Segment-5

National Income: NI is the sum ~~of~~ total of factor incomes earned by the normal residents of a country in the form of wages, rent, interest and profit in an accounting year.

Net Exports
Government Expenditures
Investment
Consumption
} GDP

GDP + Net Foreign factor Income } GNP

GNP − { Depreciation, Inventory Adjustment For on Inco, Profit before tax, wages and salaries } NI

Expenditures = output = Income.

$$GNP = C + I + G + X + Z$$

যারা দেশের বাহিরে থাকে তাদের টা যোগ হবে এবং দেশের বিদেশিদের টা বিয়োগ

C = Consumption
I = Investment
G = Government

X = net exports or (Imp - exp)

Z = (Net income earned by domestic residents from overseas investments − net income earned by foreign residents from domestic investments)

NDP (Net Domestic Product):

NDP = GDP - Depreciation Cost

GDP: GDP ~~is~~ may be defined as the total market value of all goods and services produced within the geographical boundary of a country

$$GDP = C + I + G + (X - M)$$

= Private Consumption + Investment Expenditure + Government + Net Exports.

The produced goods are 3 kinds:

1. Primary Goods.
2. Intermediate Goods
3. Final Goods.

NNP: (Net National Product)

$\Rightarrow$ NNP = GNP - Depreciation Cost

During producing GNP, we use capital equipment etc. They pray ~~and~~ tear ~~down~~ and lose its value, the expenditure which incurred on the repair is know as wear and tear depri., capital cost.

Personal Income (PI):

PI = NI - Corporate Income Taxes - Undistributed Corporate profits - Social security Contribution + Transfer payments.

Personal Income is the total money income received by individuals and households of a country from all possible sources before direct tax

Disposable Income (DI):

Direct tax দেওয়ার পর যা থাকে তার ~~Dispossi~~ Disposable income. It also called Actual Income.

$$DI = PI - PT$$

PCI (Per Capita Income):

Arafat Sir vor

(i) GNP = GDP + Net factor payment from abroad.

$= 5677.5 + 17.5$

$= 5695$

(ii) NNP = GNP − Depriciation

$= 5695 - 626.1$

$= 5068.9$

(iii) National Income: NI = ~~GNP~~ NNP − Indirect taxes + subsidies

~~5068.9 + ...~~

$= 5068.9 - 475.2$

$= 4593.7$

(iv) PI = NI + Transfer of payment − Profit taxes − undistributed profit

$= 5677.5 + 17.5 - 626.1 - 475.2 + 528.8 + \cancel{...}\ 771.1$

$+ 137$

DPI

Inflation:

Inflation means Expansion in money or increase in supply of money in the economy. Actual meaning of Inflation is increase in money supply faster than the growth in real national Income.

চাহিদার থেকে টাকার supply বাড়লে, টাকার দাম ~~[illegible]~~ কমে Product এর দাম বাড়ে

In developed country expansion of money supply is the most important reason of Inflation. But in developing countries like INDIA, monetary (আর্থিক) reason is one of the reason.

① The most common reason of inflation in all types of Economy is deficit financing.

② When public expenditure increases but the supply of goods doesn't then the inflationary price raises in the economy.

③ Fast Growing population in country.

④ The large inflow of foreign currency in a country is also an important reason of Inflation.

5) When per capita income increases then demand of various goods in the market also increases and it also becomes one of the reasons of inflationary problem.

Q.1

a) $NDP = GDP - DC$

$= GDP - (\text{Gross Investment} - \text{Net Investment})$

$= 6000 - (800 - 200)$

$= 6000 - 600$

$= 5400$

b) Net Exports $(NX) = ?$

$GDP = I + C + G + NX$

Consumption

Net Exports

Government

Gross Investment / Investment

$6000 = 800 + 4000 + 1100 + NX$

$\therefore NX = 100$

c) Given,

Budget Deficit $= -30$

$G + TR - TA = -30$

$1100 + TR - TA = -30$

$\therefore TR - TA = -1130$

$\therefore TA - TR = 1130.$

d)

$DPI = \text{Personal Income} - TAX$

$= Y + TR - AA$

$= 6000 - 1130$

$= 4870$

Cost of Living Adjustment (COLA)

Consumer Price Index: $CPI = \frac{\text{Price of market basket}}{\text{Price of market basket in base year}} \times 100$

Problems With CPI

(1)

(2)

(3)

Calculating CPI

Year	Unit of output	Price Per Unit	Nominal GDP	Real GDP	CPI/GDP Deflator (year 1 as base year)	Inflation Rate
1	10	4	40	$40	100	N/A
2	10	5	50	440	125	25%
3	15	6	90	60	150	20%
4	20	8	160	80	200	33.33%
5	25	4	100	100	100	-50

Inflation Rate

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

$$\text{CPI} = \frac{\text{Price of Market basket in the particular Year}}{\text{Price of the same market basket in base year}} \times 100$$