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ECO403 Assignment 1 Solution Fall 2021

Requirement 1

Solution

Formula Hint: Price x Quantity = Price Quantity

Nominal GDP for the year 2015

= 100 x 1000 + 70 x 700
= 100,000 + 49,000
= 149,000

Nominal GDP for the year 2016

= 105 x 1500 + 75 x 900

= 157,000 + 67,500

= 224,500

Nominal GDP for the year 2017

= 110 x 1700 + 80 x 1000

= 187,000 + 80,000

= 267,000

Requirement 2

Solution

Formula Hint: Nominal GDP / Real GDP x 100

Table 2

Years	Nominal GDP	Real GDP	GDP deflator
2018	**Rs. 30,000**	**Rs. 30,000**	**100**
2019	**Rs. 35,000**	**Rs. 33,000**	**GDP Deflator =** Nominal GDP / Real GDP x 100 **GDP Deflator = 35,000 / 33,000 x 100 = 106.06**
2020	**Rs. 40,000**	**Rs. 37,000**	**GDP Deflator =** Nominal GDP / Real GDP x 100 **GDP Deflator = 40,000 / 37,000 x 100 =108.10**

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Requirement 3

Solution

Formula Hint: Y = C + I + G + NX

Table 3

Items (Rs.)	Year 2010	Year 2011	Year 2012	Year 2013	Year 2014
Consumption (C)	Y=C + I + G + NX 100,000 = C + 15,000 + 25,000 + 10,000 = 10,000 = C + 50,000 = Calculate Yourself	55,000	65,000	63000	60000
Investment (I)	15,000	Y=C + I + G + NX 99,000 = 55,000 + (I) + 21,000 + 11,000 = Calculate Yourself	17,000	13000	22000
Government expenditures (G)	25,000	21,000	Y=C + I + G + NX = 118,000 = 65,000 + 17,000 + G + 7,000 = Calculate Yourself	20000	17000

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Net exports (NX)	10,000	11,000	7,000	Y=C + I + G + NX 10,9000 = 63,000 + 13,000 + 20,000 + NX = Calculate Yourself	11000
Gross Domestic Product (GDP) (Y)	100,000	99000	118,000	109000	Y=C + I + G + NX
					= Y = 60000 + 22,000 + 17,000 + 11,000 = Calculate Yourself

If You Found Any Mistake Kindly Resolve

Don't Copy Paste

THE END