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Register Number:

DATE:

**ST. JOSEPH’S COLLEGE (AUTONOMOUS), BANGALORE-27**

**M.A. ECONOMICS- IV SEMESTER**

**SEMESTER EXAMINATION: APRIL 2020**

**EC 0218: ENVIRONMENTAL ECONOMICS**

**Time: 2.5 Hours Maximum Marks-70**

**This question paper has 1 printed page and 3 parts**

**Part A**

 **Answer any five of the following: 2 X 5=10**

1. Describe the "Tragedy of Commons."
2. Distinguish between the concept of social cost and private cost.
3. What are the properties of a pure public good? Give an example from the environmental economics.
4. Distinguish between use value and existence value.
5. Define carrying capacity.
6. Free-market continues to adversely affect the environment. Give two arguments in favor.
7. Describe the Pollution haven hypothesis.

**Part B**

**Answer any three of the following: 10 X 3 =30**

1. Critically examine the role of market incentive and the role of regulations on the environment.
2. Describe the Pigouvian tax approach to correct for negative externality. What information is required by the regulator to set correct tax rate.
3. Explain Contingent Valuation for environment.
4. Write a note on trans-boundary pollution.
5. Describe the Environmental Kuznets Curve (EKC) and the factors the generate EKC. When may EKC not hold?

**Part C**

**Answer any two of the following: 15 X 2 =30**

1. Consider a Steel factory generating pollutants affecting a Laundry shop downstream. Use the Coasian framework to show that optimal amount of smoke will be generated regardless of who owns the property-right to pollute.
2. Describe and explain Hotelling’s rule for extraction of non-renewable resource.
3. What is the welfare impact of Pigouvian tax on firm which is a monopolist in the goods market (i.e. a lone steel producer in area) but competitive in the bad market (i.e. several other non-steel producing firms that also generate smoke)?