

B.A. (Honours) Examination, 2024
Semester-VI
Economics
Course – DSE-3 – Group-A
(Environmental Economics)

Time: Three Hours

Full Marks: 60

Questions are of value as indicated in the margin.

Answer *any four* questions: -

1. Explain using the stock-flow concept, the difference between conservative pollutants and assimilative wastes. Which one do you think is more harmful? In this context, explain what you understand by the “threshold effect”? 8+2+5
 2. What do you understand by the “tragedy of the commons”? In this context, explain how two parties can strategically stop the tragedy through mutual understanding. 5+10
 3. Explain how the “Pigouvian tax” can be used to solve the pollution problem. In this context, explain what you understand by “double dividend”. Mention some of the drawbacks of using the Pigouvian tax. 8+3+4
 4. Explain the interlinkage between the economy and the environment. In this context, explain the causes of “Absolute Scarcity” of the environment and how it affects the ‘Global Life Support Services’. 10+5
 5. Explain the various Indirect Methods of valuation of the environment. What method would you use to understand the impact of pollution on drinking water? 10+5
 6. Suppose there are many factories in a particular area emitting pollution. The government decides to implement “Tradeable Pollution Permits” (TPPs) in the area. Explain mathematically or otherwise how firms would optimize their pollution under the TPP constraint. In this context, explain the problems associated with TPPs. 10+5
 7. In the Hartwick-Solow model of Sustainable Development, explain what you understand by the “Sustainable Development Index”. In this context, explain what you understand by “Natural Minimum Capital Stock”. 10+5
 8. Write short notes on the following: - 7+8
 - a. Non-convexity problem of the environment
 - b. Environmental Kuznets Curve
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