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# Livelihood, Sustainability and the Poor in India - Challenges in Creating Income Earning Opportunities for a Sustainable Future

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## *Abstract*

*According to World Bank Development Indicator Report of 2004, about 300 million people in India live below poverty line. This section of Indian population is socially, economically and politically disadvantaged. In order to empower them, Governmental and Non-governmental voluntary agencies, business houses and philanthropic individuals have been focusing on employment generation and creating means of livelihood for them. Attempts have been made to generate income and employment for them in sectors such as Micro, Small and Medium Enterprises (MSME), urban informal sector, and non-profit institutes. But one needs to observe whether or not in the process of employment generation in issues such as viability of such tiny entrepreneurial models, social compliance, environmental concern and long term sustainability of economic activities get compromised and lost. Absence of any appropriate and regulatory mechanisms for said sectors may have been further aggravating those issues .*

*The paper will impinge upon the critical need for addressing the long term sustainability of business activities being promoted under the camouflage of social mission of development organisations. The paper argues against those businesses that operate on the common pretext of being engaged in social sector, addressing needs of the poor and dispossessed, working on vulnerability and social exclusion but not able to pay much attention to environmental and sustainability issues. This paper suggests that since nonprofit organizations are far from being economical and environmentally viable, it is necessary to look into aspects of the sustainability and environmental perspective of business activities of these NGOs.*

*Now the challenge is to combine issues of livelihood and employment with the objective of sustainability and environmental protection. The paper provides some cases of NGO's which are working meaning fully for the environment and sustainability.*

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## Introduction

### Challenges in Creating Income Earning Opportunities for a Sustainable Future

Over decades, India has confronted wide spectrum of social and developmental problems. Even after sixty-five years of independence, India has the world's largest number of the poor people in a single country. According to 2010 data from the United Nations Development Programme, an estimated 37.2 percent of Indians live below the poverty line. The World Bank Development Indicator report (2004) estimated that in India about 300 million people live below the poverty line though poverty level decreased from thirty six percent in 1994 to twenty seven percent in 2005.

Economic empowerment calls for thorough understanding of poverty and its various aspects other than just focusing on low income, vulnerability and social exclusion. It is necessary to recognize and address various factors that constrain the ability of the poor and hence build their capabilities to make a living in an economically, ecologically, and socially sustainable manner. In early 1990s, major economic reforms were undertaken in India with the objective to boost employment. However, though economic reforms were successful in raising productivity, the growth in job opportunities was not as high as was expected. Various Government schemes have been undertaken in India to tackle the problem of unemployment and livelihood issues. MGNREGA (Mahatma Gandhi National Rural Employment Guarantee Act) in 2005 was such an effort from the Government. Micro enterprise development, which could generate income and enable the poor people to improve their living conditions, has recently become a focus across the country. Currently, the central government has initiated National Rural Livelihood Mission at every rural district of the country. There is a need to consolidate ongoing interventions and also to devise more initiatives for attaining sustained livelihood for the poor.

### Nonprofits, Environmental Concern and Sustainability

Nonprofits are primarily concerned with the provision of services targeting those who have been left out of the mainstream. Such organisations also aim at

reducing inequalities. Nonprofits refer to non-government, private as well as voluntary initiatives and they are often known as non-government organization (NGO) or voluntary agency in India. Their major goal is developmental and they are engaged in providing services basically directed toward promoting the growth of certain groups of people assumed to have suffered discrimination due to social, economic and political systems in the society and in the country. The main concern here is to develop and provide services which will help these groups in overcoming their handicaps and releasing their energy for self growth and development. Their main concern is to make their services relevant to needs, problems and aspirations of the target population. As a result, environmental concerns and the sustainability perspective and intervention among nonprofits take a back seat. Business houses and nonprofits in India are working toward economic activities such as facilitating employment of the poor in handicrafts, ancillary, small or micro industry. The informal sector provides livelihood to many. An important point to be understood here is how these livelihood options are environmentally viable and sustainable. According to the United Nations World Commission on Environment and Development in 1987, development is sustainable if it "meets the needs of the present without compromising the ability of future generations to meet their own needs".

