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2. Answer any *two* questions. Answers must be precise. $5 \times 2 = 10$
- (a) Distinguish between 'Willing to Pay' (WTP) and 'Willing to Accept' (WTA). Illustrate your answer diagrammatically. 5
- (b) State Hartwick's rule of sustainable development. What are its two limitations? $3+2=5$
- (c) Examine the impact of 'discount rate' and 'price of the backstop technology' on the optimal price path produced by Hotellings rule. $2.5 \times 2 = 5$

Ex/UG/ECO/DSE/5.1/3/2023

BACHELOR OF ARTS EXAMINATION, 2023

(3rd Year, 1st Semester)

ECONOMICS

[RESOURCE AND ENVIRONMENTAL ECONOMICS]

Time : Two Hours

Full Marks : 30

1. Answer any *two* questions. Answers must be precise. $10 \times 2 = 20$
- (i) Show that in the short run, tax or subsidy will have the same impact on the level of pollution if the firms are identical. If firms are heterogeneous in age, then show that older firms may have to quit under tax while subsidy may enable both older and newer firms to remain in the industry. Also show that in the long run than under tax there will be more firms in the industry under subsidy. $4+4+2=10$
- (b) What is a logistic growth curve in the context of renewable resources? What is Maximum Sustainable Yield (MSY)? Show that MSY may not to be a socially desirable management practice. $3+1+6=10$
- (c) Discuss the Contingent Valuation Method (CVM) of measuring environmental benefits. 10

[Turn over