

Am to the amthun no ①

The Total Value of goods sold by X:

$$= x \text{ sells to } Y + x \text{ sells to } Z \\ = \$150 + \$75$$

$$= \$225$$

Total Value of goods sold by Y:

$$Y \text{ sells to } X + Y \text{ sells to } Z$$

$$= \$200 + \$50 \\ = \$250$$

Total Value of goods sold by Z:

$$= z \text{ sells to } X + z \text{ sells to } Y$$

$$= \$300 + \$250$$

$$= \$550$$

Value of goods produced by X = unit of output \times cost per unit

$$= 250 \text{ unit} \times \$4$$

$$= \$1000$$

Value of goods produced by Y = unit of output \times cost per unit

$$= 300 \text{ unit} \times \$6$$

$$= \$1800$$

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Value of Produced by Z = unit of output \times cost per unit

$$= 500 \text{ unit} \times \$2$$

$$= \$1000$$

GDP using the value-added approach :-

$$= [\text{Goods produced by X} - \text{VA by X}] + [\text{Goods produced by Y}$$

$$- \text{VA by Y}] + [\text{Goods produced by Z} - \text{VA by Z}]$$

$$= [\$1000 - \$225] + [\$1800 - \$250] + [\$1000 - \$550]$$

$$= \$775 + \$1550 + \$450$$

$$= \$2,775$$

Ans :-

Ans to the question no \rightarrow (2)

The Consumer Price Index (CPI) is an economic measure that gauges the Average alteration in price of goods and services bought by households over a period of time.

Example :-

Ans :-

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a) Period 1: Base Period

<u>Item</u>	-	<u>Price</u>		<u>Amount</u>		<u>Cost</u>
cheese	→	\$ 3.00	→	4	→	\$ 12.00
Juice	→	\$ 1.50	→	2	→	\$ 3.00

∴ Total cost = \$ 15.00

$$\therefore \text{CPI} = \frac{\text{Total cost this period}}{\text{Total cost base period}} \times 100 = \frac{\$ 15.00}{\$ 15.00} \times 100 = 100$$

b) Period 2

<u>Item</u>	-	<u>Price</u>		<u>Amount</u>		<u>Cost</u>
cheese		\$ 3.25		4		\$ 13.00
Juice		\$ 1.80		2		\$ 3.60

Total cost = \$ 16.60

$$\text{CPI} = \frac{\text{Total cost this period}}{\text{Total cost base period}} \times 100 = \frac{\$ 16.60}{\$ 15.00} \times 100 = 110.7$$

You can see economist don't really care the CPI was 100 in Period 1 and 110.7 in period 2 b2 well the price level don't really tell us much.