

Economies for People and Planet

TARAGram Yatra 2017

20th-22nd September 2017

Development Alternatives Group

B-32, Tara Crescent, Qutub Institutional Area, New Delhi 110016, India

Tel: +91-11-2654-4100, 2654-4200, Fax: +91-11-2685-1158

Email: mail@devalt.org, Website: www.devalt.org

Report by : TARA, Development Alternatives Group
B-32, Tara Crescent, Qutub Institutional Area
New Delhi 110016, India
Tel: +91-11-2654-4100, 2654-4200, Fax: +91-11-2685-1158
Email: mail@devalt.org, Website: www.devalt.org

About TARAGram Yatra (www.taragramyatra.org)

TARAGram Yatra (TGY) is an annual flagship event of the **Development Alternatives Group** and its partners to deliberate on germane issues of sustainability. The Yatra – a journey that one undertakes along with friends and colleagues to attain higher goals - brings together practitioners and policy makers from across the world. With a mix of dialogue and field visits, the Yatra provides a platform for exchanging cutting edge ideas to achieve a sustainable future. The event provides leads for follow-up on policies and action at local, national and global levels.



About the Development Alternatives Group (DA)

Development Alternatives (DA), the world's first social enterprise dedicated to sustainable development, is a research and action organisation striving to deliver socially equitable, environmentally sound and economically scalable development outcomes. DA's green technology innovations for habitat, water, energy and waste management, which deliver basic needs and generate sustainable livelihoods, have reduced poverty and rejuvenated natural ecosystems in the most backward regions of India.

TARAgam Yatra 2017

The transition to green and inclusive economies has been long initiated and deliberated both at national and global levels; however, the current domestic and international landscape has created an opportune moment to accelerate it. India has recently made two major global commitments: the 2030 Global Development Agenda (popularly known as the Sustainable Development Goals), and the ratification of the Paris Agreement which aims for holistic well-being of all, today and in the future, without surpassing the natural limits of the environment.

In this era of reflections, promises and commitments related to sustainable development and climate change, the green economy concept is an exciting approach that interlinks economic growth with human development and environmental sustainability. Such an economy is based on the principles of sustainability, justice, dignity, inclusion, governance & accountability, resilience, efficiency & sufficiency, inter-generational equality and remaining within ecological boundaries.

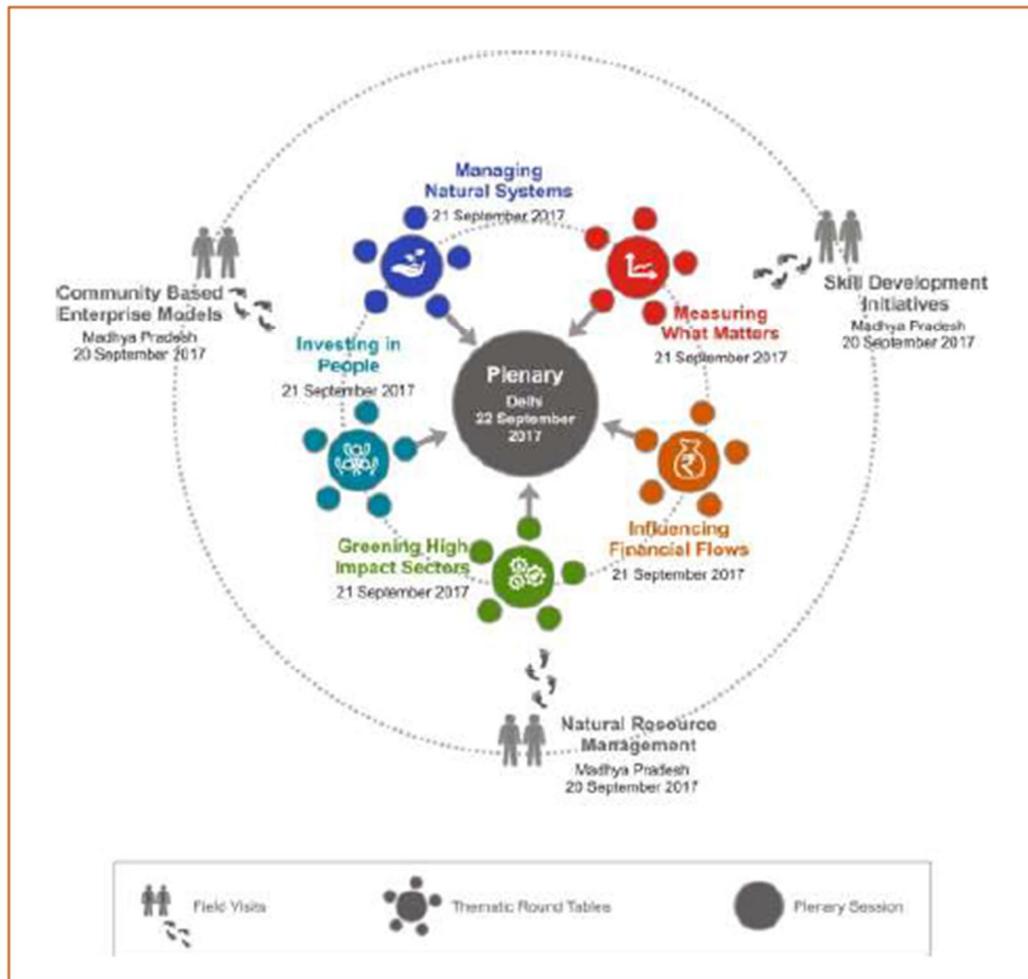
The Indian economy is seen as a bright spot in the global landscape. It is one of the fastest-growing big emerging market economies in the world. (IMF, 2017) As the world looks towards India as the new engine of growth, the Indian economy holds the responsibility to meet the development needs of its billion-plus population, while remaining within its environmental boundaries. This is in cognizance of the following trends:

