

M.A. Examination, 2016
Semester-III
Economics
Course-XI (Group-B) (Special Paper)
(Environmental and Resource Economics)

Time: 3 Hours

Full Marks: 40

Questions are of value as indicated in the margin.

Answer *any four* questions

1. Explain the concept of 'transaction cost'. Show that under certain conditions individual agents in the economy can attain the socially optimal level of pollution without any government intervention. 3+7=10
 2. Consider a single polluter and two victims. Describe the shapes of marginal abatement cost (MAC) and marginal damage cost (MDC) schedules. Hence determine the socially optimum level of pollution. 10
 3. Assuming two polluters and a targeted socially optimum level of pollution, show how efficiency can be achieved by a Pigovian tax on emissions. Why such efficiency is static in nature? 8+2=10
 4. Derive the time path of price of an exhaustible resource in the presence of a backstop technology. Clearly describe the symbols you use in your answer. 10
 5. In the context of a renewable resource, describe the concept of Maximum Sustainable Yield (MSY). What do you mean by a unit Effort? What is the effort level that achieves MSY? 5+2+3=10
 6. Explain how the decision to cut down the trees in a privately owned plantation forest might be affected by the market rate of interest. 10
 7. Distinguish between revealed and stated preference approaches for environmental valuation. Give an example of environmental service that can be valued by revealed preference approach. Give a brief outline of the method you would like to apply for its valuation. 5+5=10
 8. Write short notes on *any two* of the following: 2×5=10
 - (i) Green Accounting
 - (ii) Tragedy of commons
 - (iii) Transfer coefficient for ambient pollution
 - (iv) User Cost of exhaustible resources
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