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MD IFTAKHAR KABIR SAKUR

25th BATCH

COMPUTER AND COMMUNICATION ENGINEERING

International Islamic University Chittagong

COURSE CODE: Econ-3601

COURSE TITLE: Economics

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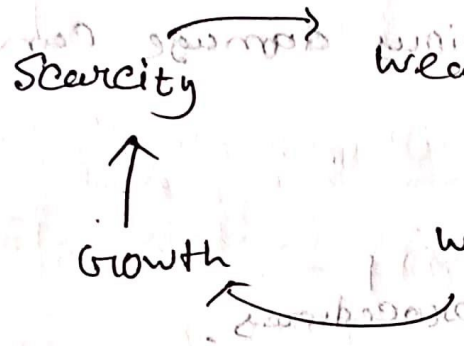
ECON - 360

Mid-Term

Autumn - 18

① Q The origin and scope of economics :-



① Wealth :- (Goods & services people use to satisfy their wants & needs)

The father of economics Adam Smith says:-

→ A science which studies nature, causes and growth of the wealth of the nations.

→ Criticism :-

No attention was paid to man for whom wealth is really meant.

② Welfare :-

Alfred Marshall said,

Study of mankind in the ordinary business of life, it examines that part of individual and social action which is most closely connected with the use of the material requisites of well being. Thus

it is, on the one side a study of wealth; and on the other and more important side the study of man.

welfare refers to the well-being of individuals and society as a whole. Economics studies helps how economic policies & institutions affect welfare outcomes, such as poverty, inequality, ~~het~~ health etc.

Scarcity:-

Refers to the limited availability of resources relative to the unlimited wants & needs of individuals and society. Economics studies how people make their choices under conditions of scarcity. It is the science which studies human behavior as a relationship between ends & scarce means which have alternative uses.

Four characteristics:-

→ Man has unlimited wants or needs
→ The means or resources to satisfy them are limited
→ Resources are not specific & have alternate uses.
→ Man has therefore to choose between wants.

Growth:-

Refers to increase in production & consumption of goods and services over time. Economic studies how economic growth is created and sustained, including the role of innovation, investment, education and institution etc.

1(b)

Factor Markets:- Refers to the market where firms purchase the inputs to produce product & services. The inputs are commonly referred to as factors of production and include labor, capital, land and enterpreneurship. The price paid for these inputs are called as the factor price.

Commodity Markets:-

Where finished goods & commodities are bought & sold. Here the trade happens. The product which are used to sell & bought in this market are call as commodities. The price of this market is called market price

The circular flow of economic activity involves the ~~inpe~~ independence between factor & commodity markets. ~~In production market we sell & bought these goods~~ in commodity markets.

we use to develop or do the production of our products in factor markets. And sell those goods in the commodity markets. And the revenue that we get from here used to pay for the inputs purchased in the factor market, such as labor, capital, land & entrepreneurship.

In this way, the factor market & commodity markets are connected through the circular flow of economic activity. The revenue generated from selling goods & services in the commodity market flows back to the factor market as factor markets.

1(c)

Difference between Micro & Macro Economics:-

Micro Economics	Macro Economics
① The production / output is in individuals industries & businesses. Ex:- How many cars How many offices	① Counted as national Production / output. Ex:- How much steel How many offices How many cars.
② Prices of individual Goods & services. Ex:- price of medical care → price of Food price.	② Aggregate price Level:- → Consumer price → Rate of inflation
③ Distribution of income & wealth:- Ex: → wages in the auto industry → Minimum wages	③ National income total wages & salaries Ex:- Total corporate profits
④ Employment by individual businesses & industries Ex:- Jobs in the steel industry → Number of employees in a firm	④ Employment & unemployment in the economy:- → Total number of Jobs → Unemployment rate.

2(a)

Three basic factors are land, labor & capital

Land:- Includes all natural resources (water, air, minerals, forests etc.) these are used in production process.

→ Also includes physical & itself. (Farms, buildings etc)

Example:-

→ Farmer used to cultivate corps in land

→ Oil company extracts oil from the ground.

2) Labor:- Refers to human efforts that is required to produce goods & services.

Include physical & mental effort, such as work done by factory workers

Ex:- A teacher who delivers lecture is also using ~~capital~~ labor as factor of production.

3) Capital:- Refers to the tools, machinery & other equipment. From hammers & drills to the

Computers & robots all are capital.

It also include buildings & other infrastructure used in the production process.

These three factors of production are used to create goods and services that are consumed by individuals & businesses. The availability & quality of these factors of production can influence the overall level of economic growth & development in a country.

2(b)

In economics, the production function is the relationship between the inputs used in the production process & the resulting output of goods & services.

Short-run production function:

→ At least one input is capital, fixed.

→ Other inputs such as labor and raw materials can be varied.

→ Firms can't adjust their capital stock quickly.

→ As a result, the output level can only be increased or decreased by adjusting the variable inputs.

Example:-

Suppose a factory has a fixed number of capital such as machine and a variable amount of labor. So the factory can increase their output by adding more labor. But they can't increase it by adding more machine.

Long-run production function:-

→ All inputs including capital varies.

→ In the long run firms can adjust their input to any level they desire

→ There is no fixed factors.

Example:- A firm that wants to increase its output level in the long run can add more machine & and more labor as they want.

(2C)

Properties of Isoquants-

1] Downward Slopping

→ Slopes downward from left to right

→ Indicates one input increases.

→ Other input must decrease to maintain the same level of output.

→ Because inputs are substitutable to some degree.

→ Increase in one input can partially decrease in another point.

2] Convex to the origin:-

→ Shape is convex to the origin

→ That means the curve becomes flatter as it moves towards the origin.

→ That is when we go on increasing the input say Labor by reducing the quantity of other input say capital, we see less unit of capital are sacrificed for the

addition of Labour.

3] Can't intersect:-

→ Two Isoquants can't intersect each other.

→ If it happens that means the combination of inputs is producing two different level of output. which is impossible.

4] Higher Isoquant represent a higher level of ~~input~~ output:-

→ A higher ~~level~~ isoquant represents a higher level of output.

→ And lower one lower level output.

→ This ~~be~~ is because each isoquant represents different level of output,

→ And higher level requires more inputs

5] Smooth and Continuous:-

→ Small changes in inputs result in small changes in output.

Autumn-2020

1(a)

Ans:- 1(b) → Autumn-2018

~~1(b)~~

1(c)

Ans:- Autum-2018 (1(c))

1(b)

Engineers study economics:

→ To understand the market demand.

→ To understand the economic condition so that a project can be built like that.

→ To manage any project without any economic or Financial problem.

→ To design a project an Engineer need to Consider the environmental impact

→ Government regulation & policies

2(a)

There are several factors which can influence demand & supply of a product:-

1] Price:- Most important factors.

→ If price decreases, the demand of the product increases

→ If product increases, the demand of the product decreases.

