

# Economic and Social Survey of Asia and the Pacific 2020

**Towards sustainable economies**

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**India Policy Dialogue**  
**13 May 2020**

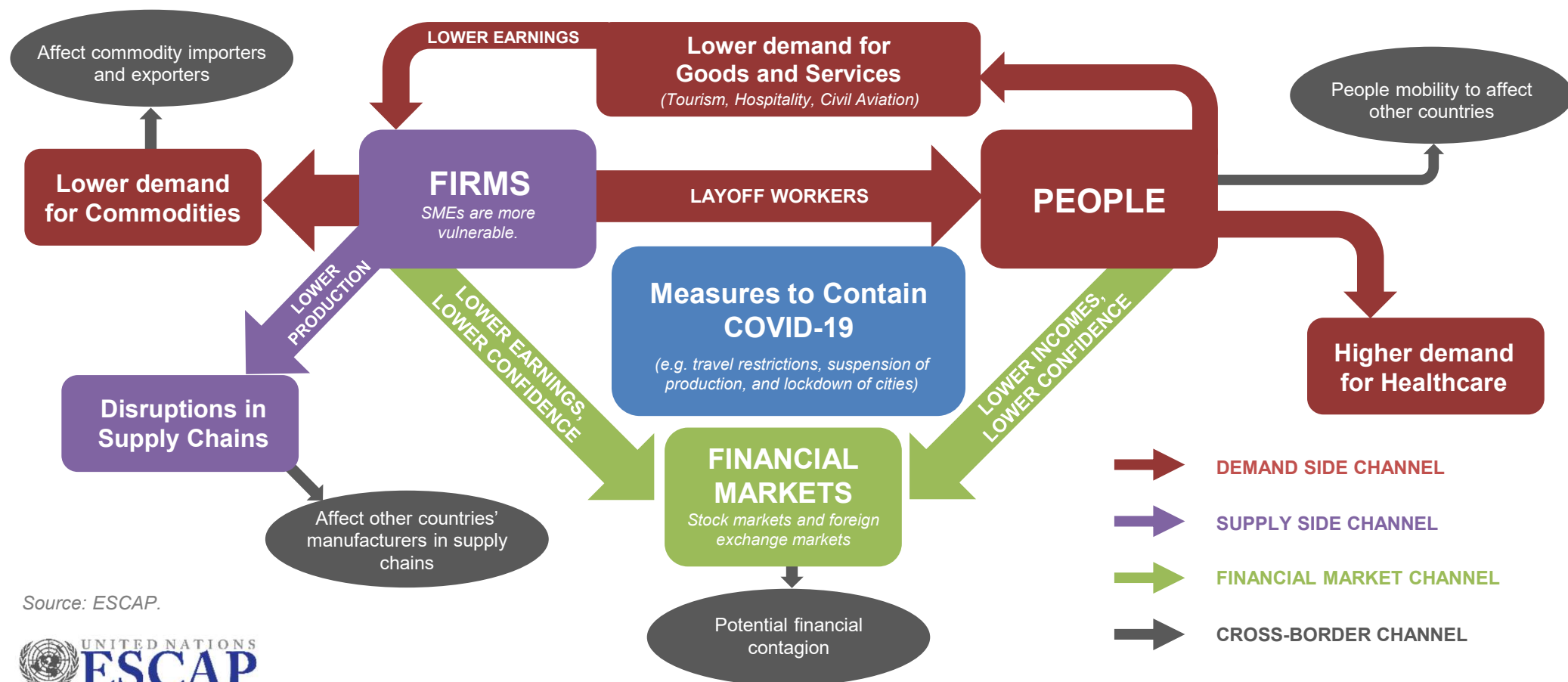


## Key messages

- COVID-19 crisis should be taken as an opportunity to reorient our development model to enhance social justice and environmental sustainability.
- *Survey 2020* calls for collective action by all stakeholders to accelerate progress on SDG12 (responsible consumption and production):
  - *Local action* – embedding the green transition into policies, budgets and regulatory frameworks
  - *People action* – moving businesses towards cleaner production and consumers towards sustainable lifestyles
  - *Global action* – collectively raising our level of ambition and seeking for smart solutions

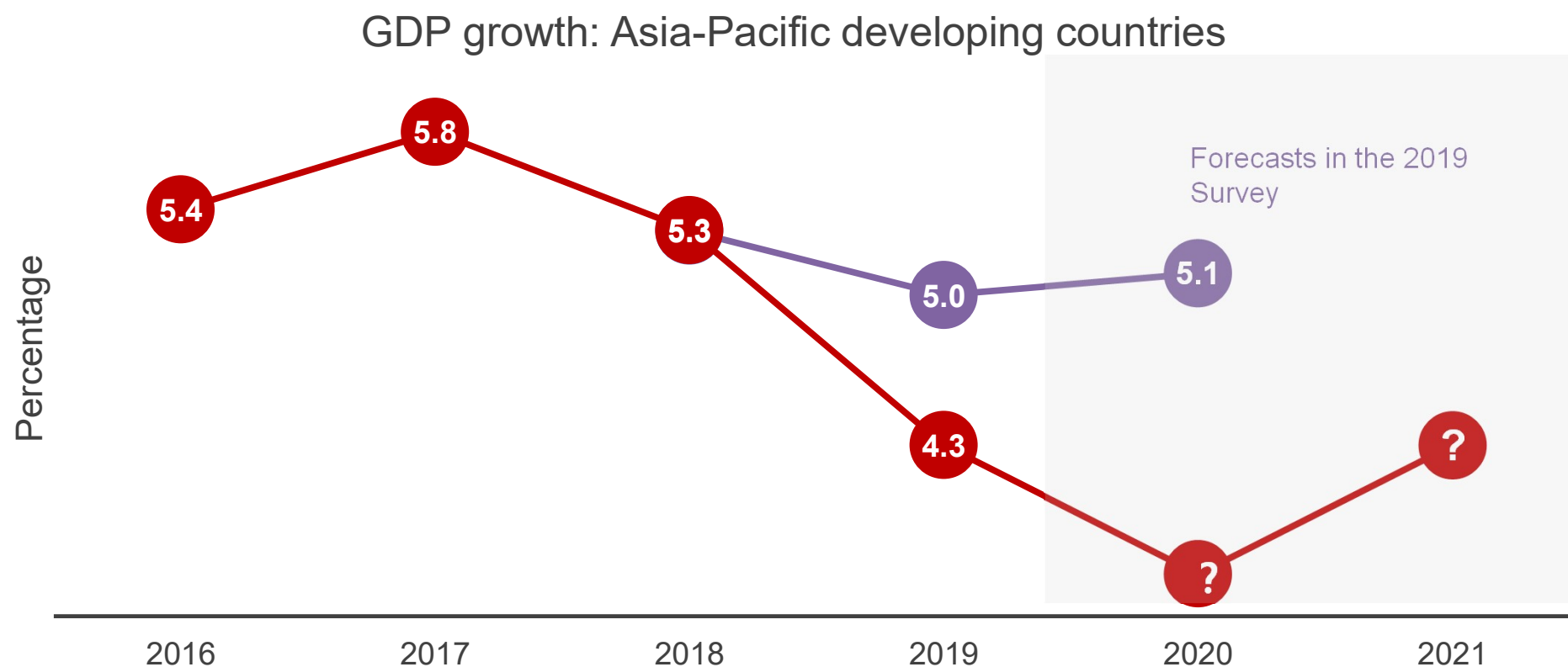
# COVID-19 impact and policy response

# COVID-19 impact comes through multiple channels



Source: ESCAP.

## Sharp output and employment losses are expected in 2020, followed by a gradual recovery



Source: ESCAP estimates (as of 10 March 2020).

**Note:** The COVID-19 pandemic is still evolving rapidly, and this has led to substantial uncertainties as to its effects on the economies in the Asia-Pacific region. Nevertheless, the negative impacts are likely to be significant. Even an economic recession or contraction cannot be ruled out.

# Policy responses to COVID-19 need to prioritize people over economic recovery

## Immediate measures

### Fiscal policies

- Large and targeted fiscal measures to contain and respond to COVID-19... and to ease the shock to jobs and guarantee minimum living standards

### Monetary policies

- Targeted monetary easing to ensure overall financial sector health and support SMEs

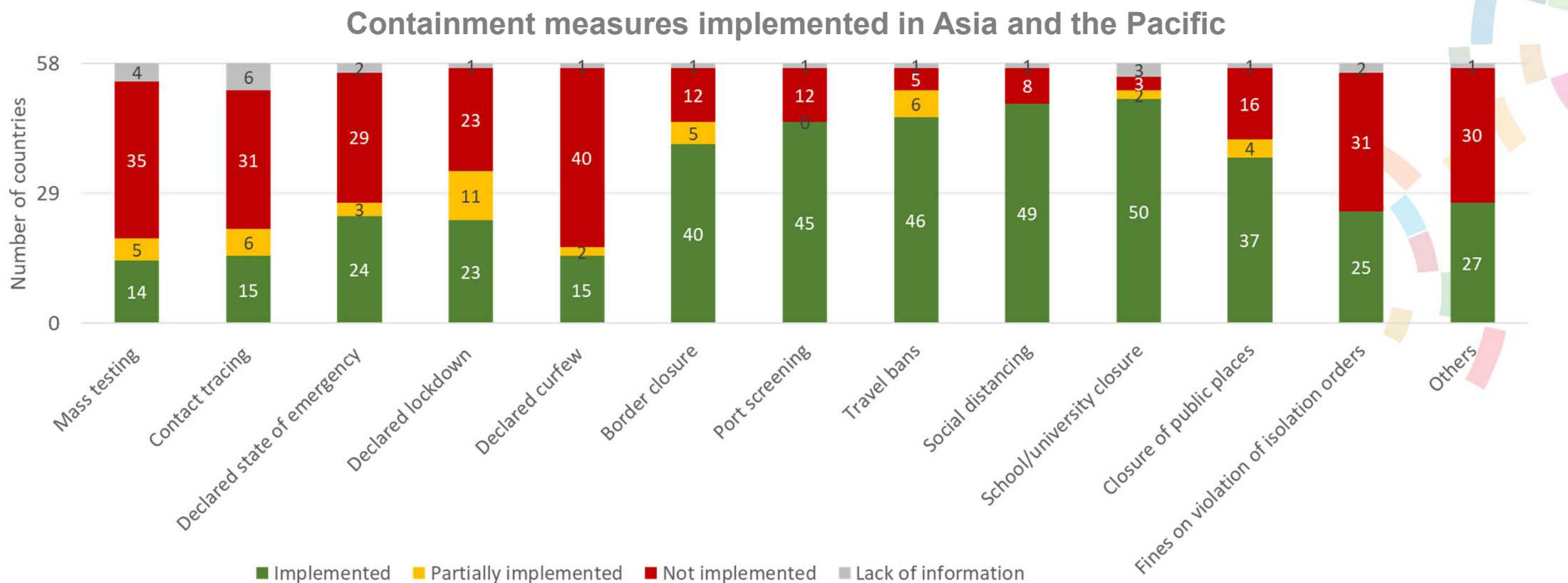
### Regional cooperation

- Establishing a regional or subregional public health emergency fund
- Coordinate debt relief or deferral of debt payments





