2023

ECONOMICS — HONOURS

Paper : DSE-B(2)-1

(Environmental Economics)

Full Marks : 65

The figures in the margin indicate full marks.

Candidates are required to give their answers in their own words as far as practicable.

Group - A

1. Answer ***any ten*** questions : 2×10

(a) How does economics relate to environmental issues?

(b) What are the major rules to attain Sustainable Development?

(c) What is Dynamic Efficiency?

(d) What is Ambient Permit System?

(e) What is Hydrological Cycle?

(f) What is Cap-and-Trade programme?

(g) What is the Environmental Kuznet Curve?

(h) What is Market failure?

(i) What is Carbon Offsetting?

(j) What is 'Displacement Hypothesis'?

(k) What is global warming and its effects?

(l) Do Pigouvian Taxes create deadweight loss?

(m) Is the optimal level of pollution zero?

(n) What is the basic difference between direct and indirect methods of environmental valuation?

(o) What is 'Contingent Valuation Method'?

Group - B

Answer ***any three*** questions.

2. What do you see as the greatest specific cost and benefit of globalization in the context of Environment? 5

3. Using demand-supply framework, explain how government can internalize the positive and negative externalities through taxes and subsidies. 5

4. Discuss Pareto optimality and explain how is it related to welfame maximization. 5

5. Discuss the ethical implications of Transboundary Pollution, Pollution Havens, and international Environmental Agreements. 5

6. Briefly explain Hedonic Pricing Method and mention two limitations. 3+2

Group - C

Answer ***any three*** questions.

7. (a) What is 'Property Rights'?

   (b) Explain COASE theorem graphically.

   (c) What are the policy significance of COASE theorem? 2+6+2

8. (a) Assume an economy of two firms and two consumers. The two firms pollute. Firm one and Firm two have marginal savings function as $MS_1(e) = 5\text{-}e$ and $MS_2 = 8\text{-}2e$ respectively, where e is the quantity of emissions from each firm. Each of the two consumers has marginal damage function as $MD(e) = e$, where e is the total amount of emissions the consumer is exposed to.

      (i) Find optimal level of pollution

      (ii) Find appropriate Pigovian fees, and

      (iii) Find emissions from each firm.

   (b) Examine and compare the long run effects of 'Taxes vs. Subsidies' approach to control environmental degradation. (2+2+1)+5

9. Do economic growth and sound environmental policy necessarily conflict? Identify some areas where a choice must be made between economic growth and environmental preservation and others where the two are compatible. 3+7

10. Will internalizing a negative externality result in the elimination of all environmental damage? Why or why not? 5+5

11. Compare and contrast Hedonic Price Method (HPM) and Travel Cost Method (TCM) of environmental valuation with their respective strengths, weaknesses, opportunities and challenges. 5+5