- The Economic Survey 2013 has cautioned that by 2020, India could face 16.7 million 'missing jobs'. India also has a long way to go before it achieves basic living standards for all.
- A growing population and increasing urbanisation has led to a huge increase in consumption demands. This poses a serious threat to sustainability of this impressive economic growth.
- According to the Living Planet Report, if India continues its current trajectory of natural resource overuse, its consumption levels would rise to the combined consumption levels of all the 34 OECD countries in just 14 years. (WWF, 2016)

In TARAgam Yatra 2017, experts, policy makers, entrepreneurs, development practitioners, businesses and community based organisations came together to reflect on the principles and approaches for transitioning India towards a more green and inclusive economy. The Yatra addressed the following questions:

- What are the parameters for tracking the transition towards a green, inclusive and fair economy in the Indian context?
- To what extent is Madhya Pradesh's economy green and inclusive?
- What are the high priority areas to be consulted or engaged with to make the state's economy green and inclusive?

Overall Structure



DAY 1	DAY 2	DAY 3
20 th September, 2017 Orchha, Madhya Pradesh	21 st September, 2017 Orchha, Madhya Pradesh	22 nd September, 2017 Delhi
Field visit to local solutions	Thematic discussions	Plenary session
<ul style="list-style-type: none"> Community based enterprise models Natural resource management Skill development initiatives 	<ul style="list-style-type: none"> Measuring What Matters Influencing Financial Flows Greening High Impact Sectors Investing in People Managing Natural Systems 	<ul style="list-style-type: none"> Economies for People and Planet

Theme 1: Measuring What Matters

The theme focuses on the metrics that are used to track progress by various stakeholders – Governments, Businesses and Communities. The objective is to conduct an integrated assessment of economies, which does not measure progress just in terms of monetary and fiscal health, but also overlays the social and environmental factors within the key indicators on which we track our progress.



Are we measuring resilience of economies? Are we tracking broader indicators that are more sensitive to environmental and social threats and opportunities?

Context

India has been ranked a low 110 out of 149 nations assessed on where they stand with regard to achieving the SDGs. (Bertelsmann Stiftung and Sustainable Development Solutions Network, 2016) The general perception is that SDGs offer a huge opportunity to achieve holistic development in the country, and are increasingly gaining momentum. While not mandatory, preparing sustainability reports is a rising trend in India. About 63% of the top 100 companies and 77% of the non 100 companies now prepare sustainability reports, majority of which use the GRI framework. (GRI & TCS, 2015)

Session 1: Recognising the Gaps in Mainstream Measurement Systems

Chaired by Prof Amitabh Pandey, Indian Institute of Forest Management, Bhopal

In the first session of the thematic area, the participants discussed the gaps within existing measurement systems of the government and businesses, and how these are perceived. The participants tried connecting back to the field visits to reflect on how individuals and communities perceive their development. Dr. Pandey started the discussion by saying, "Development is a complex paradigm, and also multifaceted. It is really challenging to see it from the community's end. There are three lenses to look at development: from the community, from urban people and from educated people." All participants agreed with Dr. Pandey, and stressed upon the need to understand the following points before looking into the broader term of "Development".

Community perspective: development means economic growth only

The next point of discussion was how communities perceive their own growth. They usually see growth only in terms of economic development. During the discussion, participants provided various examples of how communities perceive development and growth. For example, in Himachal Pradesh, the farmers see income (cash flow) and economic growth as development, and they always think that selling of apples in the market can bring growth in their lives. Their focus is on increasing productivity, and that's the main lens on development and progress for their community.

Is our development inclusive?

Currently, the angle of macro-economic stability is completely missing – redistribution of wealth at community level is not at all being looked at. This could be a major gap in our measurement system. The surveys cannot capture qualitative data, so the information gathered is not adequate. Most of the times, progress is measured with a focus on outputs, not on the outcome, and there is a huge gap in terms of inclusiveness. With inequalities rising every year, are we looking at inequality or are we trying to measure it? Is it because of non-inclusivity? Modification is very important for the measurement system.

Does growth mean infrastructural development only, or is only limited to cities?

Development models are successful in case of societies that are homogenous and empowered enough to take decisions. The migration data of India shows that most of the youth is migrating from rural areas to cities, because they see growth and opportunities in cities at both individual and community levels. We, as a country, are unable to provide opportunities to the young people in their own areas. There are no jobs, and the government is not looking into these issues.

