

## **FAQ**

1. What are the benefits of criteria of time dimension?

Ans: The three important benefits are:

- (a) Help in identifying environmental problems and finding their behavioral sources.
- (b) Provide a basis for finding types of remedies.
- (c) Help in designing policy instruments to restore some sense of balance.

2. How dynamic efficiency is a two period model?

Ans: Dynamic efficiency balances present and future use of deflectable resources by maximizing the present value of the net balance derived from its uses. So, dynamic efficiency is taking care of current period and future. So, this is a two period model.

3. Who evaluates the resource allocations?

Ans: With the help of efficiency criteria, evaluation of resource allocations is done. This is generated by markets, government rationing or whims of a dictator.

4. How efficient market determines the marginal cost of resources?

Ans: The principle behind determination of marginal cost of resources is to ensure that the consumption of deflectable resources is fairly distributed across time periods. This can be done with due calculations of present value of benefits during two time periods at the certain marginal cost of resources. In an efficient market, the marginal user cost for each period is the difference between the price and the marginal cost of extraction.

5. Why future generations cannot express their wishes?

Ans: There cannot be a representation of future generations in any discussion or policy making exercise done for allocation of resources. They are just not present to express their views or put forward their viewpoint.

6. What is sustainability criterion?

Ans: The sustainability criterion depends on how the two forms of capital can be substituted for each other. If physical capital can readily substitute for natural capital, then maintaining the value of the sum of the two is sufficient. If physical cannot completely substitute for natural capital, investments in physical capital alone may not be enough to assure sustainability.

7. What type of protection can be given for future generations?

Ans: Sustainability protects the future generations. This does not allow the earlier generations to profit at the expense of later generations.

8. What are the advantages of dynamic efficiency?

Ans: The dynamic efficiency is able to handle the requirements of current and future generations. This helps in deriving the right numbers to ensure that there is fair distribution of deflectable resources.

9. How constant level of consumption of resources could be maintained regularly for environment protection?

Ans: This can be achieved by investing all the scarcity rent derived from resources extracted from that endowment in capital. The level of investment would be sufficient to assure that the value of total capital stock would not decline.

10. How efficiency and ethical value is helpful for sustainability of environment?

Ans: Efficiency helps in eliminating the waste in use of resources and ethical considerations is concerned with assuring fair treatment to all the parties.