44. Distinguishes between gross national product and net national product?

Gross National Product	**Net National Product**
An economic statistic that includes GDP, plus any income earned by residents from overseas investments, minus income earned within the domestic economy by overseas residents.	The monetary value of finished goods and services produced by a country's citizens, whether overseas or resident, in the time period being measured , minus the amount of GNP required to purchase new goods to maintain existing stock
Gross National Product (GNP) measures the total income earned by residents of a nation	Net National Product (NNP) is GNP net of the capital stock used up
GNP = GDP + Net Factor Income From Abroad	NNP = GNP − Depreciation
Gross National Product (GNP) represents the market value of all goods and services produced by nationals	Net national product, or NNP, represents a mathematical result of a country's production after accounting for depreciation of inventory.

45.what is meant by the problem of double counting in the measurement of national income? A term used to describe the problematic situation that occurs when the costs of intermediate goods used by a business to produce a finished good are included in the computation of a nation's gross domestic product. Since the final price of a good already includes the value of all the intermediate goods used to produce it, including the price of intermediate goods when calculating gross domestic product would involve double counting.

Double counting is an error caused as a result of illogical calculation. This term is used in economics to refer to the faulty practice of counting the value of a nation's goods more than once. Since goods are produced in stages, through specialized channels of production, many intermediate goods are used to produce a final good. If the values of each of these intermediate goods is added together, without subtracting expenditures incurred during the production process, the error of double counting will be committed.

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46. How can the double counting problem be avoided?

The simplest way to think about national income is to consider what happens when one product is manufactured and sold. Typically, goods are produced in a number of 'stages', where raw materials are converted by firms at one stage, then sold to firms at the next stage. Value is added at each, intermediate, stage, and, at the *final* stage, the product is given a retail selling price. The retail price reflects the value added in terms of all the resources used in all the previous stages of production.

In *accounting* terms, only the value of final output is recorded. To avoid the problem of *double counting*, only the value of the final stage, the retail price, is included, and not the value added in all the intermediate stages - the costs of production, plus profits. In short, national income is the value of all the final output of goods and services produced in one year.

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47. What is unemployment and what are its various types?

Unemployment occurs when a person who is actively searching for employment is unable to find work. Unemployment is often used as a measure of the health of the economy. The most frequently cited measure of unemployment is the unemployment rate. This is the number of unemployed persons divided by the number of people in the labor force.

Types of Unemployment:

Various social thinkers and economists have categorized the unemployment in various ways. Generally unemployment of two types:

1) Voluntary unemployment 2) Involuntary unemployment.

1) Voluntary unemployment:

In this type of unemployment a person is out of job of his own desire. He does not work on the prevalent or prescribed wages. Either he wants higher wages or does not want to work at all. It is in fact an imposed situation. In economic terminology, this situation is “voluntary unemployment”.

2) Involuntary unemployment:

In these types of situation the person who is unemployed has no say in the matter. It means that a person is separated from remunerative work and denied of wages although he is capable of earning his wages and is also anxious to earn them

Types of Unemployment According to Hock:

Alfred Hock has categorized unemployment under the following 5 heads:

1) Cyclical unemployment:

This is the result of the trade cycle which is a part of the capitalist system. In such a system, there is going up of profit and also loss of profit. When there is high profit, there is greater employment and when there is depression, a large number of people are rendered unemployment. Since such an economic crisis is the result of trade cycle, then unemployment is a part of it.

2) Sudden unemployment:

When at the place where workers have been employed, there is some change; a large number of persons are unemployed. It all happens with the industries, trades and business where people are employed for a job and suddenly when the job has ended they are asked to go.

3) Unemployment caused by failure of industries or business:

In many cases, a business, a factory or an industry has to close down. There may be various factors responsible for it. There may be dispute amongst the partners, the business may give huge loss or the business may not turn out to be useful and so on. Normally this thing also happens all of a sudden.

4) Unemployment caused by deterioration in industry and business:

In various industries, trades or business, sometimes, there is deterioration. This deterioration may be due to various factors. Inefficiency of the employer’s keen competition, less profit etc, is some of the factors responsible for deterioration in the industry and the business.

5) Seasonal unemployment:

Certain industries and trades engage workers for a particular season. When the season has ended the workers are rendered unemployed. Sugar industry is a typical example of this type of seasonal unemployment.

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48. Remedies for unemployment in Bangladesh?

Bangladesh is most densely populated country with a partial resource. There are about 150 millions of people and 49 percent of them live under poverty line. Unquestionably, unemployment is a Big Macroeconomic Issue of Bangladesh.

According to a study of the International Labor Organization (ILO), the rate of growth of unemployment in Bangladesh was 1.9 per cent in the decade of the nineties. But the growth in unemployment currently is 3.7 per cent. The ILO figures also show Bangladesh in the twelfth position among the top twenty countries in the world where unemployment is rising.

