

**MASTER OF ARTS
(ECONOMICS)**

**ASSIGNMENTS 2011-12
First Year Courses
(For July 2011 and January 2012 Sessions)**



**School of Social Sciences
Indira Gandhi National Open University
Maidan Garhi, New Delhi-110 068**

INDIRA GANDHI NATIONAL OPEN UNIVERSITY
SCHOOL OF SOCIAL SCIENCES
DISCIPLINE OF ECONOMICS

Dear Student,

Beginning with January 2011 batch, the programme structure of of MA(Economics) is as given below. If you have received an older version of the MEC Programme Guide or Common Prospectus please note the changes.

Sl.	Course Code	Title of the course	Type of course compulsory/ optional	Credits	Remarks
First Year Courses – all compulsory					
1.	MEC-001	Microeconomic Analysis	Compulsory	6	
2.	MEC-002	Macroeconomic Analysis	Compulsory	6	
3.	MEC-003	Quantitative Methods for Economic Analysis	Compulsory	6	
4.	MEC-004	Economics of Growth and Development	Compulsory	6	
5.	MEC-005	Indian Economic Policy	Compulsory	6	
Second Year courses – 4 compulsory, 2 optional					
6.	MEC-006	Public Economics	Compulsory	6	
7.	MEC-007	International Trade and Finance	Compulsory	6	
8.	MEC-008	Economics of Social Sector and Environment	Compulsory	6	
9.	MEC-009	Research Methods in Economics	Compulsory	6	Now a compulsory course
10.	MECE-001	Econometric Methods	Optional	6	
11.	MECE-003	Actuarial Economics: Theory and Practice	Optional	6	
12.	MECE-004	Financial Institutions and Markets	Optional	6	
13.	MPA- 015	Public Policy and Analysis	Optional	8	MPA-015 and MPA-017 are to be opted together.
14.	MPA - 017	Electronic Governance	Optional	4	
15.	MECP-001	Project Report	Optional	6	Now in the optional group

Master of Arts (Economics)

Assignments

(2011-12)

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. There are five compulsory courses in the first year. In each course there is a Tutor Marked Assignment (TMA). 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 2011 session, you need to submit the assignments by **March 31, 2012**, and for January 2012 session by **September 30, 2012** 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-001: MICROECONOMIC ANALYSIS

Assignment

Course Code: MEC-001

Assignment Code: MEC-001/TMA/2011-12

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. Explain the concept of Nash equilibrium. How is it related to (a) Dominant strategy equilibrium and (b) Sub-game perfection?
2. What is indirect utility function? How will you derive an indirect utility function from a direct utility function? Explain Roy's identity.

Section B

3. Derive the elasticity of substitution for the Cobb-Douglas production function $q = f(K, L) = AK^aL^b$
4. What are the recommendations of Coase to solve the problem of externalities?
5. Explain Arrow's Impossibility Theorem.
6. Discuss the concept of asymmetric information. Explain the relation among moral hazard, adverse selection and signaling, giving suitable examples.
7. Do you agree with the proposition that a risk-averse person will optimally buy full insurance if the insurance is actuarially fair? Give reasons in support of your answer.

MEC-002: MACROECONOMIC ANALYSIS

Assignment

Course Code: MEC-002
Assignment Code: MEC-002/AST/2011-12
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. What is meant by steady state in the Solow model? Explain how Golden Rule is different from steady state.
2. Explain how the permanent income hypothesis reconciles the difference between short-run and long-run consumption behavior.

