

## Harmonizing Productivity with Sustainable Development

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Productivity is crucial to economic growth. While enhancing productivity, it is imperative to ensure sustainable development in all sectors of the economy. It is increasingly being realised that the process of development must protect the environment and safeguard the interests of society. Development must be built on the three pillars of productivity, namely economic growth, ecological balance and social progress.

Productivity needs to be linked to sustainable development with the following evaluation criteria :

- " The products, processes and services must be environmentally sound .
- " Integration of sustainable development and economic growth.
- " Reduction of risk and damage to nature.
- " Social approval for development

It is necessary to build a just society, better environment, peace and prosperity for all sections of the community. However, the path is fraught with enormous challenges of harmonising the economy with society and environment. Our development efforts must be complemented by sustainable technological innovations to achieve long term values.

### Sustainable Development

World Commission on Environment and Development set up by the United Nations, in their report of 1987, defined sustainable development as "development that seeks to meet the needs of the present without compromising the ability of the future generations to meet their own needs ." This objective of achieving sustainable development is a challenge by itself. It casts a stupendous ethical responsibility on the present generation to accept its role of planning, provisioning and even sacrificing for the unborn generations of future times. The litmus test of all our activities of should be guided by two cardinal principles of action, namely causing least harm to nature and working for long term benefits to all living beings on the planet earth.

Development must balance social, economic and environmental sustainability. It must follow the vision of all nations of the world as enshrined in the UN resolution concerning sustainable development goals. A set of seventeen goals were adopted by the United Nations in 2015 to be achieved by 2030. It was a call for action to end poverty & hunger, ensure gender equity, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity and live in a just social order all over the world. The SDGs are No Poverty, Zero Hunger, Good Health and Well-being, Quality Education, Gender Equality, Clean Water and Sanitation, Affordable and Clean Energy, Decent Work and Economic Growth, Industry, Innovation and Infrastructure, Reduced Inequalities, Sustainable Cities and Communities, Responsible Consumption and Production, Climate Action, Life Below Water, Life on Land, Ensuring Peace, Justice and Strong Institutions and Partnerships for the Goals

The then United Nations Secretary-General Ban Ki-moon in 2015, when asked about his plan B if the plan A fails, aptly stated that "there can be no Plan B, because there is no Planet B." In the words of UN Secretary-General António Guterres, "We must rise higher to rescue the Sustainable Development Goals - and stay true to our promise of a world of peace, dignity and prosperity on a healthy planet."

The COVID pandemic has damaged the achievements of many of the sustainable development goals. The Sustainable Development Goals Report 2022 stated, "The agenda for sustainable development is in grave danger, along with humanity's very own survival. The confluence of crises, dominated by COVID-19, climate change, and conflicts, are creating spin-off impacts on food and nutrition, health, education, the environment, and peace and security, and affecting all the Sustainable Development Goals ". The COVID-19 pandemic wiped out more than four years of

progress on poverty eradication and pushed 93 million more people into extreme poverty in 2020. The pandemic disrupted essential health services. More than 24 million students may never return to school. One quarter of global population live in conflict-affected countries. 100 million people have been forcibly displaced worldwide.

The Ukraine war created one of the largest refugee crises of modern time. Developing countries are battling record inflation, rising interest rates and debt burdens. Therefore all governments of the world, all corporations and business and all communities and institutions must work now, with renewed vigour, to compensate for the loss due to the pandemic and work harder to achieve the goals in the remaining seven years' time.

#### Social contract in 21st century

Large populations across the world face persistent wage stagnation, work fragility, challenge of affordable housing, rising expense of healthcare and education, multiple pressures on low-income individuals, persistent gender and race. The purpose of a business corporation needs to be redefined in the contemporary times to care and deliver value for the society, environment and all other stakeholders. It is time to adopt a new social contract for the twenty-first century in the lines of the traditional theory of Social Contract, of Jean-Jacques Rousseau. The new social contract should govern the agreement and understanding between individuals and institutions. It must ensure the rights of individuals to secure protection and social security.

Globalization has thrown up new challenges before the business corporations. The profit motive of the business entities are often responsible for the adverse consequences. Adverse impacts are pollution, climate change, threat to environment and biosphere, waste generation, threat to traditional culture and values, fast depletion of earth's resources. As such the SDGs cast great responsibility on the business corporations to be responsible to society and environment. Environmental, Social, and Governance (ESG) Challenges

A global conference, aptly named Who Cares Wins, was organized in 2005 by the United Nations, International Finance Corporation and other global agencies. The Who Cares Wins Conference examined the critical role of environmental, social and governance (ESG) management in sustainable investments. Since then, ESG criteria have become crucial to screen investments with the objective of encouraging companies to act responsibly. Three aspects have implications for sustainable corporate performance.