The number of the unemployed in Bangladesh now is estimated at 30 million. The way the rate of unemployment is increasing, it is feared that at this rate unemployment would soar to some 60 million by 2015. According to another estimate, every year some 2.7 million young persons are becoming eligible for jobs whereas only about 0.7 million of them are getting employment.

Some recommendations to reduce Unemployment:

1. Create a National Office of Employment to develop long term strategies and oversight of the Bangladesh labor market in order to track trends, analyze data, research emerging problems, and prepare early interventions.

2. Identify growing and potential industries and the skills they will need in future staff.

3. Design a plan which allows for the rapid retargeting of training courses as Community Colleges and vocational schools are traditionally 5 to 15 years behind current needs.

4. Renovate the processes of State Unemployment Offices by implementing coordinated support programs in which workers participate as part of receiving unemployment benefits and employers participate as a means of meeting their future needs for staff.

5. Provide incentives for employers to hire more part-time workers

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49. Objective of monetary policy in a developing country like Bangladesh?

Monetarypolicyaimsandmethodshavechangedovertime.Bothindeveloped anddeveloping economies, monetary policies seek to maintain price stability by sustained stable output growth in the face of internal and external shocks that are facedfromtimetotime.

In developed economies with production factors at or close to full employment, monetary policies are formulated typically with the output gap (difference between the actual and the longer run potential output) in view; the policy stance is eased to provide stimulus at times of slowdown when actual output lags the longer run potential, and the stance is tightened to slow things down when the economy overheats with actual output running ahead of the sustainable longer run potential. Diagnosing and treating asset price bubbles symptomatic of overheating are major issues of current debate in monetary policy.

For developing economies like Bangladesh with significant underemployment/u nderexploitationofproduction factors,stimulatinghighergrowthisimperativeforrapid reduction and eventual elimination of endemic poverty, and is therefore an overriding priority. The stimulus provided by monetary policies in accommodatingt he growth aspirations must not however overstep towards macroeconomic imbalancedestabilizingandjeopardizingfuturegrowth;andthepursuitof monetary policies comprise the continual balancing act of supporting the highest sustainable output growth while adjusting smoothly to internal and external shocks that the economyencounterfromtimetotime.

The primary objective of the Monetary Policy of Bangladesh is to outline the formulation and implementation of monetary policy of the Bangladesh Bank (BB), and to convey its assessment of the recent and the expected monetary and inflation developmentstothestakeholdersandthepublicatlarge

The Bangladesh Bank Order of 1972 outlines the main objectives of monetary policyinBangladesh,whichcomprises—

■ Toachievethepricestability

■ Toregulatecurrencyandreserves

■ To promote and maintain a high level of production, employment and real income, and economic growth, since independence BB operated under a varietyofpegged exchangeratesystemsamidcapitalcontrols

■ Tomanagethemonetaryandcreditsystem

■ Tomaintaintheparvalueofdomesticcurrency

■ To promote growth and development of the country's productive resources inthebest nationalinterest

■ Although the long term focus of monetary policy in Bangladesh is on growth with stability, the short-term objectives are determined

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50. Explains Interdependence of monetary and fiscal policies?

Fiscal policy and monetary policy are the two tools used by the State to achieve its macroeconomic objectives. While the main objective of fiscal policy is to increase the aggregate output of the economy, the main objective of the monetary policies is to control the interest and inflation rates. The celebrated IS/LM model is one of the models used to depict the effect of interaction on aggregate output and interest rates. The fiscal policies have an impact on the goods market and the monetary policies have an impact on the asset markets and since the two markets are connected to each other via the two macrovariables — output and interest rates, the policies interact while influencing the output or the interest rates.

Traditionally, both the policy instruments were under the control of the national governments. Thus traditional analyses made with respect to the two policy instruments to obtain the optimum policy mix of the two to achieve macroeconomic goals as the two were perceived to aim at mutually inconsistent targets. But in recent years, owing to the transfer of control with respect to monetary policy formulation to Central Banks, formation of monetary unions (like European Monetary Union formed via the Stability and Growth Pact) and attempts being made to form fiscal unions, there has been a significant structural change in the way in which fiscal-monetary policies interact.

There is a dilemma as to whether these two policies are complementary, or act as substitutes to each other for achieving macroeconomic goals. Policy makers are viewed to interact as strategic substitutes when one policy maker's expansionary (contractionary) policies are countered by another policy maker's contractionary (expansionary) policies. For example: if the fiscal authority raises taxes or cuts spending, then the monetary authority reacts to it by lowering the policy rates and vice versa. If they behave as strategic complements, then an expansionary (contractionary) policy of one authority is met by expansionary (contractionary) policies of other.

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