Mr. Mangesh Tyagi, Principal Advisor, AIGGPA, said that *"The existing measuring system only looks at inputs and outputs, and not at the outcome. The measurement system should measure the outcome. Another missing point is that of inclusion. Inclusion can be seen from different angles like demographic, gender, socio-economic and region specific data. For example, ninety per cent of the health budget is being spent in urban areas, not in rural areas. There is a difference between growth and development. We have to understand that growth is not a substitute for development. Bangladesh has much lower growth rates, but its development indicators are better than our country's."*

Who are we to define measurement and development indicators?

To measure development or inclusive growth, there is a need to develop a community score card and look at the social well-being of people in any community. Another point raised was that gender specific measurement does not look at men's perspective - their household involvement, and their struggle with patriarchy. Community monitoring needs to be an integral part of measuring development. There is a need to identify gaps, such as measuring only the macro level data. This limits measurement only to that of the market. The community well-being takes into consideration the income and consumption at household level. The qualitative changes have no scope in our progress measuring indicators. Unpaid work of women never comes into consideration, and is completely invisible in growth measurement. In measuring indicators, it is integral to include other parameters where income is seen as more important - wealth is also important, not just money. Thus, low incomes and high wealth should be prioritised over high incomes and low wealth.

Qualitative measurement may be more important than quantitative: For measuring success, communities can develop their own methods, but how much value these indicators will be given by a large progress measuring system, is a matter of doubt. One of the participants shared the case of a model village, Hiware Bazar of Maharashtra, where the village has its own measuring and monitoring indicators, which were decided upon by the community to help implement and solve their issues through their models. Most of the time, we give importance to quantitative, and not qualitative, terms of measurement.

Mayukh Hajra, Development Alternatives, added that "There are reporting systems, but who can define a system? Every system has to have flexibility in terms of the people who are impacted. Many a time, the community has to envision where it wants to reach and where it currently is." It is not the government who is always accountable for everything. As a community, we need to bring that thinking to the community.

Session 2: Identifying Alternative Paradigms of Measurement

The next session started with the question, "what can be additional parameters for measurement, and what can be qualitative parameters?" To identify alternative paradigms of measurement, we need to look at freedom of choice, social mobility, capability approach and environmental economics. In addition to this, environmental sustainability in economics also has to be looked at. In sustainable reporting of businesses, it is mandated with a set of indicators only for the business entity. The social externalities and social costs can be measured - how this can be measured needs to be looked at by the businesses. Participants highlighted that CSR reporting is limited, and that reporting is done only on certain parameters and philanthropic in their attitude. They are not concerned about the environmental impact which should have been included in their measurement system.

Next Steps:

- We need to look at a holistic understanding of growth and development. In economics, all changes are seen in terms of marginal changes - and marginal changes improve every year.

- Communities need to act together with businesses at the local level, and need to consider some level of profit along with social well-being and positive externalities. Livelihood index has to be developed with the vulnerability aspects. Social capital is an important parameter to measure.
- Businesses should report not only on finances, but also on their responsibilities towards environmental and social being. This has to be done in sustainability reporting.
- Spiritual coefficient needs to be placed within these measurement systems since all development ultimately leads to happiness and well-being. Some can be included in the existing systems, and some community monitoring needs by necessarily required and these need to be done through decentralised systems of polity.

Session 3: Pathways for Adopting Alternative Paradigms of Measurement

In measurement system, the learning curve and assessment has to come with simple indicators. Flexibility is required for the programmes where certain input might come out with unexpected output which may not necessarily be a failure. The success of the programme can be assessed with simple outcome indicators. The major challenges identified are:

- Policy priority has always been an issue at the government level as well as by the businesses
- Getting concrete evidence
- Lack of ownership and setting up priorities at different level
- Dissemination of information and data back to the community

Mr. Nachiketa, GIS Advisory, added that "We need to build the key performance indicators for developing data framework before measuring development."

How to improve the existing measuring systems instead of just focusing on coming up with new systems is a key concern. How the analysis gets converted and understood when it is communicated and how this information flows and whether the information available is inclusive. The entire measurement system has to have transparency and decentralisation, and the onus must lie on the community to come out with solutions. At present, we have too many paradigms, and certainly some paradigms need to be discarded. Integration should start at the beginning of any measurement. Interdisciplinary approach is much appreciated. Data collection should not become skewed, and should be independent without any dominant perspective. The data sets should be available to the public so that they can read and use the data for development paradigm.

Next Steps:

- Integrating measuring systems and point of measuring units will define the measuring systems. Alternative paradigms need to bend towards social measuring systems and balance it with economic systems which ultimately become a subset instead of being the dominating unit.
- Context specific development needs to be looked at, on the basis of which we can develop a community monitoring system.
- Community monitoring is only possible when there is a decentralised planning and execution system. The convergence and coming together on a common ground in defining outcome measurement could help to develop an alternative development measurement system.
- Academic institutions should take up auditing of the existing monitoring systems. Simplification of existing parameters needs to be done along with addition of other parameters.

Theme 2: Influencing Financial Flows

The theme focuses on tracking the financial flows – investments and public & private expenditure in the state of Madhya Pradesh. The objective of the theme is to track financial investments/expenditure in India and its commitment towards sustainable development – keeping in mind the social and environmental outcomes of the finance used.



Are the policy frameworks (resource taxes, subsidy reform, public procurement commitments) reassuring potential investors to prioritise sustainable development choices?

