



## SECTION A [30 MARKS]

Answer ALL questions from this Section.

### Question 1

a) Explain the following terms as used in Natural Resource Economics (10 marks).

- a) Property Rights
- b) Positive Externality
- c) Non-excludability
- d) Non-rival
- e) Tragedy of the Commons.

b) With clear examples, differentiate between the following terms as used in Natural Resource Economics (10 marks).

- i) Biological resources and exhaustible resources
- ii) Flow resources and fund resources
- iii) Resource conservation and resource preservation
- iv) Static and inter-temporal economic efficiency
- v) Resource scarcity and resource reserves

### Question 2

a) The increasing per-capita of consumption of raw materials currently is **not a good indicator** of increasing resource scarcity in the future? Discuss (10 marks).

**SECTION B [40 MARKS]**

**Answer ANY TWO questions from this section.**

**Question 3**

- a) Discuss economic indicators of resource scarcity highlighting their weakness?(15 marks)
- b) What mitigates resource scarcity? (5 marks)

**Question 4**

- a) Explain how property rights enforcement can ensure efficiency in resource exploitation in Kenya? (10 marks)
- b) Discuss methods of controlling pollution? (10 marks)

**Question 5**

Explain Cost-Benefit-Analysis approaches which can be used when considering Conservation of natural resources (20 marks).