

**M.A./M.Sc. 1st Semester Examination, 2012**

**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 :  $2 \times 5$
- (a) Explain the law of entropy in relation to environmental economics.
  - (b) What is WTP ?
  - (c) What are the different components of total economic value of an environmental resource ?
  - (d) What is hedonic pricing ?

( Turn Over )

- (e) What is deposit refund system ?
- (f) State the significance of single-peaked preferences of voters in the determination of consistent social welfare function.
- (g) State and prove median voter theorem.
- (h) Discuss the two "basic principles of justice", proposed by Rawls, that should be used as fundamental points of reference for the operation of social order.
- (i) Define the concepts of vote-trading with illustrations.
- (j) Define the concepts of external cost and decision time cost associated with the unanimity rule.

### GROUP – B

Answer any *two* questions : 5 × 2

2. What are the causes of market failure in case of an environmental asset ?
3. What are the criteria for evaluating environmental policies ?

4. What is the paradox of vote-trading? Show, with an example, how vote-trading leads to excessive government spending.
5. Discuss the conditions for the existence of equilibrium under majority rule for committees of three members only.

GROUP – C

Answer any *two* questions : 10 × 2

6. Explain the Coase theorem to achieve the social optimum level of pollution. What are the criticisms of this theorem?
  7. Explain the contingent valuation method for environmental valuation.
  8. State and prove Arrow's Impossibility theorem with examples.
  9. Discuss how decision made by applying unanimity rule benefits all participating in the decision -making.
-