2] Income:-

→ Consumers also has significant impact on demand.

→ Income of customers increases, the demand for goods also increases.

→ For certain goods (such as inferior product) may get decreased.

3] Consumers preference & taste:-

→ Consumers develop a preference for a particular product, the demand for the product increases.

→ If consumers change tastes & become less interest

in particular product, the demand for that product may decrease.

4] Availability & price of substitute goods:-

→ If there are many substitutive goods available at lower price, the demand for particular product may decrease.

5] Change in population:-

→ If population grows, the demand for the most goods & services will increase

2.(b)

3(a)

Return to scale is the thing when change in output that results from a proportional increase of inputs. That means, when a Firm increases all of the factors or inputs equally then the output also increases equally.

Decreasing Return to scale:-

It means when a Firm increases all the inputs in equal portion, but the output increases by a smaller portion.

Negative return to scale

When a Firm increases all the inputs in equal portion, but output decreases.

For example:-

A Firm may face this when its administrative costs increases as it grows larger. Which limits the Firms ability to increase output.

(3(b))

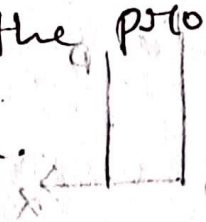
A production indifference curve is a graphical representation that shows various combinations of two or more inputs. In the case of a producer, the PIC shows the combinations of labor & capital that can produce a given level of ~~in~~ output, with each combination providing the same level of satisfaction. The slop of PIC represents the rate at which the producer is willing to substitute one input for another while keeping the output constant.

It is the point where producer achieve highest level of satisfaction or profit, given the prices of ~~lavor~~ labor and capital. Here, the slop of the PIC is equal to the ratio of the prices of labor & capital.

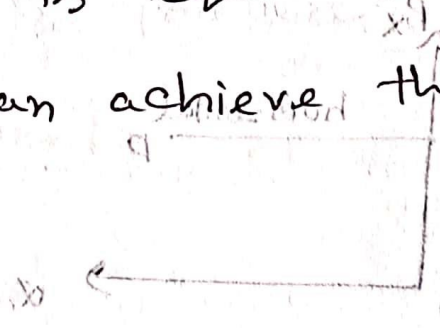
To reach producer's equilibrium the producer must find the combination of inputs that maximizes the profit. And it is

done by comparing the marginal revenue product (MRP) of each input with its price.

If the MRP of the labor is higher than its price, the producer should hire more labor; If the MRP of capital is higher than its price, the producer should invest more in capital.



By adjusting the amount of labor & capital used in production until the MRP of each input is equal to its price, the producer can achieve the highest level of profit.

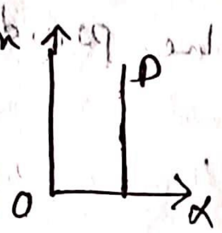


PdF

Pdf- 2.1

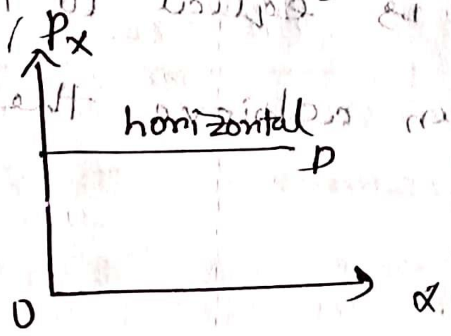
Classification of elasticity (According to the size)

1) Perfectly inelastic ($E_d = 0$)



2) Inelastic ($E_d < 1$)

3) Perfectly elastic ($E_d = \infty$)



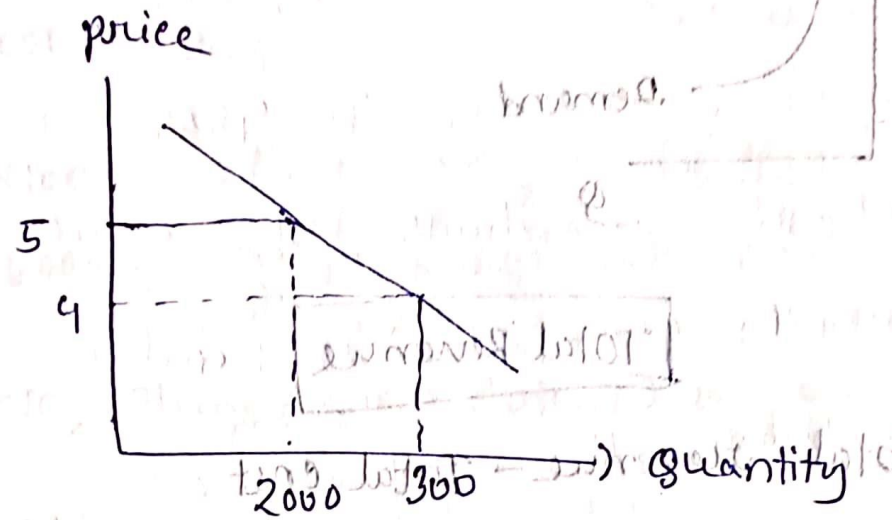
Price Elasticity of Demand :-

→ Consumer বেশি ই কিনে যখন price কমে

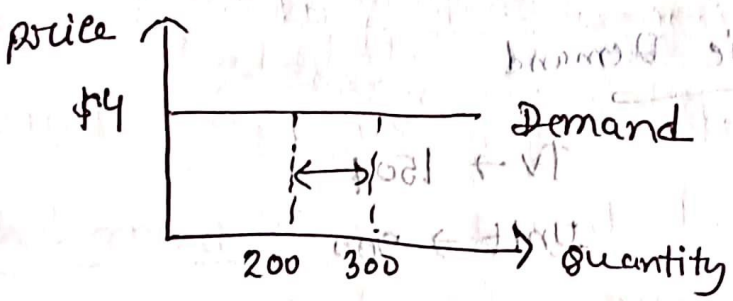
→ কম কিনে যখন price বেশি।

$$\rightarrow E_d = \frac{\%\ \text{Change in demand}}{\%\ \text{change in price}}$$

