

Cost Benefit Analysis

Cost benefit analysis states that if the benefit arrive from the pollution elimination programme is greater than the benefit received from it, it is called "Positive benefit"

On the other hand if the cost incurred in that programme is greater that the benefit received from it,it is termed as "Negative benefit".

- The foundation of the method of cost benefit analysis arose from the Hicks-Kaldor criterion of efficiency maximization in 1939.

Application of Cost Benefit Analysis

The cost benefit analysis is the tool generally undertaken by the government for the welfare of the entire society.

Steps in Cost Benefit Analysis

- Specify clearly the project or programme.
- Describe quantitatively the inputs & outputs of the programme.
- Estimate the social cost & benefits of these Inputs & outputs.
- Compare these benefits & costs.