Context

Green bond issuance in the country witnessed a 30 per cent year on year increase in 2016, cumulatively amounting to about INR 180 billion and making India the seventh largest green bond market globally. At its current level, India's NPA ratio is higher than any other major emerging market (with the exception of Russia), higher even than the peak levels seen in Korea during the East Asian crisis. (Government of India, 2016) Bad loans (or non-performing assets) in Indian banks have risen from INR 566 billion in 2007-08 to INR 3 trillion in 2014-15. (The Research Collective PSA, 2014)

Session 1: The New Tax Regime and its Imperative - Goods & Services Tax (GST)

The discussion in this session focused on how the new tax regime acts as an enabler or a barrier for greening the economy, with special focus on supporting micro and small enterprises. Since GST is at a very nascent stage, many believe that the impacts of GST have not yet been felt by MSMEs. Diverse views on potential benefits and/or concerns were received from different stakeholders.

Some of the positive impacts of GST, identified by the participants, included potential increase in the size of public finance. Mr. BR Gupta, former official, State Bank of India, further added that single fund registration of the GST is an administrative enabler as it simplifies the method of tax collection and streamlines taxes. However, there were many speculations that were put on the table - will a tax regime like GST disable small businesses? In the short run, since 90% of the MSMEs are not registered, there will be pressure on MSMEs to complete their documentation. In the medium and long run, there are apprehensions about GST as a growth impediment to MSMEs. Given the ease of business and lower costs of cross-state trade for big businesses, GST will enable expansion of big businesses to reach wider geographies. This competition will be against the local produce, and therefore might be replaced by products and services offered by big businesses, making MSMEs unviable in these regions. Some of the participants also shared a mixed view. Mr. Sharad Saxena, Yes Bank, added that GST is evolving at the policy level. It might be too quick to have apprehensions against the scheme at this time. He further mentioned that the government is open to suggestions, and one must reach out to the Government to enable favourable tax regime towards green businesses.

Mr. Aditya Petwal, IUCN, says "GST will play a major role in increasing the portfolio size of public finance. The tax to GDP ratio of India is 11%. As per the benchmarks by IMF, it should be 15%."

Ms Priya Dharshini, CENFA highlights the lack in accountability of public money. She adds "Reform in taxation is safe-guarding interests of Big Private businesses; and further without any accountability mechanisms of how the additional public money collected through GST will be spent."

Next Steps

GST is not a mature taxation system as of now. There needs to be a single frame of thought, and policy suggestions to focus on making GST greener. Some of the suggestions made are as follows:

- For each sector, there is a need to lobby for favourable tax regime towards green options/ green technology in the sector. GST on fly ash bricks should be lower than that of red bricks - it is one of the areas of advocacy led by a consortium of organisations working on green building, shared by Vaibhav Rathi, DA.
- It was suggested that "Carbon Tax" should be introduced. Carbon footprint product lines should have a surcharge, to ensure that we slowly move towards taxing these commodities.
- Defining what it means to be "green" is very critical, especially for financial institutions. This can enable them to strategise on developing their portfolio of green financing. Currently, there is no one frame for defining green finance.
- Green Public Procurement, including parameters for environment and inclusivity, will enable spending public finance responsibly towards green economy.

Session 2: Responsible Green Banking

One of the major challenges highlighted at the round table is the fact that banks do not have safeguard policies. The criteria for banks to provide loans include legal frameworks. Environmental clearances and sustainability of the project are not taken into account, causing irresponsibility in disbursing loans. Ministry of Environment, Forest and Climate Change is responsible for providing environmental clearances. There are instances where loans have been sanctioned without due diligence of the project by the Ministry of Environment. Indian banks have one of the higher non-performing assets in the developing countries. These are mostly national banks, mostly development banks that are giving large scale loans.

Mr. Rohan Preece, from Partners in Change, says "Accountability of businesses for their actions is very critical. This is not just the responsibility of the government, but also of the businesses. RBI should also regulate the financial markets towards more responsible and green finance."

The other major concern with loans and investments, raised by participants, is the criteria on which loans are considered as green investments. Many times, large scale solar and wind projects are considered to be green, which serve quite contrary to benefiting people and environment.

Sharad Saxena shared Yes Banks' initiative of starting green bonds. He also shared that Yes Bank has developed a criteria for green financing internally and recommended that every bank should conduct this exercise. Further, the Reserve Bank of India may support in standardising this framework.

Next Steps:

- A comprehensive reporting framework that can compel companies to follow standards of development projects and help the investor group in decision making towards green economy is critical. This framework should be developed by RBI, in consultation with the civil society and subject-experts.
- Banks should consider environmental due diligence along with financial due diligence to take decisions on loan disbursements.
- Sensitisation and awareness trainings on parameters of green and responsible financing are critical, especially for bank employees. Trainings also need to be conducted on what are carbon emissions, CSR policies, green lending and other such relevant issues.

Session 3: Financing MSMEs

There are three major challenges faced in financing MSMEs that were identified during the course of the discussion:

- *Lengthy and tedious process:* Mr. Vasudev highlighted that there are multiple agencies – District Industry Centre, Scheme Committee and multiple intermediaries for applying for a specific loan. Further, the process of applying for loans includes a lengthy application process which is usually difficult for MSMEs to fill, given their limited resources.
- *Faith of financial institutions on MSMEs:* Bank managers show low faith in investing in MSMEs, especially those who apply fresh without any track record. Most of the budding rural entrepreneurs face problems in receiving loans because of this attitude. The major reason for this attitude is the limitation in ways to avail and validate information on the nature of the applicant.
- *Awareness:* Most of the times, participants shared that entrepreneurs apply for loans in a particular scheme without complete idea of the nature of the business venture they would like to start. Lack of business knowledge and capacities to design their financial portfolio is impeding loans to small entrepreneurs.

