

RAMAKRISHNA MISSION VIDYAMANDIRA

(Residential Autonomous College affiliated to University of Calcutta)

B.A./B.Sc. SIXTH SEMESTER EXAMINATION, MAY 2025

THIRD YEAR [BATCH 2022-25]

ECONOMICS (HONOURS)

Paper : CC 13

Date : 05/05/2025

Time : 11 am – 1 pm

Full Marks : 50

1. Answer **any six** questions: [6×5]
- Explain in detail the concept of environmental Kuznets curve (EKC).
 - Distinguish between Pigouvian and Coasian approaches regarding environmental problems.
 - Define environmental accounting and environmental capital.
 - Discuss two information-based approach in promoting environmental protection.
 - Suppose there is a polluting firm whose production activity is polluting the neighbourhood. If the firm has the right to decide the pollution level, show how can neighbours negotiate with the firm to ensure that it produces optimally.
 - Briefly discuss the Biocentrism and Anthropocentrism approaches towards environment. Where do these two approaches differ from each other?
 - Illustrate through a demand-supply model that when the external cost of pollution is not taken care of by a private agent the system tends to overproduce and the damage to the society is more than when such an external cost is accounted for by a social planner.
2. Answer **any two** questions: [2×10]
- Is sustainable development a practical and feasible goal for nations? What might be some of the difficulties and possible trade-offs? Explain your answer. [5+5]
 - Show in the context of dynamic property rights problem, optimal stock of the renewable resource is greater in case of far-sighted management than that of myopic management. [10]
 - Country A runs coal-fired power plants, producing goods and exporting some to Country B. In doing so, it emits sulfur dioxide (SO₂), which causes acid rain that damages Country B's forests and lakes. Country A benefits economically, but Country B bears part of the cost.
Let's say:
Marginal Private Cost (MPC) of production in Country A: $MPC = 20 + 2Q$
Marginal Benefit (MB) of production: $MB = 100 - Q$
The production creates trans-boundary pollution with a Marginal External Cost (MEC) to Country B: $MEC = 10 + Q$
 - Find the Market Equilibrium (ignoring externalities).
 - Find the Socially Optimal Output (with externality).
 - Calculate the Deadweight Loss (DWL) from Externality.
 - What is the amount of the Pigouvian tax?
 - Write the possible policy implications in terms of the solutions you're arrived at. And draw the diagram in each case. [2×5]