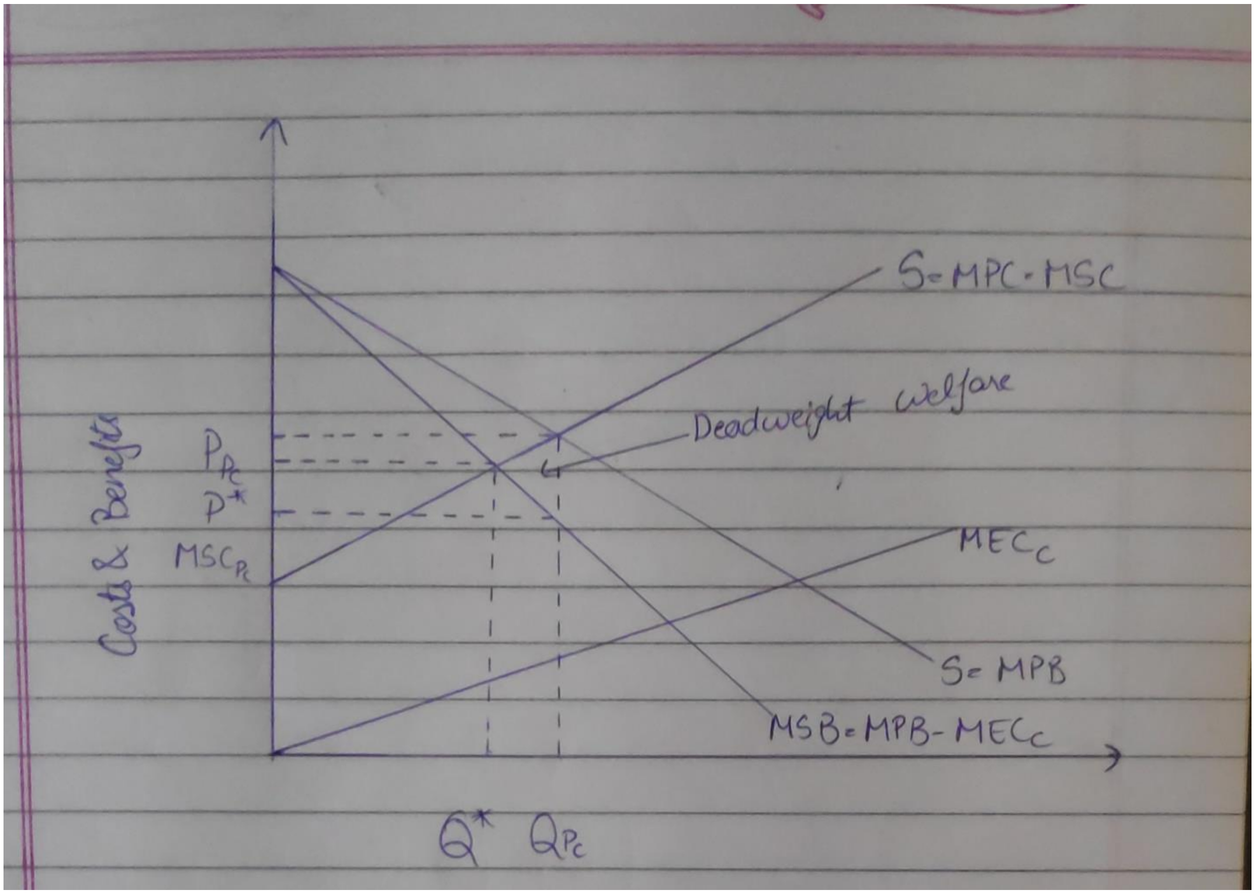
BEM Assignment 1

Made By- Sabyasachi Rathore

Roll No 434

1. C
2. C
3. C
4. C
5. C
6. C
7. C
8. C
9. D
10. D
11. C
12. C
13. C
14. C
15. D
16. C
17. D
18. B
19. B
20. B
21. B
22. C
23. D
24. C
25. D
26. B
27. B
28. D
29. NDY = 60300
    GDY = 62000
    NNY = 60000

30.



