

BSc in Export Agriculture
Third Year First Semester Examination – July/ August 2018
Environment and Resource Economics (EAG 331-3)

Section III– Essay Questions

Instructions:

Answer **all** questions in the given booklet.

No. of questions : Three (03)

No. of pages : Two (02)

Time : One (01) hour

Total marks allocated : 40%

1. Write explanatory notes on the followings; Use graphical illustrations where necessary
 - (I) Allocation of Public Goods (50 marks)
 - (II) Game Theory (50 marks)
2.
 - (I) “Some command and control decisions may violate the cost effectiveness criterion”. Do you agree with this statement? Justify your answer.
 - (II) “A pollution permit trading system provides right to a market for pollution rights”. Comment on this statement using an example
3.
 - (I) Define the term “Elasticity of Production”. (10 marks)
 - (II) What can be said about the elasticity of production, assuming the classical production function, at the output when;
 - a) MPP is at maximum? (10 marks)
 - b) APP is at maximum? (10 marks)
 - c) MPP is zero? (10 marks)
 - d) $MPP = APP$? (10 marks)
 - e) MPP is negative? (10 marks)
 - f) MPP is less than APP? (10 marks)

(III) Consider the production function $Y = 70 + 3X^2 - 0.02X^3$

Find;

- a) MPP and APP functions (10 marks)
- b) The level of X at which Y is maximum (10 marks)
- c) the level of X at which MPP is maximum (10 marks)

[End of the Section III]