MAEC

MASTER OF ARTS

(ECONOMICS)

ASSIGNMENTS 2025-26

Second semester Courses

(For July 2025 and January 2026 Sessions)

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

Master of Arts (Economics)

(TMA)

(2025-26)

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 **second 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 2025** and **January 2026**).

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

1. **By 31st March 2026,** for the students willing to appear in June 2025 term-end examination.
2. **By 30th September 2026,** 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-104: ECONOMICS OF GROWTH AND DEVELOPMENT
Tutor Marked Assignment

Course Code: MEC-104
Asst. Code: MEC-104 / AST-1/2025-26
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. Explain how the Solow model differs from the Harrod-Domar model. Which of the two do you think is more relevant in describing the development process of developing nations?

2. Why does diminishing returns to capital not take place in the AK growth model? Analyse the Lucas model of endogenous growth, bringing out the role of human capital.

Section B

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

3. Distinguish between economic growth and development. Examine the benefits that economic growth confers upon society.

4. Discuss the important features of labour market in developing countries.

5. Explain the various approaches to measurement of total factor productivity?

6. Discuss the relationship between income inequality and economic growth.

7. What impact do geographical factors have on economic development?

1. Explain how the Solow model differs from the Harrod-Domar model. Which of the two do you think is more relevant in describing the development process of developing nations?

Answer

The Harrod-Domar and Solow models both explain how capital accumulation affects economic growth, but they use very different assumptions about production and the adjustment of an economy. The Harrod-Domar model gives a central place to saving and the capital-output ratio. In its simple form, the warranted rate of growth can be written as $g = s/v$, where s is the saving ratio and v is the capital-output ratio. Growth is faster when a larger share of income is saved and when capital produces more output. The model also distinguishes the warranted rate, at which firms are satisfied with their investment decisions, from the natural rate allowed by labour-force growth and technical conditions. If these rates do not coincide, the economy has no strong internal mechanism that automatically restores a stable growth path.

The Solow model keeps saving and capital accumulation, but changes the production side. Output is produced with capital and labour through a production function that allows substitution between the two factors. Capital is subject to diminishing marginal returns when other factors are held constant. The central steady-state condition, in per-worker terms, is that saving and investment are just sufficient to cover depreciation and the capital needed for a growing labour force. With labour-augmenting technical progress, long-run growth of output per worker ultimately depends on technical progress rather than on a permanently higher saving rate.

Basis	Harrod-Domar model	Solow model
Production technology	Usually assumes a fixed capital-output ratio and little or no substitution between capital and labour.	Uses a neoclassical production function in which capital and labour can be substituted within limits.
Returns to capital	A fixed relation between capital and output makes capital accumulation the main direct engine of growth.	Diminishing marginal returns to capital cause the extra output from additional capital per worker to fall.