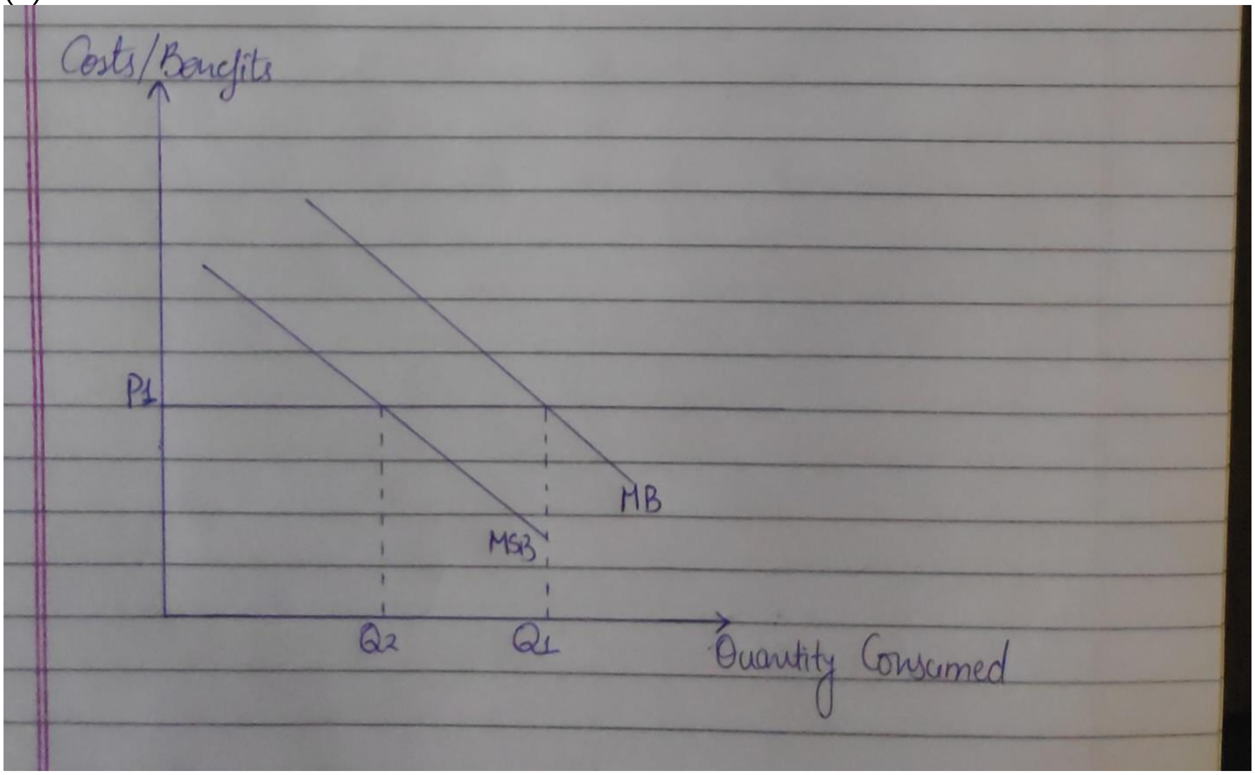
1. MSC- Marginal Social cost

2. MPC- Marginal Private Cost
3. MPB- Marginal Private Benefit
4. MSB- Marginal Social Benefit
5. MECc- Marginal External Cost of consumption
6. Q*- Socially optimum level of output at price P*
7. QPc- Market level of output at price Ppc.
8. Deadweight loss of social welfare happens when MSC> MPC
9. Social welfare loss occurs as QPc > Q*

Since plastic is causing natural contamination, a social expense is involved. People are involving plastic as it is helpful for them. Accordingly, Marginal Social Cost varies from Marginal Personal Cost. Plastic utilization make ecological contamination and creatures might pass on due utilization of plastic packs. In this way, there is Marginal outside Cost which might be brought about to keep water bodies clean and to safeguard creatures from utilization of plastic. In this manner, MSB is lower than MPB. MSB= MPB - MECc. This is addressed by MSB bend beneath MPB bend in the chart. Market will have harmony position at QPc with Price Ppc. At socially ideal harmony at yield Q* of value P* , MSB = MSC. The outer expense of utilization bring about degree of result above socially ideal level, QPc > Q* From society's perspective, such a large number of plastic packs are being delivered and consumed. This outcomes in an extra weight government assistance misfortune brought about by overconsumption and addressed by a triangle in outline A.

31. A
32. Negative externalities happen when creation as well as utilization force outer expenses on outsiders outside of the market for which no fitting pay is paid. This makes social expenses surpass private expenses.

(iii)



Q1- Consumption by private sector

Q2- Socially optimal level of consumption

MSB- Marginal Social Benefit

MB- Marginal Private Benefit

P1- Market price

33.
34. Income measure: This measures the total of factor earnings. These are factor payments to land, labor and capital. Transfer payments are not included.
Output measure: This measures the value of goods and services produced. To avoid double counting we only include the “value added” component of firms’ output.
Expenditure method: This includes all expenditure in the economy and also what would have to be spent to purchase increases in inventories. To avoid double counting, we include only expenditure on final goods.

The three concepts are identically equal. However, in practice difficulties of measurement and collection of data that the three measures will not be equal.