**ENVIRONMENTAL ECONOMICS**

The word environment is derived from the French word ‘Environner’ which means to surround or encircle. Thus environment is the sum total of water, air and land, inter-relationships among themselves and also with the human beings, other living organisms and property.

 Environmental economics is concerned with the impact of the economy on the environment. It studies the significance of the environment on the economy and the appropriate way of regulating economic activity so that the balance is achieved among environmental, economic and social goals.

**SCOPE OF ENVIRONMENTAL ECONOMICS**:

Environmental economics is interdisciplinary in nature and therefore, its scope is far-reaching. It covers research topics starting from energy to biodiversity and from different spices to climate change. The scope of environmental economics is explained below.

1. **Environment economy interaction**: Environmental economics is primarily concerned with the impact of economic activities on environment. It also study about appropriate way of regulating economic activities so that balance is achieved among environment, economic goods and other social goods.
2. **Eco-development**: The main objective of environmental economics is to maintain a balance between economic development and environmental quality. In order to do that economist has developed various socio-economic possibilities to control pollution so as to improve quality of living of the individuals.
3. **Environmental economics and economic welfare**: Environmental economics helps to tackle the problem of environment through the framework of economic welfare. The welfare framework includes scarcity of resources and market failure due to lack of property rights and ethical aspects of different problems of pollution.
4. **Environmental economics and resource economics**: Environmental economics is concerned with resource allocation. On the other hand, resource economics is concerned with the production and use of natural resources including both renewable and non-renewable resources. The renewable resources are inexhaustible and can be regenerated within a given span of time. Non-renewable resources are exhaustive and cannot be regenerated. There is overlapping between environment and resource economics. Global warming is an example of a pollution problem over a long period of time. Thus the distinction between environmental economics and resource economics with respect to static and dynamic issues.
5. **Environmental values**: The neo-classical economist has analyzed the use of various resources like fisheries, forests, fossil fuels and water in a rational manner and with environmental values. Environmental values are economic values. It is important for the society to conserve its limited resources in the interest of economic efficiency and welfare.
6. **Clean technologies:** Environmental pollution is caused by misuse of existing technology and failure to develop better one. Environmental economists are in favor of appropriate and clean technologies which provide the most rational use of natural resources and energy and to protect the environment.
7. **Multi-disciplinary base:** Environmental economics is inherently a multi-disciplinary subject. It consists of an integration of many disciplines such as biology, ecology, physical sciences, ethics and main stream economics. Therefore, it has a wide scope.
8. **Conservation policy:** The longstanding foundation of environmental economics lies in conservation economics which tends to emphasize the impact of economic activities on demand for productive resources and energy resources. It suggests the optimal strategy in the utilization of natural resources in a rational manner**.**

**Q. Explain the nature of environmental economics**

Ans: The nature of environmental economics includes both positive and normative science. It also covers both the micro and macro aspects of environmental problems.

**Positive and normative aspects of environmental economics**

Environmental economics is an application of scientific theories and general application of welfare economics. When we study the cause and effect relationship, it covers the positive aspect. For example, Laws of Thermodynamics. If the problem is related to policy measures, then it is considered as normative aspect. Thus environmental economics is normative also as it sets environmental policy objectives. For example environmental degradation is the result of human behavior as people lack the moral and ethical values. B.C Fields therefore calls it as a moral approach to environmental issues.

Environmental economics is an interdisciplinary series that integrates economics and biology, environmental science, and other related discipline. The following are the key features or nature of environmental economics:

1. **Interdisciplinary**: Environmental economics draws knowledge from a variety of disciplines including economics, ecology, environmental science, biology etc,
2. **Dynamic**: The natural environment and economic system are constantly evolving, and environmental economics seeks to understand the dynamics of system and its interactions over time.
3. **Policy oriented**: Environmental economics focuses on designing and evaluating policies that promote environmental sustainability together with balancing economic and social objectives.
4. **Market and non-market values**: Environmental economics deals with natural resources which have both market and non-market values. Market values are reflected in the prices of goods and services, whereas the non-market values include biodiversity, cultural heritage, sustainable development etc.
5. **Use of economic tools and models**: It uses economic tools and models to analyze the cost-benefit of environmental policies and regulations.
6. **Importance of sustainability**: Environmental economics recognizes the importance of sustainability which is important for balancing economic development with environmental protection and social welfare.