

What are Public goods

PPP

Nudging

free riders
who will enjoy the ride but at someone else's cost
irrational
they cannot afford to make the payment

(there exists a demand but there is no Supply)

Externalities

Negative OR Positive (AirBnB)

value chain

~ end to end (source./ raw material ~ manufacturing ~ delivering customers)

MC -> 0

Nonrivalrous goods

Mankiw
(microeconomics)
Indiabudget.nic.in

Information Assymetry

Nestle

Insurance sector:

Moral Hazard:

job shirking

Adverse Selection

Role of regulator is significant

~ making the markets work efficiently

~~ resource allocation is efficient (customers and producers)

consumer surplus and producer surplus

Why do we need government

~~ markets tends to fail

(1) Public Goods

(2) Externalities

(3) Information Assymetry

(4) Monoploy Power (pricing power)