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**ECONOMICS**

Paper : ECOHE6046

**( Environmental Economics )**

Full Marks : 80

Pass Marks : 32

Time : 3 hours

*The figures in the margin indicate full marks  
for the questions*

1. Choose the correct options from the following  
(any six) : 1×6=6

(a) Environmental economics deals with  
the interrelation between

(i) global warming and environment

(ii) resource allocation and environment

(iii) ecology and environment

(iv) economic agent and environment

- (b) Pareto optimality refers to a situation where
- (i) it is possible to make someone better off without making someone worse off
  - (ii) it is not possible to make anyone better off without making someone worse off
  - (iii) it is not possible to make anyone worse off without making someone better off
  - (iv) anybody can be made better off while making others worse off
- (c) Market may fail due to which of the following reasons?
- (i) Low demand
  - (ii) Low price
  - (iii) Non-excludability
  - (iv) Non-storability

- (d) Market failure can be solved by
- (i) increased advertisement
  - (ii) assigning proper property rights
  - (iii) increasing competition
  - (iv) increasing public sector supply
- (e) The motive of Pigovian tax is
- (i) neutralizing effects of inflation
  - (ii) neutralizing effects of monopoly
  - (iii) neutralizing effects of negative externality
  - (iv) neutralizing effects of foreign competition
- (f) Transboundary environmental problem refers to
- (i) environmental issue that affects multiple industries
  - (ii) environmental issue that affects multiple natural resources
  - (iii) environmental issue that affects multiple countries
  - (iv) None of the above

- (g) Which one is not the component of environmental risk assessment?
- (i) Hazard identification
  - (ii) Toxicity assessment
  - (iii) Risk assessment
  - (iv) Market research
- (h) Coase theorem states the efficient allocation of resources through
- (i) active Government intervention
  - (ii) private parties' negotiation on mutually beneficial agreement
  - (iii) third-party intervention
  - (iv) command and control measures
- (i) One of the features of tradable permits is
- (i) it limits the polluting capacity of a polluter to a fixed level
  - (ii) Government has no role to play
  - (iii) it allows the polluter flexibility of pollution
  - (iv) it gives permission of ultimate pollution to a polluter

- (j) Sustainable development means
- (i) development through using maximum productive capacity
  - (ii) development which does not reduce the productive capacity of future
  - (iii) development which preserve all the resources for future
  - (iv) development which aims at equal opportunity across countries

2. Answer the following questions (any five) :  
2×5=10

- (a) What is welfare economics?
- (b) Define property rights.
- (c) What are tradable permits?
- (d) Mention any two transboundary environmental problems.
- (e) Define risk assessment in environmental economics.
- (f) What is weak sustainability?
- (g) Give two arguments in favour of sustainable development.

( 6 )

3. Answer any six of the following questions :

5×6=30

- (a) Discuss the scope of environmental economics.
- (b) How does welfare economics relate to environmental economics?
- (c) How do markets fail in terms of environmental goods?
- (d) Discuss the process of environmental risk assessment.
- (e) Write briefly on the working of Pigovian taxes.
- (f) Write briefly on the economic effect of climate change.
- (g) Give the relative importance of taxes and quotas in presence of uncertainty about pollution control.
- (h) Write a short note on transboundary environmental problems.
- (i) Explain the relation between trade and environment.
- (j) Write briefly about the need of the strategy of sustainable development in present world scenario.

( 7 )

4. Answer any two of the following questions :

10×2=20

- (a) What is environmental economics? How are the environment and the economy interlinked?
  - (b) What is Pareto optimality? Explain the condition of Pareto optimality.
  - (c) Explain tradable permits as measure of pollution control.
  - (d) What is meant by implementation of environmental policy? Explain the various steps in implementation of environmental policy.
5. Answer the following questions (any one) : 14
- (a) What is market failure? Explain with suitable example how Coase theorem gives a solution to market failure.
  - (b) How do non-market value measurement method and risk assessment method help in measuring the benefits of environmental improvements?

- (c) Define sustainable development. Explain the indicator of sustainable development. Briefly discuss the components of sustainable development.

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