

### MA Economics Essay Question

1. In November 2016, in order to curb black money and corruption the government had imposed demonetization by banning all 500 and 1000 rupee notes. In 2018, according to a report by the Central bank, 99 percent of the banned notes were returned to the Central bank. What is your view on demonetization as measured against its stated objective?

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2. The Indian economy is currently experiencing a slowdown in GDP growth. One of the policy solutions suggested to the Indian government is to increase spending on MGNREGA. Using some principles of Economics, explain why such a policy would or would not work. What constraints does the government face in implementing this suggestion?

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3. The M.A in Economics at Azim Premji University is a uniquely designed programme to develop the next generation of Economists with the theoretical knowledge, and technical skills to perform high-quality analysis, while at the same time being grounded in the institutional, developmental and ecological context of contemporary India.

Given this background, discuss one issue that you have thought about with respect to India's development, and explain why you think having a better economic analysis would help in understanding it.

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4. It was observed this year during the months of June, July, and August that the demand for MGNREGA work in villages went up substantially compared to the same time last year. What do you think were the likely reasons for this increase? How would you go about designing a study to test your hypothesis?

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5. Over the years, there have been many calls to replace the in-kind distribution of grains via the Public Distribution System with a cash transfer programme. Do you think this step should be taken? Justify your answer either way. In addition, outline a study that can help you answer the question, which works better, cash or in-kind transfers.

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6. Recently there has been a revival of interest in what has happened to India's poverty rate in the past decade. The poverty rate is usually measured using the Head Count Ratio (HCR) or the percentage of households below a poverty line. Explain the pros and cons of using the HCR to measure poverty (mention one pro and one con and explain). What

other approaches to poverty measurement are available to us? Take one example and explain if it overcomes some shortcomings of the HCR approach?

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7. A recent study argued that since the early 2000s, the world economy had experienced "unconditional convergence" between rich and poor countries. Drawing on the Solow model of economic growth, explain what is meant by the term unconditional convergence. Also explain the difference between unconditional and conditional convergence.

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8. Karnataka recently implemented a policy where women can now ride free on all public buses. Use your knowledge of economics to answer the following:

9. Use economic theory to explain what will happen to demand for public buses.

10. What may be some unintended consequences of the policy? Explain how you came to this conclusion.

11. The price of a kilogram of wheat at a fair-price shop is INR 7.50. The price of wheat on the market could be five times higher. What explains this?

12. In APU we often observe students coming from the same state sitting next to each other in class.

1. Why do you think this can be good for learning?

2. How do you think this can prevent learning?

13. In September 2022, Rajasthan government implemented Indira Gandhi Shehri Rozgar Guarantee Yojana (IRGY) - a scheme to ensure and guarantee urban employment.

1. Use economic theory to predict what will happen to the wages in the labour market as a result of this policy?

2. What may be some unintended consequences of the policy? Explain how you came to this conclusion.

14. In May 2023, farmers in Maharashtra were throwing away the tomatoes they produced, as the market prices were not enough to cover even the production costs. Within two months, the price of tomatoes exceeded ₹150 per kg. How can such a large fluctuation in price of a good be possible in such a short span of time?

15. At Azim Premji University, we observe that students coming from the same state are friends with students coming from a different state.

1. Why do you think this can be good for learning?

2. How do you think this can prevent learning?

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Migration is defined as the moving of a person's place of residence, either temporarily or permanently, from one location to another.

1a. What are the main reasons why people migrate in India?

1b. The majority of migration for men is short-term i.e. they are away from their original place of residence for six months or less, and then return back before the next period of migration, instead of a more permanent, long-term shift of the place of residence. Why do you think this is the case?

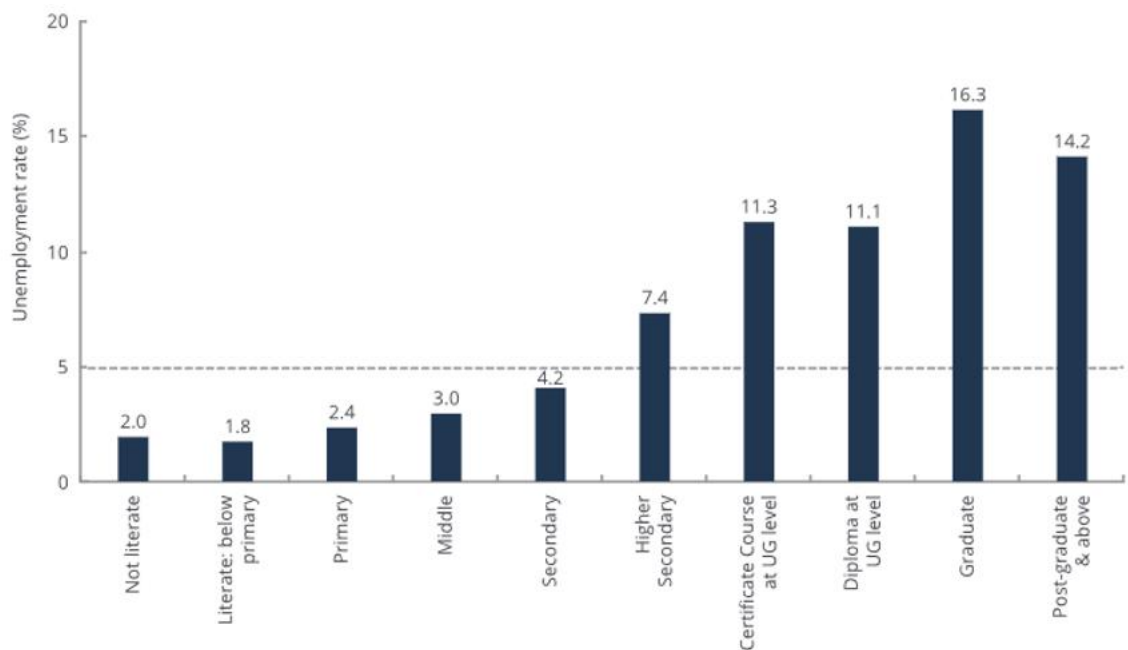
Assume that the labour market is perfectly competitive, and that wage and employment are at the equilibrium levels. Now, the government introduces a legal minimum wage, which is above the equilibrium market wage. Assume that there is perfect implementation and that firms have no choice but to abide by the law.

