

Semester “Spring 2011”

“Macroeconomics (ECO403)”

Assignment No.01

Marks: 15

Question 01:

Consider a hypothetical economy that produces and consumes wheat, burger, clothes and drinks. Following table shows the data for two different years.

Commodities	2006		2007	
	Price (Rs)	Quantity	Price (Rs)	Quantity
Wheat	3	100	8	120
Burger	20	50	36	70
Cloth	7	5	9	15
Drinks	25	10	30	12

With the help of above data, compute:

- Nominal GDP for 2006 and 2007.
- Real GDP for 2006 and 2007.

(Note: Use 2006 as base year where required.)

Marks: (3+3+3+3)

Question 02:

Use the following information for a hypothetical economy and answer the questions given at the end of table.

	2006	2007
Population	221.7 million	227.7 million
Adult population	167.2 million	170.2 million
Number of Unemployed	7.0 million	8.0 million
Number of employed	107.0 million	105.0 million

- Calculate labor force of year 2006 and 2007.
- Calculate unemployment rate of 2006 and 2007

Marks: (0.5+0.5+1+1)

Important Tips

- This Assignment can be best attempted from the knowledge acquired after watching video lecture no. 1 to lecture no 10 and reading handouts as well as recommended text book.
- Video lectures can be downloaded for free from www.youtube.com/vu.

Opening Date and Time April-13, 2011 At 12:01 A.M. (Mid-Night)
Due Date and Time April 18, 2011 At 11:59 P.M. (Mid-Night)

Schedule

Opening Date and Time	April 12, 2011 At 12:01 A.M. (Mid-Night)
Due Date and Time	April 15, 2011 At 11:59 P.M. (Mid-Night)

Note: Only in the case of Assignment, **24 Hrs extra / grace period** after the above mentioned due date is usually available to overcome uploading difficulties which may be faced by the students on last date. This extra time should only be used to meet the emergencies and above mentioned due dates should always be treated as final to avoid any inconvenience.

Important Instructions:

Please read the following instructions carefully before attempting the assignment solution.

Deadline:

- **Make sure that you upload the solution file before the due date. No assignment will be accepted through e-mail once the solution has been uploaded by the instructor.**

Formatting guidelines:

- **Use the font style "Times New Roman" and font size "12".**
- **It is advised to compose your document in MS-Word 2003.**
- **Use black and blue font colors only.**

Solution guidelines:

- **Every student will work individually and has to write in the form of an analytical assignment.**
- **Give the answer according to question, there will be negative marking for irrelevant material.**
- **For acquiring the relevant knowledge don't rely only on handouts but watch the video lectures and use other reference books also.**

Rules for Marking

Please note that your assignment will not be graded or graded as Zero (0) if:

- **It has been submitted after due date**
- **The file you uploaded does not open or is corrupt**
- **It is in any format other than .doc (MS. Word)**
- **It is cheated or copied from other students, internet, books, journals etc...**