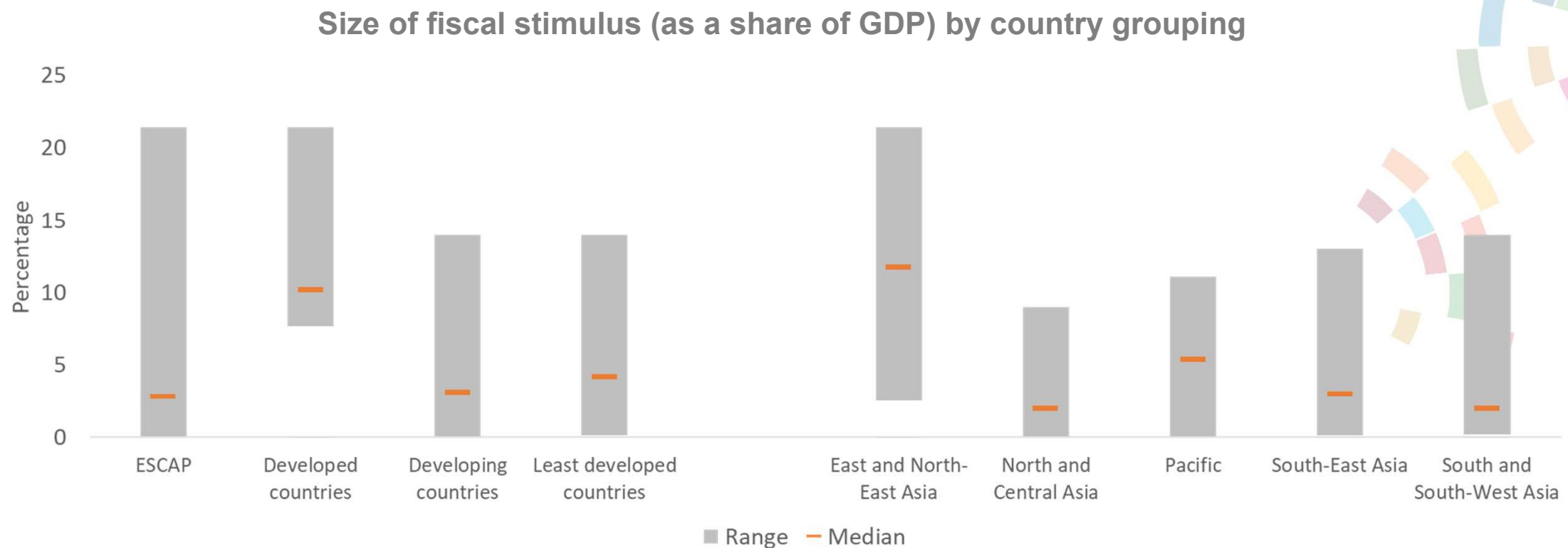
# All countries in Asia and the Pacific have implemented containment measures...



Source: Zhenqian Huang and Sweta C. Saxena, "Combating COVID-19 in Asia and the Pacific: Measures, Lessons, and Policy Recommendations." MPFD Policy Brief, forthcoming.

Note: The numbers on the bars illustrate the number of countries. Implemented = Implemented nationwide; Partially implemented = implemented in selected locations.

# ...while rolling out fiscal stimulus packages...



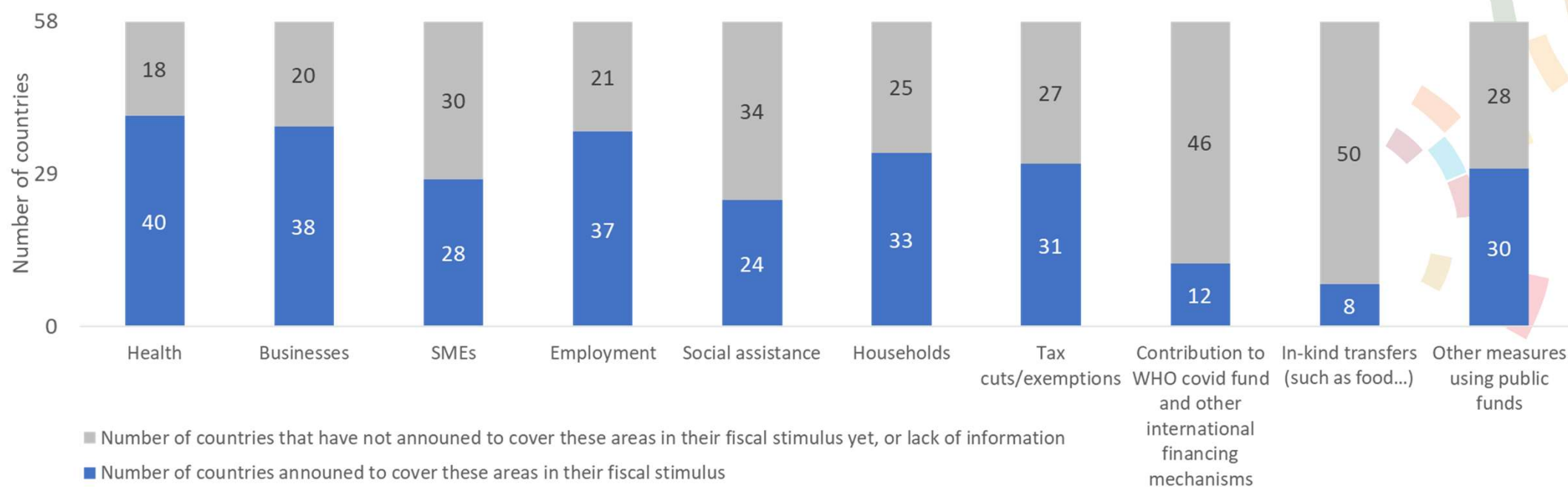
Source: Zhenqian Huang and Sweta C. Saxena , “Combating COVID-19 in Asia and the Pacific: Measures, Lessons, and Policy Recommendations.” MPFD Policy Brief, forthcoming.

Note: If a country announced a fiscal stimulus package but did not reveal its size, then it is not included in calculating the range and the median



## ... to support healthcare systems, and vulnerable businesses and households...

Coverage of fiscal policy packages in Asia and the Pacific

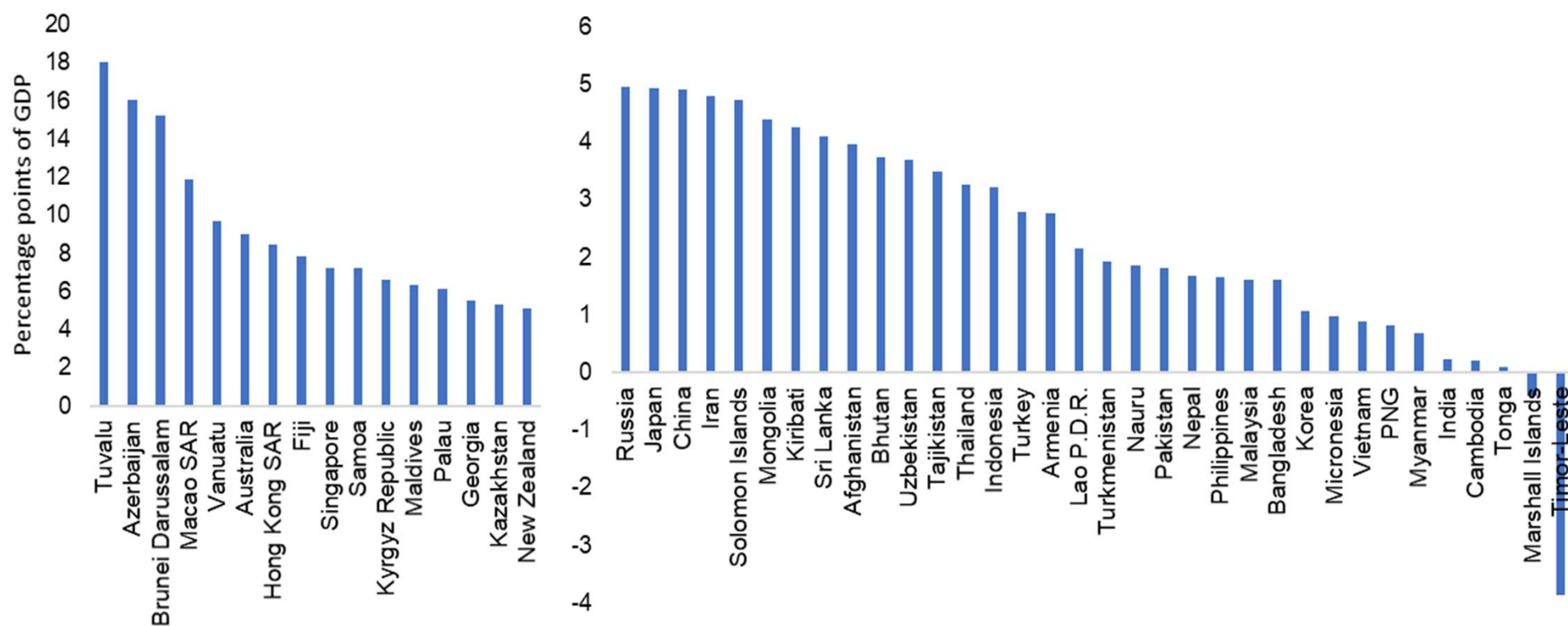


Source: Zhenqian Huang and Sweta C. Saxena, "Combating COVID-19 in Asia and the Pacific: Measures, Lessons, and Policy Recommendations." MPFD Policy Brief, forthcoming.

Note: The numbers on the bars illustrate the number of countries. Fiscal support includes following components: health sector: increased spending on public health services, such as epidemic prevention and control and acquisition of medical supply; businesses: sectoral specific financial support, tax exemption or deferral, utility or rental payment exemption or deferral, etc.; SMEs: SME-specific business support measures; employment: wage subsidies, employment retention, and employment training; social assistance: child allowance, elderly care, unemployment benefits, pension payments, suspension of social insurance payments; households: direct cash transfers, reduction in utility bill payment, house rental subsidies, and education grants for vulnerable households. Tax cuts or exemptions cover both businesses and households. Other measures include budget saving or infrastructure investment. Some of the categories may overlap. For example, a tax cut for SMEs will be recorded in "businesses", "SMEs" and "Tax cuts/exemptions" categories.

