Economics Module Midterm Questions

1. What is meant by ‘servicification’ of the Indian economy? Has this phenomenon proved beneficial for India’s working population? 5+10

Check Lamba and Subramanian (2020) and slide 8 of lecture 3 as background reading before grading this question.

1st part: 2 marks if the student says that servicification means the domination ( or something similar) of the services in the Indian economy.

Up to 2 more marks can be given if the student elaborates and explains how this domination came about through rapid increase in IT and related services since the 1990s. Whether you give 1 or 2 marks depending on the clarity of the answer including reference to the fact that this kind of service domination is atypical for a country like India which never had full-fledged industrialization. So, a very good answer gets a 4 here. 5 is reserved for something exceptional and should normally not be given.

2nd part: The main point that the student needs to bring out here is the extreme heterogeneity of the quality of employment in the service sector. You have a small, dynamic sector in terms of high-end services like IT, banking and insurance which employs few highly skilled workers with good salary and benefits But most of the employment in services is in low-skilled or unskilled/manual jobs like hawking, informal repair works or rickshaw/e-rickshaws which yield very low returns and deplorable working conditions. When we think of servicification in the popular discourse we probably have the picture of high paid and globally mobile skilled workers who are a minority in the overall Indian scenario.

This is an open-ended long answer question and students can choose to answer it in various ways. Starting from a 5 for an average answer, you can go up to 8 marks for an excellent answer. No scope of 10 out of 10 here.

1. a) What are some of the common definitions of economics as a discipline? Which of them do you find most convincing and why? 5 +5

Check slides 4 & 5 in lecture 1 and chapter 1 of Chang’s book

For the first part any three of the four definitions discussed in the class slide, should fetch 5 points. If they get two definitions right, they get 3 points and if only one right they get 1 point.

The second part is a more open-ended question. They get between 2 and 4 points depending on the quality of the answer i.e. how convincingly they defend their choice.

b) Keynesian economics is primarily located in the domain of microeconomics. Explain briefly why the above statement is true or false 5

Check slide 7 from lecture 1 and slide 3 from lecture 2

The answer is false. Keynesian economics is primarily in the domain of macroeconomics.

Just getting ‘false’ correct with no explanation is worth 1 point. Saying Keynesian economics is related to macroeconomics is worth 2 points.

They get 2 extra points if they are able to explain what microeconomics is (dealing with induvial agents and their choices etc.) and why Keynesian economics’ focus on unemployment and aggregate demand is different.

Normally nobody gets 5 in this question.