Next Steps:

- A client score card that includes parameters of their past history of loans, educational background, social equity and other factors that indicate the strength of the applicant for enterprise development should be developed. This should become the rationale for accepting and rejecting loans to entrepreneurs by the banks.
- A policy paper, elaborating on the basis and parameters for this scoring system for MSMEs should be developed.
- Banks should have an expert from the MSMEs sector, with the strength of at least one professional per district. Any application of banking loan should be moved up to where staff is available.
- Training of bank officials is very important, and the intent of the bank for social lending is necessary. MSMEs should be included in the 40% priority sector lending mandate for the bank.
- Micro-finance institutions should also be included in the mechanism of exploring financing options for MSMEs.

Theme 3: Greening High Impact Sectors

The theme focuses on the technology and scale of economic sectors in the region. Micro, Small and Medium Enterprises (MSMEs) are seen as a critical opportunity in making the economy green and inclusive. The objective of the theme is to guide towards sector choices that lead to resource efficiency and waste reduction, and provide decent livelihood options for its people.



Are our key sectors becoming diverse, decentralised and resource efficient? Are traditional jobs that are transformed, and new ones that are created, providing green and decent livelihood for all?

Context

Green manufacturing in India is still at the take-off stage. While there has been significant policy development and adoption by the manufacturing industry in the area of green energy, there is substantial scope on both the policy front and its adoption in the areas of green products. Realised at its full potential, manufacturing could generate 25 to 30 per cent of GDP by 2025, and create 60 to 90 million new jobs in the country. (McKinsey and Company, 2014)

Session 1: Role of MSMEs in Greening High Impact Sectors

Prior to identifying the potential of MSMEs in greening these High Impact Sectors (HIS), an understanding about the identification of HIS was considered fundamental for exploring the need for greening the sectors. The discussions at the Yatra emphasised on the need for focusing beyond conventional HIS (including agriculture, construction, energy, tourism etc). While these sectors are contributing to the country's GDP significantly, they do not make the list of HIS exhaustive. Diverting attention towards other sectors like e-retailing and waste management was thought to be pragmatically more important.

On one hand, exploring the unconventional sectors as HIS was considered to be important, and on the other hand, MSMEs were witnessed to be the drivers of innovation. Continuous innovation was recognised to be the key element for greening a sector. Interestingly, the contribution by MSMEs was felt not to be limited to their own level only, rather could contribute more widely in the ecosystem. Big businesses generate lesser number of jobs, and often take down other jobs. However, MSMEs have the potential to ensure not just job creation, but also contribution to green jobs.

MSME in the waste and recycling sector: Segregation of waste was thought to be the "mul mantra" to encourage efficient waste management practices. MSMEs were identified to play an important role in decentralised waste collection and its processing. Knowledge should be set free and shared with people at their comfort (eg. language), i.e. communication in local language will be more effective.

Next Steps:

- Incentivising MSMEs to drive innovation, and developing synergies between MSMEs across different products/services could help in achieving the twin objective of greening the economy while ensuring job creation.
- MSMEs could serve as experimental labs for big businesses. This would help in improving the value chain by ensuring resource efficiency, and would further contribute towards creating a green economy. They could be the 'ambassadors' to take the information and enhance its circulation, thereby contributing to positive externality.
- Training and empowering local unorganised waste sector; generating awareness about e-waste and other waste streams; and awareness, in general, at household level were some of the important responsibilities to be mutually shared between the civil society and MSMEs, as access to information is vital for behavioural change.
- Large scale public communication campaign in promoting green products and services can also make a difference in promoting green options in high impact sectors.

Session 2: The needs of Madhya Pradesh

Tourism and handicraft were identified as important sources of livelihood for the village population in the state. Apart from these sectors, the Bamboo industry was also identified as one with great potential in Madhya Pradesh, but the industry needs innovative solutions and products from bamboo produce.

Next Steps:

- The need to formalise and scale up home stay model to promote tourism was identified by the participants.
- Skill development and entrepreneurship development among youth to revive traditional skills and craftsmanship was considered important for the village population in Madhya Pradesh.
- Listing of skills available and identifying resources together can help generate group livelihoods leading to MSMEs at village level.

Session 3: Ecosystem for Greening the Enterprises

While there is a potential role of MSMEs in greening the HIS, certain practical obstacles need to be overcome in order to benefit from the rising roles of MSMEs. There is a series of responsibilities on MSMEs at the time of entering the market, in order to be part of the green business group. MSMEs have to conduct green business, generate employment, and compete with the big businesses in order to sustain themselves, while contributing in greening the economy. All these responsibilities implicitly assume that MSMEs will have sufficient funds/capital to start and ensure their survival in the market, and that the nature of business activity will be profitable. However, in the real scenario, the path is patchy and MSMEs encounter a lot of struggle in raising their capital and competing with the big businesses, for multiple reasons – one of the prominent ones being lack of access to benefits of scale.

