Seat No. : _____

M.A. Sem.-I

Dec. 2016

Economics C C 106

Environmental Economics

Time : 3 Hours [Max. Marks : 70]

1. Explain the nature and scope of Environmental Economics in detail. 14

OR

Explain Environmental Kuznets Curve. What is its significance ?

2. What are the characteristics of public goods? How does market failure occur in public goods ? 14

OR

What is a common property resource ? How is its different from public goods? Discuss the "tragedy of the commons" in detail.

3. Explain the various instruments to control environmental pollution. 14

OR

How do 'Pigouvian tax' and 'Trade able Pollution Permits Policy' control Environmental pollution.

4. Explain 'Limits to Growth' and 'Zero Growth' with criticisms. 14

OR

Explain H.Daly and Solow-Hartwick's models of sustainable development.

5. Choose the correct option. 14

(1) Why environmental economics is required ?

(a) Environmental economics to bring harmony to economic system and the environmental.

(b) Study environmental economics to bring harmony to the economic system and the political system.

(c) Study environmental economics to find harmony with oneself.

(d) Study environmental economics to find harmony other people.

(2) Which law of Thermodynamics states 'The change the internal energy of a closed thermodynamic system is equal to the sum the amount of heat energy supplied to or removed from the system the work done on or by the system'?

(a) The 1st Law of Thermodynamics. (b) The 2nd Law of Thermodynamics.

(c) The Coase Theorem. (d) The Porter Hypothesis.

(3) Negative cost spillovers means.

(a) Result in too much of a product at too low a prise.

(b) are exemplified by air pollution and education.

(c) are exemplified by transportation and immunization.

(d) result in too little of a product at too high a price.

(4) What is entropy ?

(a) Energy used in economic activity like production, transportation and consumption.

(b) Economic differences equalizer over a decade.

(c) Energy difference equalizer over time.

(d) All energy comes from environment.

(5) an excise tax newly imposed on a good for which negative externalities are generated in production would tend to cause.
   (a) enormous excess burdens relative to tax revenues collected.
   (b) unambiguously enhanced economic equity.
   (c) greater use of the good to replace its close substitutes.
   (d) higher prices and falling production, which may be desirable in such cases.

(6) Which items from list below is positive externality?
   (a) Public Immunization. (b) Traffic jams.
   (c) A neighbour's barking dog. (d) All answers above are correct.

(7) What is market failure?
   (a) Something prevents the market to allocate resources efficiency.
   (b) Both consumption and producers surpluses are maximized.
   (c) Free market of individuals acting in their own self interest leads to a socially desirable result.
   (d) None of the answers in correct.

(8) Which is most associated with the non-exclusive characteristics of a public good ?
   (a) free riding. (b) Negative externalities.
   (c) Rival in consumption. (d) None of above.

(9) Why are local governments reluctant to increase environmental standard and regulations ?
   (a) To attract industry indirectly to increase in jobs and wealth.
   (b) To increase the health standard of citizen.
   (c) To make life easier for its citizen.
   (d) None of answers above is correct.

(10) Which answer below is not a market failure ?
   (a) Asymmetric information (b) Monopolies.
   (c) Externalities. (d) Economies of scale.

(11) What is a bundle of rights that describe an owner's rights, privileges and limitations foe use of a resource?
   (a) Private goods. (b) Public goods
   (c) Property rights (d) State-property

(12) Why do politicians perfect command and control regulation ? (CAS)
   (a) Many are trained as lawyers.
   (b) They create of laws and regulations as their jobs.
   (c) The costs of CAC are not obvious.
   (d) All answer above are true.

(13) Government.....to help a firm pay for a specific pollution abatetment technology .
   (a) Imposes a tax on pollution. (b) Grants a subsidy.
   (c) Defines technology standards. (d) Places a permit.

(14) Please define the Emission standard for command and control regulation.
   (a) Regulates the amount of pollutant present in the surrounding environment.
   (b) Regulates the total level of emission allowed in a locality.
   (c) Government uses price and quality mechanism to internalize the externalities.
   (d) Require polluter to use certain technologies, practices or techniques.