# Increased public spending is expected to deteriorate near-term fiscal positions significantly

Difference between October 2019 and April 2020 projections of fiscal balance in 2020

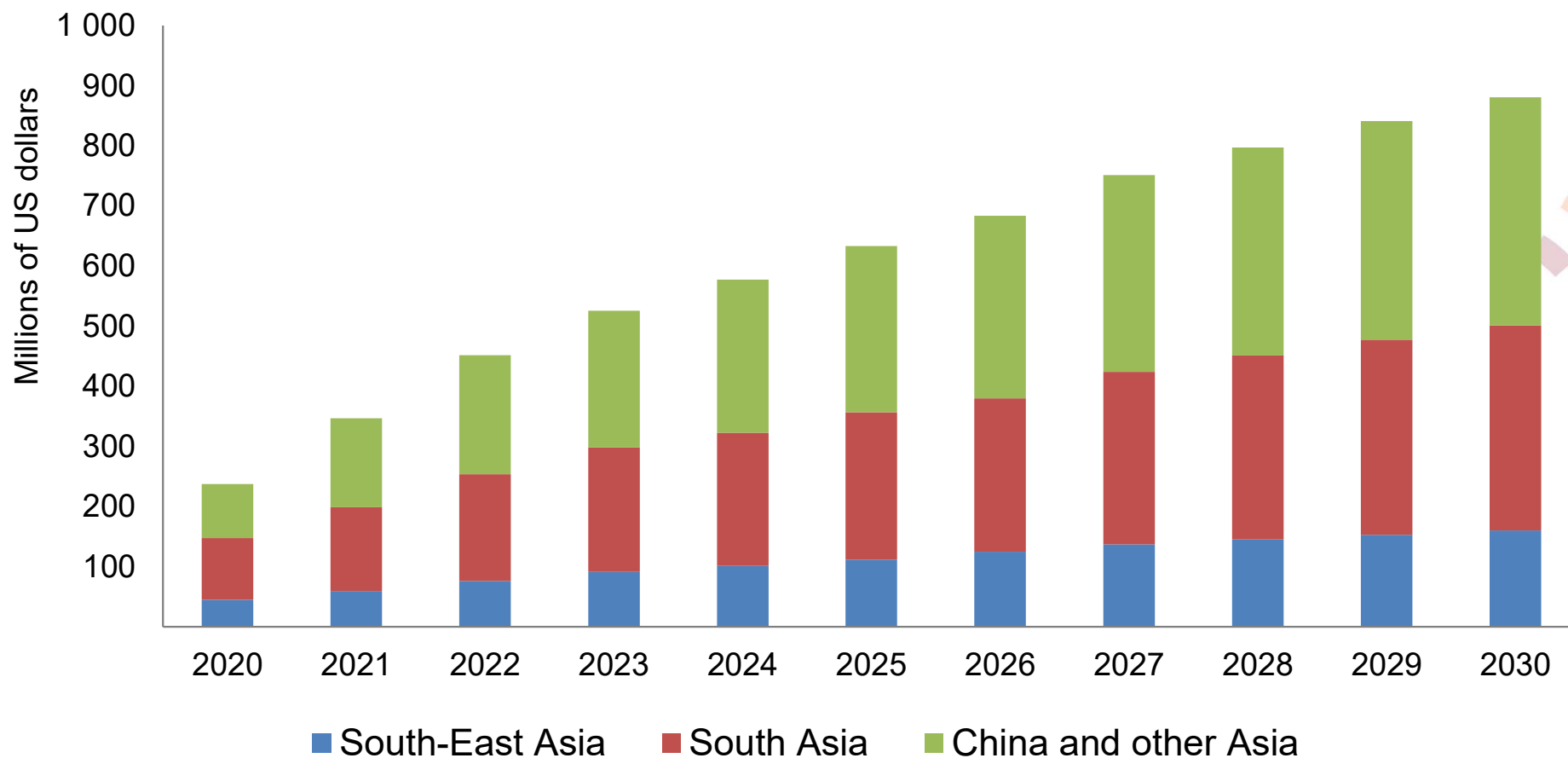


Source: ESCAP, based on latest World Economic Outlook database.

# India – a timeline of events and policy responses

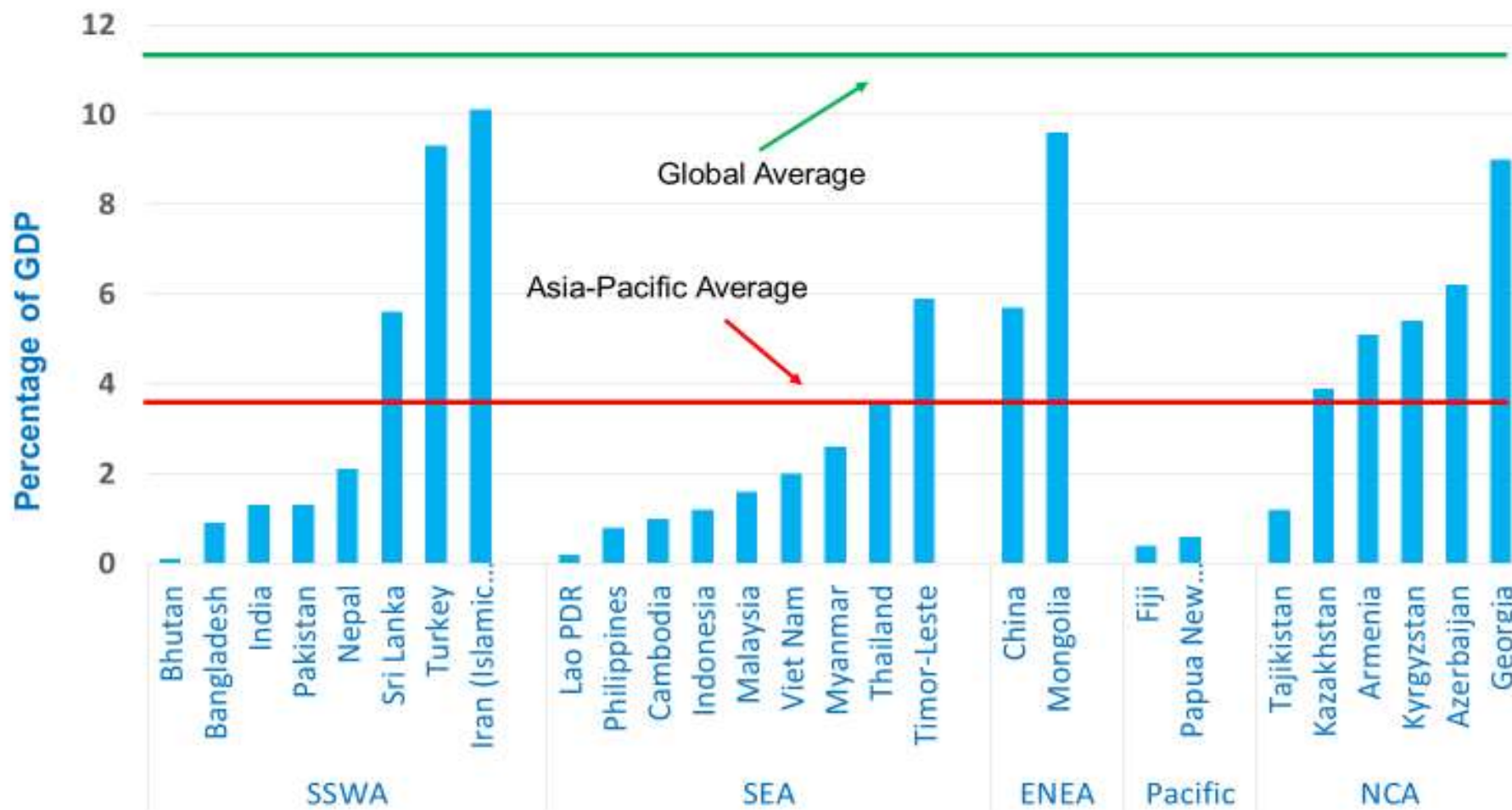
- January 30 – First confirmed case
- February 5 – International travel ban on high-risk regions
- February 21 – Public information campaign, nationwide
- **March 13 – First confirmed death**
- March 18 – School closure, nationwide
- **March 24 – Emergency health investment (0.1% of GDP)**
- **March 25 – Lockdown (initially for 21 days, extended to May 17)**
- **March 26 – Fiscal stimulus package including in-kind/cash transfers and wage support (\$23 billion, 0.8% of GDP)**
  - **State level stimulus measures (0.2% of GDP)**
- March 27 – RBI interest rate cut and liquidity measures worth 1.8% of GDP
- April 17-20 – RBI further measures, including refinancing facilities for rural banks, housing financing companies and SMEs (0.2% of GDP)
- April 29 – Inter-state movement of stranded people, including migrant workers
- May 4 – Graded relaxation in economic activities in orange and red zones
- **May 8 – Increased borrowing target for FY2020-21 to \$160 billion (5.5% of GDP)**
- **May 12 – Fiscal stimulus package, details to follow (\$270 billion, about 10% of GDP)**

## Additional investment needs in health emergency preparedness



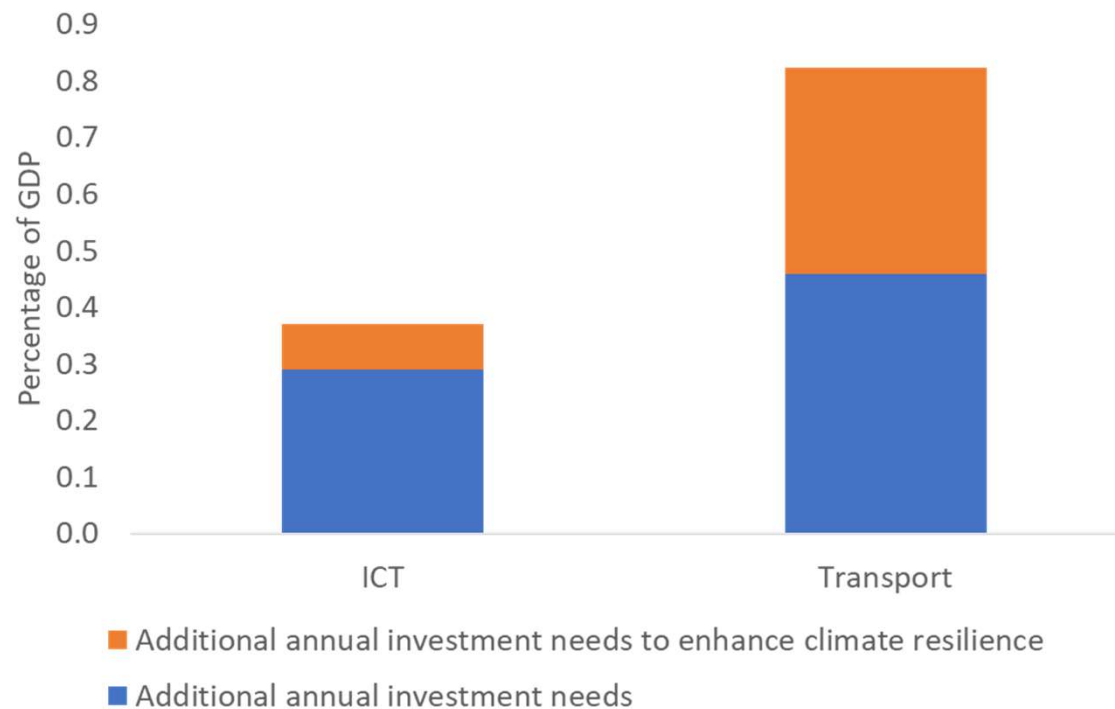
Source: ESCAP estimates, based on WHO SDG Health Price Tag.

