

THE OPEN UNIVERSITY OF SRI LANKA
 POST GRADUATE DIPLOMA IN ENVIRONMENTAL SCIENCE
 ENVIRONMENTAL ECONOMICS AND MANAGEMENT-NEP 1202
 LEVEL 6
 FINAL EXAMINATION, 2012
 DURATION-THREE (03) HOURS



Date: 18. 03. 2012

time: 9.30- 12.30

Answer five (5) questions only.

1. (a) Differentiate between the expressions "change in demand" and "change in the quantity demanded".
 (b) "The failure of markets implies either that most environmental goods and services remain unpriced or that they are improperly priced". Describe.
2. (a) What are the shortcomings in the present System of National Accounting (SNA)?
 (b) Explain the green accounting method, and possible drawbacks environmental accounting.
3. Explain the Contingent Valuation Method (CVM) and its inherent problems.
4. (a) Briefly discuss the various steps in Cost Benefit Analysis (CBA)
 (b) What are the major shortcomings of CBA?
5. Explain the costs of land degradation considering both on-site and off-site effects in Sri Lanka.
6. "Environmental valuation is largely based on the assumption that individuals are willing to pay (WTP) for environmental gains and, conversely, are willing to accept (WTA) compensation for some environmental losses". Evaluate this statement.
7. "The travel cost method is used to estimate economic use values associated with ecosystems or sites that are used for recreation" Describe.
8. Write short notes on any two of the following
 - a. Second law of Thermodynamics
 - b. Law of diminishing returns
 - c. Free rider problem
 - d. Willingness to Pay (WTP) and Willingness to Accept (WTA)