

MAEC

**MASTER OF ARTS
(ECONOMICS)**

ASSIGNMENTS 2024-25

Third Semester Courses

(For July 2024 and January 2025 Sessions)



**SCHOOL OF SOCIAL SCIENCES
INDIRA GANDHI NATIONAL OPEN UNIVERSITY
MAIDAN GARHI-110068**

Master of Arts (Economics)

(TMA)

(2024-25)

Dear Student,

As explained in the programme guide for MAEC, assignments carry 30 per cent weightage in a course and it is mandatory that you must secure at least 40 per cent marks in assignments to complete a course successfully. Note that you must submit the assignments before appearing in Term End Examination of a course.

Before attempting the assignments, please read the instructions provided in the programme guide sent to you separately. In this booklet, we have included the assignments for all the courses pertaining to the **Third semester**. In each course there is a Tutor Marked Assignment (TMA). You must do the assignment for those courses for which you have registered. Do remember that you must prepare and submit the assignments separately for each course. Make sure that you submit the assignments well in time for those courses in which you plan to appear in the Term End Examination.

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.

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 to the **coordinator of your study centre**. This assignment is valid for two admission cycles (**July 2024** and **January 2025**).

The assignments should be submitted to the Coordinator of your Study Centre:

1. **By 31st March 2025**, for the students willing to appear in June 2025 term-end examination.
2. **By 30th September 2025**, for the students willing to appear in December 2025 term end examination.

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.

**MEC-106: Public Economics
Tutor Marked Assignment**

**Course Code: MEC-106
Assignment Code: MEC-106/AST/2024-25
Maximum Marks: 100**

Note: Answer all the questions.

Section-A

Answer the following questions in about 700 words each. Each question carries 20 marks.

2X20=40

1. (i) “The overall welfare of the society essentially depends on the individual utility level”- In the light of this statement, explain the various approaches of social welfare functions. How does public intervention can meet the problems associated with negative externalities?

(ii) Explain with example how collective decision making is distinct from individual decisions making? On what basis an individual ranks various social states?
2. What do you mean by the term “market failure”? Give an account of the factors causing market failure? What kind of state intervention is required to address the problems associated with Monopoly Power?

Section B

Answer the following questions in about 400 words each. Each question carries 12marks.

5X12=60

3. State the features of local public goods and services. Do you think that ‘citizen- consumer choice’ is ignored by the local governments? Give illustration.
4. Distinguish between public expenditure and private expenditure. To what extent public expenditure should be incurred? Explain the theory of maximum social advantages advanced by H. Dalton in this regard.
5. Write short note on following:
 - (i) Global peace index
 - (ii) Nash equilibrium
 - (iii) Dual federalism

(iv) Sink Costs

6. What is fiscal deficit? Explain the various ways through which fiscal deficit is financed.
7. What do you understand by the term 'Macro Economic instabilities'? Which policy instruments would you like to suggest for stabilising an economy suffering from macroeconomics shocks?

MEC-107: INTERNATIONAL TRADE AND FINANCE
Tutor Marked Assignment

Course Code: MEC-107
Asst. Code: MEC-107 / AST-1/2024-2025
Total Marks: 100

Note: Answer all the questions.

SECTION A

Answer the following questions in about 700 words each. Each question carries 20 marks.

2X20=40

1. Critically discuss the Ricardian theory of Comparative Advantage. How is it different from Adam Smith's theory of Absolute Advantage?
2. Explain the various concepts of terms of trade. Critically examine the behavior of terms of trade as explained by Prebisch.

Section B

Answer the following questions in about 400 words each. Each question carries 12marks.

5X12=60

3. Explain multilateral framework of international trade. Explain its main features.
4. What are the various forms of economic integration? How is trade diversion different from trade creation? Elucidate.
5. Describe the evolution of international monetary system. Examine the trends in the international monetary and financial systems.
6. Discuss the various instruments of trade protection. Differentiate between quotas and tariffs.
7. Critically examine the relative merits and demerits of the fixed and flexible exchange rates.

MEC 110: MONEY, FINANCIAL INSTITUTIONS AND MARKETS

Tutor Marked Assignments

Course Code: MEC- 110
Assignment Code: Asst /TMA /2024-25
Total Marks: 100

Section-A

Answer the following questions in about 700 words each. Each question carries 20 marks. 2X20=40

1. a) What are the different kinds of risk associated with financial transactions?
b) How do financial and economic factors interact during a crisis? What policy options can be used to fight a recession? Explain with the help of financial crisis of 2008
2. a) What do you mean by exchange rate? What are two systems of determining exchange rate?
b) Discuss some of latest issues of foreign exchange stability. What suggestions would you give to maintain foreign exchange stability?

Section B

Answer the following questions in about 400 words each. Each question carries 12marks. 5X12=60

3. a.) What are the main functions performed by capital markets in the economy?
b) Discuss the Modigliani-Miller theorem.
4. a.) What is Capital Asset Pricing Model? How is it related with the Efficient Market Hypothesis?
b.) How can we apply Efficient Market Hypothesis in real life? Give examples
5. a.) Suppose that a corporation issues a bond having face value ₹ 1,000 redeemable at premium of 10% at the end of 3 years. If the discount rate is 12% and coupon rate is 8%, then calculate the value of this bond. Moreover, would you buy this bond if the market price of the bond is ₹ 1,050 or ₹ 800?
b) Calculate the yield to maturity from the following information. Coupon rate = 7%, face value = ₹ 500, price of bond = ₹ 350, maturity period = 10 years.
6. a) What are the key principles underlying the monetary policy transmission mechanism?
b) How do commercial banks and non-banking financial institutions contribute to the transmission of monetary policy in the economy?

7. Write short notes on following:
 - a) Yield to call
 - b) Instruments of Monetary policy
 - c) nominal and real interest rate
 - d) Efficient Portfolio Frontier