Next Steps:

- The government, in this case, can play an important role in incentivising the start-ups and MSMEs to kick start the innovation. This could be the only alternative to overcome the challenges faced by MSMEs in continuing their operations in greening the HIS.
- As MSMEs could also be the carriers of information, they should be viewed across products as resources to each other. Therefore, establishing networks of MSMEs will help reduce their dependence on fresh resources, and would contribute in conducting green business practices, thereby greening the sector.
- Encouraging partnerships and aggregation of stakeholders to make local green economy possible is also needed. In other words, synergies between MSMEs to strengthen and propel themselves, aggregation of social entrepreneurs and other stakeholders, and establishing a network/platform to find synergies could bring a change and contribute to a greener system.
- Development of capacity of capacity building sector was among requirements to support green enterprise development.

Theme 4: Investing in People

The theme focuses on equitable access to natural, financial, knowledge and social capital in the new economic paradigm. The objective of the theme is to reflect on how empowered are our communities in equitable access to natural resources, and enabling local decision making.



How is our economics encouraging diversity of business, local entrepreneurship and variety of business models? Is development planning and decision making adhering to the principles of decentralisation and democracy?

Context

In the last two years, the government launched various skilling initiatives, such as the Skill India Mission, creation of the National Skill Development Corporation and a push towards the handicrafts sector. The government has set target to provide skill training to 400 million people by 2022. Over 220 million bank accounts have been opened under the Pradhan Mantri Jan Dhan Yojana since 2014. (PTI, 2016)

Session 1: Access to Resources

The participants highlighted that there is a current trend which has deviated from the original concept of establishing the “need”. Earlier, in agricultural practices, the producer group used to try to fulfill their individual/family need, and then only the surplus was supplied to the market, maintaining the whole value chain which ensures the fulfillment of basic needs of people at the bottom of the pyramid. But now, in order to fulfill their needs, farmers are only able to see the short term needs, and cannot foresee the long term benefit.

- *Knowledge capital:* It was identified during the discussion in the roundtable that, many a times, knowledge in traditional occupation is often sustainable and beneficial in terms of economic growth. But due to lack of support and encouragement to keep this traditional knowledge alive, a lot of traditional occupation is losing, and thus loss of skill is being seen. Lack of investment in improving the quality of education is also one of the key concerns identified by the participants.
- *Natural capital:* In terms of access to natural capital, participants had primarily three concerns: availability of natural resource, reach to bank and reach to indigenous knowledge. Moreover, there is lack of push from policy, as many a times incentives provided by government often delink the contribution made by traditional knowledge to the economic growth of the country.
- *Financial capital:* Traditionally, it is seen that a major segment of the society is heavily dependent on money lenders, “sahukars”, and very less dependent on banks, as marginalised communities either do not have access to bank loans and other services, or to information.

Next Steps:

During the discussion, a number of approaches were identified in order to improve people’s access to resources, like:

- Diversification to alternative livelihood
- Investment in tourism in Madhya Pradesh, and thus improvement in heritage conservation practices
- Bridging the gap between right to information and access to entitlements
- Strengthening of institutional building processes
- Training of bank officers and government departments to create awareness

Ensuring access to resources by the people remains a neglected initiative. Awareness programmes and information education is seen as one of the strongest tools to ensure that people can reach to the resources. Following are the two ways that have been sorted by the participants of the roundtable to ensure access to resources:

- Avoid duplication in scheme benefits: It has been identified that there is duplication in schemes where benefits reach to the same beneficiary again and again. Therefore, the Government should set up a common goal, for e.g. “healthy family”, where integrated schemes are launched to ensure the fulfillment of basic needs.
- Platform for integration: It is often necessary that a “skill” should take the shape of “attitude” in order to access abundance of resources, especially in terms of knowledge resources. Documentation of best practices contributes greatly to make a richer platform for integration.

Session 2: Opportunity for Better Living Standards

Recently, a boon has been seen in current market trends, especially in sectors of skill development, entrepreneurship and job creation. During the discussions, the participants identified that currently the market is driven by smart technology and various products & services which form a strong value chain in the main market. In order to provide basic needs, a strong market for products and services is required. For this, the potential source is either existing market or new technology driver market.

Next Steps:

- For **entrepreneurship**, there is a need to not only boost micro credit link system, but also ensure quality delivered to the products and services. In order to do so, there is a need for a Common Facility Centre, where some value addition to the existing products and services can be done, so that improvement in products and services can be ensured, and at the same time benefits can go back to the beneficiaries. This will ensure sustenance of small scale industries.
- For **skill development sector**, there should be effort to incorporate the needs of both formal and informal sector. In every skill development programme, there is always an input and then an output. Intermediately, there are a series of steps ensuring sustenance of processes for skill development. In order to ensure the strengthening of the skill development programmes, there is a need to set up a strong mechanism for monitoring process as well.
- **Inclusivity of market** is one of the key ways to expand opportunities to marginalised sections of the society, including women. It is often observed that inclusivity of market is often skewed.
 - Participants were of the opinion that the CSR model can be a good way to ensure inclusiveness, but it was also highlighted at the same time that CSR aims at low hanging fruits for the society. CSR can be mandated to align its initiatives with the sustainable development goals.
 - State policies must ensure inclusivity, and different models can be adopted to achieve the same, like, any programme/initiative needs to target at least 100 backward districts; or certain percentage of benefits is mandated to go to certain sections of the society, provided certain conditions.