Elastic Demand:-

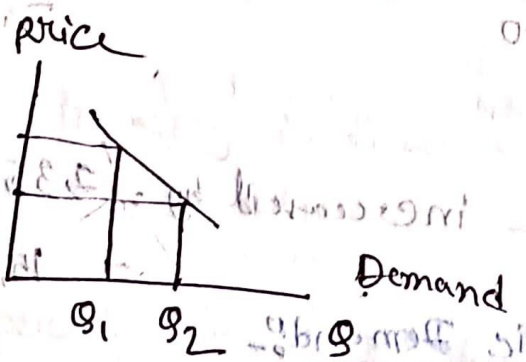


Perfectly Elastic Demand:-



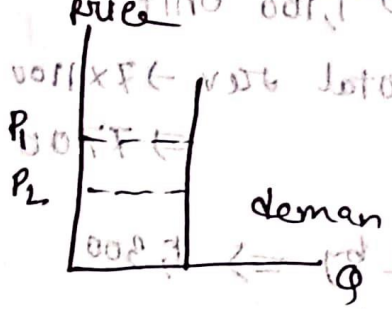
$E = \infty$

Inelastic Demand:- $E<1$



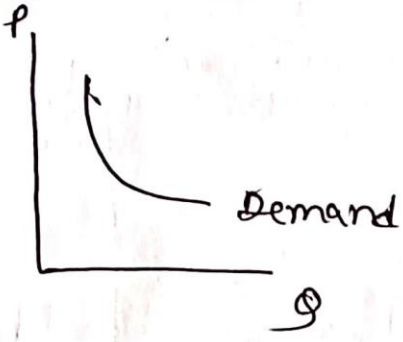
$E_d \leq 0$

Perfectly inelastic Demand:-



$E_d = 0$

Unit elasticity:-



Total Revenue

Profits = Total revenue − Total cost

Total revenue = price * Quantity

Total Revenue Elastic Demand

TVs → 200 $ | TV → 150 $

Unit → 600 | Unit → 900

∴ Total rev = 200×600 = ~~120,000~~ = 120,000

∴ Total Revenue = 150×900 = 135,000

∴ Revenue increased by = (135,000 − 120,000) = 15,000

Total rev. & Inelastic Demand:-

→ 9 $ → 1,000 unit

Total reve. => 9×1000 = 9000

→ 7 $ → 1,100 unit

Total rev. → 7×1100 => 7700

∴ Revenue decreased by => 1,300

Total Rev. & unitary elastic

→ 6$ → 5$

→ 1,000 → ticket → 1,200

6×1000 = 6000 ⇒ 5×1200 = 6000

NO, Change in total revenue

Price elasticity of Supply:-

$$E_d = \frac{\%\text{ Change in quantity Supplied}}{\%\text{ Change in price}}$$

The market period:-

→ occurs when a change happens in market

Short run:-

→ Entire industry is fixed

Long run:-

→ Longer period for firms to adjust their plant sizes

Cross Elasticity of Demand:-

→ Purchasing one product change the price of other product.

Substitutes:- Sales of x move in the same direction as a change in the price of y then x and y are substitute.

Complimentary good.

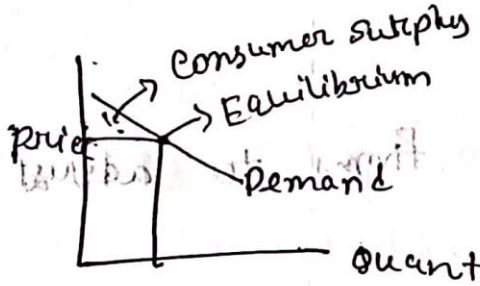
An increase in the price of one decreases the demand for the other.

Independent good:-

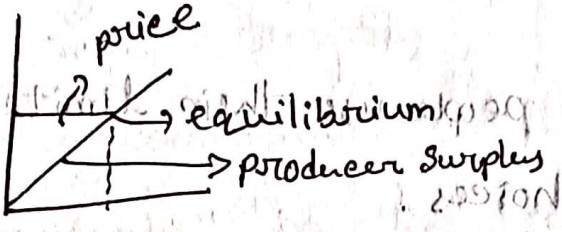
Two products are unrelated to each other.

Consumer Surplus

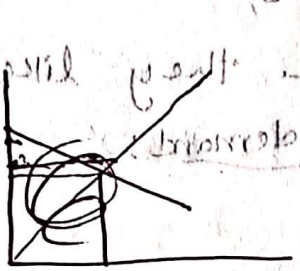
Difference between maximum price a consumer willing to pay for a product & the actual price

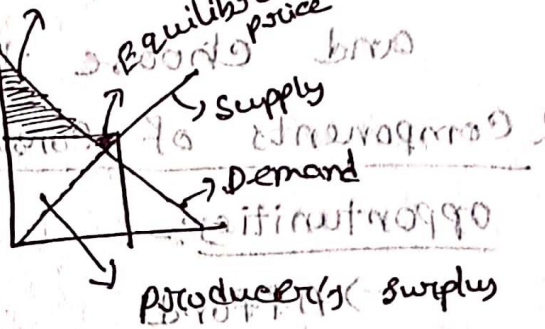


Producer Surplus



Efficiency:





Autumn-20

2(b)

$$\frac{12+P}{0.5} = Q_D \quad , \quad \frac{P}{0.1} = Q_S$$

$$\frac{12-P}{0.5} = \frac{P}{0.1}$$

$$0.1 \times 12 = 0.1P = 0.5P$$

$$\Rightarrow 1.2 = (0.5 + 0.1)P$$

$$\Rightarrow 1.2 = 0.6P$$

$$\therefore P = 2 \text{ (equilibrium point)}$$

Equilibrium schedule
P এর বিভিন্ন মানের value তে Q_D, Q_S

2.2 → pdf

Consumer's Theory:-

→ Study of how people use their limited means to make purposeful choices.

→ Assumes that consumers consider the alternatives and choose the one they like best

2 Components of Consumer's demand:-

opportunities:-

→ ~~Afford~~

→ ~~Con~~ Consumption possibilities

→ Budget Constraint

preferences:-

→ Consumer ~~for~~ like ~~mo~~

→ Consumer good ~~mor~~ like ~~mo~~

Budget constraint:-

Consumer's purchase opportunity

Utility & preferences:-

Their way economists represent ~~the~~ preferences

Indifference curves:-

properties:- → Should not slop up

→ Can't cross with each other

→ Better bundles are to the Northeast

→ Converse to the Origin.

Isoquant

Same Quantity

→ Shows various combinations of two variable inputs resulting in the same level of output.

Returns to scale

Increasing returns to scale:-

Proportional increase in every input yields a more than proportional increase in output.

Constant returns to scale:-

A ~~pro~~ proportional increase in every input yields an equal proportional increase in output.

Decreasing returns to scale:-

A proportional increase in every input yields a less than proportional increase in output.

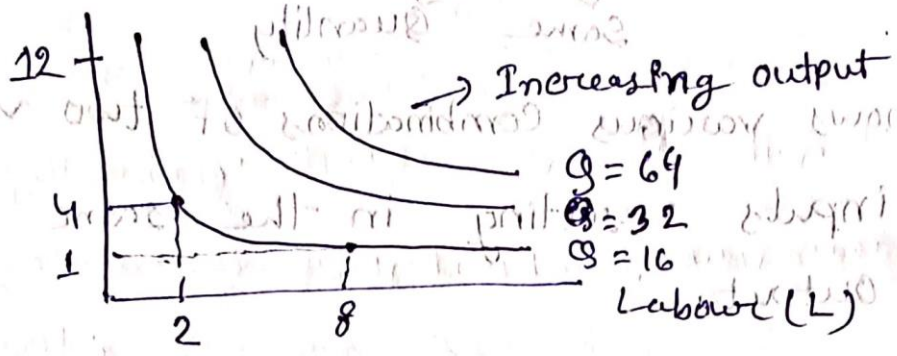
Importance of it:-

If a firm is characterized by increasing return to scale that means there is a tendency for expanding the size of the firm.

