

Poster and PBL Presentation



Open Day 16th May 2017

**BMS INSTITUTE OF TECHNOLOGY AND MANAGEMENT, YELAHANKA,
BENGALURU-64**
DEPARTMENT OF MASTER OF COMPUTER APPLICATIONS
TOPIC: IMPACT OF INFLATION ON GDP

DEFINITION OF INFLATION
An increase in the general level of prices in an economy that is sustained over a period of time is called inflation. It occurs when demand is more than the supply that may lead to inflation.

TYPES OF INFLATION
Creeping Inflation
When the rise in prices is very low like that of a snail or creep, is called Creeping Inflation. Here the inflation rate is upto 3%.

Running Inflation
Running inflation has inflation rate between 3-10%. A sense of urgency needs to be shown in controlling the running inflation.

Hyper Inflation
Prices rise very fast at double or triple digit rate. Also called Runaway or Galloping Inflation.

DEFINITION OF G.D.P
GDP or gross domestic product is the market value of all final goods and services produced in a country in a given time period.

THIS DEFINITION HAS FOUR PARTS:

- Market value
- Final goods and services
- Produced within a country
- In a given time period

Market value
GDP is a market value goods and services are valued at their market prices.

Final goods and services
GDP is the value of the final goods and services produced.
A final good (or service) is an item bought by its final user during a specified time period.

Produced within a country
GDP measures production within a country domestic production.

In a given time period
GDP measures production during a specific time period, normally a year or a quarter of a year.

STRENGTHS OF GDP

- Broadest indicator of economic output and growth.
- Excludes inflation rate account, allowing for comparison against other historical time periods.

WEAKNESSES OF GDP

- Inflation rate account, allowing for comparison against other historical time periods.
- Monetary matters: Monetary policy is one of the most commonly used measures taken by the government to control inflation. In monetary policy, the central bank increases rate of interest on borrowings for commercial banks.

ADVANTAGES

- Inflation is fall in price-negative inflation is very harmful.
- Moderate inflation enables adjustment of wages.
- Inflation enables adjustment of relative prices.
- Inflation can boost growth.

DISADVANTAGES

- Inflation tends to discourage investment and long term economic growth.
- Inflation can make an economy uncompetitive.
- Fall in real wages.
- Inflation tends to discourage.

CONCLUSION
Inflation is a sustained increase in the general level of prices for goods & services, so inflation goes up there is a decline in purchasing power of variations on inflation include deflation, hyperinflation.

REFERENCES

- www.investopedia.com/terms/i/inflation.asp
- www.inflation.increase.gov/growth.asp
- www.investopedia.com/articles/economics/04/inflation.asp
- www.investopedia.com/terms/i/inflation.asp
- www.investopedia.com/terms/i/inflation.asp

Measuring Inflation
Inflation is rate of change in the price level.
If the price level in the current year is P_t and in the previous year P_{t-1}.
The inflation for the current year is
$$\frac{(P_t - P_{t-1})}{P_{t-1}} \times 100$$

Poster Presentation