is production possibility curve (PPC)? How does a PPC provide an economy's menu of choices?

2. (a) What is indifference curve? Explain its properties.

(b) A consumer has utility function for goods X and Y as under :

$$U(X,Y)=X^{0.2}Y^{0.7}$$

I. What will be the consumer's marginal utility for X.

II. What will be the consumer's marginal utility for Y.

Section B

Answer the following Middle Category questions in about 250 words each. Each question carries 10 marks. **3× 10 = 30**

3. (a) How does want and utility are interconnected to each other? How is the cardinal approach different from ordinal approach to consumer behavior?

(b) On what grounds, the law of diminishing marginal utility is criticized by the modern economists?

4. What are implicit costs? How are these implicit costs estimated? Do you think that these costs be included as part of costs of production? Give reasons for your answer.

5. (a) Distinguish between public monopoly and private monopolist. How does public monopoly firm makes its price and output decisions? Illustrate.
- (b) What do you understand by the term 'market failure'? Explain the various sources of market failure. Which policy instruments can be resorted to regulate the inefficient market situations?

Section C

Answer the following Short Category questions in about 100 words each. Each question carries 6 marks. **5 × 6 = 30**

6. Explain how does 'scarcity' lie at the root of all economic activities?
7. Explain with diagrams the approaches that are used to decompose the price effect into substitution effect and income effect.
8. Discuss the relationship between marginal and average product curves.
9. Distinguish between any two of the followings:
- (i) Marginal physical product and marginal revenue product.
 - (ii) Adverse selection and moral hazards.
 - (iii) Normal profit and abnormal profit.
10. Given the following supply and demand functions of a commodity X, determine its equilibrium price and quantity.

$$Q_d = 8000 - 1000P_x$$

$$Q_s = -4000 + 2000P_x$$