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Myth of the great Indian growth

India's fabled growth story has just been exposed by an unlikely source — the World Bank (WB). Unlikely, because this institution is one of those most responsible for advocating economic growth as the pillar of development.

In a report released on July 17, the WB states that the cost of environmental damage amounts to 5.7% of India's Gross Domestic Product (GDP).

This effectively means (though the report fights shy of saying it) that most of India's annual economic growth is being wiped out by environmental damage caused, or ignored, by this growth.

A year after ushering in the economic 'reforms' or globalisation in 1991, the then finance minister Manmohan Singh said that such reforms were necessary to generate money to put into environmental conservation.

However, environmental funding has never kept pace with the kind of damage being caused and the ministry of environment and forests has never got more than 1% of the budget outlay. Almost 21 years later, the WB report's lead author says: "grow now and clean up later will not be environmentally sustainable for India in the long run".

The WB report assesses the damage caused by urban air pollution, inadequate water supply, sanitation and hygiene, indoor air pollution, agricultural damage by soil salinity, water-logging and soil erosion, rangeland (pasture) degradation, and deforestation. It admits not including other aspects, such as coastal erosion and pollution, municipal and hospital wastes, loss of fisheries, loss of non-use values of forests, and decline in biodiversity values.

Add to this, the others it misses out on, such as chemical and toxic poisoning, or a range of worker illnesses related to unsafe labour conditions (eg mining), and the figure of overall GDP loss would possibly go higher than the economic growth rate even at the height of the growth period.

Astoundingly, the report shows that "23% of child mortality in the country could be attributed to environmental degradation". Nearly half of India's population is affected by water-related deaths and illnesses, and over 110,000 people die prematurely due to urban air pollution.

The WB report does not separately estimate the impact of environmental damage on the poor, but admits that they are likely to be higher than on the rich (eg with child mortality).

It does mention the "GDP of the poor" (those employed in the agriculture, forestry, and fishery sectors), and how environmental damage is an even greater drag (11%) on this than on GDP in general.

What this means (though not spelt out by the report) is the loss of livelihoods, not to mention insecure access to food, water, and other basics of life, on a massive scale.

Who is being benefited by this economic growth? There is clearly rapidly increasing wealth in India, but much of it is being cornered by the already rich, such that the richest 10% have over half of India's wealth.

Meanwhile, as the National Sample Survey data shows, there is hardly any net growth in employment in the formal sector, into which most of the investment is poured. In any case about 93% of the workforce is in the informal sector.

Increasing evidence also suggests that India's growth is simply unsustainable. A 2008 report of the Global Footprint Network and the Confederation of Indian Industry (CII) concluded that with the world's third largest ecological footprint, India was already using twice its biological capacity.

The WB report correctly identifies the perverse impacts of growth, but omits to mention the social and political factors behind this. It is not surprising that the report's prescriptions are a damp squib. It recommends taxes and similar fiscal measures that will, hopefully, enable industry to reduce emissions of air pollutants.

With this, it would be possible to have 10 to 30% less emissions than would otherwise be released by 2030, with little or no net reduction in GDP growth. Even if there is some GDP loss, health benefits would compensate for this. So why is there not a target for 100% reduction in damaging emissions? Because, presumably, this would affect growth!

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