Session 3: Decentralisation of Decision Making Process

It is often seen that to drive a market, a collective effort always results to be more fruitful than an individual effort. It not only ensures the inclusivity, but also allows people to participate, and non-biased decision making process takes place. Moreover, voices from the unorganised sector should also be included in order to make the decision making process more inclusive and decentralised.

Next Steps:

- Every decentralisation process should include social auditing followed by beneficiary identification, and then knowledge flow. Social auditing followed by beneficiary identification helps in establishing a common goal, and thus ensures ownership as well as monitoring of the feedback received.
- Creation of knowledge system by documentation and sharing of best practices are other key aspects which allow knowledge to flow seamlessly. Also, it is important to formulate an inventory of local experts; resource pool and their expertise should be leveraged upon local expertise for making an informed choice.
- Moreover, rigorous and periodical capacity building should be conducted of PRI members and decision makers.

By joining of different resources and showcasing the model, community can become the “light house” for the change, rather than just “torch bearer” for the society.

Theme 5: Managing Natural Systems

The theme focuses on natural resources – resource and carbon efficiency in use, and management, conservation and ecological resilience. The objective of the theme is to track the movement towards an economy that puts sufficient investment in the health of natural systems.



Are our economies taking resource efficient, carbon saving and ecosystem conserving ways of growth? Are we investing in our natural systems – including forests and water systems?

Context

Under the Forest Act 1980, project developers have to pay for compensatory afforestation and the Net Present Value when forestland is diverted for industrial use. Over INR 400 million has currently been accrued from these sources. (Sridhar, 2012) A few Indian businesses have integrated the value of nature into investment decisions. Mahindra & Mahindra has introduced an internal Carbon Price of USD 10 per ton of carbon emitted. (Mahindra, 2016)

Session One: Context Setting

Natural systems are vital to the functioning of our economy and for maintaining the quality of life. Natural systems either function as sources when derivatives from them are used to make products, or as sinks (soil, air, and water) that absorb emissions from human activities. With this context in mind, the round table discussion on “Managing Our Natural Systems” focused on identifying the status of our natural systems, and listing the challenges which hinder our growth towards a greener economy, in addition to finding collaborative solutions to address them.

Natural Systems, ideally, were defined as complex entities with **‘people for nature’ and ‘nature for people’** aspects. The discussion summarised and commented on the imbalance between the two aspects, citing probable causes and challenges in remedying the negative impacts. The discussion also highlighted the non-biological nature of natural systems, which spans across its social and economic uses, ranging from the iterations in valuation from consumer and conservationist perspectives to the influence of financial systems on resource (mis)use.

The discussion also centered on the **relevance and efficacy of national policies** in promoting efficient waste management systems, green livelihoods, land use planning and monitoring of environmental impacts.

Equity was also factored as crucial in governing judicious and sustainable **resource consumption**, with a participant mentioning, “Roughly, just 10% of the world’s richest people consume majority of the resources”. It was also reinstated that financial abilities in an area/country strongly influence sustainability of natural resource consumption. The sector is envisioned as a system of checks and balances between the people and the environment. In an ideal scenario, a systemic approach is pivotal to ensure proper functioning and regulation of natural resource use. This would address equity which is a major challenge, whilst addressing problems of inefficient use and disposal of resources.

The processes in the system will be influenced and anchored by a set of indispensable stakeholders, including the government who is the ultimate policy maker and regulator, CSOs, the common people, and big businesses who gauge maximum monetary benefits from natural resources. Poor integration mechanisms and **coherence between the stakeholders** emerged as the prime flaw in the system, with policies within the government system contradicting each other. Differential valuation approaches and sentiments are at the root of this, with businesses considering natural resources as an infinite, imperishable store of profits, and the environmentalists viewing them as a storehouse of vital, intangible benefits to which monetary valuation cannot do justice.

Agriculture was inferred as the highest impact sector in the state, in addition to presence of poorly monitored industries and businesses. A representative from INTACH commented on the inadequate **land use planning** in the state, which is evident from the trend that agricultural productivity has only gone up because of conversion of more grasslands into agricultural land, and not owing to better seed varieties and sustainable farming methods. It was suggested that the state department look back at traditional land use patterns to define a baseline, enhancing its capacity to monitor and judiciously plan future land use in the state.

A few stakeholders from Madhya Pradesh inferred that the state lacks a stern **voice** in putting forth opinions and stringent decisions to conserve its forests and natural capital, which has gravely manifested as losses by the Narmada conflict, Kanha-Pench issue etc. This may have arisen as a consequence of the rigid top-down approach in state matters, evident in the oppressed voices of the NGOs and CSOs.

Major loopholes highlighted at the policy level were those in fundamental practices such as **intensive subsidies** leading to careless resource consumption. There was also active discussion on traditional rigid mindsets, with a mention of the 'Annapratha' and non-acceptance of beneficial changes in agricultural practices and cropping patterns. Annapratha is a widespread practice in the Bundelkhand region where the farmers abandon their cattle from the onset of summer until sowing season for the next crop. The cattle are thus a threat to rain crops in the region, resulting from unavailability of fodder and water. Although, it was added that the state government is adopting innovative approaches to **natural resource management**, such as Integrated Watershed Management Programmes and people-centric Forest Landscape Restoration activities in the Satpura landscape.

