

Assignment 1

- Qu1. A
Qu2. C
Qu3. B
Qu4. B
Qu5. C
Qu6. D
Qu7. D
Qu8. C
Qu9. A
Qu10. D
Qu11. C
Qu12. B
Qu13. A
Qu14. C
Qu15. B
Qu16. B
Qu17. D
Qu18. B
Qu19. B
Q20. B
Q21. ~~A~~ B
Q22. ~~A~~
23. D
24. C
25. D
26. C
27. B
28. B

29 Gross Domestic Income = GDP_{FC}

$$= \text{Mixed Income} + \text{Operating Surplus} + \text{COE} = 24K + 10K + 28K = 62K$$

$$\text{NDP}_{FC} = \text{GDP}_{FC} - \text{Depreciation}$$

$$GDP_{FC} = 28 + 10 + 24$$

$$= 62,000 - 1700$$

$$= 60,300$$

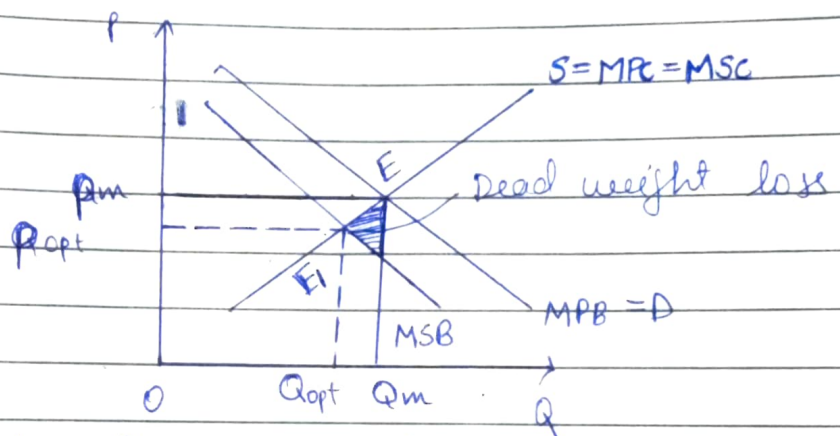
Net National Income = NNP_{FC}

$$= NDP_{FC} + NFIA$$

$$= 60,300 + (300)$$

$$= 60,000$$

③ Plastic is a demerit good which leads to negative externality of consumption



Usage of Plastic creates negative externality of consumption because plastic is produced in very large quantities in market because they have high demand as well. And coz of their high demand firms keep producing

even there is no proper regulation ~~at~~ at present for recycle / reuse and thus consumption by some causes issues like crowding of landfills & polluting the oceans!

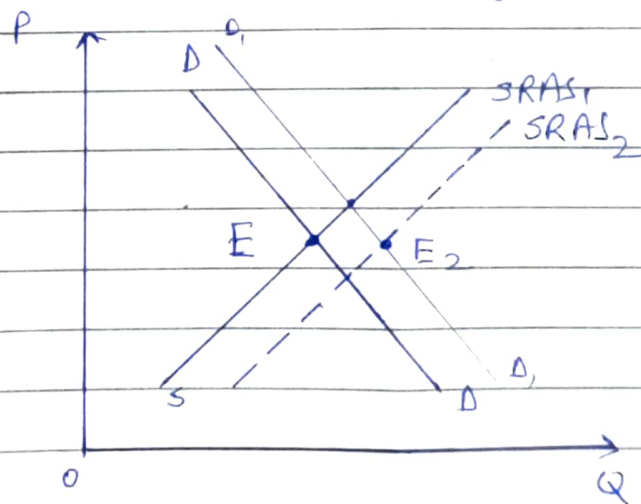
GNPFC - Tax

As shown in graph the MPB are high because of ~~per~~ private demand ~~that~~ and so because of its efficiency market demand is higher and on a cheaper price.

However, ~~market~~ society is harmed through these creating dead weight loss

31. Aggregate supply :- total supply of goods and services in an economy at a given price over a specific period of time

Short run aggregate supply



In short run,

→ agg supply responds to higher demand by using current inputs to produce more.

When demand shifted from DD to DD_1 raised from the $SSRAS_1$ shifted to $SSRAS_2$

Upward slope positive relation between price & quantity produced.

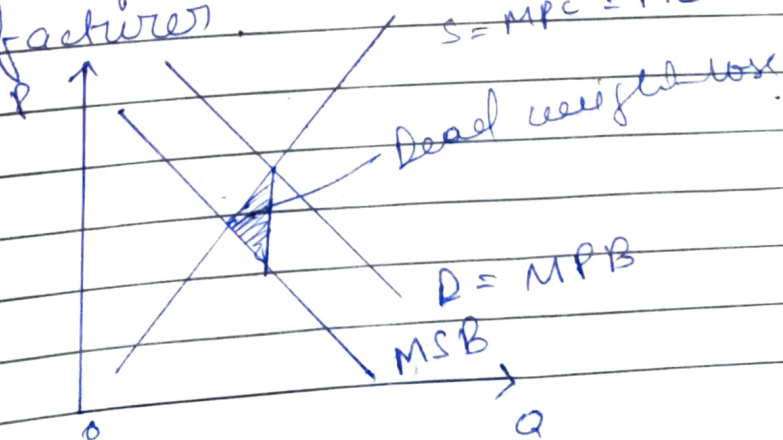
Inf High demand create inflation

Firms respond by producing more causing shift.

82 when production & consumption result in loss of third party cigarettes cause harm to society as passive smoking.

price intervention:- tax on liquor as that will cause the price to increase reducing consumption

non-price int.:- fixing the max production of an plastic bag, manufacturer.



33

Actual

resources identified in total quantity of

Potential

quantity not recog.
(qualitative term)

resources used

not from direct
consumption / use.

resources accessible tech. req.

dependent on future