Section B

3. Policy makers should stick to rules instead of pursuing discretionary policies. Do you agree with the above statement? Substantiate your answer.
4. Explain in brief the salient features of real business cycle theory. In what respects is it different from other theories of business cycle?
5. Explain why firms may offer a higher wage to workers than the equilibrium wage rate.
6. Bring out the important issues on which Lucas criticizes Keynesian macroeconomics. To what extent the New-Keynesian economists have accepted these criticisms?
7. Write short notes on the following.
 - a) Rational expectation and adaptive expectation
 - b) Non-accelerating Inflation Rate of Unemployment

MEC-003: QUANTITATIVE METHODS

Assignment

Course Code: MEC-003
Asst. Code: MEC-003 / AST-1/2011-12
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. How do you use differential equations in economics? What type of situations can be helpfully depicted using differential equations? Discuss the role of initial condition in solving a differential equation. If your objective is to examine the stability of equilibrium, with the help of an example, show how a second-order differential equation helps in addressing your concern.
2. Give examples of problems where you can make use of Poisson distribution. Does it have a probability density function? Why or why not? Discuss your answer in the context of the mean and variance of Poisson distribution.

Section B

3. Explain the relevant considerations of making a choice between one-tailed and two-tailed tests. How would you determine the level of significance in the above tests?
4. A linear programming problem is given as
$$\text{Min } z = 30x_1 + 50x_2$$

Subject to
$$x_1 + x_2 \geq 9$$
$$x_1 + 2x_2 \geq 12$$
$$x_1 \geq 0, x_2 \geq 0$$

Find its optimal solution.
5. How would you determine linear dependence of a matrix? Define the rank of a matrix in terms of its linear independence.

6. The correlation coefficient between nasal length and stature for a group of 20 Indian adult males was found to be 0.203. Test whether there is any correlation between the characteristics in the population.
7. Write short notes on the following:
 - a) Eigen-vectors and Eigen-values
 - b) Taylor's expansion
 - c) Mixed strategy
 - d) Kuhn-Tucker condition

MEC-004: ECONOMICS OF GROWTH AND DEVELOPMENT

Assignment

Course Code: MEC-004
Asst. Code: MEC-004/AST/2011-12
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 examine the basic formulations of the Harrod – Domar model of economic growth. How does the Harrod model explain the occurrence of trade cycles?
2. Discuss the concept of Golden Age Equilibrium in Joan Robinson's Model. What are its main criticisms?

Section B

3. Define any three of the following
 - a) The golden rule of accumulation
 - b) The Real Business Cycle model
 - c) Tragedy of the commons
 - d) Vicious circle of poverty
 - e) Evolutionary Growth
4. Explain the concept and implications of globalization. Also, discuss its advantages and shortcomings.
5. Critically evaluate the theory of critical minimum effort. Also bring out its limitations.
6. Explain the meaning of planning as an instrument of resource allocation. Why is there a need for planning in the development process?
7. Differentiate between
 - a) Embodied progress and Disembodied progress
 - b) Harrod neutrality and Hicks neutrality
 - c) Capital augmenting and capital deepening.

MEC-005: INDIAN ECONOMIC POLICY

Assignment

Course Code: MEC-005
Assignment Code: MEC-005/AST/2011-12
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).

Section A

1. “A number of steps can reduce the severity, spread and size of the black economy in India.” Give the future directives on the parallel economy and cite the practical obstacles faced on the way to fight the black economy.
2. “In the wake of globalisation, in order to protect the vulnerable groups, different strategies of employment need to be followed”. Comment

Section B

3. Discuss the instruments of monetary policy and throw light on the main features of monetary policy from the late-1990's onwards.
4. In the light of the parameters for assessing economic reforms, critically examine its impact on the Indian economy.
5. Explain how Minimum support price (MSP), microfinance, easy access to credit and agricultural marketing help in addressing the issues in the agricultural sector?
6. ‘Policy-reform is an on-going process’ - discuss the statement by making suggestions for foreign capital policy.
7. Explain any three of the following.
 - a) Portfolio Investment and Direct business investment
 - b) Issues in union-state financial relations
 - d) Poverty ratio and working poor
 - e) Functions and Objectives of the WTO
 - f) Distinction between Member-Based Organisations and Non-Governmental Organisations