1. Environmental aspect focuses on preserving the natural world. Examples of concerns addressed include climate change, greenhouse gas emissions, biodiversity loss, deforestation, pollution, energy efficiency and water management.

2-Social aspect focuses on people and relationships and includes gender and diversity, equity, inclusion movements, enhancing customer satisfaction, employee engagement, social concerns and satisfaction of societal needs

3-Governance must ensure sound corporate governance, shareholders rights, board composition and diversity, management structure, executive compensation and perks, preventing bribery and corruption, cybersecurity practices, effective audit and safeguarding interests of stakeholders

ESG's three central factors are:

- o Environmental criteria, which examines how a business performs as a steward of our natural environment, focusing on key issues concerning environment
- o Social criteria, which looks at how the company treats people, and concentrates on key social issues
- o Governance criteria, which examines how a corporation polices itself - how the company is governed, and focuses on key issues India's Agenda
- o India is home to one-sixth of the planet's humanity, which makes the country a key player in ensuring the prosperity

and sustainability of the planet and its people. India has raised the levels of prosperity for its people manifold in the recent past. However, challenges remain in many areas including health, nutrition, basic infrastructure, quality of education among others. India is committed to attain SDGs in transforming this country, by improving its socio-economic-environmental indicators. With eight years left to meet the global goals on sustainable development, the country is off-track, the trends indicated.

The gravest challenge to save the planet today comes from Climate change caused mainly due to three factors namely carbon footprint, greenhouse effect and global warming.

Most of the discussions ahead of the COP26 Summit at Glasgow have revolved around getting all countries to commit to a net-zero target by a specific year. However, India has reportedly rejected calls to announce a net-zero carbon emissions target, keeping in mind that India's per capita carbon emissions per year is 1.96 tonne, while it is 8.4 tonnes for China, 18.6 tonnes for the US, 7.16 tonnes for the European Union 12.5 tonnes for Russia.

A recent report by the Natural Resources Defense Council, a non-profit international environmental advocacy group, with its headquarters in New York City, stated that India was largely on track to meet, and even exceed, its Paris Agreement targets. Nevertheless, India will face considerable pressure from various quarters in the years to come. As a nation we must plan and implement a sound policy and strategy in this regard. India's official position has been presented by our Prime Minister as Panchamrita with five cardinal principles:

- " First- India will take its non-fossil energy capacity to 500 GW by 2030.
- " Second- India will meet 50 percent of its energy requirements from renewable energy by 2030.
- " Third- India will reduce the total projected carbon emissions by one billion tonnes from now till 2030.
- " Fourth- By 2030, India will reduce the carbon intensity of its economy by less than 45 percent.
- " Fifth- To achieve the target of Net Zero emission by 2070.

#### Future Strategy

The leading ESG organization Social Responsible Investing (SRI) reported on 7 August 2021,

"The big picture is that in the next few decades the global economy is going to transform to a low-carbon economy and it will be one of the biggest investment events of our lifetime." "We have a global economy that is roughly \$80trn [£56.3trn] and extremely dependent on carbon, so transitioning to an economy where we are much less dependent on carbon will result in enormous disruption to established industries and geopolitical relationships and how the global economy works. In the next 10-20 years there will be huge risks and opportunities."

In similar lines Unilever's global CEO Alan Jope said (New Delhi 20 Sept 2022 FICCI meeting)

"The estimated disruptions caused by rising temperatures will cost companies \$ 1.3trillion by 2026 and is likely to result in loss of 80 million jobs, stressing there was a need to build sustainable businesses"

The CEO of the multinational consumer goods giant made the remarks while speaking at an event organized by FICCI, " Cost of inaction is far higher than the cost of acting "

We are at the mid point of the 15 year time frame given by UN in 2015 to achieve the SDGs in 15 years. SDGs have so far remained ethical questions without the force of law. It is high time national governments bring legal provisions to enforce the implementation of the global targets. After near failure of COP26 at Glasgow, countries should come back at COP27 to submit stronger 2030 emissions reduction targets with the aim of closing the gap to limiting global warming to 1.5 degrees. Environmental, social, and governance (ESG) criteria must be used by financial institutes and investors to promote investments which enable sustainable development. Sustainable development requires balancing the social, economic and environmental aspects and build an enduring social order on the planet where not only the human beings but also all life forms live in harmony and peace.