## Public spending on social protection remains low... must be stepped up in the wake of COVID-19



# Stimulus measures could be linked to investment needs and priorities for achieving the SDGs

Annual additional investment requirements in ICT and transport infrastructure in Asia and the Pacific to achieve the 2030 Agenda

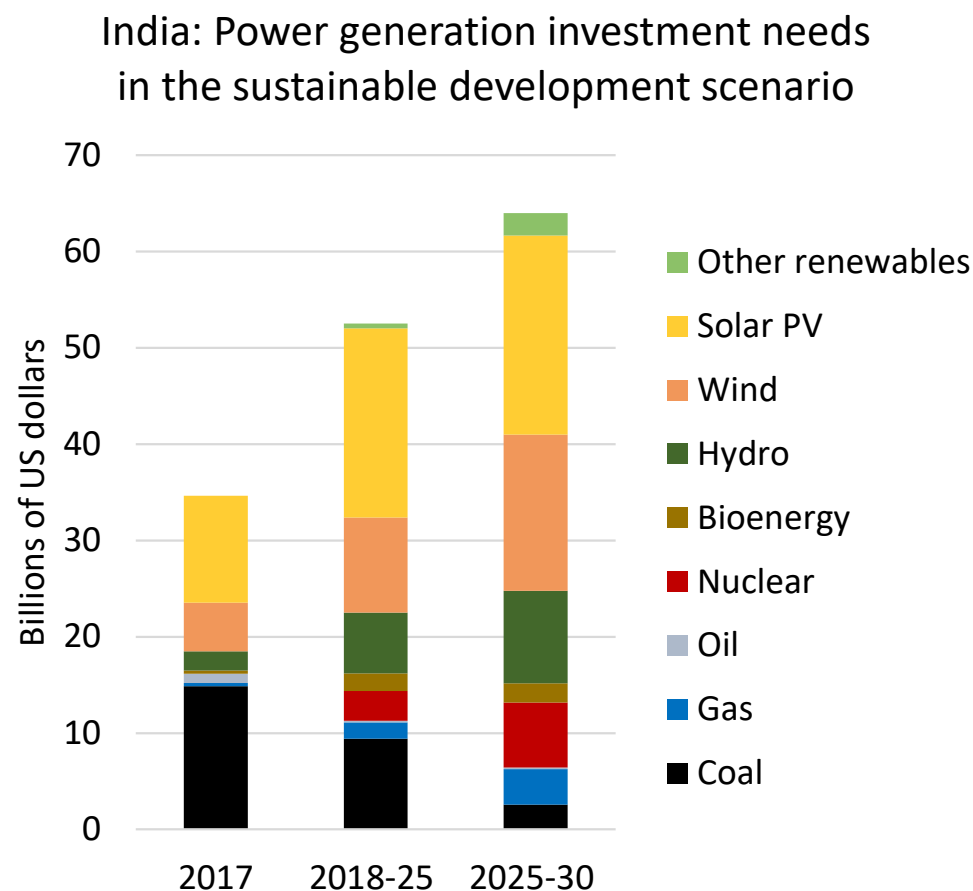


Source: ESCAP.



# Annual additional investment needs to achieve the SDGs: Preliminary estimates for India

		% of GDP
SDG1	Poverty gap transfer	0.56
	Child and maternity benefits	0.92
	Unemployment benefit	0.37
	Disability benefit	0.27
	Social pension	0.64
SDG2	Nutrition interventions	0.05
	Agricultural investment	0.56
SDG3	Health infrastructure	0.73
	Health workforce	0.67
	Health supplies	0.32
	Others aspects of health system	0.10
	Programme-specific investments	0.12
SDG4	Pre-primary and primary	0.60
	Lower secondary	0.55
	Upper secondary	1.14
SDG6	Water and sanitation	0.28
SDG7	Electricity and clean cooking	0.19
	Renewable energy	1.35
	Energy efficiency	1.03
SDG9	Roads and railways	2.03
	Mobile and fixed broadband	0.82
SDG13	(Climate change adaptation)	0.98
SDG14-15	Biodiversity	0.57
	<b>Total</b>	<b>13.88</b>

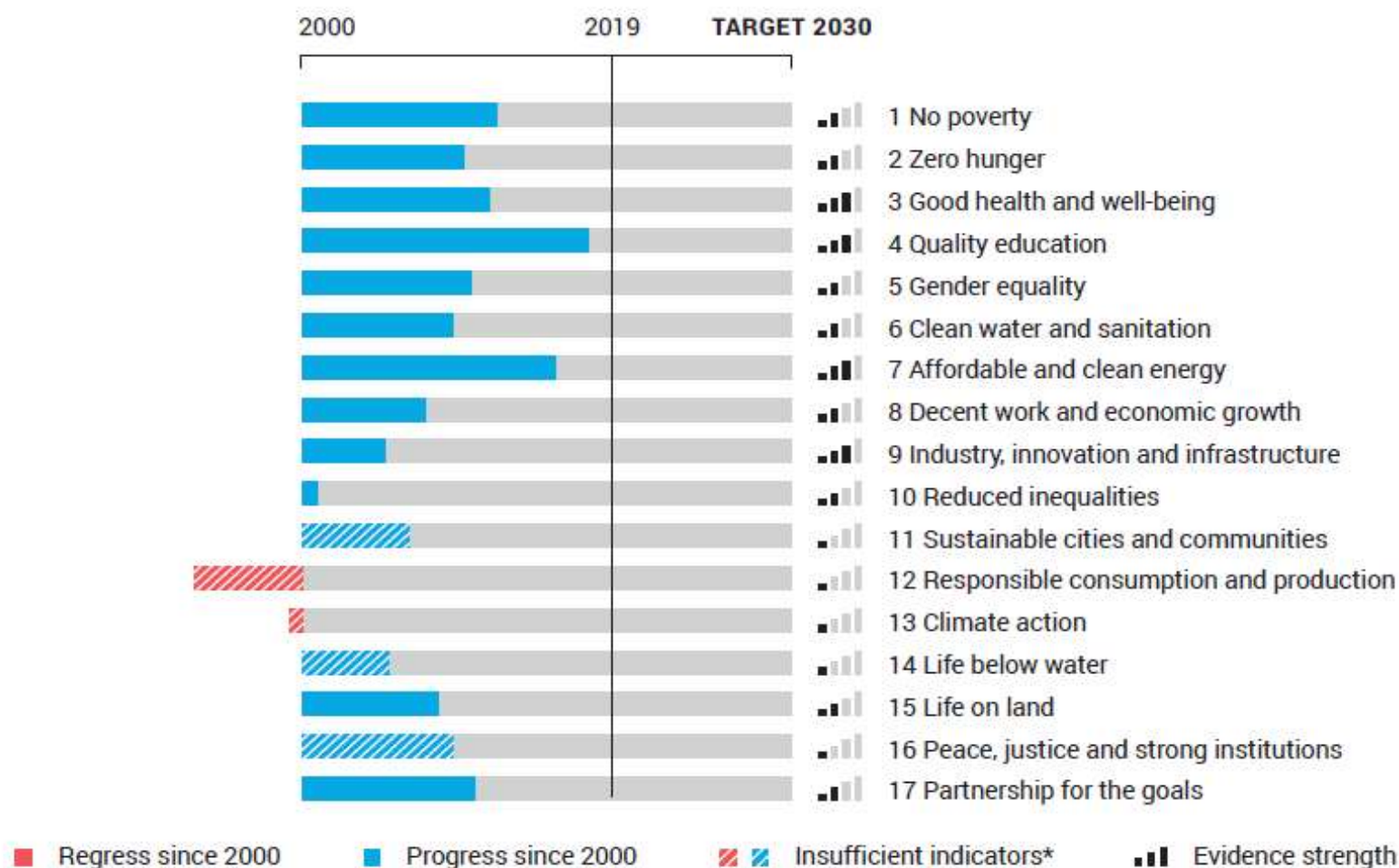


Source: Preliminary estimates based on ESCAP, *Economic and Social Survey of Asia and the Pacific 2019: Ambitions beyond growth*.



