



# **MAASAI MARA UNIVERSITY**

## **REGULAR UNIVERSITY EXAMINATIONS 2021/2022 ACADEMIC YEAR FOURTH YEAR FIRST SEMESTER**

### **SCHOOL OF BUSINESS AND ECONOMICS FOURTH YEAR FIRST SEMESTER**

**COURSE CODE: ECO 4105**

**COURSE TITLE: NATURAL RESOURCE  
ECONOMICS**

**DATE: 28<sup>TH</sup> MARCH, 2022**

**TIME: 0830-1030**

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#### **INSTRUCTIONS TO CANDIDATES**

Answer Question **ONE** and any other **THREE** questions

### **QUESTION ONE**

- a) Discuss the circular flow of inputs and outputs in natural and economic systems interactions. **(9 marks)**
- b) Explain two fundamental implications of Material Balance Principle with respect to Economy- Environment interactions. **(4 marks)**
- d) Discuss three methods used in pricing of ecosystem services in the market. **(6 marks)**
- e) Explain four conditions of perfect property rights markets with respect to privately owned resources. **(6 marks)**

### **QUESTION TWO**

- a) Discuss four indicators of sustainable development with respect to manufactured and natural capital. **(6 marks)**
- b) Discuss four rules and approaches of environmental sustainability as formulated by different schools of thought. **(9 marks)**

### **QUESTION THREE**

- a) Discuss four difficulties encountered in measuring environmental values **(8 marks)**
- b). Developing countries are facing both environmental and economic development challenges. Discuss trade-offs between the costs of economic growth and benefits. **(7 marks)**

### **QUESTION FOUR**

- a) Discuss four measures employed in mitigating natural resource scarcity **(8 marks)**
- the discounting rate problem **(7 marks)**

### **QUESTION FIVE**

- a) If resources are scarce and are rationed over time, the scarcity rents may arise even when the marginal cost of production is constant. Explain. **(8 Marks)**
- b) Demonstrate how the market determine the optimal consumption of natural resources in static setting. **(7marks)**

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