



THE OPEN UNIVERSITY OF SRI LANKA
 POST GRADUATE DIPLOMA IN ENVIRONMENTAL SCIENCES
 ENVIRONMENTAL ECONOMICS AND MANAGEMENT-NEP 1202
 LEVEL 6
 FINAL EXAMINATION, 2011
 DURATION-THREE (03) HOURS

Date: 19. 02. 2011

time: 1.30- 4.30 P.M.

Answer five (5) questions only.

1. Explain the following statements
 - i. "All goods and services have an opportunity cost"
 - ii. "Market failure are situations in which the market does not lead to a desired result"

2. i. "A shortage, is equal to quantity demanded minus quantity supplied, at a price below equilibrium". Describe
 - ii. Distinguish a change in demand from a change in quantity demanded

3. i. Prepare a short description of Environmental Economics
 - ii. Differentiate Malthusian views from Ricardian views.

4. Explain the Contingent Valuation Method (CVM) and its inherent problems.

5. i. What are the shortcomings in the present System of National Accounting (SNA)?
 - ii. Describe briefly, the green accounting procedure

6. i. Briefly discuss the various steps in Cost Benefit Analysis (CBA)
 - ii. What are the major shortcomings of CBA?

7. Explain the cost of land degradation considering both on-site and off-site effects in Sri Lanka.

8. Write short notes on any three of following
 - i. First law of Thermodynamics and second law of Thermodynamics
 - ii. The Law of diminishing returns and Neo-classical economics
 - iii. Willingness to Pay (WTP) and Willingness to Accept (WTA)
 - iv. Benefit-Cost Ratio (BCR) and Internal Rate of Return (IRR)
 - v. Sustainable Development and Natural Capital