Social development deals with meeting the subsistence or basic needs of human being including realization of human rights, access to education and health services, ensuring food and nutrition, and provision for housing. The thrust of economic development is to provide the opportunity for earning livelihood and ability of individuals to secure an income to support themselves and their families. Nonprofits are primarily working in the domain of social development and in a limited way in economic empowerment across all the verticals covering agriculture, education, health care, skill development, handicrafts and livelihood. However, in course of addressing the current needs of the poor and vulnerable, the prospect of long term sustainable model of growth and development is missed out. The efforts of nonprofits quench the immediate thirst and hunger while doing lip service for sustaining the services for a longer period in an environment friendly way. The nonprofits and small industries work under

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tremendous pressure and limited resources. The constraints are linked to needs and demands of the target populations and the clientele, labour intensive versus capital intensive technology, environment friendly processes and products, up scaling business operations, inability to attract and retain skilled human resources, market competition and investor apathy.

Nonprofits' work in economic domain is further limited by funding constraints. Besides, the small business units are unable to ensure high efficiency in business operations. While the focus of non profit business units is to generate earning to meet the immediate need of individuals and the community, the small and tiny industrial units strive to make quick money. In this passionate engagement, they are not bothered about hazardous impact, if any, on the society and environment by their business activities. They are not inclined toward monitoring or assessment of possible environmental degradation caused by their business processes. At times, they cannot even afford high cost connected to environment friendly production processes. While these economic activities do not take into account the environmental implications of their activities, they do take minimum steps to manage the symptoms of environmental degradation so as to be able to continue operations. Unfortunately such steps are often not meant for addressing the root cause of the environmental problems, nor sustainability. The work of small business units engaged in tanning of leather, and chemical dyeing of clothes and leather products are such examples.

### **Business and Nonprofits : Defining Scope, Operation and Financing**

The profit business pays taxes on profit whereas a nonprofits entity has a mission that benefits the "greater good" of the community, society, or the world. It does not pay taxes, but it also cannot use its funds for anything other than the mission for which it was formed. Nonprofits can and do make a profit, but it must be used solely for the operation of the organization. On dissolving, a for-profit organization can liquidate its assets and distribute proceeds to owners or shareholders; while a nonprofit going out of business must give its remaining assets to another nonprofit with similar objectives after clearing its existing liabilities. Nonprofit organizations receive special tax exemptions and other benefits because

of the fact that they exist to serve the public good rather than to make a profit. If an organization is registered a nonprofit, it is also eligible for certain government schemes for receiving government grants. However, this doesn't mean nonprofits can't earn money. Within the provision of the current legal provisions, the nonprofits are allowed to collect membership fees, receive subscription charges, charge for their services, and to use their earnings to cover their administrative costs including office or manufacturing space, supplies and staff. Nonprofits can expand its area of operation across the country (except Jammu and Kashmir) and also increase its verticals to grow within the provisions of its Memorandum of Association or Trust Deed.

Many people believe that nonprofits do not or should not make any money. However, organisations that do not earn money and don't receive charitable donations usually don't stay in business very long, irrespective of being for-profit or nonprofit. As an officer of a nonprofit one is entitled to compensation for its employment or services. In other words, you can indeed earn money through wages for self. More and more nonprofits are launching earned-income ventures in order to reduce their dependence on fund-raising. A nonprofit uses its profit to improve its services rather than pay dividends to investors or its members. Nonprofits are making significant contribution in local communities through their entry in business and livelihood sector.

### **Business and Entrepreneurial Nonprofits**

Entrepreneurial nonprofits are essentially into finding newer solutions, exploiting opportunities and steps ahead. These nonprofits adheres to operations in furtherance of their tax-exempt status and in compliance with applicable laws, rules and regulations, governing its functioning, including actions by any of its trustees, board members, staff or volunteers. Organisational culture of a traditional non-profits is vastly different from the culture of entrepreneurial nonprofits. A nonprofit to become entrepreneurial, must generate earned revenue from its activities. To become entrepreneurial, it is necessary to have a higher tolerance of risk, a greater appreciation of margins, and an eagerness to compete for resources or market. A nonprofit may continue to enjoy good financial health with steady

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flow of donations or grants. However, only earned income will never allow a non-profit to become sustainable or self-sufficient. The traditional nonprofits stay away from the capital markets, opt for collaboration over competition and underestimate the productive capabilities of their disadvantaged employees. The available or expected funding may lead to conceiving, designing, developing or implementing a new or expanded program of activities. However, it is extremely challenging to sustain the same without earned revenue and depending on only on charitable contributions and public sector subsidies.

