

OCT 2014
EASTERN UNIVERSITY

EASTERN UNIVERSITY, SRI LANKA
FIRST YEAR SECOND SEMESTER EXAMINATION IN AGRICULTURE- 2014
EC: 1201 NATURAL RESOURCE ECONOMICS

Answer All questions

Time: 2 Hours

1. a. What do you understand by the term “**Externalities**” and briefly describe the different types of externalities.

b. Explain the different ways to achieve an efficient level of production in the presence of externalities.
(25 Marks)

relative demand

2. a. What do you understand by the term “**Pollution**” and briefly discuss the different types of pollutants of the environment.

b. Graphically illustrate the “**Efficient level of pollution**” of a flow pollutant.

(20 Marks)

3. a. What are “**Property Rights**” and briefly describe the different characteristics of property rights.

b. Identify whether each of the following resource categories is a public good, a common pool resource or neither and defend your answer.

i. A number of whales in the ocean to whale hunters.

ii. A lighthouse in the sea to the public.

iii. Water from a town well for the residents.

iv. Bottled water.

(25 Marks)

4. Write **Short Notes** on the following.

a. Efficient allocation of surface water

b. Static Efficient Sustainable yield of Fisheries

c. Economics of forest harvesting

(30 Marks)

exclusively

flexibility

Pollution