

MEC

MASTER OF ARTS
(ECONOMICS)

ASSIGNMENTS 2021-22

Second Year Courses

(For July 2021 and January 2022 Sessions)



School of Social Sciences Indira Gandhi
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Garhi, New Delhi-110 068

Master of Arts (Economics)

(TMA)

(2021-22)

Dear Student,

As explained in the programme guide for MEC, assignments carry 30 per cent weightage in a course and it is mandatory that you have to secure at least 40 per cent 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 second 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.

Submission

For **July 2021** session, you need to submit the assignments by **March 31, 2022**, and for **January 2022** session by **September 30, 2022** for being eligible to appear in the term-end examination. Assignments should be submitted to the **Coordinator of your Study Centre**. Obtain a receipt from the Study Centre towards submission.

MEC-006: PUBLIC ECONOMICS

Assignment (TMA)

Course Code: MEC-006

Assignment Code: MEC-006/AST/2021-22

Maximum Marks: 100

Note: Answer all the questions. While questions in Section A carry 20 marks each (to be answered in about 500 words each) those in Section B carry 12 marks each (to be answered in about 300 words each). In the case of numerical questions word limits do not apply.

Section A

- 1) Discuss the relationship between Public Choice and Social Choice.
- 2) Briefly explain the problems of 'international policy coordination'.

Section B

- 3) Explain the different roles of the state on which the economic rationale of the state is based.
- 4) Write a note on the concept of 'multiple equilibria'.
- 5) Do you agree that 'fiscal competition' could result in inefficiency? Discuss.
- 6) Bring out the 'efficiency and equity' dimensions of direct taxation.
- 7) Explain the impact of 'internal public debt' on production and distribution.

MEC-106: PUBLIC ECONOMICS

Assignment (TMA)

Course Code: MEC-106

Assignment Code: MEC-106/AST/2021-22

Maximum Marks: 100

Note: Answer all the questions. While questions in Section A carry 20 marks each (to be answered in about 500 words each) those in Section B carry 12 marks each (to be answered in about 300 words each). In the case of numerical questions word limits do not apply.

Section A

- 1) Show that the welfare foundations of economic policies in a competitive market is guided by Pareto Criterion.
- 2) Discuss the 'spillover effects' of 'international policy coordination' in the context of fiscal and monetary policies.

Section B

- 3) Distinguish between 'merit goods' and 'demerit goods'. Explain briefly why consumption of merit goods are encouraged and those of demerit goods are discouraged.
- 4) Outline the issues involved in allocating resources for production in public sector.
- 5) Explain briefly how the size of public expenditure is determined under the Niskanen's 'budget maximisation approach'.
- 6) Contrast the nature of 'fiscal federalism' as it exists in India with those in some other countries.
- 7) Delineate the two applications of Engel curve.

MEC-007: INTERNATIONAL TRADE AND FINANCE

Assignment (TMA)

Course Code: MEC-007

Assignment Code: MEC-006/AST/2021-22

Maximum Marks: 100

Note: Answer all the questions. While questions in Section A carry 20 marks each (to be answered in about 500 words each) those in Section B carry 12 marks each (to be answered in about 300 words each). In the case of numerical questions word limits do not apply.

SECTION A

- 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

- 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-008: ECONOMICS OF SOCIAL SECTOR AND ENVIRONMENT

Assignment (TMA)

Course Code: MEC-008

Assignment Code: MEC-008/AST/2021-22

Maximum Marks: 100

Note: Answer all the questions. While questions in Section A carry 20 marks each (to be answered in about 500 words each) those in Section B carry 12 marks each (to be answered in about 300 words each). In the case of numerical questions word limits do not apply.

Section A

- 1) Discuss the different approaches to measuring poverty.
- 2) Bring out the relationship between economic development and health.

Section B

- 3) Using mathematical formulation, show that in the presence of externalities, the price taking profit maximising behaviour will not necessarily lead to an efficient allocation of resources.
- 4) Briefly discuss the usefulness of environmental accounting practices.
- 5) Write a note on the different theories of 'common property resource management'.
- 6) Briefly explain how the systems approach (i.e. 'programming and input-output models' approach) is helpful in educational planning?
- 7) Briefly discuss the case of 'model with stock effects' to illustrate the 'economics of exhaustible resources'.

MEC-108: ECONOMICS OF SOCIAL SECTOR AND ENVIRONMENT

Assignment (TMA)

Course Code: MEC-108

Assignment Code: MEC-108/AST/2021-22

Maximum Marks: 100

Note: Answer all the questions. While questions in Section A carry 20 marks each (to be answered in about 500 words each) those in Section B carry 12 marks each (to be answered in about 300 words each). In the case of numerical questions word limits do not apply.

Section A

- 1) Discuss the limitations of Coase Theorem.
- 2) Explain Arrow's perspective of healthcare market.

Section B

- 3) Briefly explain the concept of Capability Approach propounded by Sen.
- 4) In what way the 'organisational change and technical efficiency' impacts the supply of healthcare services? Discuss.
- 5) How are 'market prices' and 'shadow prices' are useful as valuation tools for environmental services? Explain.
- 6) Specify the functional form of 'Gini Coefficient' with its underlying rationale. Outline how it is useful to measure income and consumption inequalities.
- 7) Characterise the basic features of health services distinguishing between healthcare and medical care.