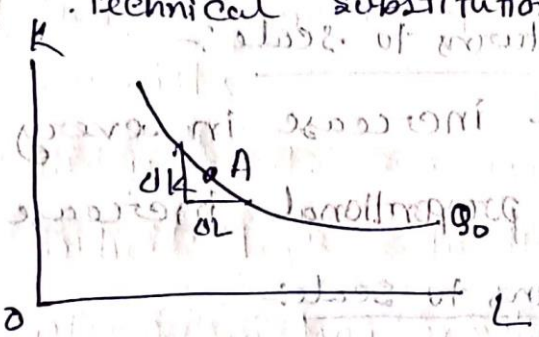
If decreasing one then the firm will have a tendency to get decreased.

In case of industries with constant returns to scale. ~~Firm of all sizes would~~ survive equally well.

⊛ Isoquant Map for the production function $Q = 2KL$



⊛ The Marginal Rate of Technical Substitution



Question Solve
Autumn – 2021

1(A) Viewpoint through scarcity:-

- Refers to the limited availability of resources relative to unlimited human wants and needs. Because of these individuals garments, firms, governments need make choices.

In economics it is studied that how individual ~~making~~ make decision, about the scarce resources. It also involves analyzing how people and institutions use their resources to

achieve their goals

In lens of scarcity it is a central concept in economic analysis, as it provides framework for understanding that choices of individuals. Like, in a world of scarce resources anyone must choose how to allocate their time & money between different production & services. Businesses must decide how to allocate their resources between different methods, products and markets. Garments must decide how to allocate their resources between different public goods & services.

1(b)

Matter of economics:-

Economics is a social science that studies how individuals, businesses, governments and societies allocate scarce resources to satisfy their limited wants & needs.

Two types:-

Microeconomics:- Concerned with the behavior of individual consumers, firms & markets.

Some key topics that are studied here are supply and demand, market structures, consumer behavior.

Macroeconomics:- Concerned with the performance of the entire economy. Key topics that are included here are:. National income accounting. Monetary policy.

International trade

1(c)

Significance of economics:-

→ Resource allocation:- Helps in allocation the limited resources by individuals, businesses & governments

→ Understanding Human Behavior:- What the consumer likes is better known to economists

→ Economic policy:- Govt. can use economic analysis and take initial steps to the society. such as, unemployment, promoting growth and stabilizing inflation.

→ International Trade:- Economics helps in trade flow, trade agreements

→ Income distribution:- Income inequality, economists can help finding out a solution.

→ Environmental Sustainability:-

Study climate change, natural resource depletion,

2(a)

Production:- Refers to the conversion of inputs into outputs or goods. Used to satisfy human wants and needs.

Production Function:- Mathematical relationship that shows the maximum amount of output from a given outputs. It is an important concept in economics because it helps businesses & policymakers understand how changes in the input affect output.

2(b)

Decreasing return to scale:-

(ক্রমহ্রাসমান প্রতিফল)

Negative return to scale:-

When a proportional increase in all inputs leads to a decrease output. The rate of output growth is negative. which indicate that the firm is experiencing diminishing (হ্রাসমান) return to its inputs.

2(c)

Isoquant curve & how to reach at the producers equilibrium:-

Isoquent:- A graphical representation of all possible Combinations.

producer's equilibrium refers to the combination of inputs ~~using users~~ which is are used to produce product.

To reach:-

1] plot the isoquent curve:-

2] Determine the Isocost line:

3] Find the point of tangency

4] Repeat the process

3(a)

