

Parvatibai Chowgule College of Arts and Science

Autonomous

B.A/BSc. Semester End Examination, January 2022(Repeat)

Semester: III

Subject: Economics

Title: Environmental Economics (SEC)

Duration: 2 Hours

Max. Marks: 60

- Instructions:**
1. Q1 is compulsory.
 2. Answer any 4 questions from Q2 to Q7.
 3. Draw diagrams wherever necessary.
 4. Figures to the right indicate full marks.

- Q1.** At the WEF Davos Agenda 2022 India emphasised that the Indian industry supports the country's commitment towards "clean, green, sustainable and reliable energy". Comment on the statement based on your understanding of this course. (12)
- Q2.** Describe any two innovative ideas to reduce residuals in the environment. (12)
- Q3.** Following are the marginal abatement costs of three firms, related to the quantity of emissions. Each firm is now emitting 10 tons/week, so total emissions are 30 tons/week. Suppose we wish to reduce total emissions by 50 percent, to 15 tons per week. Estimate the total costs with the help of Equimarginal principle. (12)

Emissions (tons/week)	10	9	8	7	6	5	4	3	2	1	0
Marginal Abatement Costs:											
Firm 1 (\$/ton)	0	4	8	12	16	20	24	28	36	46	58
Firm 2 (\$/ton)	0	1	2	4	6	8	12	20	24	28	36
Firm 3 (\$/ton)	0	1	2	3	4	5	6	7	8	9	10

- Q4.** What are the basic steps involved in contingent valuation. Design 10 contingent valuation-type questions for evaluating the value to people of improving the air quality in the Delhi. (12)
- Q5.** “Whether the firm is a buyer or seller of permits depends on the relationship of the price of permits and their marginal abatement costs at the emission level corresponding to their initial permit holding”. In context of the statement, explain cap and trade policy as a measure to reduce pollution with your own numerical example. (12)
- Q6.** a. What do you understand by Green accounting? Explain any two methods of your choice. (06)
- b. With suitable diagram, explain briefly social efficient level of emission. (06)
- Q7.** a. With the help of one example, explain all the concepts of Use and non-use value of environmental resources. (06)
- b. With the help of an example and diagram, explain why uniformity of standards can't be appropriate way to attain environmental quality. (06)
