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Code No. : 7289 **Sub. Code : ZESM 43**

M.A. (CBCS) DEGREE EXAMINATION, APRIL 2023.

Fourth Semester

Economics – Core

ENVIRONMENTAL ECONOMICS

(For those who joined in July 2021 onwards)

Time : Three hours Maximum : 75 marks

PART A — (10 × 1 = 10 marks)

Answer ALL questions.

Choose the correct answer :

1. Which of the following theories provide a useful explanation of the environment and Economics?
   I. The population growth and resource scarcity by Thomas Malthus
   II. The theory of steady-state economy by J.S. Mill
   III. The neoclassical economic theory of efficient markets
   (a) I and II (b) II and III
   (c) I and III (d) I, II and III

2. Resource economics studies
   (a) The demand, supply, and distribution of natural resources
   (b) The cost and benefit of allocation, use, and protection of natural resources
   (c) The cost and benefit of protection of natural resources
   (d) The cost-benefit of distribution of natural resources

3. Which one of the following statements about market failure is correct?
   (a) Small firms are less efficient than large firms due to diseconomies of scale.
   (b) The existence of free riders will result in the over-production of public goods.
   (c) The social benefits of some private goods exceed the private benefits.
   (d) Markets do not supply merit goods.

4. Public goods are those for which
   (a) External costs exist
   (b) Individuals who do not pay cannot be excluded from consuming
   (c) Individuals who do not pay can be excluded from consuming
   (d) No external costs exist

5. What does a market failure imply?

(a) The elasticity of the demand curve for the resource

(b) The elasticity of the supply curve for the resource

(c) The demand curve for the resource

(d) The supply curve for the resource

6. The extra cost of recycling does not outweigh the extra benefits indicates

(a) Optimum recycling

(b) Product life extension

(c) Material Substitution

(d) Conservation

7. Which is part of revealed preference method?

(a) Costless-choice method

(b) Hedonic pricing model

(c) Trade-off game method

(d) Delphi method

8. Willingness to pay and willingness to accept is part of

(a) Trade-off game method

(b) Delphi method

(c) Hedonic pricing model

(d) Contingent valuation method

9. Which of the following is/are market-oriented environmental tool(s)?

(a) Pollution charges

(b) Marketable permits

(c) Better-defined property rights

(d) All the above

10. In which year did the word 'sustainable development' come into existence?

(a) 1992 (b) 1978

(c) 1980 (d) 1987

PART B — (5 × 5 = 25 marks)

Answer ALL questions, choosing either (a) or (b).
Each answer should not exceed 250 words.

11. (a) What are the economic impacts on resources and the environment?

Or

(b) Write a note on maximum sustainable yield approach with suitable example.

12. (a) In which market situation will there be optimum allocation of resources?

Or

(b) How does inter temporal efficiency help in decision making.

13. (a) Point out the role of economics in forestry.

Or

(b) Relate Monopoly and the Rate of Extraction of Non-Renewable Resources.

14. (a) Elucidate the difficulties in measuring environmental values.

Or

(b) Explain the travel cost method of valuing the environment.

15. (a) What are the environmental factors that affect population growth?

Or

(b) How do SDGs help the environment?

PART C — (5 × 8 = 40 marks)

Answer ALL questions, choosing either (a) or (b)
Each answer should not exceed 600 words.

16. (a) Explain and illustrate the term Tragedy of commons.

Or

(b) What is material balance approach in environmental economics? Discuss it with example.

17. (a) Analyse the concept of Pareto Optimum of Environmental allocation.

Or

(b) Discuss in detail how do externalities affect economic efficiency.

18. (a) Illustrate Optimal Depletion of resources and time preference theory.

Or

(b) Give a detail account of optimum recycling method of resources conservation with diagramme.

19. (a) Describe the Hedonic pricing method of valuation of environment.

Or

(b) Evaluate the various contingent valuation method of environment.

20. (a) How does Coase's theorem address the problem of environment pollution control? Critically analyse.

Or

(b) Critically evaluate the various measures of sustainable development.

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