$P_s = 2q + 20$ $\quad P_d = -q + 200$

$\Rightarrow q = \frac{P_s - 20}{2}$ $\quad \Rightarrow q = P_d - 20$

Here, $\frac{P_s - 20}{2} = P_d - 20$

$\Rightarrow P_s - 20 = 2P_d - 40$

$\Rightarrow 2q + 20 = -q + 200$

$\Rightarrow 3q = 180$

$\Rightarrow q = 60$ (Equilibrium point) $\quad P_s = 140$ $\quad P_d = 140$

Let $q = 50$

$P_s = 120$ $\quad P_d = 150$

Let $q = 40$

$P_s = 100$ $\quad P_d = 160$

Let $q = 30$

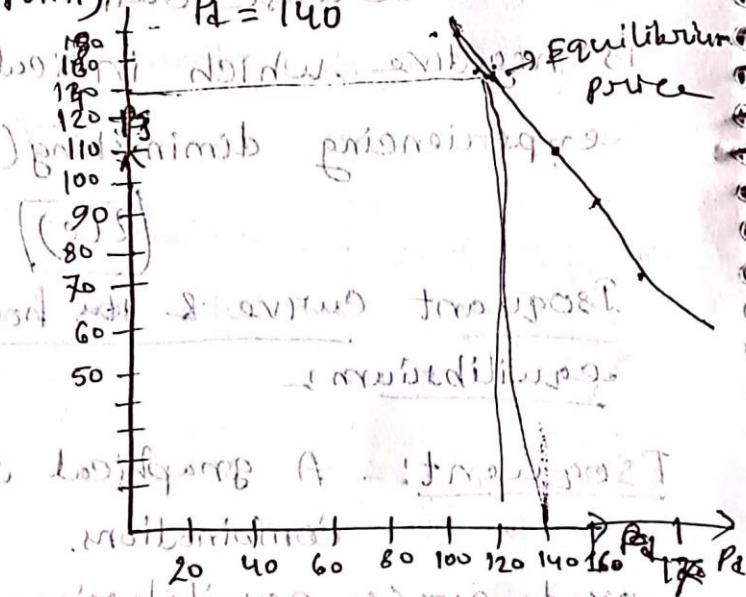
$P_s = 80$ $\quad P_d = 170$

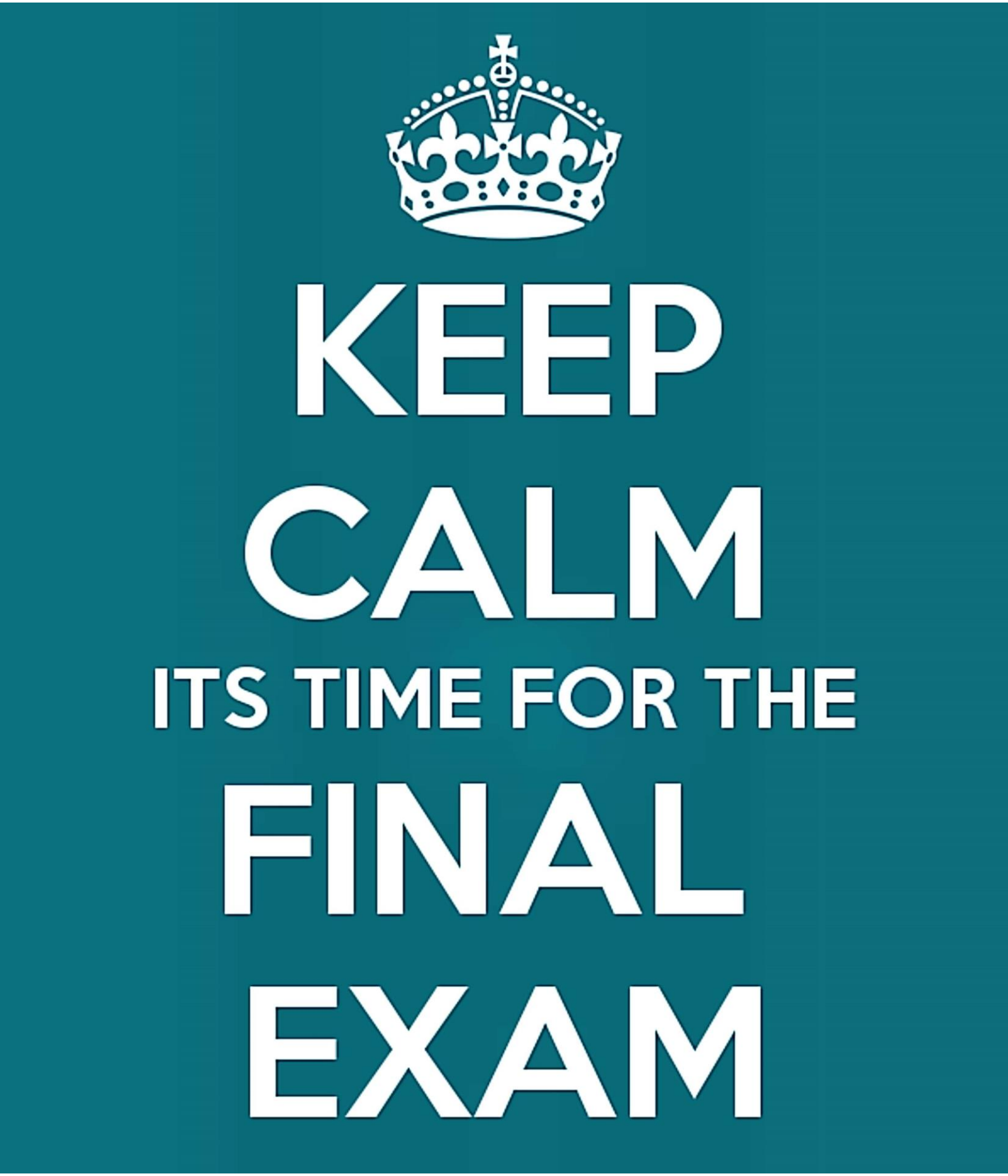
Let $q = 70$

$P_s = 160$ $\quad P_d = 130$

Let, $q = 80$

$P_s = 180$ $\quad P_d = 120$




KEEP
CALM
ITS TIME FOR THE
FINAL
EXAM

FINAL

ECONOMICS

Segment - 4

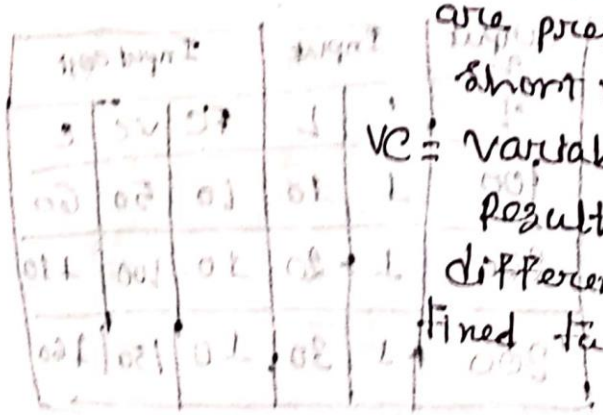
Cost & market Structure

Different Measures of cost :-

Total Cost (TC) = FC + VC

FC = Fixed cost (Don't vary with output. Only are present in the short run.

VC = Variable Cost. Result from different levels of fixed factors.



Cost Formulas :-

$TC = FC + VC$

$TC/Q = FC/Q + VC/Q$ [Dividing by Q] coil

$\Rightarrow ATC = AFC + AVC$

[ATC = Average Total Cost
AFC = Average Fixed cost
AVC = Average variable cost]

Marginal Cost :-

Additional cost of producing one more unit of output. Slope of TC

$MC = dTC/dQ$

Marginal & average costs Revisited:-

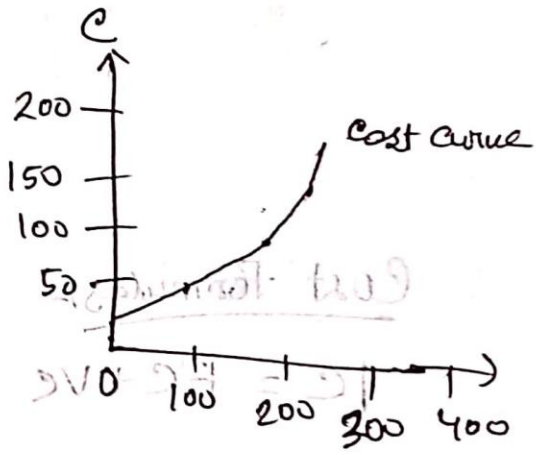
→ MC < AC [AC is falling]

→ MC > AC [AC is rising]

→ MC = AC [AC is maximum]

Same to MC & AVC

output q	Input		Input cost		
	K	L	FC	VC	C
100	1	10	10	50	60
250	1	20	10	100	110
300	1	30	10	150	160



A Tabular Solution:-

$C = 10 + 20q + 4q^2$

10 → Fixed cost

$20q + 4q^2$ → variable cost

- Compute ATC, AC, MC if $q = 10$
- Find where MC = AC
- What level of output minimizes AC?
- When is MC = 60?

$C = 10 + 2Q + 4Q^2$

A Tabular Solution

Q	C	AC	MC	
0	10	NA	NA	
1	34	34.0	24	$34/1 = 34.0$, $34 - 10 = 24$
2	66	33.0	32	
3	106	35.3	40	
4	154	38.5	48	
5	210	42	56	
6	274	45.67	64	

(*) কি পরিমাণ উৎপাদন করলে cost minimize ~~profit max~~ হবে?

= যেখানে MC ও AC same হবে (or Almost same হবে)

এখানে unit 2 production এ AC = 33.0 & MC = 32 যার difference 1 যেহেতু unit 2 production এ cost minimize হবে। কারণ এরা almost কাছাকাছি।

Market Structure:-

A mechanism where a product handles from seller to buyers.

