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Register Number:

DATE:

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

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

**SEMESTER EXAMINATION: APRIL 2019**

**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. Evaluate critically.
7. Describe the Pollution haven hypothesis

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

1. Graphically illustrate the Pigouvian tax approach to correct for negative externality.
2. Explain Contingent Valuation for environment.
3. The private marginal benefit of commodity X is 10 - X while private marginal cost is 5. However, each unit of X produced imposes a damage of 2 on the society. Calculate the output in the absence of government intervention and the socially efficient level of production? What tax amount would generate the socially efficient level?
4. Graphically illustrate the cost effective rule to tax polluters with different marginal cost curves (of pollution reduction).
5. Describe and explain the rule for optimal extraction of non-renewable resources over time?

**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 the Environmental Kuznets Curve. Explain the three components affecting it.
3. What is the impact of Pigouvian tax on firm which is a monopolist in the good market but competitive in the bad market?