

**BIRLA INSTITUTE OF TECHNOLOGY, MESRA, RANCHI
(MID SEMESTER EXAMINATION MO/2023)**

**CLASS: IMSC
BRANCH: QEDS**

**SEMESTER : V
SESSION : MO/2023**

SUBJECT: ED327 ENVIRONMENTAL ECONOMICS

TIME: 02 Hours

FULL MARKS: 25

INSTRUCTIONS:

1. The question paper contains 5 questions each of 5 marks and total 25 marks.
2. Attempt all questions.
3. The missing data, if any, may be assumed suitably.
4. Tables/Data handbook/Graph paper etc., if applicable, will be supplied to the candidates

			CO	BL
Q.1(a)	Mention the two characteristics and differentiate public and private goods on the basis of them.	[2]	1	
Q.1(b)	Take an example (of your choice) of a negative production externality OR a positive consumption externality and discuss clearly how it will generate a situation of market failure.	[3]	1	
Q.2	Take up an environmental and economic interaction of your choice and explain the two-way causation that it entails. Act like the government and give a policy suggestion to cure it. Identify the positive and normative aspects of this policy effect.	[5]	1	
Q.3(a)	If WTO asks you to take the policy initiative that free trade should be restricted to protect the environment, mention the two main concerns that would drive you to decide?	[2]	2	
Q.3(b)	If you are informed that India has a comparative advantage in industrial chemicals whose emission coefficient is extremely high, decompose the effect of trade on environmental damage in the exporting country.	[3]	3	
Q.4(a)	It is not only the genuine economic strength of a country that attracts FDI. a. Discuss the twin hypotheses that explains the link between environmental standards and FDI inflows experienced by the developing economies. b. What kind of competition do these countries engage in as a result (just mention)?	[2+2+1]	3	
Q.5(a)	Suppose Adani Power Ltd and Reliance Power Ltd are saving money from polluting and not accounting for it. Let their marginal savings function be given as $(10-2e)$. They differ in their pollution footprints. 3 units of emission from Adani Ltd result in 1 unit of pollution. Reliance generates twice the pollution from that same amount of emissions. A. what are the transfer coefficients for the two firms? B. If Adani Ltd is given 2 emission permits and Reliance is given 4, and they are allowed to trade, how much would be their optimal emission levels and what would be the permit price?	[1.5+2+1.5]	2	

:::27/09/2023 M:::