



**[Glossary]**  
**[Cost and Benefit Analysis of Tariff  
and Rate of Effective Protection]**

<b>Subject:</b>	Business Economics
<b>Course:</b>	B.A., 5 <sup>th</sup> Semester, Undergraduate
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<b>Unit No. &amp; Title:</b>	Unit - 3 International Trade Policy
<b>Lecture No. &amp; Title:</b>	2: Cost and Benefit Analysis of Tariff and Rate of Effective Protection

**Glossary:**

**Deadweight Loss:** Deadweight loss refers to any reduction in consumer and/or producer surplus.

**Effective Rate of Protection:** Effective Rate of Protection (ERP) is defined as the ratio of difference between the value added at domestic prices and the value added at world prices to value added at world prices.

**Value Added:** Value added is the difference between the selling price and the production cost of intermediate goods.