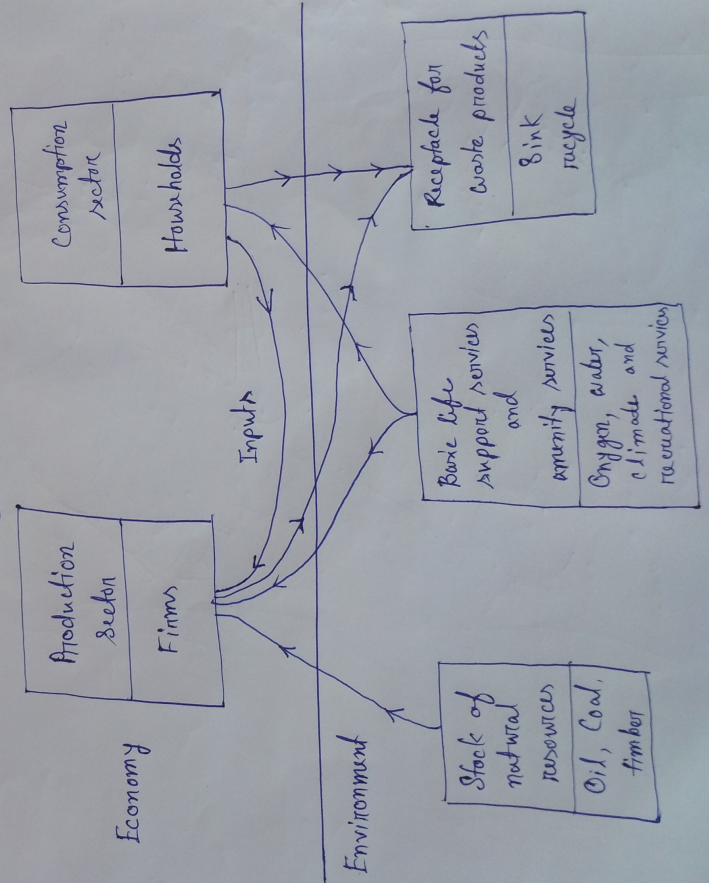


Inter-link / Interaction between environment and economy:

The natural environment is an important component of economic system and without the natural environment the economic system will not be able to function. All the economic activities either affect or are affected by natural and environmental resources. Today the problems related to the environment have reached immense proportions and there is a need to take immediate actions by the nations and global community to avert the decline of the environment.

To avert the impact of economic activities on environment, we initially have to recognize the threefold connection between environment, human society and its economy. The following Figure-1 explains this relationship.

Figure-1



Natural Resources: The environment provides the economic system with inputs of raw materials and energy resources including minerals, metals, wood and cotton etc. These inputs are transformed into consumer products through production process which is demanded by the consumers.

② Basic life support services and recreational services: The environment provides the basic life support services to the economic system. The maintenance of the gaseous composition of the atmosphere, the regulation of the Earth's temperature and maintenance of the weather patterns etc. The environment also provides amenity services which may be aesthetic or recreational services such as contemplation of scenic beauty and wildlife, rambling in the forest or boating on the river, people derive satisfaction or pleasure from such services.

③ Waste sink: There is a less recognized but vital services that the environment provides to the economy i.e. it acts as a sink for all the waste products that are originated from either production or consumption activities. It also transforms some waste products into harmless substances and recycles the wastes into material that can be used again. But there are some wastes which can not be assimilated by the nature are called non-biodegradable wastes. When the emissions created by human activities exceed limited assimilative capacity of the environment and produce some undesirable impact then pollution occurs.

Thus all problems of environmental degradation

occur as a by-product of human activities related to consumption or production. On the contrary economic system depends on the environmental quality. As environment provides natural resources and life support services which help in smooth functioning of economic activities. The degradation of environment will result in depletion of physical resources and deteriorating of the quality of human resource which ultimately affect on economic activities.

Thus the interdependence between economy and environment is co-evolutionary. This means that economic sub-system evolves over time depends on the changing condition of environment, sub-system and vice-versa.