

One, the **benefits of public goods are available to all** and are not only restricted to one particular consumer. That is, **public goods are Non- 'rivalrous'.**

In economics, a good is said to be rivalrous or a rival if its consumption by one consumer prevents simultaneous consumption by other consumers, or if consumption by one party reduces the ability of another party to consume it.

Two, in case of private goods anyone who does not pay for the goods can be excluded from enjoying its benefits. That is why **public goods are called non-excludable.**

There is another type of goods called **common resources (goods)**. They are defined as products or resources that are non-excludable but rival. That means they can be used by virtually anyone. However, if one individual consumes common resources, their availability to other individuals is reduced. The combination of those two characteristics often results in an **overuse of common resources (The Tragedy of commons)**. Examples of common resources include **freshwater**, fish, timber, etc

The tragedy of the commons is a story that illustrates why common resources or goods might get overused from the perspective of society. The narrative is based on the assumption that every individual tries to get the highest possible benefit from a given resource. In the case of common goods, this can lead to a situation where the resources are being exploited to the point where society as a whole suffers.

10) The term National Income represents:

- a) gross national product at market prices minus depreciation
- b) gross national product at market prices minus depreciation plus net factor income from abroad
- c) gross national product at market prices minus depreciation and indirect taxes plus subsidies
- d) gross national product at market prices minus net factor income from abroad

Solution: c)

If we deduct depreciation from GNP the measure of aggregate income that we obtain is called Net National Product (NNP). Thus $NNP \equiv GNP - \text{Depreciation}$

Net National Product at factor cost is also called as national income.

$NNP \text{ at factor cost} \equiv \text{National Income (NI)} \equiv NNP \text{ at market prices} - (\text{Indirect taxes} - \text{Subsidies}) \equiv \text{gross national product at market prices} - \text{depreciation} - \text{Indirect taxes} + \text{Subsidies}$

11) Consider the following statements regarding Index of Eight Core Industries (ICI).

1. The Eight Core Industries comprise more than 40 percent of the weight of items included in the Index of Industrial Production (IIP).
2. Index of Eight Core Industries is released by Office of Economic Adviser, Department for Promotion of Industry and Internal Trade.
3. Electricity constitutes the highest weightage in the Index of Eight Core Industries.

Which of the above statements is/are correct?

- a) 1, 2
- b) 1, 3
- c) 1 only
- d) 1, 2, 3

Solution: a)

The Office of Economic Adviser, Department for Promotion of Industry and Internal Trade releases Index of Eight Core Industries (ICI). ICI measures combined and individual performance of production in selected eight core industries viz. Coal, Crude Oil, Natural Gas, Refinery Products, Fertilizers, Steel, Cement and Electricity. The