

**International Institute of Information Technology**  
**Introduction to Human Sciences**  
**Spring 2025**  
**Quiz 2**

Time: 60 minutes

Marks: 30

1. a) What are some of the commonly used definitions of economics as a discipline?

Check slide 3 in lecture 1 and chapter 1 of Chang's book.

All four definitions given in the slide will get full marks. One mark deducted for each definition missed.

- b) Explain how women's disproportionate burden of household work can be seen as an economic issue.

There are two interrelated economic dimensions here. Household work is essential for social reproduction of labour i.e. preparing the new generation of humans to emerge as productive labour power to be used for economic production. Since this process is primarily dependent on women's unpaid labour it has serious implications for the viability of the larger economic system. If some of these activities have to be outsourced and thus procured from the market by paying for them, it will make the cost of social reproduction too high and lead capitalism into crisis. A related point is about women doing much of this work. This makes it more difficult to participate in the labour market and reduces female labour force participation and impedes their economic empowerment.

Satisfactory answer gets 3. Excellent answer gets 4. No full marks.

- c) Discuss and differentiate between the original and new versions of institutional economics

Check lecture 2 slide 11. Also read Chang's book chapter 4 ( pages 71-73 in my version ) on The Institutional School-Old and New

Main points of difference( old vs new institutional economics) that should be covered:

- 1) Time line ( late 19<sup>th</sup>/early 20<sup>th</sup> vs 1980s onwards)
- 2) Major contributors ( Commons, Veblen vs Stiglitz)
- 3) More descriptive vs more formal/analytical based on an extension of neoclassical economics

- 4) While both focused on the role of social norms and institutions in determining economic outcomes, new institutional economics has a special emphasis on private property rights as the key economic institution. More details from the book.

Answers get between 3 and 5. No full marks.

4+5+6

2. a) What is the gross domestic product (GDP) of an economy?

Check lecture 2 slides 3 -4

Follow definition given in class. Correct definition gets full marks. One mark deducted for missing '**final**' goods and services in the definition and one mark for '**monetary**' value of final goods and services.

- b) How can we compare GDP for one country over time? Explain with an example.

Check slide 4. Basic idea is that comparison of GDP over time for the same country can only be done in terms of real GDP ie GDP adjusted for price changes or inflation.

Example:

Suppose for any country the GDP in current prices ( or nominal GDP ) for 2020 is Rs 20 crores and that for 2024 is Rs 35 crores.

In order to construct the real GDP with respect to a base year, both numbers have to be divided by the Consumer Price Index (CPI) for the year in question with a common base year and multiplied by 100. Let the base year be 2010, so CPI for 2010 =100

Let's assume  $CPI^{2020} \text{ (base -2010)} = 135$  and  $CPI^{2024} \text{ (base- 2010)} = 150$ .

So  $\text{real GDP}^{2020} = (\text{Rs } 20 \text{ crores} / 135) \times 100$  and  $\text{real GDP}^{2024} = (\text{Rs } 35 \text{ crores} / 150) \times 100$

Good answer gets 4 marks. Only an exceptional answer( in terms of clarity) will get full marks.

- c) Unemployment is not an ideal measure of the economy's health in a poor country. Explain

First check lecture 2 slide 6.

Normally an economy's performance is evaluated through growth in GDP and also the rate of unemployment (along with prevailing rate of inflation). High unemployment rate is generally understood as an indicator of economic distress.

Examples include the Great Depression in the 1920s-30s and the period of the oil crisis in the 1970s. However, for poorer countries unemployment is not a good indicator of economic distress as most people cannot afford to be unemployed here as there is no public safety nets like unemployment benefits or doles. So a large section of the population might be employed in poor quality jobs and earning low incomes and this will be consistent with very low unemployment rates. This situation of economic distress cannot be captured by unemployment rates.

Good answers get 5. Exceptional answers get 6. No full marks for this answer.

3+5+7