MEC-109: RESEARCH METHODS IN ECONOMICS

Assignment (TMA)

(For the students who have taken admission from January 2015 session onwards)

Course Code: MEC-109

Assignment Code: MEC-109/AST/2021-22

Maximum Marks: 100

Note: Answer all the questions. While questions in Section A carry 20 marks each (to be answered in about 700 words each) those in Section B carry 12 marks each (to be answered in about 500 words each). In case of numerical questions, word limit does not apply.

Section-A

1. Distinguish between realism and construction. Explain the various approaches that are resorted to conduct research in social sciences under constructivism.
2. Identify the various approaches followed by Indian Statistical system in generating data on various economic and social phenomenons which precautions should be taken care of in using data collected from various sources.

SECTION B

3. What do you mean research design? State its various constituents. What type of research design do you suggest for descriptive research?
4. Distinguish between statistical hypothesis and Research hypothesis. State whether the term 'hypothesis' used in testing the unknown population regression parameters is statistical or Research hypothesis. Give reasons.
5. What is factor analysis? State with illustration the various uses of factor analysis.
6. What is the difference between data collection and data generation? State the various steps involved in analysis of qualitative data.
7. Distinguish between any three of the followings:
 - i. Snowball sampling and stratified sampling
 - ii. Parameter and statistic
 - iii. Interval scale and Ration Scale of measurement
 - iv. Ontology and Epistemology
 - v. Verification and corroboration

MECE-001: ECONOMETRIC METHODS

(Assignment)

Course Code: MECE-001

Asst. Code: MECE-001/AST/2021-22

Maximum Marks: 100

Note: Answer all the questions. While questions in Section A carry 20 marks each, those in Section B carry 12 marks each.

Section A

1. Consider the Cobb-Douglas production function given by $Q = A K^\alpha L^\beta e^u$ (standard notations apply) where u is the stochastic error term.
 - i) Find OLS estimators for α and β .
 - ii) Find standard error of the OLS estimator $\hat{\beta}$.
 - iii) Prove that OLS estimator $\hat{\beta}$ is BLUE.
6. What is meant by indirect least squares method? Explain how the following model can be estimated using this method.
Demand function: $Q_t = \alpha_0 + \alpha_1 P_t + \alpha_2 X_t + u_{1t}$
Supply function: $Q_t = \beta_0 + \beta_1 P_t + u_{2t}$
where Q = quantity, P = price and X = income.

Section B

5. What is meant by multicollinearity. What are its consequences on estimates? What remedial measures do you suggest for the problem?
3. Consider the two variable regression model where the error term follows $u_t = \phi_1 u_{t-1} + \varepsilon_t$
where $\varepsilon_t \sim N(0, \sigma^2)$
 - i) What are the problems encountered by data in the above model?
 - ii) Explain one of the procedures you would follow to estimate the model.
5. Explain the steps you would follow in estimation of parameters through the method of Generalised Least Squares (GLS).
6. What is meant by Gauss-Markov theorem? What assumptions are required to prove Gauss-Markov theorem? For the regression model $Y_i = \alpha + \beta X_i + u_i$ show that the theorem is true for the estimate of β .
7. Write short notes on the following:
 - a) Rank and Order Conditions
 - b) Maximum Likelihood Method of Estimation

MECE-003: Actuarial Economics: Theory and Practice

Assignment (TMA)

Course Code: MECE-003

Assignment Code: MECE-003/AST/2021-22

Maximum Marks: 100

Note: Answer all the questions. While questions in Section A carry 20 marks each (to be answered in about 500 words each) those in Section B carry 12 marks each (to be answered in about 300 words each). In the case of numerical questions word limits do not apply.

Section A

- 1) State and explain the significance of ‘convergence and limit laws’.
- 2) Discuss the various aspects of insurance sector that are regulated.

Section B

- 3) Explain the elements of ‘interest calculation’ with examples.
- 4) What is a ‘life annuity contract’? How is its ‘actuarial present value’ determined?
- 5) Write a note on ‘international actuarial notations’.
- 6) State the key components of ‘extreme value theory (EVT)’ with a particular reference to the ‘generalised extreme value (GEV) distribution’.
- 7) What are ‘non-catastrophic losses’? How is the ‘total loss amount’ in respect of such a loss determined?

MECE-004: FINANCIAL INSTITUTIONS AND MARKETS
Assignment

Course Code: MECE-004
Asst. Code: MECE-004 / AST-1/2021-2022
Total Marks: 100

Note: Answer all the questions. While questions in Section A carry 20 marks each (to be answered in about 500 words each) those in Section B carry 12 marks each (to be answered in about 300 words each). In the case of numerical questions word limits do not apply.

Section A

- 1) Describe the nature of the financial system in a modern economy giving the important types of constituent institutions, markets and instruments. Explain the concept of flow-of-funds in the financial markets
- 2) Discuss the Markowitz theory of efficient portfolio selection. How does the Capital Asset Pricing Theory (CAPM) theory build on it?

Section B

- 3) Critically examine the major theories that have been put forward to explain the term structure of interest rates.
- 4) Discuss the Black-Scholes formula on derivative pricing.
- 5) Discuss the concept of leverage for a firm. Discuss the important financial and leverage ratios used. Explain the Merton-Miller theorem.
- 6) Explain the need for, and role of depository systems in secondary markets. Explain the concept of custodial services.
- 7) Compare the impact of monetary policy under fixed exchange rates with those under flexible exchange rates.