**Progress on the 2030 Agenda for Sustainable Development must continue and be accelerated**

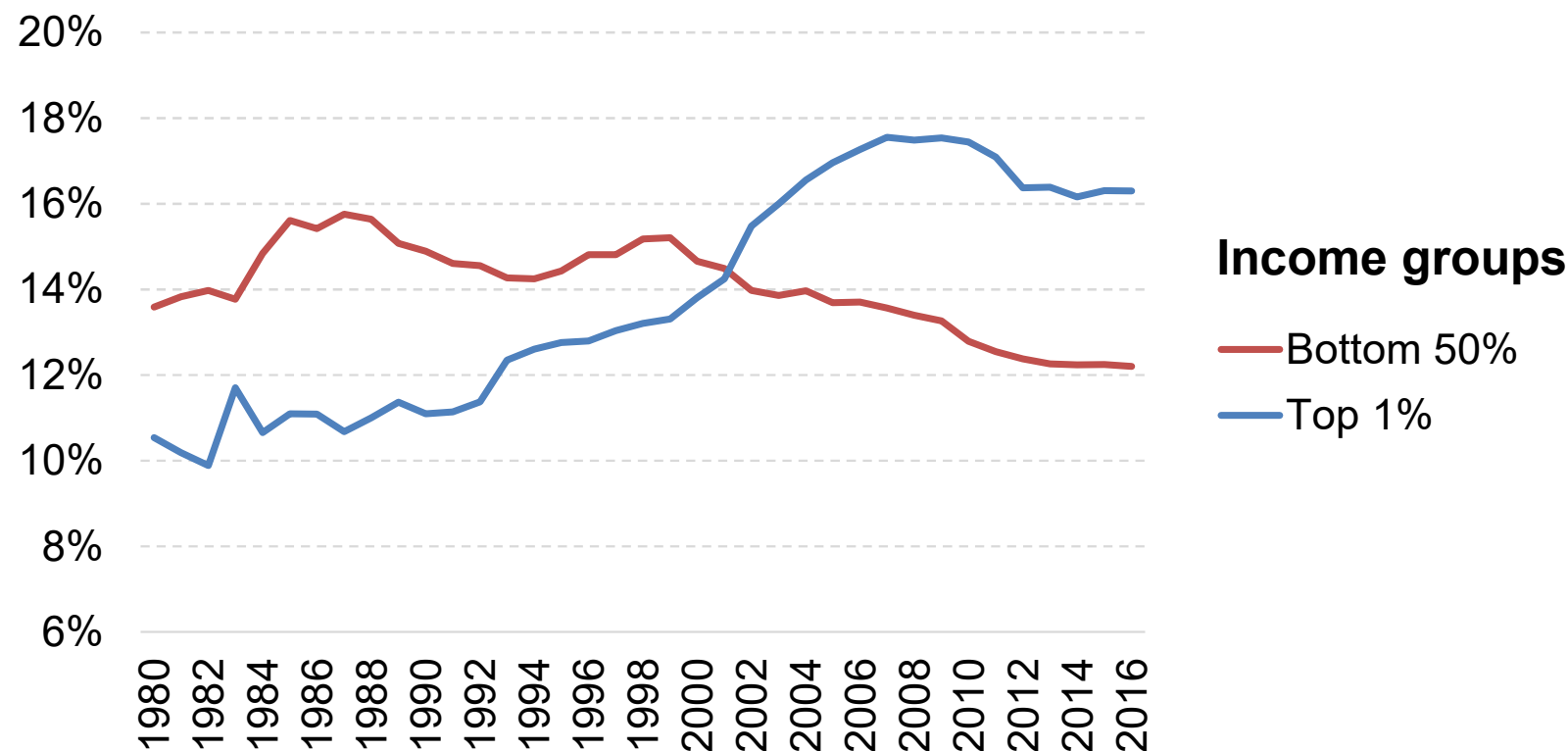
## Asia-Pacific region is not on track to achieve the SDGs by 2030, particularly on Goals 10, 12 and 13



Source: ESCAP (2020).  
Asia and the Pacific SDG  
Progress Report 2020.

## Some 1 billion people lifted out of extreme poverty since 2000, but income inequality has widened

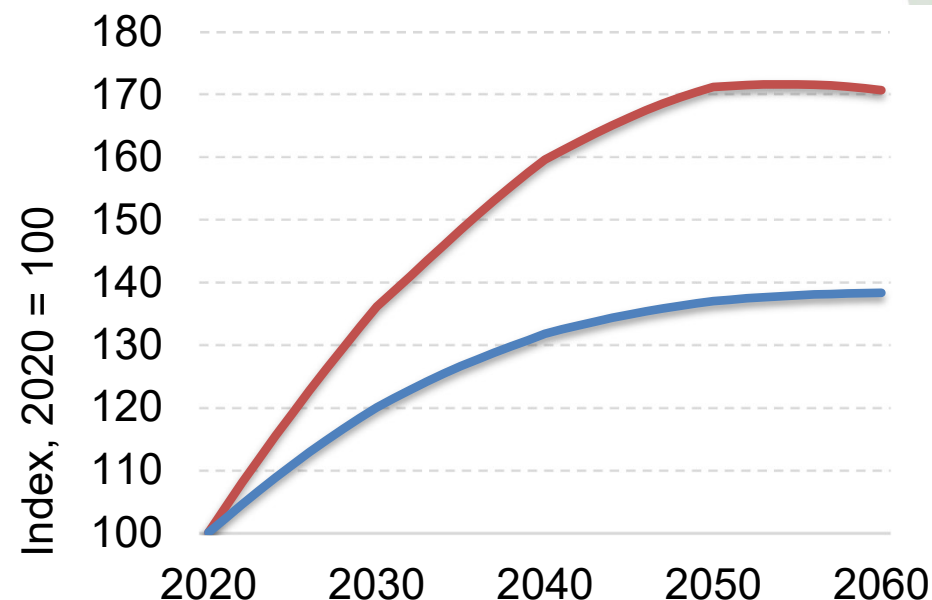
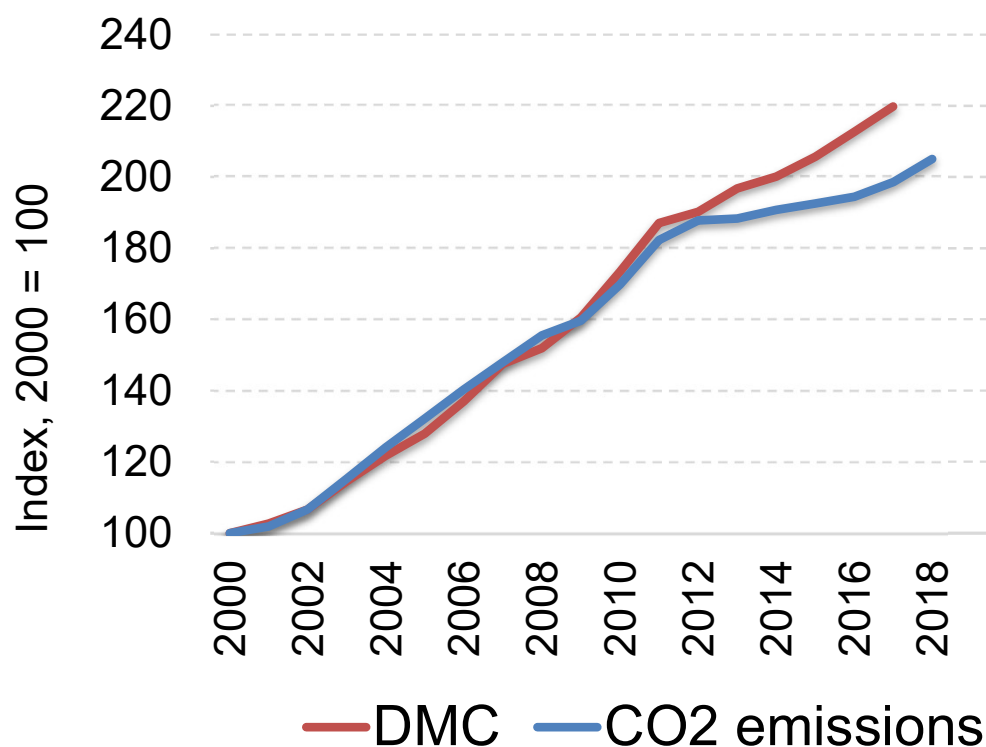
Share of income (pre-tax national income) by income groups in Asia



Source: WID (accessed 3 October 2019)

# Natural resource use and carbon emissions have more than doubled since 2000, and will continue to rise albeit at slower pace

Domestic material consumption and CO2 emissions in Asia-Pacific region



Source: ESCAP, based on methodology in UNEP International Resource Panel's *Global Resource Outlook 2019*.

Source: ESCAP data portal (accessed on 4 December 2019); ESCAP calculation based on World Bank, PovcalNet, available at <http://iresearch.worldbank.org/PovcalNet/home.aspx> (accessed on 13 February 2020); IMF, World Economic Outlook database, October 2019 (accessed on 4 December 2019); Global Carbon Atlas, available at [www.globalcarbonatlas.org/en/CO2-emissions](http://www.globalcarbonatlas.org/en/CO2-emissions) (accessed on 13 February 2020).



**Attaining human needs within planetary boundaries requires a revisit of prevailing consumption and production patterns**



