D 142924 **(Pages : 5)** **Name.......................................**

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FOURTH SEMESTER M.A. DEGREE (REGULAR/SUPPLEMENTARY) EXAMINATION, APRIL 2026

(CBCSS)

Economics

ECO 4E 04—ENVIRONMENTAL ECONOMICS

(2019 Admission onwards)

Time : Three Hours Maximum : 30 Weightage

Part A

Answer **all** *questions.*
Each bunch of **five** *question carries a weightage of* 1.

1. How does the hedonic pricing method assess the value of environmental attributes ?
   - A) It assigns arbitrary values to these attributes.
   - B) It relies solely on consumers' stated preferences.
   - C) It analyzes how these attributes influence the prices of goods or services in the market.
   - D) It calculates the economic cost of environmental degradation.
2. Which of the following is a way to manage common property resources more sustainably ?
   - A) Assigning property rights to individuals.
   - B) Regulating the use of the resource.
   - C) Investing in conservation efforts.
   - D) All of the above.
3. Which of the following is the most commonly accepted definition of sustainable development ?
   - A) Development that meets the needs of the present without compromising the ability of future generations to meet their own needs.
   - B) Development that ensures that all people have access to basic necessities such as food, water, and shelter.
   - C) Development that protects the environment and natural resources.
   - D) Development that promotes economic growth and social equity.

Turn over

4. Which species is considered an indicator of a healthy environment ?

   A) Invasive species.
   B) Endangered species.
   C) Keystone species.
   D) Extinct species.

5. What is the main goal of biodiversity conservation ?

   A) To prevent any changes in ecosystems.
   B) To preserve only charismatic species.
   C) To maintain essential ecological processes and functions.
   D) To focus only on economic benefits.

6. What is the primary role of CFCs in ozone layer depletion ?

   A) Cooling the atmosphere.
   B) Increasing ozone production.
   C) Enhancing greenhouse effect.
   D) Breaking down ozone molecules.

7. What are environmental externalities ?

   A) Personal benefits from environmental conservation.
   B) Negative effects of pollution on human health.
   C) Unintended consequences of economic activities on the environment.
   D) International agreements to protect natural resources.

8. What is the primary purpose of a Pigouvian tax ?

   A) To generate government revenue.
   B) To discourage productive activities.
   C) To incentivize harmful behaviours.
   D) To correct market failures caused by negative externalities.

9. In the context of the second-best theory, what does "first-best" refer to ?

   A) The most optimal outcome achievable.
   B) The initial stage of policy implementation.
   C) The least preferred option.
   D) The highest possible cost.

10. What is the command and control method in environmental policy ?

    A) A market-based approach to regulate environmental issues.

    B) A method that relies on market forces for environmental protection.

    C) A regulatory approach that sets specific rules and standards for pollution control.

    D) A method that involves leaving environmental management to individual choice.

11. How does the Contingent Valuation Method gather data from individuals ?

    A) By observing their actual spending behaviour.

    B) By conducting focus group discussions.

    C) By asking them hypothetical questions about their willingness to pay for certain environmental changes.

    D) By analyzing market prices of related goods.

12. How are costs and benefits typically measured in cost-benefit analysis ?

    A) Only in terms of monetary values.

    B) In terms of both monetary values and physical quantities.

    C) Only in terms of physical quantities.

    D) Through qualitative descriptions.

13. What is the Tragedy of the Commons ?

    A) A type of theatrical play about environmental issues.

    B) A strategy to maximize profits by exploiting natural resources.

    C) A scenario in which individuals act in their own self-interest, depleting a shared resource to the detriment of all.

    D) A government policy to regulate private ownership of common lands.

14. Who represented India at the United Nations Conference on the Human Environment (Stockholm Conference) in 1972 ?

    A) Jawaharlal Nehru. B) Rajiv Gandhi.

    C) Moraiji Desai. D) Indira Gandhi.

15. What economic rationale supports the Polluter Pay Principle ?

    A) The idea that industries should be exempt from all regulations

    B) The belief that environmental protection hinders economic growth

    C) The notion that pollution is an unavoidable consequence of development

    D) The recognition that polluters should internalize the external costs they create.

(15 × 1/5 = 3 weightage)

Part B (Very Short Answer Questions)

Answer any **five** *questions.*
Each question carries a weightage of 1.

16. Doctrine of public trust.
17. Pollution haven.
18. Precautionary principle of environmental protection.
19. Option value.
20. Weak sustainability.
21. Biodiversity loss.
22. Common pool resources.
23. Natural resource taxonomy.

(5 × 1 = 5 weightage)

Part C (Short Answer Questions)

Answer any **seven** *questions.*
Each question carries a weightage of 2.

24. Discuss how proper assignment of property rights abate environmental externalities.
25. What role does the ozone layer play in protecting life on Earth ?
26. What are the main challenges in designing effective environmental policies when there is information asymmetry about the potential environmental risks and benefits ?
27. What are the challenges in quantifying and valuing environmental externalities ?
28. What are the important functions of the environment ?

29. What is the second-best theory, and how does it challenge the conventional wisdom of seeking first-best solutions in policy-making, especially in the context of environmental issues ?

30. Discuss the subject matter of environmental Economics

31. What are the main types of economic incentives used in environmental policies ?

32. What challenges and limitations are associated with using hedonic pricing to estimate the economic value of non-market environmental goods ?

33. What role does environmental justice play in the discussions about who bears the costs of pollution abatement and who reaps the benefits ?

(7 × 2 = 14 weightage)

Part D (Essay Type Questions)

Answer any **two** *questions.*
Each question carries a weightage of 4.

34. What are tradable pollution rights, and how do they function as market-based instruments for environmental management ?

35. Explain the economic rationale behind Pigouvian taxes and how they address the problem of externalities.

36. What is the contingent valuation method, and how does it contribute to the valuation of non-market environmental goods and services ?

37. What is benefit-cost analysis, and how does it serve as a tool for evaluating the economic desirability of environmental projects and policies ?

(2 × 4 = 8 weightage)