M.A./M.Sc. 1st Semester Examination, 2011

ECONOMICS

PAPER — IV (ECO - 104)

Full Marks : 40

Time : 2 hours

The figures in the right hand margin indicate marks

Candidates are required to give their answers in their own words as far as practicable

Illustrate the answers wherever necessary

GROUP — A

1. Answer any *five* questions of the following :   2 x 5

   (*a*) Explain the first law of thermodynamics in relation to environmental economics.

   (*b*) What do you mean by total economic value of an environmental resource ?

(c) What are the operational principles of sustainable development ?

(d) What is tyranny of discounting ?

(e) What is WTA ?

(f) Discuss the properties of a pure public good.

(g) Discuss the essential elements in a game ?

(h) State and interpret the Lindahl equilibrium.

(i) What are ideal point and median position as defined in the majority rule ?

(j) Discuss why Nash equilibrium in the 'Prisoner's dilemma is a bad outcome.

GROUP – B

Answer any *two* questions :   5 × 2

2. Explain the hedonic pricing approach for valuation of environmental goods.

3. Explain critically the Coase Theorem.

4. Discuss how log-rolling can resolve the problem of cyclicity in the majority voting.

5. Discuss the relative merits and demerits of point voting and plurality voting.

GROUP – C

Answer any *two* questions of the following : 10 × 2

6. Explain the cases of market failure for environmental assets.

7. Explain the efficiency property of emission tax. What are the problems associated with such taxes ?

8. What is the condition for optimal majority ? Prove that a simple majority may be an optimal majority.

9. Consider a pure redistributional issue as a zero-sum game. Show how cycling problem arises in such a game and no majority decision is arrived at. How can the cycling problem be resolved ?