**Consumption**

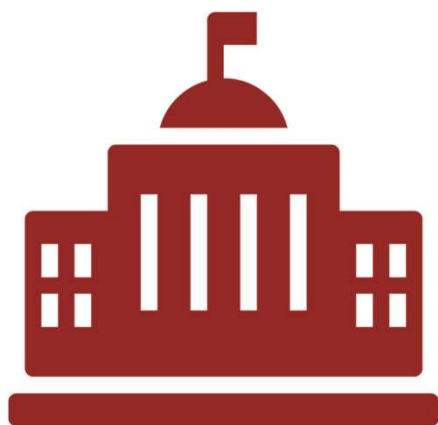


**Production**





# ***Survey 2020* calls for behavioural change by all stakeholders**



## **GOVERNMENTS**

- **Dependency on fossil fuels**
- **Underpricing of carbon**



## **BUSINESSES**

- **Failure to account for externalities**



## **CONSUMERS**

- **Ingrained consumption habits**
- **Lack of environmental awareness**

# Collective actions by all stakeholders!

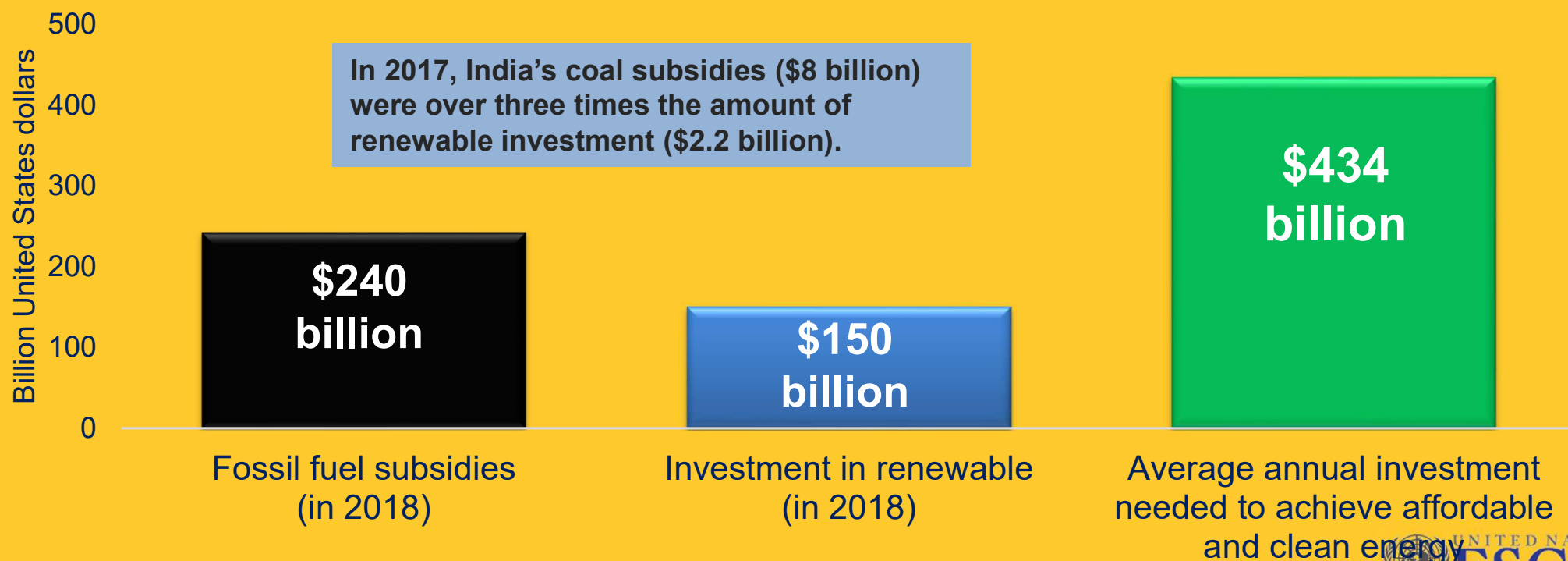


# Local action



**Governments** should embed sustainability in policymaking and decarbonize their economies

☐ Remove fossil-fuel subsidies



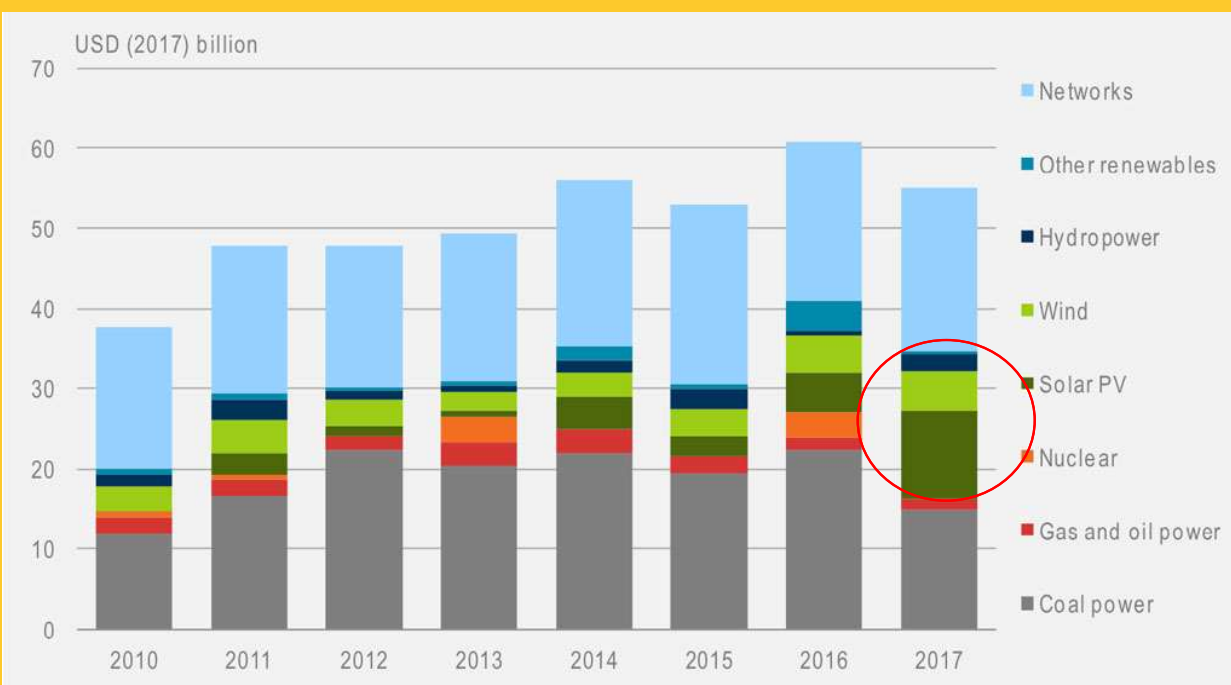
Source: ESCAP (2020 and 2019).

# Local action



**Governments** should embed sustainability in policymaking and decarbonize their economies

☐ **Remove fossil-fuel subsidies**



Nevertheless, India is notable for its rapid expansion of renewables in recent years.

Investment in renewable power (green and dark blue blocks) in India topped that for fossil fuel-based generation (grey and red blocks) for the first time in 2017.

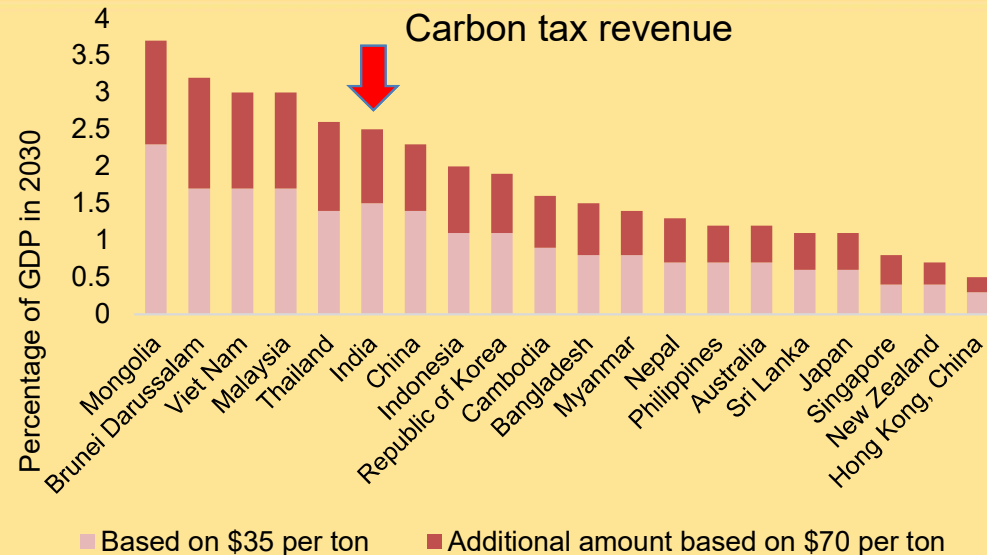
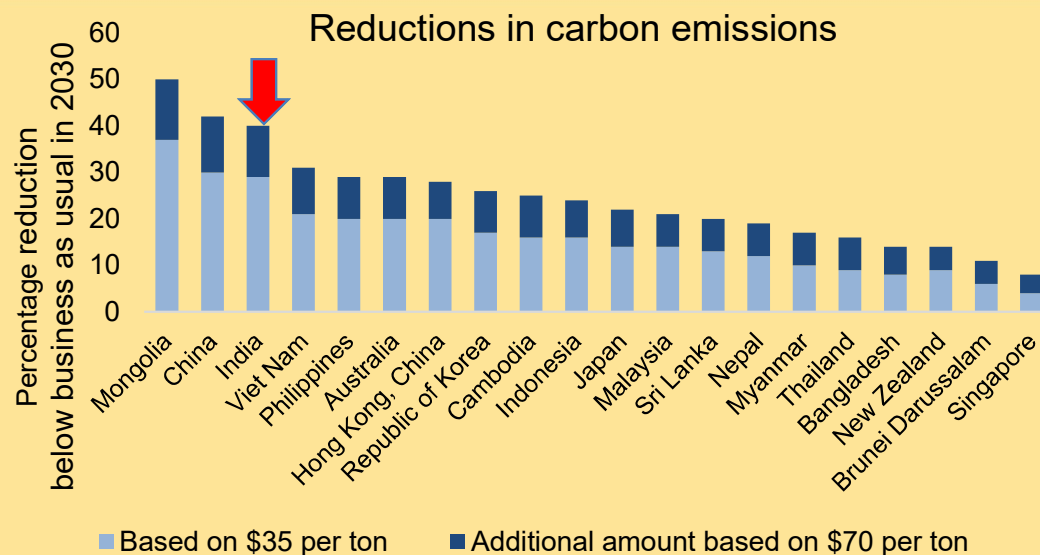
Power sector investment in India, by type, from 2010 to 2017. Source: IEA 2018.

# Local action



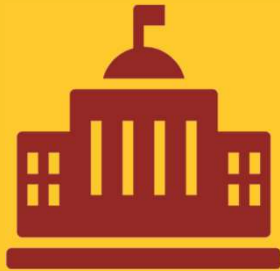
**Governments should embed sustainability in policymaking and decarbonize their economies**

- ❑ Remove fossil-fuel subsidies
- ❑ Adopt carbon pricing



Source: ESCAP, based on IMF (2019g)

## Local action



**Governments** should embed sustainability in policymaking and decarbonize their economies

- ☐ Remove fossil-fuel subsidies
- ☐ Adopt carbon pricing

### India

- 2010: Introduced a carbon tax of ₹50 (~\$ 1)/ metric ton
- 2014/15-16: Raised to ₹100/metric ton in the Union Budget 2014/2015 and ₹200/ metric ton in Union Budget 2015/2016
- 2016/17: Further increased to ₹400 (\$5.60) /metric ton in Union Budget 2016/17 (Current rate)
- End of 2019: Proposal to waive carbon tax



# Local action



**Governments** should embed sustainability in policymaking and decarbonize their economies

- ❑ Remove fossil-fuel subsidies
- ❑ Adopt carbon pricing
- ❑ Green the financial systems

India is not a member of NGFS.  
Only 12 Indian companies are TCFD signatories.

## Financial Incentives

- Specific lending terms for green projects
- Credit enhancements and government guarantees
- Tax breaks

## Regulatory Incentives

- Supporting sustainability reporting, disclosure and transition through TCFD and NGFS





## Steps to green India's financial system

- 2007 • The Reserve Bank of India (RBI) published a circular on banking and sustainable development to encourage the adoption of best practices and greater transparency.
- 2011 • The Ministry of Corporate Affairs (MCA) released the National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Businesses (NVGs).
- 2012 • The Securities and Exchange Board of India (SEBI) introduced the Business Responsibility Report and mandated its inclusion in the annual reports of the top 100 listed companies.
- 2014 • Implementation of the Companies Act, which mandates 2% of profits towards CSR.
- 2015 • Inclusion of renewable energy under Priority Sector Lending  
• Indian Bank's Association Guidelines on Responsible Banking  
• Issuance of green bonds
- 2017 • SEBI issued national guidelines for issuance and listing of green bonds in a bid to scale up the green bond market.
- 2018 • India issued green bonds of around \$7.15 billion.
- 2019 • By H1, \$10.3 billion green bonds issued but remains significantly behind China.

# Collective actions by all stakeholders!



# Businesses should internalize the externalities of their business operations



## People action

- ❑ Incorporate ESG considerations in making decisions



### Environment

- Water and pollution
- Resource depletion
- Greenhouse gas emission
- Deforestation
- Climate change



### Social

- Employee relations and diversity
- Working conditions, including child labour and slavery
- Local communities; seek explicitly to fund projects or institutions that will serve poor and underserved communities globally
- Health and safety
- Conflict



### Governance

- Tax strategy
- Executive remuneration
- Donations and political lobbying
- Corruption and bribery
- Board diversity and structure

## Businesses should internalize the externalities of their business operations



**People  
action**

- ❑ Incorporate ESG considerations in making decisions



Guidelines to integrate ESG into business functions  
Participation in PRI in Asia-Pacific is only

**15%**

There are only 4 signatories from India.

