PG Even Semester Exam, May 2025

Economics

4th Semester

COURSE NO. ECO-651

[Environmental Economics]

Full Marks : 70
Pass Marks : 28

Time : 3 hours

The figures in the margin indicate full marks for the questions

Answer five questions, taking one from each Unit

UNIT-I

1. a. The inverse demand function of an exhaustible resource is given by, P=8-0.4q. The marginal cost of supplying it is Rs. 2 and rate of discount is 10%. If 20 units are to be allocated between two periods how much would be allocated between these periods in a dynamic efficient setting? What would be the equilibrium price in each period? 6+2=8

   b. How is dynamic efficient allocation of resources different from their static efficient allocation? Which one would you suggest for depletable resources and why? 3+3=6

2. a. How does management of renewable resources differ from that of exhaustible resources? 4

   b. "Water is a confluence of renewable and non-renewable resources". Discuss. 10

UNIT-II

3. a. What is market failure? Mention the problems of environmental externalities. 2+3=5

   b. Explain briefly the Coasian Bargaining theorem. What are its limitations. 7+2=9

4. a. Explain the economic instruments to deal with environmental externalities. 5

   b. Analyse command and control method in dealing with the problem of detection, cost of abatement and penalties. 9

UNIT-III

5. a. Distinguish between use and non-use value of environment. 4

   b. Explain a suitable method to discuss the problems of housing market in the context of environmental valuation. 10

6. a. Explain the relevance of assessing environmental valuation. 4

   b. Explain the travel cost method used for environmental valuation. What are its limitations. 8+2=10

UNIT-IV

7. a. What is limits to growth? 4

   b. Explain the concept of sustainable development with emphasis on SDGs. 4

   c. What are the indicators of sustainable development? 6

8. a. What is Green GDP? 3

   b. Explain the system of integrated environmental and economic accounting. 7

   c. Explain the relation between poverty and environment. 4

UNIT-V

9. a. Explain the global environmental concerns. 4

   b. Why promoting international trade in a world of environmental degradation is a concern in the context of specialization of dirty vs clean goods. 10

10. Write short notes on the following : 5+5+4=14

   a. Kyoto protocol

   b. IPCC assessments

   c. Transboundary pollution

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