



CENTRAL UNIVERSITY

FAITH • INTEGRITY • EXCELLENCE

2021/2022 END OF FIRST SEMESTER EXAMINATIONS

FACULTY OF ARTS AND SOCIAL SCIENCES
DEPARTMENT OF ECONOMICS AND DEVELOPMENT STUDIES

ENDS 303: INTRODUCTION TO ENVIRONMENTAL ECONOMICS
(LEVEL 300)

FEBRUARY, 2022.

Time Allowed: **2 Hours**

INSTRUCTIONS:

Answer **ALL QUESTIONS** in section A and **ANY TWO** in Section B

Answer all questions in the answer **booklet**. Begin any major question in a fresh page.

**DO NOT TURN OVER THIS PAGE UNTIL YOU HAVE BEEN TOLD TO DO SO BY
THE INVIGILATOR**

Name of Examiner: Mrs. Mattah M. M.

Section A: Answer all questions for 20 marks. Except stated otherwise, each question carries 1 mark.

1. The collection of productive activities within an identified area is referred to as.....
2. Where a simplified framework is designed to illustrate complex processes, subjects as well as relationships is termed as a.....
3. is the subject that focuses on valuing the environmental quality changes and evaluating the impact of such changes.
4. The varieties of species within an ecosystem and the genetic variability it contains is termed as
5. The law of diminishing returns is also known as the
6. Any cost borne by a firm to remove and/or reduce pollution from production is known as
7. is the number of individuals an ecosystem can support without having any negative effects.
8. The willingness and the ability of a consumer to purchase a produce at a particular price is defined as.....
9. The Malthus theory believes that, a balance between population growth and food supply can be established through preventive and positive checks **True/False**.
10. Trade-offs are the association of environmental damage with economic developments **True/False**.
11. Provided with the following formula $MC = \Delta TC / \Delta Q$.
 - a. Define the variables in the formula (3 marks).
 - b. Determine the marginal cost to produce an extra 100 crates. Assuming a fruit juice producing firm have their current production at 1000 crates at an initial total cost of 5000 Ghana cedis each month. In order to produce the extra 100crates, their monthly total cost increased to 6000. (7 marks)

Section B: Answer any two question for 40marks

1. Provide the concise meanings to the following as applied in Environmental Economics (10 marks).
 - i. Marginal cost
 - ii. Supply
 - iii. Opportunity Cost
 - iv. Net benefit
 - v. Willingness to pay
 - a. Explain how privatization can improve on the phenomenon of the tragedy of the common in resource management (10marks).

2. Market failures are accountable for inefficient allocation of natural resources.
 - a. Mention four (4) causes of market failures in the society (2 marks)
 - b. Explain any two (2) of the above causes mentioned. (12 marks).
 - c. Explain any one (1) corrective measure to ensure market efficiency (6 marks).

3. What are environmental policy instruments? (2 mark)
 - a. Explain any two (2) economic policy instruments that you would recommend to your government to improve on resource utilization. (12 marks)
 - b. State at least two (2) disadvantages associated with each of the policy instruments explained above in question (2 marks)
 - c. Outline any four (4) factors that can influence governments' choice to use a policy instrument (4marks).

4. Valuation of natural resources is important to ensure their efficient use.
 - a. Mention three methods of resource valuation learnt in class. (3 marks).
 - b. Clearly explain any two of the above mentioned methods. (14 marks)
 - c. Define total value use of resources. (3 marks).