JARAMOGI OGINGA ODINGA UNIVERSITY OF SCIENCE AND TECHNOLOGY

SCHOOL OF SPATIAL PLANNING

UNIVERSITY EXAMINATION FOR THE DEGREE OF BACHELOR OF SCIENCE IN WATER RESOURCE AND ENVIRONMENTAL MANAGEMENT

SEMESTER 2018/2019 ACADEMIC YEAR

CENTRE: MAIN CAMPUS

COURSE CODE: PES 3223

COURSE TITLE: ECONOMICS OF NATURAL RESOURCES

EXAM VENUE: **STREAM: WATER RESOURCES**

DATE: 15/4/19   **EXAM SESSION: 3.00 – 5.00PM**

TIME: 2 HOURS

Instructions:

1. **Answer question 1 (compulsory) and ANY other 2 questions.**
2. **Candidates are advised not to write on the question paper.**
3. **Candidates must hand in their answer booklets to the invigilator while in the examination room.**

Section A: Question is compulsory (30marks)

1. (a) Explain the following terminologies giving relevant examples (i) natural resource (ii) microeconomics **(4marks)**

   (b) Differentiate the following terminologies allogenic succession and autogenic succession **(3marks)**

   (c) Outline the five key elements of economics and show how they relate to natural resources **(10marks)**

   (d) Briefly discuss the role of natural resources with respect to (i) conservation of habitats (ii) cultural values and (iii) integration with economic development **(13marks)**

2. (a) Discuss five reasons why natural resources need to be classified **(10marks)**

   (b) List and give examples of five renewable resources (**10marks**)

3. (a) Discuss five causes of market failures in natural resources management (**10marks**)

   (b) What is a"common property resource"? Discuss three empirical situations where this term is often used by economists (10marks)

4. (a) Discuss five reasons which predisposes a natural resources to lootability **(10marks)**

   (b) List and give examples of five non-renewable resources (**10marks**)

5. (a) Discuss four main approaches in resources management (**10marks**)

   (b) Explain three reasons why transaction costs are experienced in exploitation of natural resources

   (5marks)

(c)What is equilibrium? What are the consequences of equilibrium in a free market**?** **(5marks)**