

## IIS EMBA in EMS (Rep.) Sem.-2 Examination

IISe-EMS-11

## Environmental Economics

Time : 2-30 Hours]

May-2025

[Max. Marks : 70

Q1.

- 1) Examine the concept of 'green growth' and its potential to align environmental sustainability with objectives of economic development. Provide examples of countries successfully implementing sustainable development strategies. (7 marks)
- 2) Examine the economic viability of shifting from fossil fuels to renewable energy sources on a global level. What are the primary obstacles to the extensive implementation of renewable energy technologies? (7 marks)

OR

- 1) How do carbon pricing mechanisms, such as cap-and-trade systems, influence investment decisions in carbon-intensive industries? (7marks)
- 2) Evaluate the influence of government subsidies and incentives on the advancement and implementation of renewable energy infrastructure. In what ways do these measures affect market dynamics and investment choices? (7marks)

Q2.

- 1) Consider a specific ecosystem and explain the economic interest of protecting the same. Explore opportunities of utilizing some economic instruments for the protection of the considered ecosystem. (7marks)
- 2) Evaluate the effectiveness of government subsidies and incentives in stimulating the growth and implementation of renewable energy infrastructure. How do these interventions affect market dynamics and investment strategies? (7marks)

OR

- 1) Discuss the role of stakeholder engagement and regulatory flexibility in designing effective environmental policies. How can policymakers mitigate adverse economic effects on vulnerable communities? (7marks)
- 2) Assess the trade-offs between short-term economic gains and long-term environmental degradation in pursuit of traditional economic growth models. How can policymakers incentivize sustainable practices within industries? (7marks)

Q3.

- 1) Discuss the challenges of scaling up circular economy initiatives at the industry and policy levels. How can businesses and governments overcome barriers to implementing circularity strategies? (7marks)
- 2) Evaluate the economic costs of climate-induced changes on a global and regional scale, considering factors such as agricultural productivity, infrastructure damage, and displacement of populations. How can economic modeling techniques help quantify these impacts? (7marks)

OR

- 1) Discuss the challenges associated with implementing effective economic policies for ocean conservation on a global scale. How can international cooperation and governance mechanisms address these challenges? (7marks)

- 2) Discuss the role of healthcare systems and public health interventions in addressing the intersection of climate change and global health. How can economic incentives be aligned with public health goals to enhance climate resilience? (7marks)

**Q4.**

- 1) How feasible it would be to consider circular economy in waste management? Explain with specific reference to Indian scenario. (7marks)
- 2) Assess the economic implications of investing in green startups for climate mitigation and adaptation. How can policies support research and development efforts to accelerate the commercial success of such startups? (7marks)

**OR**

- 1) Elaborate the role of public-private partnership in addressing the challenges of urban areas in India. Give example of any urban settlement that has benefitted from such partnership. (7marks)
- 2) Write a note on "insurance and financial risk management for reducing the economic risk linked with climate change" (7marks)

**Q5. Multiple Choice Questions:****14 Marks**

(Attempt any 7 out of 12 questions)

1. Which situation best exemplifies a market failure?
  - A) Perfect competition leading to efficient allocation of resources
  - B) Monopoly pricing resulting in consumer surplus
  - C) Inadequate provision of public goods due to free rider problem
  - D) Government subsidies stimulating innovation in the private sector
2. Which characteristic distinguishes public goods from private goods?
  - A) Excludability
  - B) Rivalry in consumption
  - C) Exclusive ownership rights
  - D) Profit-driven production
3. What type of externality occurs when the production or consumption of a good imposes costs on third parties not involved in the transaction?
  - A) Positive externality
  - B) Negative externality
  - C) Internalized externality
  - D) Coase theorem
4. In the context of market failures, what does the term "information asymmetry" refer to?
  - A) Equilibrium between supply and demand
  - B) Unequal distribution of income
  - C) Imbalance of power between buyers and sellers
  - D) Differential access to relevant information among market participants

5. What type of market failure occurs when the market does not allocate resources efficiently due to the presence of external costs or benefits?
- A) Excludability failure
  - B) Public goods failure
  - C) Externalities failure
  - D) Information failure
6. What is the primary challenge associated with addressing negative externalities in a market economy?
- A) Lack of government intervention
  - B) Incomplete property rights
  - C) Overregulation of industries
  - D) Excessive competition among firms
7. Which concept describes the situation where markets fail to allocate resources efficiently due to the presence of external costs or benefits?
- A) Invisible hand
  - B) Pareto efficiency
  - C) Market externality
  - D) Market failure
8. Which of the following is a characteristic of a cap-and-trade system?
- A) Fixed carbon tax rate
  - B) Tradable emission permits
  - C) Government subsidies for renewable energy
  - D) Voluntary emission reduction targets
9. How does public investment contribute to economic growth and development?
- A) By maximizing profits for private investors
  - B) By creating employment opportunities and improving infrastructure
  - C) By minimizing government intervention in the economy
  - D) By promoting speculation and risk-taking in financial markets
10. What role does government intervention typically play in addressing market failures?
- A) Facilitating monopolistic practices to ensure market stability
  - B) Providing subsidies to private firms to encourage competition
  - C) Implementing regulations and policies to correct inefficiencies and externalities
  - D) Withdrawing from economic affairs to allow markets to self-regulate
11. In the context of market failure, what does the term "externality" refer to?
- A) Efficient allocation of resources through market mechanisms
  - B) A situation where the market price does not reflect the full costs or benefits of production or consumption

EG79-4

- C) Inequality in the distribution of income and wealth
  - D) Regulation imposed by the government to correct market inefficiencies
12. Which of the following is a characteristic of a public good?

- E) Rivalrous consumption
- F) Excludability
- G) Non-excludability
- H) Externality

-----END OF PAPER-----