

INDIAN INSTITUTE OF TECHNOLOGY
DEPARTMENT OF HUMANITIES & SOCIAL SCIENCES

1. **Subject Code:** IHS-323 **Course Title:** Environmental Economics
2. **Contact Hours:** L: 02; T: 01; P: 0
3. **Examination Duration (Hrs.):** Theory Practical
4. **Relative Weight:** CWS MTE ETE
5. **Credits:**
6. **Semester:** Spring Autumn Both
7. **Pre-requisite:** Nil
8. **Subject Area:** HSSMEC
9. **Objective:** To enrich the understanding of the students about various issues related to the economy and environment and endow them with basic concepts and theories of environmental economics with greater emphasis on application.

10. **Details of Course**

| S. No. | Particulars | Contact Hours |
|--------|--|---------------|
| 1. | Introduction: Meaning of environmental economics, basic concepts and tools. | 2 |
| 2. | Environment and Development: Poverty, environment, and economic growth, concept of sustainable development. | 3 |
| 3. | Efficiency and Markets: Concept of efficiency, Pareto optimality, efficiency and competitive markets, efficiency in exchange of goods and bads. | 3 |
| 4. | Market Failure and Policy Instruments: Public and private bads, externalities, standards, taxes and subsidies. | 4 |
| 5. | Environmental Demand Theory: Concept of demand for environmental goods, types of environmental goods, consumer demand for environmental goods, welfare effects of a price change. | 3 |
| 6. | Environmental Cost-benefit Analysis: Meaning, major steps, pollution cost, benefits from controlling pollution, efficiency in pollution control, limitations of cost-benefit analysis. | 2 |
| 7. | Property Rights: The rights of polluter and the victim, The coase theorem and its policy significance. | 3 |
| 8. | Environmental Regulations and Policy: Rationale for regulations, basic regulatory instruments, issues and effects of environmental regulations; carbon credits; Environmental Policy of India: its objectives, strategy, features, and effectiveness. | 6 |
| 9 | Case Studies | 2 |
| | Total | 28 |

11. Suggested Books:

| Sr. No. | Name of Books/Authors | Year of Publication/Reprint |
|----------------|--|------------------------------------|
| 1 | Kolstad C.D., “Environmental Economics”, Oxford University Press. | 2006 |
| 2 | Tietenberg T., “Environmental and Natural Resource Economics, 7 th ed., Addison Wesley Longman, Inc. | 2006 |
| 3 | Hackett C., “Environmental and Natural Resources Economics: Theory, Policy, and the Sustainable Society”, 3rd ed. M.E. Sharpe. | 2006 |
| 4 | Hanley N., “Introduction to Environmental Economics “, Oxford University Press. | 2001 |
| 5 | Bromley D.W., “Handbook of Environmental Economics, Blackwell Publishing. | 1995 |
| 6 | Annual Report of Ministry of Environment and Forests, Government of India, New Delhi. | Latest |