Industry (Market):-

A collection of firms, each of which is supplying products that have same degree of substitutability.

→ Common buyers
→ Common sellers.

⇒ Helps Economists examine the nature & degree of competition among business in the same industry.

Market structure (Concept):

→ An economic model that helps economists examine the nature & degree of competition among business in the same industry.

Perfect Competition:-

-> Many & small sellers (So that none can affect market).

-> Homogenous product

-> Free entry to & exit from the industry

-> Transparent & free information.

AUT-21 (VIM)

Features of the Four market Structure

Type of Market	Seller/ Number of firms	Freedom of Entry	Nature of Product	Ex	Demand curve
Perfect Competitive Market	-> Many	Unrestricted	Undifferent (Homogeneous [products undiff])	Cabbage, Carrots	Horizontal
Monopolistic Competition	Many	Unrestricted	Differentiated	Builders, Convenience Stores	Downward Sloping
Oligopoly	Few ↓ Telecom company	Restricted	Undif or Dif	Cement, Cars, Electrical Appliances	Downward Slopping
Pure Monopoly	One ↓ City WASA, TITAS	Restricted or Completely Block.	Unique	Local watch Company	Downward Slopping

Segment-6 (Trade policy)

⇒ কোনো কিছু অন্যের থেকে কিনে এনে বিক্রি করাই Trade। এখানে নিজে কিছু উৎপাদন করে না।

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→ Free trade :- Import ↑ Export ↑ Tax থাকবে না।

Free Trade ↳ ① Domestic consumption Highest হয়।
② Resource utilization efficient হয়।

→

↳ Instrument of Trade policy

① Tariffs (Import tax, vat etc)

② Non-Tariff (Tax ব্যতীত অন্যান্য way তে handle করা হয়।

Tariff :- Import Tax কে Tariff বলে

→ Source of income of govt.

→ protect Domestic sector.

Specific Tariffs : Fixed value

Advalorem Tariff :- Imported goods এর value এর উপর depend করে। value বেশি tax বেশি, কম হলে কম।

Trade in a Single Industry

→ Supply ও Demand market এর উপর depend করে।

→ Exchange Rate remains same.

Free Trade:-

- যে এলাকায় product এর দাম কম সেখান হতে সেখানে দাম বেশি সেখানে shift হবে।

Cost Benefit of a Tariff

→ **prices:-** Tariff এর পর দাম বাড়ে Tariff এর কারণে

Consumer: Loss হয়

producer:- Gain in importing country

Loss " Exporting "

Govt.: Revenue বাড়ে

Ex:- কোনো দেশে চাল Export করলে Tariff এর কারণে তার দাম বেড়ে যায়।

Measuring the amount of protection

Main Target:-

principle objective of Tariff is to protect Domestic producer.

How much protection?

→ ~~Free~~ Tariff ছাড়া কি পরিমান import হয়

→ Tariff সহ কি পরিমান import হয় তার ratio.

The Effective Rate of protection

$$ERP = (V_T - V_W) / V_W$$

V_T = value Added with Tariff

V_W = value Added with Trade

→ It measure the percentage effect of the entire tariff structure.

Tariff Structure:- Relationship among Tariffs in related industries.

Value Added:-

Difference between the selling price & the cost of the intermediate goods.

$$V = P_A - P_{Bq}$$

Non Tariff:

Subsidies

উৎপাদকের টাকা দেওয়ার জন্য govt. subsidies দেয়।

Effects of Subsidy:-

→ Domestic producers এর gain হয়।

→ Government এর Loss হয়।

→ Consumers এর Loss। কারণ জনগণের টাকা Tax এর টাকা subsidy তে দেয়।

→ Govt. এর সুবিধা হয়। কারণ এতে কম দামে বেশি উৎপাদন হয়। per unit production cost কমায়।

Import Quotas

→ ~~[illegible]~~ একটা amount govt. fixed করে দেয় যেনো এর বাইরে কেউ বাইরে হতে product import করতে না পারে।

→ Product Licenses এর মাধ্যমে এই restrictions দেওয়া হয়।

→ License এর বাইরেও govt. restriction impose করতে পারে।

Effects of an Import Data

⇒ ~~Imported good~~

→ Imported good এর domestic price raise হয়েছে।

→ Have the same effects of a Tariff.

→ Import License Fee এর মাধ্যমে govt. টাকা আয় হয়।

→ Quotas Rents:- profit received by the holder of important license.

⇒

Segment-5

(Income & Inflation)

National Income:

Nation এর মধ্যে যত person আছে তাদের সবার Income এর যোগফল।

Central Statistical organization says,

→ "National Income is the sum total of factor incomes earned by the normal residents of a country in the form of wages, rent, interest & profit in an accounting year"

Prof Kuznets says,

→ "The sum total of the market value of final goods & services, produced by normal residents of a country in one year is known as national product."

