

## PRINCIPLES OF MICROECONOMICS - II

### Tutor Marked Assignments

Course Code: BECC-132

Assignment Code: Asst /TMA /2025-26

Total Marks: 100

### Assignment One

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

1. (a) Distinguish between public monopoly and private monopolist. How does public monopoly firm makes its price and output decisions? Illustrate.  
(b) The following table shows the demand curve of a monopolist firm who produces at a constant marginal cost of Rs 10:

Price (in Rs)	Quantity
18	0
16	4
14	8
12	12
10	16
8	20
6	24
4	28
2	32
0	36

- a) Calculate the firm's marginal curve.  
b) What are the firm's profit maximizing output and price?  
c) What is its profit?
2. (a) 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?  
(b) What is production possibility frontier? How does the marginal rate of transformation relate to the production possibility frontier?

### Assignment Two

Answer the following Middle Category questions in about 250 words each. Each question carries 10 marks.

$$3 \times 10 = 30$$

3. Suppose a competitive firm has a total cost function  $TC(q)=450+15q+2q^2$  and marginal cost function  $MC(q)=15+4q$ . If the market price is  $P=Rs\ 115$  per unit,
  - (i) Find the level of output produced by the firm.
  - (ii) Find the level of profit and the level of producer surplus.
4. How does equilibrium in an oligopolistic market is distinct from equilibrium in perfectly competitive market and monopolistic competition? Explain the Cournot's model of price and output determination under oligopoly.
5. Why does trade take place between two countries? Explain Ricardian theory of comparative advantage in this regard.

### Assignment Three

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

$$5 \times 6 = 30$$

6. What are the objectives and guiding principles of WTO? Do you think that in the light of changing global world order, WTO has become less effective? Give reasons in support of your answer.
7. Identify the distortions that lead to failure in achieving the efficiency in perfectly competitive market.
8. 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.
9. State the distinction between modern theory of rent and Marshallian theory of rent.
10. In an economy of two commodities (X and Y) and two factors (L and K), how is general equilibrium of production reached?