Name: Enrolment No:	UPES UNIVERSITY WITH A PURPOSE

UNIVERSITY OF PETROLEUM AND ENERGY STUDIES
Online End Semester Examination, December 2020

Course: Environmental Economics **Semester: V**
Program: BA (H), Specialization in Energy Economics **Time: 180 Minutes**
Course code: ECON3001 **Max. Marks: 100**
Instructions: Do as Directed

SECTION A

1. Each Question will carry 5 Marks
2. Instruction: Select the correct answer(s)

S. No.	Questions	CO
Q1	Choose the correct/best statement. (a) Environmental economics does not deal with scarcity of resources because environmental resources are abundant. (b) Environmental economics deals with optimal quality of those environmental resources that cannot be subdivided into smaller physical units, like air quality and ecology. (c) Environmental economics deals with optimal quantity of those natural resources that can be divided into smaller physical units, like barrels of crude oil and cubit feet of lumber. (d) Both b and c are correct.	**CO1**
Q2	Choose the correct/best statement. (a) A society faces a tradeoff between the amount of market goods and the level of environmental quality it can enjoy. (b) A society faces a tradeoff between the amount of market goods it can enjoy in the short run and the amount of market goods it can enjoy in the long run. (c) Both a and b are correct. (d) Both a and b are not correct.	**CO3**
Q3	Two principal characteristics of "economics approach" are (a) rationality and anthropocentricity. (b) rationality and efficiency. (c) efficiency and cost effectiveness. (d) efficiency and equity.	**CO1**
Q4	According to the economics approach, (a) a forest owner who does not allow any trees to be cut for lumber despite offers would always be considered using the resource inefficiently. (b) a forest owner who does not allow any trees to be cut for lumber despite offers would always be considered using the resource efficiently. (c) a forest owner who does not allow any trees to be cut for lumber despite offers would be considered using the resource efficiently if benefits of letting trees stand exceed the amount of offers made for lumber.	**CO2**

	(d) a forest owner who does not allow any trees to be cut for lumber despite offers would be considered using the resource efficiently if the amount of offers made for lumber exceed benefits of letting the trees stand.	
Q5	Which is the efficiency rule? (a) Equalizing social MB to social MC. (b) Equalizing MC across all plants to achieve the desired level of emission reduction. (c) Equalizing total net benefit to zero. (d) None of the above.	**CO4**
Q6	How much would you be willing to pay for 10% improvement in air quality is likely to depend on (a) the current level of air quality. (b) your income level. (c) your attitude/preference for environmental quality. (d) all of the above.	**CO2**
SECTION B **1. Each question will carry 10 marks** **2. Instruction: Write short / brief notes**		
Q7	Do you think that environmental economics emerged because of trade-off between economic growth and environmental degradation?	**CO3**
Q8	Do you think that Coase Theorem will help us to resolve Externalities? Why? Why not?	**CO4**
Q9	Consider a firm producing a good along with pollution, '*x*'. If the emission fee is '*p*' and the polluter emits '*x*' units of pollution, determine the following : (a). the payment from polluter to regulator, (b). total cost of pollution, (c). how much the polluter will emit.	**CO4**
Q10	Explain the relationships between environment and economy with the help of a diagram.	**CO1**
Q11	Do you think that Environmental Kuznets curve helps us to understand the dynamic linkages between environmental quality and economic growth? Why/Why not?	**CO3**
SECTION C **1. Each Question will carry 20 Marks.** **2. Instruction: Write long answer.**		
Q12	Describe total economic value of an environmental resource. A researcher estimates the following trip generating or demand function of an environmental resource: $V_{ij} = 0.473344 - 0.01556\text{RTTC} - 0.00015\text{RDHS} + 0.007168\text{MI}$ Where, RTTTC is the round travel cost, RDHS is the round distance from home to the site and MI is the monthly income of visitor. i. Interpret the demand function in your own words; ii. Estimate Consumer Surplus and iii. If population, N=350, calculate total recreational value/use value of the environmental resource. OR	**CO2**

	What are the main differences between stated- and revealed-preference methods of environmental valuation? In order to estimate the direct benefits of environmental resources, which method is feasible and why?	