## Businesses should internalize the externalities of their business operations

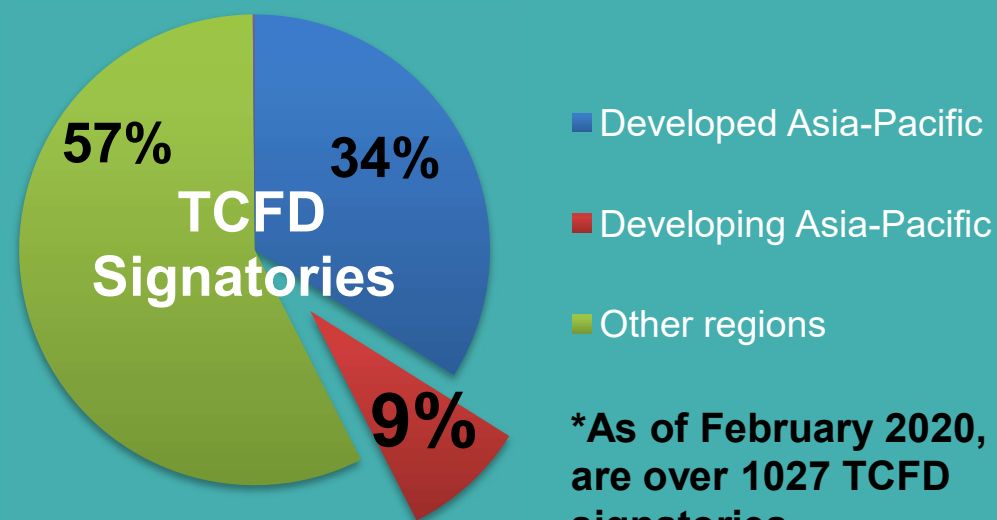


## People action

- ❑ Incorporate ESG considerations in making decisions and enhance climate risk-related disclosure

**TCFD** | TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Only 12 are from India.



**\*As of February 2020, there are over 1027 TCFD signatories.**



## Businesses should internalize the externalities of their business operations

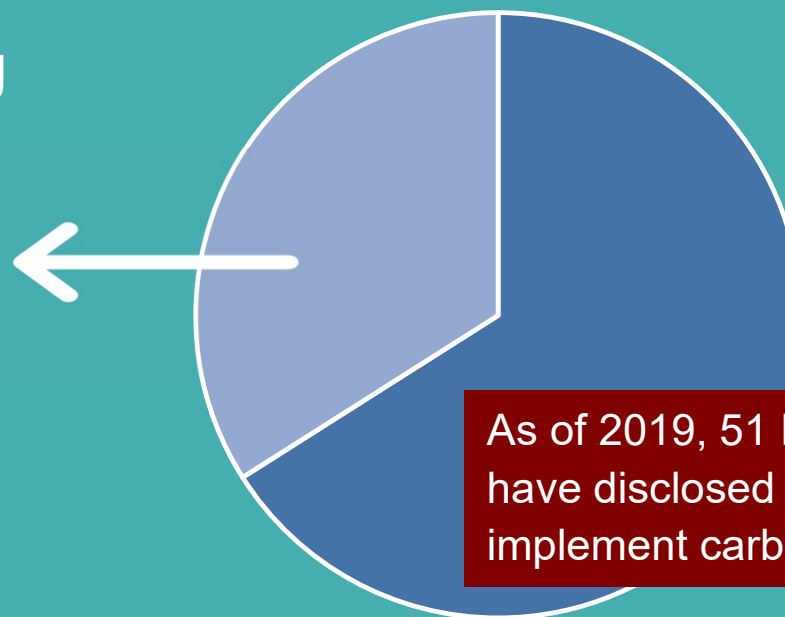


## People action

- ❑ Incorporate ESG considerations in making decisions and enhance climate risk-related disclosure
- ❑ Adopt internal carbon pricing

**About 35%**

of companies that have disclosed the use of or plan to implement carbon pricing are in Asia-Pacific



As of 2019, 51 Indian companies have disclosed the use of or plan to implement carbon pricing.

# Internal Carbon Pricing in India



Indian companies	Price/tonne of CO <sub>2</sub> (INR)	Price/tonne of CO <sub>2</sub> (US\$)
ACC	3313	47.33
Ambuja Cements	2103.6	30.74
Creative Group of Industries	private	private
Dalmia Bharat Ltd	private	private
Godrej Consumer Products	700	10
Godrej Industries	689.71	10
Hindustan Zinc*	1118.46	16.33
Infosys Limited*	976.125	14.25
Mahindra & Mahindra	664	10
Mahindra Sanyo Special Steel Pvt. Ltd*	752.02	10.98
Mindtree Ltd	private	private
Shree Cement	private	private
Tata Chemicals*	1370	20
Tata Consultancy Services*	1131	16.51
Tata Global Beverages*	315	4.60
Tata Motors	910	14
Tata Steel	975-2210	15-34
Tech Mahindra*	685	10
Ultratech Cement*	680	9.93
Wipro	7786	120

Calculated using the social cost of carbon methodology published by the Environment Protection Agency (EPA). Costs include human health costs, flood damages and changes in energy systems like heating etc.

Derived using the weighted average of the price of carbon under the energy efficiency, renewable energy, and emission offset levers.

Derived by dividing the total expenditure for green initiatives by emissions

## **Businesses should internalize the externalities of their business operations**



**People  
action**

- ❑ Incorporate ESG considerations in making decisions and enhance climate risk-related disclosure
- ❑ Adopt internal carbon pricing

**...to give the eco-conscious investors  
relevant information to make decisions**

... which requires collective actions by all stakeholders

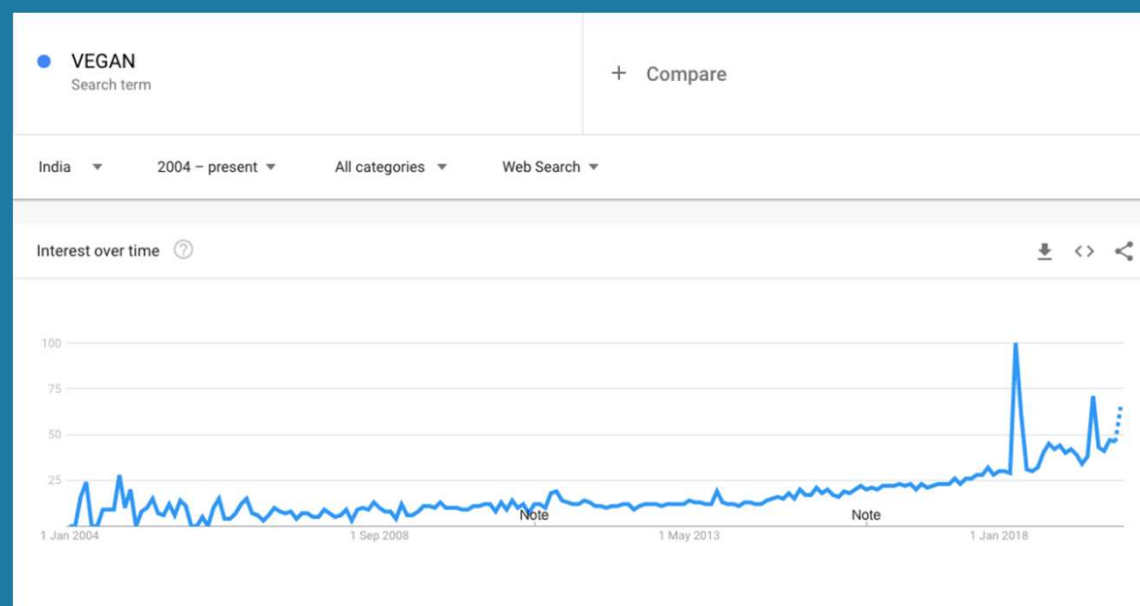


# Consumers need to move towards sustainable lifestyles



## People action

		
 <b>FOOD</b>	Plant-based diet and eating what you need	Animal-based diet and food waste
 <b>TRANSPORTATION</b>	Biking, ride-sharing and commuting on public transportation	Driving and excessive air travel
 <b>HOUSING</b>	Using energy-efficient appliances and reducing energy usage	Using energy-intensive appliances and consuming excessive energy
 <b>CLOTHING</b>	Reusing clothes and buying only what you need	Buying single-use clothes and discarding clothes that are in good condition



Source: Lifegate based on Google trends (2019)

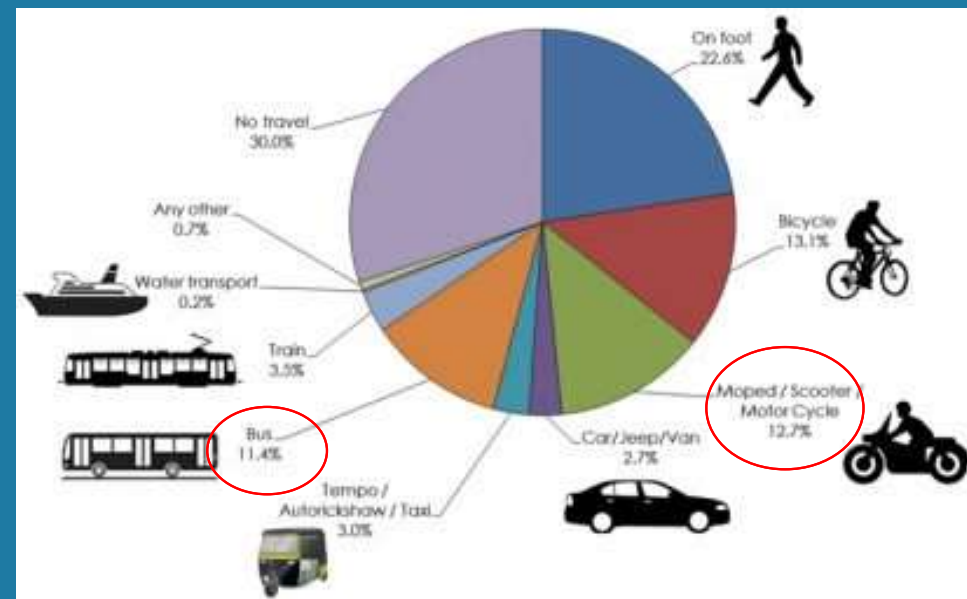
✓ Growing interest in 'veganism' since 2017

# Consumers need to move towards sustainable lifestyles



## People action

	✓	✗
 <b>FOOD</b>	Plant-based diet and eating what you need	Animal-based diet and food waste
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Source: UITP India (2011)

✓ **Buses are the most preferred modes of transport in both rural and urban India.**





✗ **Inadequate public transport infrastructure**  
 ✗ **High dependence on private transport such as motorcycles**  
 ✗ **Share of public transport is just 18% of work trips.**



# Consumers need to move towards sustainable lifestyles



# People action

		
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To help consumers make energy-efficient purchasing decisions, the Bureau of Energy Efficiency launched a mobile application that allows consumers to compare the energy efficiency of appliances.

