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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?
- Cost-benefit analysis
 - Travel cost method
 - GDP
 - Producer surplus
- (d) The Coase Theorem is related to
- monopoly pricing
 - government taxation
 - efficient allocation of resources through bargaining under well-defined property rights
 - market structure and equilibrium
- (e) Which of the following is a market-based instrument of environmental policy?
- Command and control
 - Regulation
 - Tradable permits
 - Subsidy for polluting industries
- (f) What does the Pearce-Atkinson indicator measure?
- Sustainability
 - Growth
 - Poverty
 - None of the above
- (g) Global warming is an example of
- positive externality
 - market equilibrium
 - international externality
 - government failure

- (h) Common property resources are
- exclusively owned by an individual
 - accessible to members of a community that manages them
 - always under government control
 - not related to environment

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

4×4=16

- Define environmental economics and explain how it differs from resource economics.
- Explain the Environmental Kuznets curve with a diagram.
- Distinguish between private cost and social cost with examples.
- What are Pigouvian taxes? How do they help in environmental protection?
- 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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