

EEC-11

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

**ASSIGNMENTS
For July 2015 and January 2016 Sessions**

**Course Code: EEC-11
Title of Course: Fundamentals of Economics**



**School of Social Sciences
Indira Gandhi National Open University
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EEC-11
FUNDAMENTALS OF ECONOMICS
Assignment (TMA)
2015-16

Programme Code: BDP

Course Code: EEC-11

Dear Student,

As explained in the Programme Guide for BDP, you will have to do one assignment for this Elective course in Economics (EEC-11). This is a Tutor Marked Assignment (TMA) and carries 100 marks.

It is important that you write answers to all the questions in your own words. The TMA is designed to enable you to answer different categories of questions. Here evaluation is made keeping in view your ability to present your answer in a systematic, precise and coherent manner. The assignment is divided into three Sections. Remember that all questions are compulsory. Section A comprises two long answer questions of 20 marks each. Section B comprises four questions of 12 marks each while in Section C you have to answer two questions of 6 marks each.

Submission: The completed assignments should be submitted to the Coordinator of your Study Centre on or before **March 31, 2016 for the students admitted to July 2015 session and 30th September, 2016 for the students admitted to January 2016 session.**

EEC – 11
FUNDAMENTALS OF ECONOMICS
TMA
(Coverage: Blocks 1 to 10)

Programme Code: BDP
Course Code: EEC-11
Asst.Code: EEC-11/AST/TMA/2015-16
Maximum Marks:100

Note: Answer all the questions.

Section- A

Long Answer Questions. (Answer in about 500 words each) 2 x 20 = 40

1. Briefly distinguish between the cardinal utility approach and ordinal utility approach to consumer behavior. Explain with illustration the law of eventual diminishing marginal utility?
2. (a) Why the Long-Run Average Cost is curve U-shaped and flatter in the long-run? Explain with suitable diagrams.
(b) Given the total cost $TC = 3q^2 + 7q + 12$, evaluate the marginal cost and average cost if $q = 3$

Section-B

Medium Answer Questions. (Answer in about 250 words each) 4 x 12 = 48

3. Compare Monopolistic Competition with perfect competition and explain which of the key policy variables are for a monopolistic competitor?
4. Explain how Modern theory of Rent is an improvement over Marshall's theory of rent.
5. What are the constituents of money market? Explain the steps to restore equilibrium in goods and money market?
6. a) What is Lindahl equilibrium? Explain with the help of diagram.
b) Explain Coase's solution for externalities.

Section- C

Short Answer Questions. (Answer in about 100 words each) 2 x 6 = 12

7. Distinguish between any four of the following:
 - i. Positive and Normative Economics
 - ii. Iso-Cost line and Iso-Product curve
 - iii. Revenue receipts and capital receipts
 - iv. Demand-pull inflation and Cost-push inflation
 - v. GNP AND GDP

8. Explain any four of the followings:
- i. General equilibrium
 - ii. Giffen paradox
 - iii. Homogenous production function
 - iv. Flat rate of interest
 - v. Transfer incomes
 - vi. Terms of Trade
 - vii. Club goods