Session 2: Challenges

Communities are often left behind in the planning process, even though they have greater ownership when it comes to managing the natural environment in a sustainable manner. The Narmada Bachao Andolan and Chipko Movement are instances where the community's participation was able to reduce the gravity of potential environmental damage from large dams and deforestation, respectively. Major challenges identified in the discussion are summarised as follows:

- Lack of human development in the state, and absence of basic infrastructure and services
- Conflicts between departments at state level that lack vision of the landscape as a whole. This is evident in planning use and management of ground water, irrigation and domestic water supply in distinct compartments, overlooking the complex dynamics in the entire system.
- Poor replication strategies, such that programmes and technologies are dumped into the local areas without any pre-requisite need-based assessment to decipher people's aspirations and requirements
- Poor dissemination of knowledge on government policies and inadequate participation in open discussions with communities

Session 3: Way Forward

The roundtable discussion deliberated over the following concerns, which could lead a positive way forward in context of better management of natural resources:

- Enhancing the role of the Gram Sabha to strengthen social inclusion was also heralded as a crucial step to ensure sustainable, state-specific, relevant and beneficial use of natural resources. Incorporation of traditional indigenous knowledge into Panchayat and District level planning processes will capacitate a bottom-up approach and a potential balance between the practice to policy connect.
- The traditional ecological knowledge needs to be preserved through proper mapping and digital library innovations, as it may also offer better holistic solutions to our complex problems.
- It is necessary to hear the voice of communities, and at the same time sensitise them on managing our natural resources. The government should develop more platforms for open discussions and focus on social inclusion as part of the development agenda.

Plenary Session

Dr. Rekha Pai

The development that is being pursued at the global and international level has made our lives comfortable. But this very development paradigm has negative impacts causing a huge cost to the environment. The problem of waste, air quality deterioration, uncertain climatic conditions, unnatural disasters, frothing lakes (Bellandur lake of Bangalore) - are all indicators of the wrong path that development has taken.

This happens because the value of natural resources is not taken into consideration when development is carried out. The development paradigm also doesn't take into account the impacts that it causes. Apart from the natural resources, there are people without basic needs who are far behind in the HDI, and development now has the challenge of taking up the responsibility to include the people who are left out in this race. The path of development needs to be reassessed and needs to move forward from the earlier steps taken. Green Economy may be a good way forward, as it can improve human well-being and bring equity, without compromising on the environment. Other ecosystem services from natural systems like forests need to be valued more than their economic value. In policy and planning, direct value is given more importance, but indirect values need to be given more attention to lead sustainable development.

Communities are the greatest stakeholders, and they understand the importance of forests and natural resources in general. And these very communities are a storehouse of traditional knowledge, which is very valuable for a sustainable development model. For example, Forest Rights Act 2006 was a great step recognising individual and community rights for forests. It also led to value chain addition to collecting NTFP (Non-timber forest produce). Since businesses are so dependent on natural resources, they should take steps forward for innovative solutions towards these issues, and these innovative solutions need to be contextual in nature. The challenge is to distribute the pie in a more equitable manner, than just increasing the size of it.

Mr. Chandan Bhavnani

The role of Business for Green Economy is very imperative since the main concerns now are towards sustainable development. There is no alternative to development, but sustainable development. The era of implementation is needed for different issues where all stakeholders need to be included. India is taking bold steps towards sustainable development and growth in economy. There is a need to understand the objectives for this kind of development, which should be availability and accessibility of resources. The government is taking steps towards these objectives, with examples of Aadhar card, Jan-Dhan Yojana, etc. Even though businesses have been the black and dot, and are blamed for environmental degradation, they are coming up with innovative solutions for the same.

The closing of this loop of accountability happens with being accountable to everyone.

Dr. Jayati Ghosh

The situation with development is not at all nice and rosy. The question is when all the innovations and solutions are there, why is the state of the community still so terrible?

The issue with GDP is that it is measuring the wrong things. Even though there are 17 SDGs, and within it 169 targets, nobody takes these targets seriously due to the obsession with GDP, that might be the biggest hold up towards reaching the kind of sustainable society we envision. Too much significance is given to the exchange value which may be a wrong approach. It is basically commodity fetishism.

There should be easy, simple and definable alternatives to assess actual development; for example, the material indicators of the bottom 50% of the population divided by their ecological footprint.

The one mistake we make is assuming communities to be a homogenous unit, whereas they are a cess pool of inequalities, due to which a lot of policies fail. Solutions often take communities to be homogenous and equitable units.

The employment and livelihood related initiatives seem to be doing well at the micro scale, but are not successful at improving the macro picture. The macro fiscal situation is moving to another direction as the financial department overshadows and is determinant for these issues.

The Public expenditure seems to be decreasing, and more of the budget should be invested in social spending, providing public employment, increasing livelihood opportunities in the country, and improving the education and health situation as well. The public sector has the potential of being a green employment generating area.

The development should be a bubbling up process instead of the failed trickle down model.