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ECONOMICS

(Major)

Paper : 5.3

(Introduction to Environmental Economics)

Full Marks : 60

Time : 3 hours

The figures in the margin indicate full marks for the questions

1. Answer the following questions : 1×7=7
- (a) What is a public good?
 - (b) What is externality?
 - (c) What does 'polluters pay principle' imply?
 - (d) Mention one form in which subsidies can be used as an approach to combat pollution.
 - (e) Mention one policy option for reducing the emission of greenhouse gases.

- (f) What is biodiversity?
- (g) What is excludability?

2. Answer the following questions : 2×4=8

- (a) Mention two potential costs of damage to environment to present and future generations.
- (b) Show how air is a public good.
- (c) Point out the primary concern of environmental economics.
- (d) Mention two disadvantages of regulatory instruments for correcting environmental pollution.

3. Answer any *three* of the following : 5×3=15

- (a) Explain the reasons for market failure for environmental goods.
- (b) Explain the nature of environmental economics.
- (c) Explain the tragedy of commons.
- (d) Explain the upswing and downswing of the environmental Kuznets' curve.
- (e) Explain how the selling of pollution 'rights' can deal with the problem of pollution.

4. Answer any *three* of the following : $10 \times 3 = 30$

- (a) Bring out the relationship between environment and economy.
- (b) Explain the case of negative externality. How can it be internalised? $5+5=10$
- (c) Explain how pollution damage can be abated by levying emission tax.
- (d) Analyse the approaches of the various stakeholders in their choice of policy instruments.
- (e) Explain the phenomenon of global warming. Bring out its likely consequences. $5+5=10$

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