DOON UNIVERSITY, DEHRADUN
Final Examination, 2015
Department of Economics
School of Social Sciences
M.A IIIrd Semester
SSE-533: Environmental Economics

Time Allowed: 3 hrs.   **Max. Marks: 50**

Note: Attempt All Questions from Sections A,B,C.

SECTION : A   (Marks: 5x2=10)
Answer the following.

1. Environmental problems can be solved even without government intervention. Explain.
2. If environment is linked to economic activity, how would the basic economic model look like? Trace the model.
3. Briefly explain any two worldwide environmental objectives.
4. Differentiate between a public good and a common property resource.
5. Which method for measuring environmental benefits is based on the theory that a good or service is valued for the attributes or characteristics it possesses? Give an application of that method.

SECTION : B

Answer any **FOUR.**   (Word Limit: 250 words)   (Marks: 4x5=20)

1. When was the National Environmental Policy Act passed? Discuss the basic objectives of NEPA.
2. Define consumer surplus. Given the following demand function for a private good: Q= -100P+1150, where Q is quantity demanded and P is price. Derive the demand function if the good were a public good and find the net benefit from consuming the first unit. The equilibrium price is given as 2.50.
3. What is a Pigouvian tax? Using a hypothetical example show how a Pigouvian tax helps to solve environmental problems.
4. Define sustainable development. Discuss the relationship among population growth, income growth and the environment.
5. Differentiate between competitive equilibrium and efficient equilibrium.

SECTION : C

Answer any **TWO.**   (Word Limit: 700 words)   (Marks: 2x10=20)

1. Many environmental projects involve costs at the beginning of the projects and return revenues from the project only after a certain time. If you were an environmental economist, how would you decide the following?
   a) Whether to undertake the project or not.
   b) Given a number of projects that are worth undertaking, how would you rank the projects?
2. Use any hypothetical model to explain the procedure to measure the incremental benefits and incremental costs for environmental decision making. (Use suitable diagrams to support your answer.)
3. What is market failure? Discuss any two forms of market failure with suitable examples to support your answer.