

Name:

Enrolment No:



**UNIVERSITY OF PETROLEUM & ENERGY STUDIES  
DEHRADUN**

**End-Semester Examination 2021**

**Program/course : BA (Hons.) Energy Economics Semester : V**  
**Subject : Environmental Economics Max. Marks : 100**  
**Code : ECON3001 Duration : 3 Hrs**  
**No. of page/s : 3**

**SECTION A**

| Q1   | Answer all the questions. Each Question will carry 2 Marks  | 10Qx2<br>M=20<br>Marks | CO  |
|------|---|------------------------|-----|
| i.   | The environment is viewed as a _____ that provides a variety of services.<br>a) composite asset b) simple asset c) national asset d) common asset   | [2]                    | CO1 |
| ii.  | The chief normative economic criterion for choosing among various outcomes occurring at the same point in time is called _____ efficiency.<br>a) static b) dynamic c) time d) environmental | [2]                    | CO1 |
| iii. | An owner of a resource with a well-defined property right has a powerful incentive to use that resource _____.<br>a) efficiently b) inefficiently c) judiciously d) non                     | [2]                    | CO1 |
| iv.  | In the long run when all costs are variable, producer's surplus is equal to profits plus _____.<br>a) rent b) dividend c) wages d) interest   | [2]                    | CO1 |
| v.   | When external benefits are present, the market will _____ the resources.<br>a) undersupply b) oversupply c) not respond to d) respond positively to   | [2]                    | CO1 |

|       |   |                        |     |
|-------|---|------------------------|-----|
| vi.   | Pecuniary externalities arise when the external effect is transmitted through altered_____.<br>a) prices b) income c) rent d) interest  |                        | CO1 |
| vii.  | In case of Res Nullius property resources no individual or group has the _____to restrict access.<br>a) legal power b) control c) interest d) monopoly  | [2]                    | CO1 |
| viii. | _____is the use of resources in lobbying and other activities directed at securing legislation that results in more profitable outcomes for those funding this activity.<br>a) Rent seeking b) Interest seeking c) Resource seeking d) Wealth seeking | [2]                    | CO1 |
| ix.   | The simplest means to restore efficiency occurs when the number of affected parties is _____.<br>a) small b) large c) medium d) capable to be compensated   | [2]                    | CO1 |
| x.    | The Coase theorem shows that the very existence of an inefficiency _____for improvements.<br>a) triggers pressures b) is not useful c) has no urgency d) all the above  | [2]                    | CO1 |
|       | <b>Section B</b>  |                        |     |
|       | Attempt all the questions. Each question carries equal marks.<br>Label each of the following propositions as descriptive or normative and defend your choice:   | 4Qx5<br>M= 20<br>Marks | CO  |
| Q2    | Energy efficiency programs have created jobs.   | [5]                    | CO2 |
| Q3    | Money spent on protecting endangered species is wasted.   | [5]                    | CO2 |
| Q4    | Fisheries must be privatized to survive.  | [5]                    | CO2 |
| Q5    | Raising transport costs lower suburban land values.   | [5]                    | CO2 |

|      |   |                         |     |
|------|---|-------------------------|-----|
|      | <b>Section C</b>  |                         |     |
|      | Attempt all the questions. Each question carries equal marks.   | 3Qx10<br>M=30<br>Marks  |     |
| Q7.  | Identify whether each of the following resource categories is a public good, a commonpool resource, or neither and defend your answer:<br>a) A pod of whales in the ocean to whale hunters.<br>b) A pod of whales in the ocean to whale watchers.<br>c) The benefits from reductions of greenhouse gas emissions.<br>d) Water from a town well that excludes nonresidents.<br>e) Bottled water.   | [10]                    | CO3 |
| Q8.  | “In environmental liability cases, courts have some discretion regarding the magnitude of compensation polluters should be forced to pay for the environmental incidents they cause. In general, however, the larger the required payments the better.” Discuss.  | [10]                    | CO3 |
| Q9   | How does the increase in economic activity induced by international trade affect the environment?<br><br><b>OR</b><br><br>In primitive societies, the entitlements to use land were frequently possessory rights rather than ownership rights. Those on the land could use it as they wished, but they could not transfer it to anyone else. One could acquire a new plot by simply occupying and using it, leaving the old plot available for someone else. Would this type of entitlement system cause more or less incentive to conserve the land than an ownership entitlement? Why? Would a possessory entitlement system be more efficient in a modern society or a primitive society? Why? | [10]                    | CO3 |
|      | <b>Section D</b>  |                         |     |
|      | Answer all questions. Each Question carries 15 Marks.   | 2Qx15<br>M= 30<br>Marks | CO  |
| Q12  | In a well-known legal case, <i>Miller v. Schoene</i> (287 U.S. 272), a classic conflict of property rights was featured. Red cedar trees, used only for ornamental purposes, carried a disease that could destroy apple orchards within a radius of 2 miles. There was no known way of curing the disease except by destroying the cedar trees or by ensuring that apple orchards were at least 2 miles away from the cedar trees. Apply the Coase theorem to this situation. Does it make any difference to the outcome whether the cedar tree owners are entitled to retain their trees or the apple growers are entitled to be free of them? Why or why not?                                   | [15]                    | CO4 |
| Q13. | Critically describe the relationship between net output, potential output, and the resources allocated to pollution abatement using isoquants.<br><br><b>OR</b><br>Critically examine contingent valuation method (CVM) and explain the steps for designing a CVM study.  | [15]                    | CO4 |