6 SEM TDC DSE ECO (CBCS) 2 (H)

2025

(May)

ECONOMICS

(Discipline Specific Elective)

(For Honours)

Paper : DSE–2

(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 answer :   1×8=8

   (a) What is the main cause of market failure in the presence of externalities?
       (i) Government regulation
       (ii) Perfect competition
       (iii) Externalities create divergence between private and social costs
       (iv) Efficient resource allocation

   (b) The Environmental Kuznets curve shows the relationship between
       (i) GDP and inflation
       (ii) environment and development
       (iii) trade and environment
       (iv) climate and population

(c) Which of the following is a non-market valuation method?
   (i) Cost-benefit analysis
   (ii) Travel cost method
   (iii) GDP
   (iv) Producer surplus

(d) The Coase Theorem is related to
   (i) monopoly pricing
   (ii) government taxation
   (iii) efficient allocation of resources through bargaining under well-defined property rights
   (iv) market structure and equilibrium

(e) Which of the following is a market-based instrument of environmental policy?
   (i) Command and control
   (ii) Regulation
   (iii) Tradable permits
   (iv) Subsidy for polluting industries

(f) What does the Pearce–Atkinson indicator measure?
   (i) Sustainability
   (ii) Growth
   (iii) Poverty
   (iv) None of the above

(g) Global warming is an example of
   (i) positive externality
   (ii) market equilibrium
   (iii) international externality
   (iv) government failure

(h) Common property resources are

    (i) exclusively owned by an individual

    (ii) accessible to members of a community that manages them

    (iii) always under government control

    (iv) not related to environment

2. Answer any *four* of the following questions :

                                      4×4=16

  (a) Define environmental economics and explain how it differs from resource economics.

  (b) Explain the Environmental Kuznets curve with a diagram.

  (c) Distinguish between private cost and social cost with examples.

  (d) What are Pigouvian taxes? How do they help in environmental protection?

  (e) What is sustainable development? Differentiate between strong and weak sustainability.

3. *(a)* Discuss the interlinkages between economy and environment. How does economic development affect the environment?   8+4=12

Or

  (b) Define public goods and common property resources. How are they relevant in environmental economics?

                                         6+6=12

4. (a) Explain the concept of externalities. Discuss with examples how externalities lead to market failure. 6+5=11

Or

(b) What is the Coase theorem? How does it provide a solution to externalities? 4+7=11

5. (a) Discuss the main instruments of environmental policy. Evaluate the advantages of tradable permits over Pigouvian taxes. 4+7=11

Or

(b) Explain the concept and significance of sustainable development. Discuss the Pearce—Atkinson indicator in this context. 5+6=11

6. (a) Examine the economic implications of international environmental problems such as global warming and ozone depletion. 5+6=11

Or

(b) What is the pollution haven hypothesis? How does international trade impact environmental outcomes? 5+6=11

7. (a) What are non-market values? Discuss the contingent valuation and travel cost methods of environmental valuation with their merits and demerits. 4+7=11

Or

(b) Explain the steps involved in environmental cost-benefit analysis. How is it useful in policy-making? 6+5=11

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