**Use Mobile App for Purchase of BEE Star Labelled Appliances**

**Key Features**

- See cost savings due to star labelled appliance.
- Customize settings.
- Provides comparison among products.
- Provision for feedback.

**How to Download:**  
Search for key words like "bee star label" on Apple or Android smart phones

Available on the  

**BIJLI BACHAO DESH BANAO**

**BEE Star Label**

- Air Conditioners
- Refrigerator
- Lighting
- TV
- Geysers
- Ceiling Fans
- Pumps

**Air Conditioners**

Model	Cost Saving(5yrs)
AISSVARYAM AMBAC134a515	₹14835
AISSVARYAM AMBAC133a510	₹9280
AUX ASW245-LH	₹16945
AUX ASW185-LH	₹14865
AUX ASW185-NR	₹14865



## GRIHA FOOTPRINT



**1733**

Registered projects

**565**

Million sq.ft. of green footprint

### CURRENT IMPACT OF 422 GRIHA CERTIFIED PROJECTS

**86**

MWp renewable energy installed

**1958**

KT reduction in CO<sub>2</sub> emissions

**25,65,901**

tCO<sub>2</sub>/annum emissions offset

**90,64,550**

MWh/annum CO<sub>2</sub> emissions offset

### POTENTIAL IMPACT OF GRIHA REGISTERED PROJECTS

**2,525**

MWp renewable energy installed

**8,48,71,412**

MWh/annum energy savings

**2,81,60,249**

tCO<sub>2</sub>/annum emissions offset



## People action

Mainstreaming green homes with the Energy and Resources Institute (TERI)'s **GRIHA** (Green Rating for Integrated Habitat Assessment).



GRIHA seeks to minimize resource consumption, waste generation and overall ecological/environmental effects of buildings.

Apart from rating large scale development, TERI also rates small houses with SVAGRIHA (Small Versatile Apartment GRIHA).

# Consumers need to move towards sustainable lifestyles



## People action

Example of GRIHA-certified building : Royal Orange County, Pune



Rainwater harvesting system



Organic Waste Composter



Solar rooftop



Sewage Treatment Plant

# Consumers need to move towards sustainable lifestyles

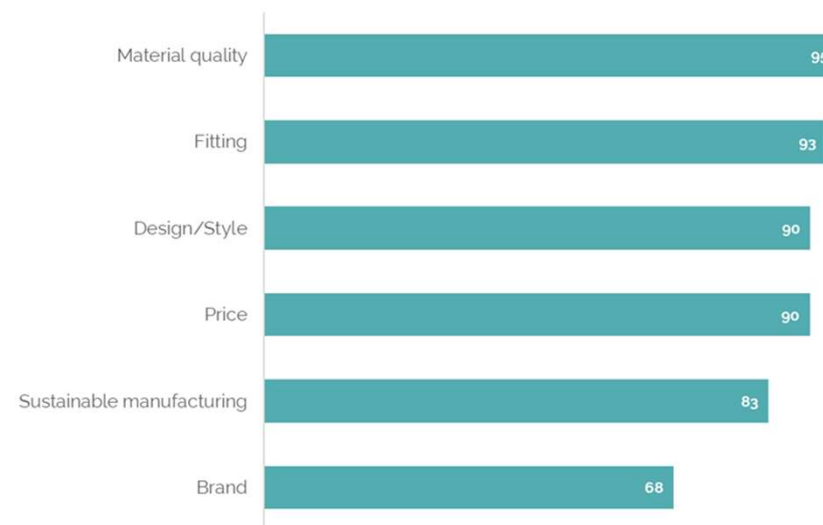


## People action

 <b>FOOD</b>	Plant-based diet and eating what you need	Animal-based diet and food waste
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✓ **Sustainability is an important consideration for a vast majority of Indians when buying fashion products.**

**Sustainability is a high consideration factor but other factors are more important**  
 How important are each of the below attributes to you when buying fashion products? % who said this



YouGov | yougov.com

Source: YouGov (2019)



**Governments and businesses can help consumers move towards sustainable lifestyles through:**



**People  
action**

☐ **Nudging**



Encouraging households to reduce electricity use via nudges

Type of Nudge	Action by Vidyut Rakshaka (VR)
Social Influence	Provides comparison of household's electricity use against neighborhoods'
Real-time feedback	Provides feedback of household's electricity consumption against saving goals
Increasing salience	Provides recommendations for curtailment (switching off appliances when not in use), maintenance (regular checks of appliances) and efficiency (e.g. replacing incandescent bulbs with LEDs)

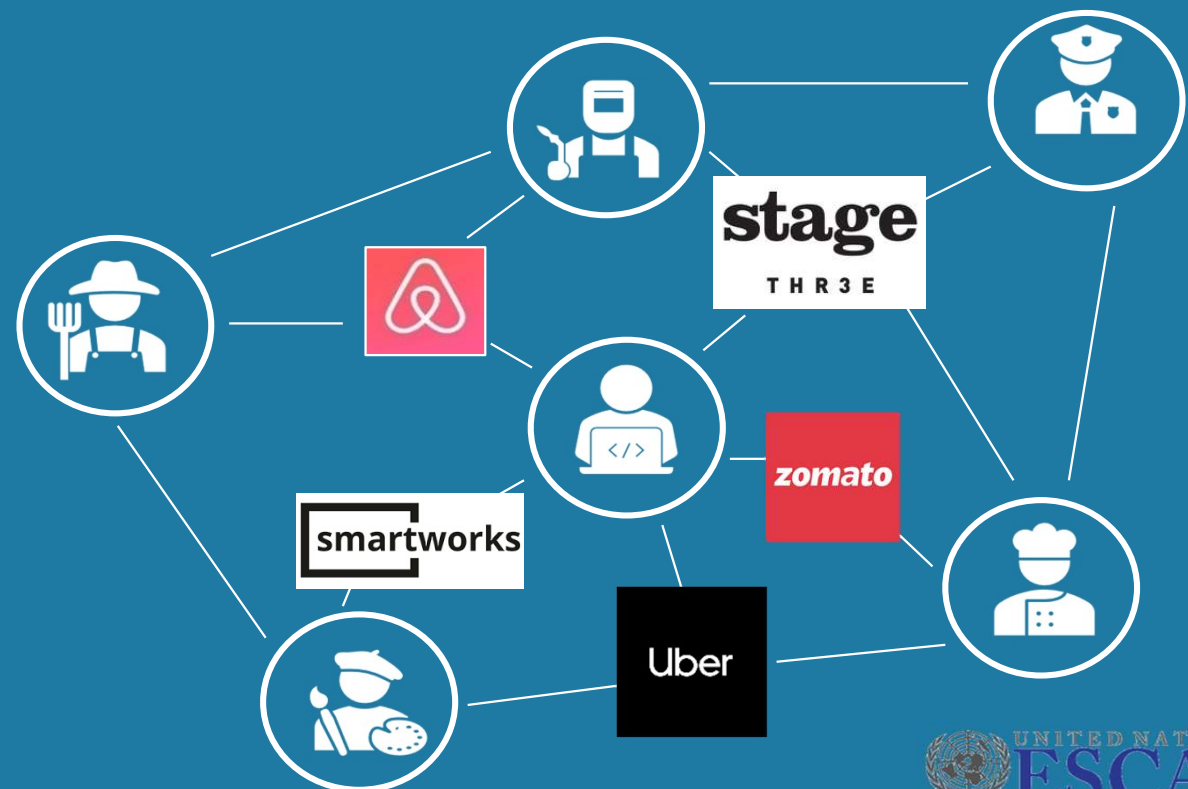
Average energy savings of 17% for 48% of the participants

# Governments and businesses can help consumers move towards sustainable lifestyles through:

- ❑ Nudging
- ❑ Incentivizing the sharing of idle and underutilized resources



## People action



... which requires collective actions by all stakeholders



**Global  
action**



**Cross-border cooperation in the region is crucial to prevent inaction and raise ambitions**



- ❑ **Establish cooperation on regional climate-related policies**
  - Harmonize climate-related standards among countries
  - Cooperate on climate-risk management



# Global action



## Cross-border cooperation in the region is crucial to prevent inaction and raise ambitions



- ❑ Establish cooperation on regional climate-related policies
- ❑ Move towards decarbonization
  - Develop regional carbon markets
  - Scale up transboundary power trade

# Global action



## Cross-border cooperation in the region is crucial to prevent inaction and raise ambitions



- ❑ Establish cooperation on regional climate-related policies
- ❑ Move towards decarbonization
- ❑ Implement 10-Year Framework of Programmes on SCP

- India is a supporter of the 10YFP on SCP
- Indian organizations are particularly active in Sustainable Building and Construction, Sustainable Tourism, and Sustainable Lifestyle and Education programmes of the 10YFP

# India (Recommendations)



## **Local - Government**

- Remove fossil fuel subsidies
- Reconsider proposal to waive carbon tax
- Direct investment towards renewables
- Greening financial system: align green finance standards with TCFD and NGFS guidelines
- Provide incentives to scale up green bond market

## **People – Businesses**

- Align Business Responsibility Report with TCFD guidelines
- Encourage more businesses to adopt internal carbon pricing and participate in UNPRI

# India (Recommendations)



## People – Consumers

- Prioritize public infrastructure development to encourage the use of public transport
- Adopt the use of behavioral nudges to encourage sustainable behaviors
- Extend BEE standards and labeling program to more electric appliances and non-electric appliances such as stoves
- Provide housing tax reliefs/subsidies for the purchase of green homes

## Global – Cross-border action

- Act on its commitments to the 10-Year Framework of Programmes on SCP
- Increase peer learning among South Asian Association for Regional Cooperation (SAARC) countries on SCP

# Takeaway messages

- **COVID-19 pandemic can become a catalyst to move towards a development approach which prioritizes people and the planet**
- **All stakeholders must act collectively:**
  - **Governments should prioritize sustainability and decarbonize their economies (local action);**
  - **Businesses should internalize the externalities of their business conducts and consumers should be more mindful of their lifestyles (people action); and**
  - **Countries should enhance global and regional cooperation towards more ambitious solutions (global action).**

# Economic and Social Survey of Asia and the Pacific 2020

**Towards sustainable economies**

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