

MEC

**MASTER OF ARTS
(ECONOMICS)**

ASSIGNMENTS 2023-24

First Year Courses

(For the students who took admission in January 2023 or prior)



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

Master of Arts (Economics)

(TMA)

(2023-24)

Dear Student,

As explained in the programme guide for MEC, assignments carry 30 percent weightage in a course and it is mandatory that you have to secure atleast 40 percent marks in assignments to complete a course successfully. Note that you have to 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 First year. In each course there is a Tutor Marked Assignment (TMA). You have to do the assignment for those courses for which you have registered. Do remember that you have to 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 2023** and **January 2024**).

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

1. **By 31st October 2023**, for the students willing to appear in December 2023 term end examination.
2. **By 30th April 2024**, for the students willing to appear in June 2024 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 101: MICRO ECONOMIC ANALYSIS
Tutor Marked Assignments

Course Code: MEC-101
Assignment Code: Asst /TMA /2023-24
Total Marks: 100

Note: Answer all the questions.

SECTION A

Answer the following questions in about 700 words each. The word limits do not apply in case of numerical questions. Each question carries 20 marks.

$2 \times 20 = 40$

1. a. A monopolist uses one input X, which she purchases at the fixed price $p=5$ in order to produce output q . Her demand and production functions are:

$$P=85-3q \text{ and } q= 2x^{1/2} \text{ respectively.}$$

Derive the equilibrium output and equilibrium profit.

- b. "In real world, sometimes it is not possible to achieve optimum welfare." Comment and discuss the obstacles in attaining Pareto optimum.

2. Given a Cobb-Douglas utility function

$$U (X, Y) = X^{1/2} Y^{1/2},$$

Where X and y are the two goods that a consumer consumes at per unit prices of P_x and P_y respectively. Assuming the income of the consumer to be ₹M, determine:

- a. Marshallian demand function for goods X and Y.
- b. Indirect utility function for such a consumer.
- c. The maximum utility attained by the consumer where $\alpha =1/2$, $P_x =₹ 2$, $P_y= ₹ 8$ and $M= ₹ 4000$.
- d. Derive Roy's identity.

SECTION B

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

3. a.) How is Cournot's model of oligopoly different from Bertrand's model of oligopoly?
b.) Suppose the demand for a product is given by $p=d(q)=-0.8q+150$ and the supply for the same product is given by $p=s(q)=5.2q$
For both functions, q is the quantity and p is the price. Find out producer surplus and consumer surplus.
4. a.) Differentiate between Cooperative and non-cooperative game theory.
b.) From the following pay-off matrix, determine:
(i) The optimal strategy for each individual.
(ii) Value of the game.

		Player 2				
		Strategies	I	II	III	IV
Player 1	I	9	3	1	8	0
	II	6	5	4	6	7
	III	2	4	3	3	8
	IV	5	6	2	2	1

5. a.) Do you agree that by paying higher than the minimum wage, employers can retain skilled workers, increase productivity, or ensure loyalty? Comment on the statement in the light of efficiency wage model.
b.) There are two firms 1 and 2 in an industry, each producing output Q_1 and Q_2 respectively and facing the industry demand given by $P=50-2Q$, where P is the market price and Q represents the total industry output, that is $Q=Q_1+Q_2$. Assume that the cost function is $C=10+2q$. Solve for the Cournot equilibrium in such an industry.
6. a.) Do you think that a risk-averse individual gamble or will a risk lover purchase insurance? Explain your answer.
b) Radha has assets worth 10,000 rupees and is facing a loss of 3,600 with a probability of 0.002. She is indifferent between paying G rupees for insurance protection and assuming the risk of loss personally. She values total assets of amount $w \geq 0$ according to the utility function $u(w) = w^{1/2}$. Determine G .
7. Write short notes on following:
a) Different types of price discrimination
b) Bilateral monopoly
c) Economies of Scale
d) Pooling and separating equilibrium

MEC-002: MACROECONOMIC ANALYSIS
Tutor Marked Assignments
(For the Students who have taken admission up to July 2022 Academic Cycle)

Course Code: MEC-002
Assignment Code: MEC-002/2023-24
Total Marks: 100

Note: Answer all the questions.

Section A

Answer the following questions in about 700 words each. The word limits do not apply in case of numerical questions. Each question carries 20 marks.

1. What is meant by endogenous growth? What are its implications? Describe in brief a simple endogenous growth model.
2. Bring out the salient features of permanent income hypothesis. Why is this model important? What are the implications of the model?

Section B

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

3. Distinguish between adaptive expectations and rational expectations. What is the impact of adaptive expectations on the Phillips Curve?
4. Critically examine the efficiency wage model.
5. Explain why fixed exchange rate is not effective in an open economy.
6. Explain how an economy attains equilibrium in the IS-Lm model.
7. Write short notes on the following.
 - i) Lucas Critique
 - ii) Real business cycle theory

MEC-102: MACROECONOMIC ANALYSIS
Tutor Marked Assignments

Course Code: MEC-102
Assignment Code: MEC-002/2023-24
Total Marks: 100

Note: Answer all the questions.