2a. What will be the effect on wage? What will be the effect on employment?

Now, when we look at data from actual implementation of minimum wage laws, we do not find any effect on employment.

2b. Give two reasons why that could be the case.

Economists often write for the 'general audience'. You may have read op-eds by some well-known economists in newspapers. This general audience could be of two types – bureaucrats and politicians, who make policy, and other citizens who do not directly make policy. The reason for writing for the first set is clear, as they can change policy. Why should economists write for the second set - general citizens who do not make policy?



Sources and notes: LB-EUS 2015. Reference line indicates average.

The graph above shows the unemployment rate (vertical axis) for people with different levels of education (horizontal axis).

- 1a. What do you think is the main point that this graph is trying to make?
- 1b. What could be the reasons behind the pattern that you are observing in the graph?

Consider two countries A and B, that both manufacture mobile phones. It is observed that there is almost no difference in the price of mobile phones (after correcting for currency exchange rates) between these two countries, but the price of getting a haircut is vastly different.

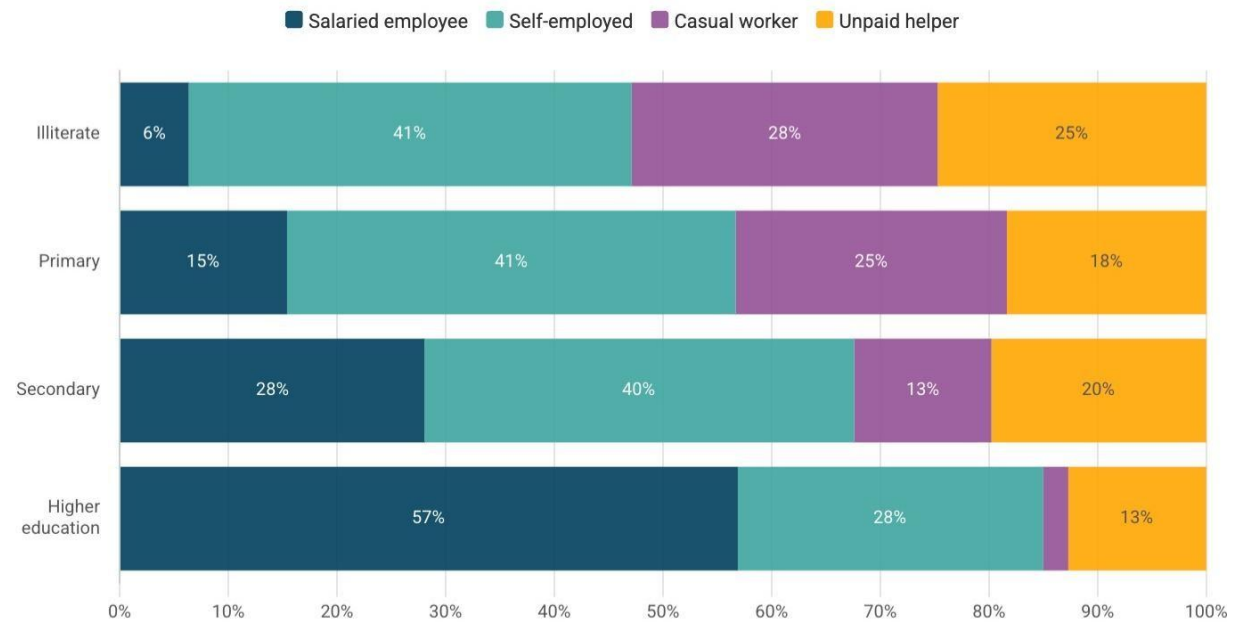
- 2a. What could be the reason for the wide difference in the price of a haircut between both countries?
- 2b. Suppose workers in the mobile phone factory, and in similar industries, are more productive in country A than in country B? In which country do you think the price of haircuts will be higher, and why?

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Why should economists write for the second set - general citizens who do not make policy?

### Type of employment by education (2024)

Indians with a higher education are more likely to have a salaried job



Higher education includes diploma/certificate courses, graduate and post-graduate degrees

Source: Periodic Labour Force Survey 2023-2024, National Sample Survey Office



1a. From the graph, what can you conclude about the relationship between education and type of employment?

1b. What might explain the rates of self-employment across the four educational levels shown in the graph?

Consider two countries A and B, that both manufacture motorbikes. It is observed that there is almost no difference in the price of motorbikes (after correcting for currency exchange rates) between these two countries, but the price of getting a haircut is vastly different.

- 2a. What could be the reason for the wide difference in the price of a haircut between both countries?
- 2b. Suppose workers in the motorbike factory, and in similar industries, are more productive in country B than in country A? In which country do you think the price of haircuts will be higher, and why?

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