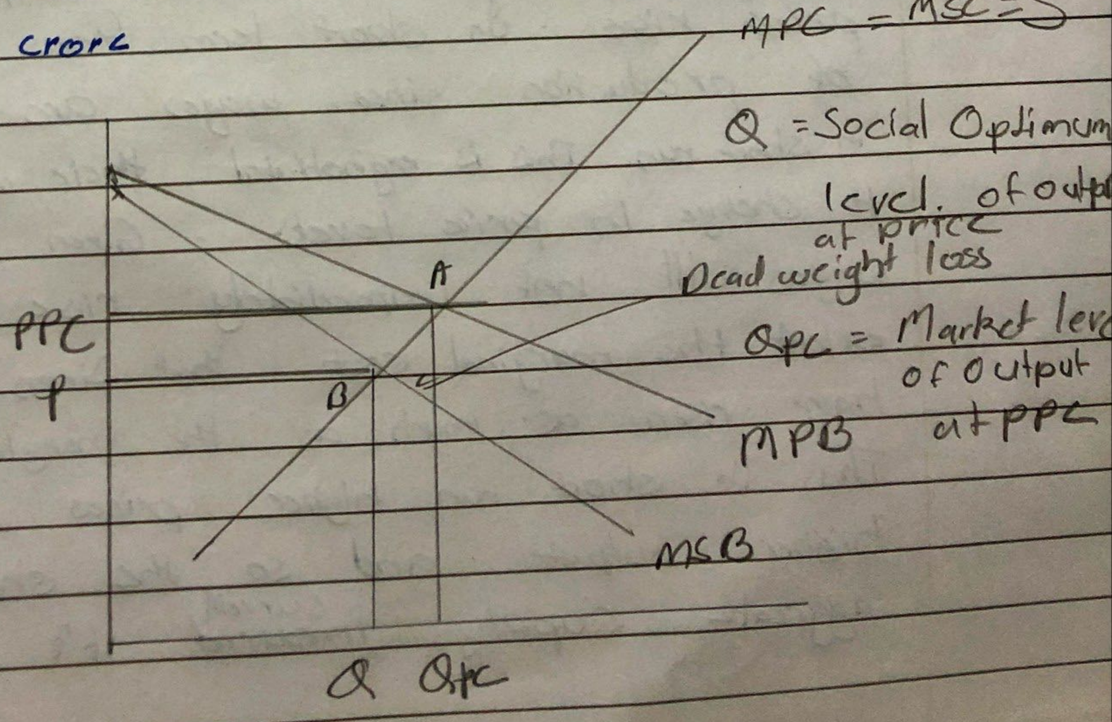
Assignment Unit 1 and 2

1	C	11	D
2	C	12	C
3	C	13	D
4	C	14	C
5	C	15	D
6	C	16	B
7	D	17	C
8	D		
9	D		
10	D		

18 a Net Domestic Income
= 28000 + 10,000 + 24000
= ₹ 62000 crore

b Gross Domestic Income
= 62000 + ~~17~~ 1700
= 63700 crore

c Net National Income
= 62000 - 300
= 61700 crore



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Since plastic causes envriormental pollution it has a cost which is the social cost. Therefore MSC >MPC. Consumption of plastic causes harm ∴ Marginal external cost which may be incurred to keep water bodies clean

MSB of consuming plastic is lower than MPB without the consideration of externalities market will have an equilibrium at PPC and QPC. At society optimal equillibrium the price will be P and output will be Q.
The external cost of consumption results in output above the socially optimum level i.e QPC > Q . From society point of view too many. This is deadweight loss.

Q20 Short run aggregate supply curve shows the aggregate output an economy that firms are willing to supply in the short run. The short run aggregate supply curve is upward sloping because the quantity supplied increases ~~whep~~ when the price rises. In short term firms ~~fixed~~ fixed factor of production since wages are not full flexible in short run. This is regnotiated their wage in response to change in price levels. Given that inflexible wages will not immediately rise to the same extent the marginal cost that firms face will not have risen as much as the marginal revenue Thus in short run higher prices are associated with higher output and so the short run aggregate supply ~~inextred~~ curved it's upward sloping

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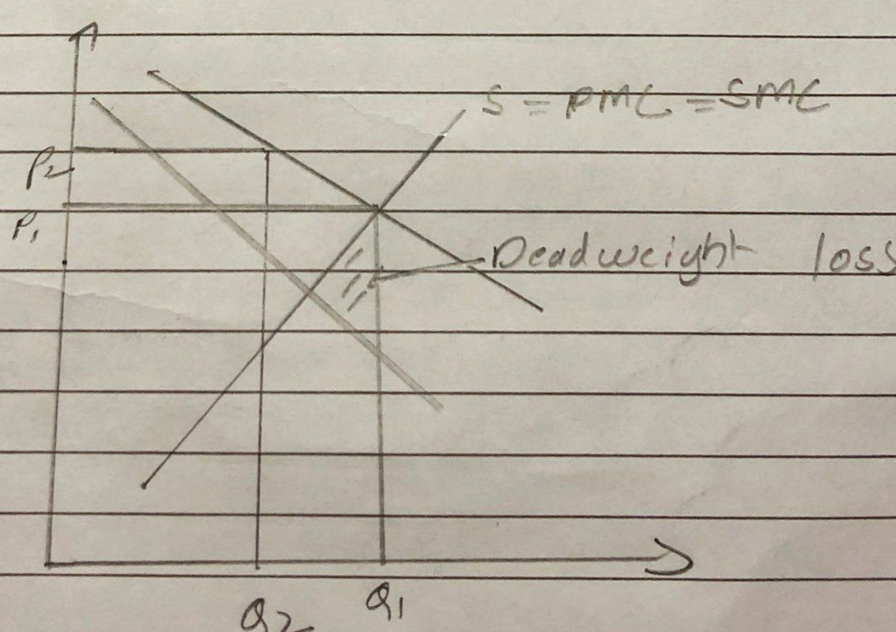
2) a Negative externality is the cost that is suffered by a third party as a consequence of an economic transaction producers and consumers are the first second and third parties include people who are indirectly affected. Negative ~~externali~~ ~~ex~~ externalities is also reffered to as external cost. Consumption of cigarrates will may respiratory problems which will reach to ill health and cause respiratory problems. If productivity of workers will decrease ∴ cost of production for firms will increase.

b Government can implement higher level of indirect taxes on consumption of tobacco. Government should educate people and show them the dark side and the harm it causes to our body.

c



22 Actual growth refers to increase in real Gross Domestic product or Gross ~~AA~~ National Product from one year to the next. It can also refer to increase in the trend rate of ~~Ke~~ real GDP rather than actual increase in outputs and potential economic growth. refers ~~to~~ to speed at which economy grows.

23 Methods of measuring National Income
Expenditure Method
Income method
Product Method.