4/Eco (C)-403

2013

(July)

ECONOMICS

(Environmental Economics)

Full Marks: 75

Time: 3 hours

The Figures in the margin indicate full marks for the questions

Answer **Five** *questions,* selecting at least one from each Credit

CREDIT – I

1.　What do you understand by the 'environmental cost of economic growth' and 'limits to growth'? Discuss the policies a state should adopt to have environmental friendly economic development.
(9+6)

2.　What are the salient features of sustainable development that distinguish it from the notion of economic development? In this context explain the concepts of uncertainty and irreversibility.　(7+8)

CREDIT – II

3. (a) Define Pareto Optimality. Describe the conditions to be fulfilled for Pareto Optimality in production, consumption and general Pareto Optimality under competitive condition.

(b) Define public good. Show that in case of public good the equilibrium allocation of resources does not match with the Pareto Optimal condition under perfect condition.　(7+8)

4. (a) Describe the Free rider's problem. Provide some appropriate examples of it. Show that under free riding condition the resource will be under-provided.

(b) Define Pigovian Tax. Define how Pigovian fee help in controlling pollution/externality. What are its limitations?

(7+8)

CREDIT – III

5. (a) Define contingent valuation technique. Describe the mechanism of using this technique for the valuation of environmental resources.

(b) Compare iterative bidding with open ended bidding and dichotomous choice of collecting information under CVM survey. Outline the limitations of iterative bidding. (8+7)

6. Distinguish between individual travel cost and zonal travel cost method of environmental valuation. Outline the steps used in ZTC method to estimate the visit demand function/trip generating function and consumer's benefit. (9+6)

CREDIT – IV

7. Explain with the suitable examples the difference between renewable and non-renewable resources. Derive the condition for optimal extraction of a renewable resource. In this connection what is the relevance of 'Maximum Sustainable Yield'? (4+9+2)

8. Write short notes on any two: $(7^{1}/_{2}\times2)$

(a) Pricing of energy resources
(b) Material balance approach
(c) Green accounting method
(d) Strong and weak sustainability

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