http://www.bankingdiploma.net/jaibb/pbe/

Short notes of Principles of Economics & Bangladesh Economy (PBE):

Specialized Banks:

Specialized Banks are banks which concentrate mainly on financing specialized economic and social activities. Specialized activities may be small and cottage industries financing. Financing the rural asset less and landless people etc.

Grameen Bank (G.B.) of Bangladesh is an example of Specialized Bank.

What does 'Terms of Trade - TOT' mean:

Terms of trade, or TOT, is a term that represents the prices of the exports of a country, relative to the prices of its imports; the ratio is calculated by dividing the price of the exports by the imports, with the result then being multiplied by 100. When a country's TOT is less than 100%, more capital is going out than coming in. When the TOT is greater than 100%, the country is accumulating more money from exports than it is spending.

Terms of trade, when used to help determine how healthy a country's economy is, can lead analysts to draw the wrong conclusions. It is essential for analysts to know why exports increase, in relation to imports, specifically because terms of trade are impacted by the changes that occur in the prices of exports and imports.

Terms of trade (TOT):

Terms of trade (TOT) refers to the relative price of imports in terms of exports and is defined as the ratio of export prices to import prices.[2] It can be interpreted as the amount of import goods an economy can purchase per unit of export goods.

An improvement of a nation's terms of trade benefits that country in the sense that it can buy more imports for any given level of exports. The terms of trade may be influenced by the exchange rate because a rise in the value of a country's currency lowers the domestic prices of its imports but may not directly affect the prices of the commodities it exports.

Returns to scale:

In economics, returns to scale and economies of scale are related but different terms that describe what happens as the scale of production increases in the long run, when all input levels including physical capital usage are variable (chosen by the firm). The term returns to scale arises in the context of a firm's production function. It explains the behavior of the rate of increase in output (production) relative to the associated increase in the inputs (the factors of production) in the long run. In the long run all factors of production are variable and subject to change due to a given increase in size (scale). While economies of scale show the effect of an increased output level on unit costs, returns to scale focus only on the relation between input and output quantities.

The laws of returns to scale are a set of three interrelated and sequential laws: Law of Increasing Returns to Scale, Law of Constant Returns to Scale, and Law of Diminishing returns to Scale. If output increases by that same proportional change as all inputs change then there are constant returns to scale (CRS). If output increases by less than that proportional change in inputs, there are decreasing returns to scale (DRS). If output increases by more than the proportional change in inputs, there are increasing returns to scale (IRS). A firm's production function could exhibit different types of returns to scale in different ranges of output. Typically, there could be increasing returns at relatively low output levels, decreasing returns at relatively high output levels, and constant returns at one output level between those ranges.

Inferior Goods:

In economics, an inferior good is a good whose quantity demanded decreases when consumer income rises (or quantity demanded rises when consumer income decreases), unlike normal goods, for which the opposite is observed. Normal goods are those for which consumers' demand increases when their income increases.