The Circular Flow Diagram

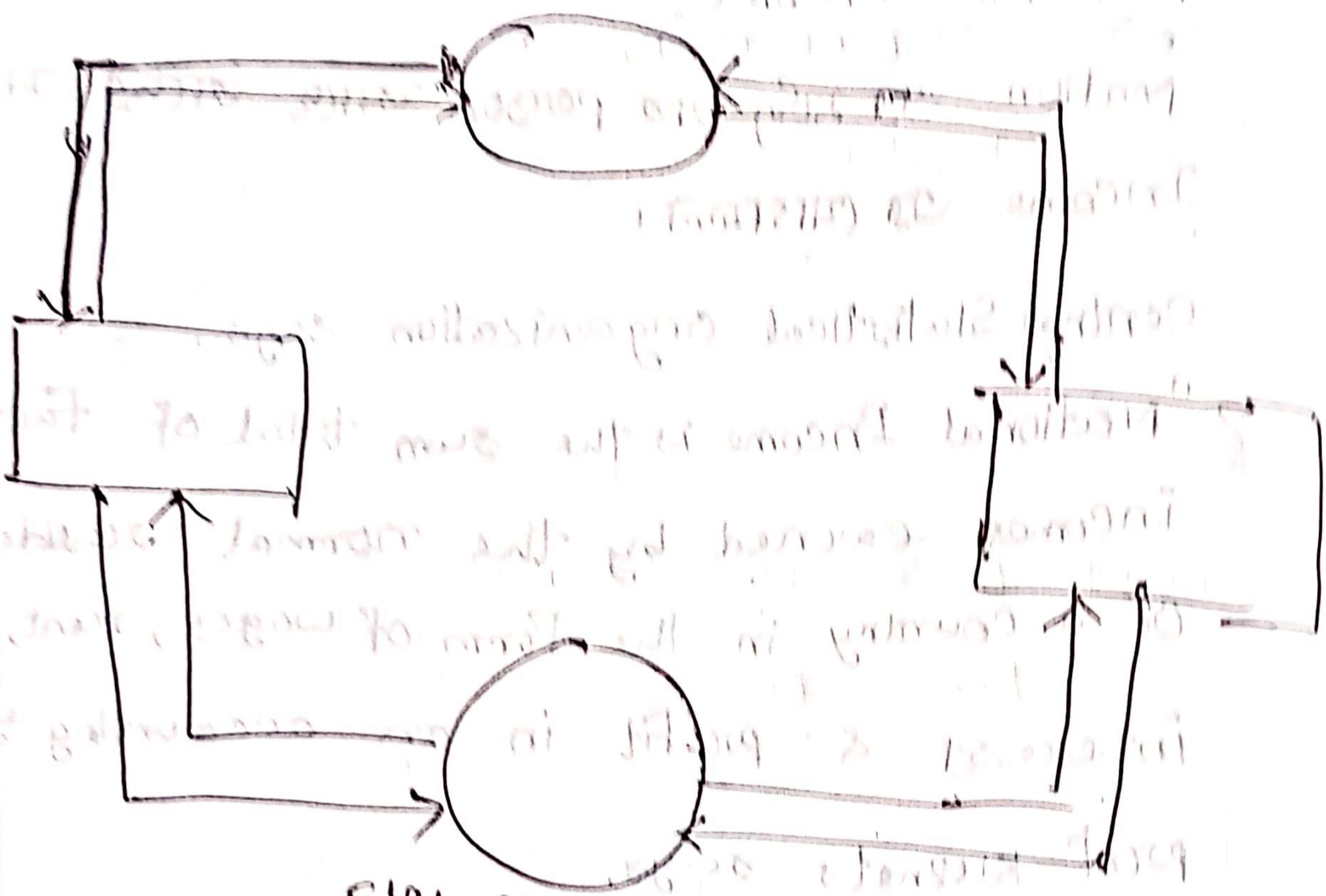

Fig:- Circular Diagram

→ অন্যের পরিমাণ <= Total Income

GDP বের করা।-

① Product Method:- কতগুলো product হয়েছে এ হিসেব করে।

② Expenditure Method:- কোনো Country এর ~~Pep~~ people 1 year এ কত টাকা ব্যয় করে + কত টাকা saving করে।

③ Income Method:- Country People ব্যবসা করে আয়, কত Interest পেলো সেগুলো যোগ করেও GDP পাওয়া যায়।

~~(4) NNP (Net National~~

Concepts of National Income:-

various concepts:-

1] Net Domestic product (NDP)

2] GNP (Gross National product)

3] GDP (Gross Domestic product)

4] NNP (Net National product)

5] DI (Disposable Income)

6] PI (personal Income)

7] per Capita Income (PCI)

GDP + Net Foreign Factor Income = GNP
(আমরা বিদেশে চাকরি করে)

GNP − Depreciation = National Income

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Definition GDP:-

⇒ ~~Sum of the market~~

⇒ এক বছরে কোনো country তে যে পরিমান product (produce হয়ে তার Market Value কে GDP বলে।

$$GDP \rightarrow \sum_{i=1}^{n} v_i = \sum_{i=1}^{n} P_i \cdot Q_i$$

GDP Growth:- per year এ GDP যত বাড়ে। প্রতি country তেই per year এ GDP Growth বলতে হবে।

অনেক বছরের GDP বের করতে হলে একটা common market price দ্বারা GDP বের করতে হয়। একে Real GDP বলে।

আর Current Market price দিয়ে যে করলে Nominal GDP বলে।

- Final Goods

- <u>Value Added Approach</u>:- (GDP (বেরকরা)

~~Farmer~~ Stage of production	Value of Intermidiate good	Value of goods	Value added
Farmer -		12,000	12,000
Rice Miller	12,000	15,000	3000
~~Milled Rice~~	~~12,000~~	~~15,000~~	3,000
Retailer	15,000	20,000	5,000
GDP			20000

<u>For measuring National Income</u>:

Merits & uses of National Income Statistics:- (GDP এর উপকারিতা কি?)

AUT-2

⇒ Reflecting & Comparing the standards of living of Different countries.

⇒ per capital real GDP ⇒ Standard of living.

⇒ providing info to government & Firms for economic planning.

⇒ Reflecting the economic growth of a country To Change In real GNP over a ~~perot~~ period of time.

Using GDP Figures:

→ Several years এর comparison করে যায়
Or, Other countries এর সাথে comparison করে যায়।

→ GDP দ্বারা কোন country এর power বুঝা যায়।

→ per capita GDP দ্বারা various nations কে সাথে compare করে যায়।

→ GDP দ্বারা কোনো দেশের poor measure করা যায়

→ per Capita GDP ও limitation থাকায় purchasing power parity (PPP) বের করা হয়।

[দুই দেশের মানুষের ক্রয় ক্ষমতা দ্বারা Compare করা হয়]

Inflation

~~বাংলা~~

Eq Inflation means জিনিসপত্রের দাম বেড়ে যাওয়া।

→ Inflation reduces the purchasing power of money.॥

→ will buy fewer goods than before.

How inflation measured:-

→ Government Tracks the prices of the same goods & services each year.

→ This "Market Basket" is made up of 300 commonly purchased good.

→ Base year এর সাথে Compare

→ Ex:-

2005 inflation rate 3.4%

→ US prices have increased 98.3% since 1982

Inflation Good or Bad:-

* Identify which people are helped & which are hurt:-

Hurt by Inflation	Helped by Inflation
① Lenders people (যারা টাকা ধার দেয়) (At fixed interest)	① Borrowers-people (যারা ধার নেয়)
② People with fixed income	② Business (সাধারণত product price বাড়ে কিন্তু already আগের resource মজুদ করা আছে।
③ Money savers	

Cost-Of-Living-Adjustmen (COLA):-

কিছু work এর উপর inflation এর প্রত্যক্ষ প্রভাব পড়ে। আর তা মোকাবেলায় বেতনও বৃদ্ধি করা হয়।

Measuring Inflation:-

Consumer price Index:-

(কিছু product select করে কত price আছে তাকে base ধরা। কিন্তু 1 year পর আবার same ভাবে price বের করা। তারপর দুইটার পার্থক্যই Inflation)

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$$CPI = \frac{\text{price of Market Basket}}{\text{price of Market Basket in the Base year}} \times 100$$

Problems with CPI:-

1) Substitution Bias:- As price is increased in market basket, consumer buy less of these products & more substitutes that may not be part of the market basket.

যেমন: চালের বদলে রুটি কেনা।

2] New products:- New product CPI তে আসে না।

3] product quality:- CPI ignores both Improvements & decline in product quality.

