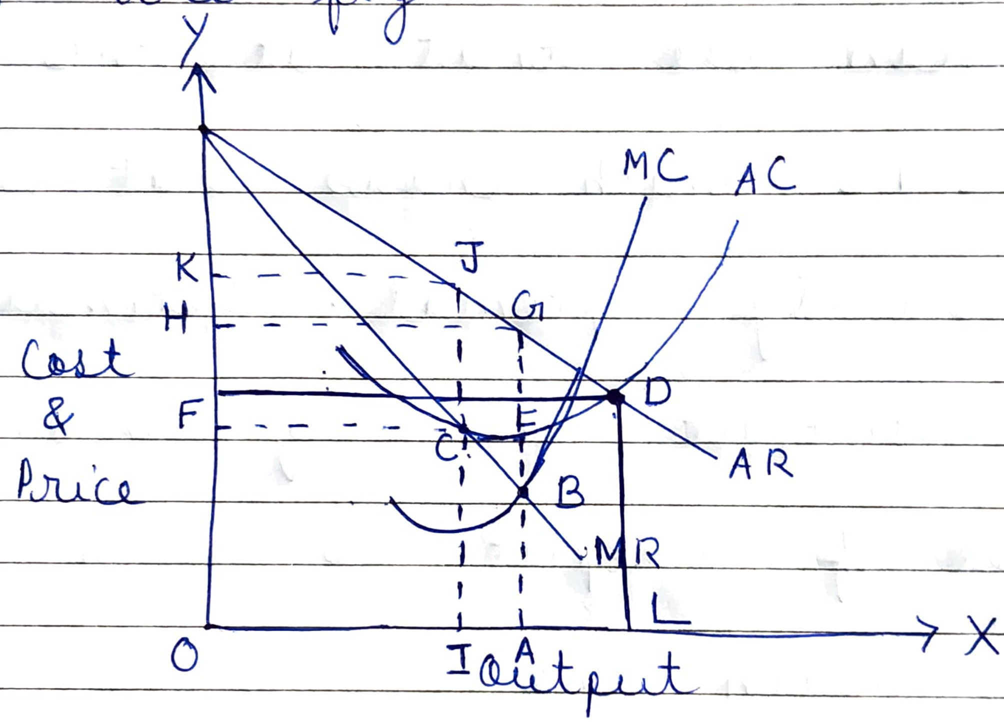
98. In the given fig., if the government does not interfere in the market, then the equilibrium will be at point B.

where TR (Total Revenues) becomes greater than TC (Total Cost) which shows that output at this level is socially inefficient as shown in the fig.



At point B, TC = ar(OAEF) and

TR = ar(OAGH)

and ar(OAGH) > ar(OAEF)

i.e., TR > TC

So, at this point output is not socially optimal.

Similarly, at point C,

TR = ar(OIJK) and TC = ar(OICF)

Again, TR > TC.

Now, at point D,

TR = ar(OLDF) and TC = ar(OLDF)

we can see that at this point TR = TC which shows that output is socially optimal. optimal socially output basically means the level of output is such that how much the society is willing to pay is exactly matched by the total cost of that output.