Section A

Answer the following questions in about 700 words each. The word limits do not apply in case of numerical questions. Each question carries 20 marks.

1. Discuss how an economy achieves equilibrium in the IS-LM model. What do the points outside the IS curve signify? Highlight the factors that influence the IS and the LM curves.
2. Discuss the important features of new-classical macroeconomics. What are the major policy issues highlighted by new-classical economics?

Section B

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

3. Specify a loss function and interpret it. What is meant by dynamic inconsistency?
4. Differentiate between adaptive expectations and rational expectations. Explain why the shape of the Phillips curve changes when we introduce expectations in our analysis.
5. Bring out the factors that lead to rigidity in wages and prices.
6. Describe the importance of public debt in an economy. Under what conditions is public debt not sustainable in an economy?
7. Write short notes on the following.
 - i) Inter-temporal utility maximization
 - ii) New-Keynesian macroeconomics

MEC-103: QUANTITATIVE METHODS
Tutor Marked Assignment

(For the Students who have taken admission up to January 2023 Academic Cycle)

Course Code: MEC-103
Asst. Code: MEC-103/TMA/2023-24
Total Marks: 100

Note: Answer all the questions.

Section A

Answer the following questions in about 700 words each. The word limits do not apply in case of numerical questions. Each question carries 20 marks.

- 1) (i) What do you understand by the terms 'test of significance'? Why do we need to test any distribution for significance? Explain the reasons. (8)
 - ii) Discuss the concepts of confidence intervals and confidence limits with the help of an example. (8)
 - (iii) Distinguish between one-tailed test and two-tailed test. (4)
- 2) Consider the following case of constrained optimisation

$$U(x, y) = x^2y \text{ and } P_x=2, P_y=1. \text{ Total income, } I=200.$$

where consumer's utility (U) is dependent upon the two goods x and y. I is the total income of the consumer. The consumer spends all the income on spending over two goods x and y. Maximise the utility given the income constraint. Find out the optimal consumption bundle (x*, y*) and the maximum utility of the consumer.

Section B

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

- 3) Explain the properties of set operations with examples.
- 4) What is a discontinuous function? Discuss the two types of discontinuous functions along with their diagrams.
- 5) Explain the concept of a stationary point and inflexion point. Is a stationary point always a point of inflexion? Why or why not?
- 6) Define normal distribution. Discuss the two parameters which are integral to its definition.

7) Write short notes on the following:

(3 X 4 = 12)

- (i) Local maxima
- (ii) Mapping and function
- (iii) Biases in the survey
- (iv) Finite and infinite sets

MEC-004: ECONOMICS OF GROWTH AND DEVELOPMENT
Tutor Marked Assignment
(For the Students who have taken admission up to January 2023 Academic Cycle)

Course Code: MEC-004
Asst. Code: MEC-004 / AST/2023-2024
Total Marks: 100

Note: Answer all the questions.

SECTION A

Answer the following questions in about 700 words each. The word limits do not apply in case of numerical questions. Each question carries 20 marks.

- 1) Examine the effect of population growth in the Solow model of economic growth. Discuss how the Solow model could be used to explain poverty traps in developing nations.
- 2) Describe the Mankiw-Romer-Weil extension to the neoclassical model to include human capital. Explain why diminishing returns to capital do not take place in the AK model.

SECTION B

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

- 3) Distinguish between economic growth and development. Briefly mention the main benefits that economic growth confers upon society.
- 4) Describe Pasinetti's theory of economic growth and distribution.
- 5) Describe the various approaches to the measurement of total factor productivity.
- 6) What are the main propositions of the Real Business Cycle model? Describe the basic structure of a prototype Real Business Cycle model.
- 7) Compare and contrast the Uzawa two-sector growth model with the Feldman model.

MEC-105/205: INDIAN ECONOMIC POLICY
Tutor Marked Assignment

Course Code: MEC-105/205

Assignment Code: MEC-205/AST/2023-24

Maximum Marks: 100

Note: Answer all the questions.

Section-A

Answer the following questions in about 700 words each. The word limits do not apply in case of numerical questions. Each question carries 20 marks.

1. “The question of Centre-State relations has become the focal point of discussion for a number of reasons”- Comment on this statement and point out the reasons for conflict between Centre and State.
2. “The pattern of structural change in the Indian economy has deviated from the development pattern of Western and South Asian economies.” Examine this statement.

Section B

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

3. What are the objectives of Monetary policy? Which instruments are used by the RBI to attain these objectives? How far the monetary policy has been effective to control the inflation?
4. Till 17th Century India was the largest GDP contributor worldwide. Give an account of reasons for disruption of the traditional Indian economy during British period.
5. Discuss the contribution being made by MSME sector to the Indian economy. Give an account of the policy measures initiated by the Central Government to meet the challenges being encountered by MSME sector.
6. State the features of changing nature of world trade? How far the ‘Make in India’ and ‘Digital India’ programmes are in tune with changing nature of world trade?
7. State the various dimensions of deterioration in the quality of employment in India. Also examine the policy implications of slowdown in women’s workforce participation rate.