Calculating CPI

Year	Units of Output	Price of per unit	National GDP	Real GDP	CPI/GDP Deflator	Inflation Rate
1	10	$4	$40	$40	100	N/A
2	10	5	50	40	125	25%
3	15	6	90	60	150	20%
4	20	8	160	80	200	33.33%
5	25	4	100	100	100	-50%

$$\% \text{ Change in price} = \frac{\text{year 2} - \text{years}}{\text{year 1}} \times 100$$

Causes of Inflation:-

- Demand pull ~~up price~~ Inflation
  - → টাকা বেশি ছাড়ায় চাহিদা বেড়ে গেলো। মালে ছাড়ায় দাম বেড়ে গেলো।
- Government prints too much money:-
- Cost - push inflation:-
  Higher production costs increase prices.
- Wage - price Spiral:-
  - → Workers demand raises
  - → Owners increase prices to pay wages
  - → High prices worker এর demand বাড়ায়।
  - → Owner demand মেটাতে আবার price বাড়ায়।
  - → High price এ আবার workers রা Demand বাড়ায়।
  - → Owner ও price বাড়ায়

[To be continued process 😂]

[কিছু Math আছে এই pdf এ]

Segment-7

(Economic Growth vs Economic Development)

Economic Growth:-

GNI or GNP এর Growth:-

→ Greater quantities of Natural Resources, human resources, and Capital.

→ Improvements in the quality of resources

→ Technological advances that boost productivity

Economic Development:-

→ যদি Economic Growth সবার মাঝে equally distribute হয়।

→ Economic structure + Distribution then we can get the Economic Development.

Why whole world is not developed:-

→ Difference in resource (খনিজ, প্রাকৃতিক সম্পদ)

→ " [Difference] in culture (মানুষের জীবনাচরণ), [illegible]

GDP & welfare

→ GDP economic well being of the society বুঝার জন্য ভালো measurement

→ GDP per person tells us income & expenditure of the average person in the economy.

→ Higher GDP per person Higher standard of living কে mean করে।

→ But GDP দিয়ে happiness Index মাপা যায় না।

GDP যা include করা হয় না:-

→ value of leisure

→ value of a clean environment

→ Market এর বাইরে যা হয়।

GDP measurement এর problem:-

→ (i) Home production (ঘরোয়া কাজ)

(ii) Illegal Activities add হয় না।

→ Data may not be accurate
  → Data collection limit
  → Agricultural area production difficult

Growth vs Development:-

→ GDP may raise without Development.
→ Development measured by increases in literacy, health care etc.
→ Most time they are corrupted.

Economic Development partners:-

1] Elected official (নির্বাচিত প্রতিনিধি)
2] Govt. Staff (UNO, DC etc)
3] Economics Dev. org.
4] Utilities (বিদ্যুৎ, গ্যাস, টেলিফোন & ইন্টারনেট)
5] Chamber of commerce (বণিক সমিতি)
6] Neighborhood Associations (এলাকা ভিত্তিক বিভিন্ন সমিতি)
7] Commercial real estate professionals (রিয়েল এস্টেট ব্যবসায়ী)
8] Developers (যারা নতুন project Develop করে)
9] Educational Institutions
10] Financial community
11] Citizens (সাধারণ নাগরিক)

Wealth & welfare Gap:-

- world এ 20% লোক 80% wealth এর মালিক
- The rest 60% লোক গরিব যারা only 6% wealth own করে।

Obstacles (Source of) to Economic Development:-

- Natural resources (বেশি থাকলেও আবার কম ,, obstacles)
- Human resources (যে দেশে skill man-power বেশি সে দেশ তত Develop)
- Capital Formation (টাকা জমা করে বসিয়ে অন্যের টাকা বাড়ে যায় এটাই Capital Formation)
- Technology (যাদের Tech ভালো তারা উন্নয়ন করবে)
- Sociocultural & Institutional factors
  (

The vicious circle (দারিদ্র্যের দুষ্ট চক্র):-

- Low per capita Income
  - Low Demand & low saving rate
- Limited new Investment
- Maintains low productivity.
- Perpetuates low income, reduce population growth.

→ And the cycle begins again

[মনে রাখবেন, আপনি চাইলে চাইলেই পারবেন! 😊]

☐ How can more Developed Nations helped?

⇒ Expanding Trade (শুল্ক মুক্ত ও অবাধ রপ্তানি)

→ Foreign Aid (বিভিন্ন দেশ হতে সাহায্য)

→ Flows of private capital

  → Direct foreign investment

  → Tech often moves with capital

  ⇒ Selective regional focus.

[Harrod - Domar Model আসবে না]

Segment-8 (planning)

D Plan goals & targets 7th FYP:-

A) Income & poverty (Attaining avg. GDP growth of 7.4% per year over the plan period.

B) Sector Development :-

→ Increase contribution of the manufacturing sector to 21% of GDP by FYP 20

→ Substantial improvement of export to 54.1 B

→ Trade GDP 50%

C Macroeconomic Development:-

→ Revenue to be raised from deficit 5%

→ Govt ~~increasing~~ spending to be increased to 21.1%

→ FDI to be increased by $9.6 B

D] Urban Development (water source will be ensured)

E] Human Resource Development

F] Water & Sanitation

G] Energy & Infrastructure

H] Gender equality, Income inequality & Social protection

I] Environmental Substainability.

J] ICT Development

Aut-21 K] Economic planning :-

→ Govt. plan to direct the economy (such as taking measure to influence production)

System of Economic Management

Mixed economic :-

→ Private sector :- Profit maximizing business firms

→ public sector :- Employment maximizing govt agency

Economic systems :-

→ Capitalism :- Large pvt sector, but small public sector

→ Socialism :- Large public " , " " pvt "

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Economic Role of the State:-

→ Protect private property & legal rights
→ Produce public goods
→ Improve market competition
→ Improve income distribution
→ Preserve the human environment
→ Manage the economy

Aut 2

Q] Ans :-

Monopolistic :- Sole provider of a particular product or service in the market. They have complete control over pricing.

Ex:- Water, Electricity

2] Oligopolistic Firms:- Large Firms dominate market

Ex:- Automobile, Mobile, Airline Tickets.

3] Monopolistically Competitive Firms:-

Many Firms competing in the market.

Ex:- Fast Food, personal care products.

4] perfectly Competitive Firms:-

There are many buyers & seller but no single firm have control over market.

Ex: Wheat, Corn, Fruits, Natural gas etc

Or (b)

(*) Different Types of Market :-

→ Physical consumer

→ " business

→ Non

→ Financial Market

→ Unauthorized & illegal

3(b) Different Types of Non-Tariff Barriers :-

1] Import quotas

2] Import Licensing

→ Subsidies & State Aid

→ Govt. procurement Restriction

→ Voluntary Export Restraints (VERs)

→ Intellectual property Rights (IPR)

5(b) Economic Role of the State :-

→ providing public Goods & Services

→ Regulation and Market oversight

→ Monetary policy & Macroeconomic Management

→ Economic planning