The operating space for the nonprofits have changed dramatically in the last two decades or so. Over the years, the operating costs has soared, the funding available from traditional sources has flattened, the number of nonprofits competing for public donations and Government grants or corporate contributions has more than tripled, and the number of vulnerable and needy people has escalated due to fast changing macro and micro socio-economic conditions. In the unpredictable as well as changing context, nonprofit managers and board members have started looking for income from sources in additions to the charitable funds. They are increasingly looking internally for earning income so as to ensure financial stability and thereby their survival. This led to search for alternate income earning opportunities for the nonprofits and naturally resulted into entrepreneurial orientation and building economic enterprises.

The idea of nonprofits acting in an entrepreneurial manner was anathema to most stakeholders in the sector. The thought of merging social mission with making money filled most with distaste. Entrepreneurial nonprofits have greater interests of being innovative, leading and entrepreneurial in their business-models. And these entrepreneurial nonprofits are different from business as they are not purely money oriented or money making. However, they are called upon to ensure higher standards for delivering results that can meet both immediate needs and also be sustainable in the long term. Both are challenging propositions to attain even under the best of circumstances. Nonprofits need to adopt to these realities while they indulge into business activities. Both businesses and nonprofits are reinventing themselves through social innovation to work together. Emerging entrepreneurial orientation in nonprofits and

social innovation on the part of the businesses are breaking down barriers between the for-profit and nonprofit sectors, and many different approaches and ideas are emerging.

### **Socially Responsible Investment**

The discussion about sustainability is now-a-days present in all aspects of life and business. Making money at the cost of environment cannot be entertained any more. Socially responsible investment is a concept of environmental friendly investments and provides an outlook on future. Its main idea is to improve long-term returns and establish sustainable business practices.

There is a strong and continuous growth in the market of environment friendly investments. For this reason, the financial sector now copes with the topic more intensively.

The main challenge that the environment friendly investment market is facing, is the need for more transparency in the assessment criteria and their weightage in the application of funds. Financial consultants regard this issue as relevant for their job, but lack information to promote these investments. On the same line, the concept of ethical investment (EI) has become very popular due to a general reorientation to ethical values and particularly because of the questionable ethical behaviour of many financial players in the current world economic crisis.

### **Business Sustainability**

Sustainability has become a fashionable word in a recent years and can be used in financial planning, consumption, agriculture, donations, development aid, production and processing, human resources management and public relation engagement, etc. Sustainable solution is different from environmental friendly ones. An environmentally friendly process or investment might be something only slightly less damaging in comparison to the benchmark, e.g. the reduction of CO<sub>2</sub> emissions or stopping the wasting of valuable limited natural resources like water. Whereas the sustainable is a concept that allows growth in the long-run due to sensitive and responsible resource management and at the same time stands for a certain standard of life for all human

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beings due to innovations in organization, processing, transportation and technology . By adopting sustainable practices, companies can gain competitive edge, increase their market share, and boost shareholders value. Business sustainability is often defined as managing the triple bottom line – a process by which firms manage their financial, social and environmental risks, obligations and opportunities. These three impacts are sometimes referred to as profits, people and planet. Companies of all sizes show considerations for factors such as resource efficiency, business-model efficiency, the potential for innovation, brand strength and corporate culture as part of their strategic decision-making. For example, if a manufacturer is considering a new factory, it should open its scope to look at more than just only financial investment involved. Those considerations might include the long-term outlook for water supplies in the region or local development plans that might affect energy prices over time.

The Corporate World has off late been showing its sensitivity towards environmental impact of their actions at least for the sake of publicly, often due to media pressure and social activism.

NGOs have been playing an increasingly prominent role in highlighting and addressing complex environmental issues such as climate change, air and water pollution, land degradation and the conservation of biodiversity. The landscape in which these NGOs operate is changing rapidly due to factors linked to global agenda, legal activism and stakeholder awareness. Select NGOs have carved out space for itself in building expertise in a range of areas in the social and environmental domain. The animosity that often surfaces in the public domain between NGOs and the business community has steadily thawed and given birth to NGO-business partnerships. NGOs are seeking to change business behaviour through market mechanisms and direct engagement with industry, rather than the traditional government regulatory intervention.

Till now, there is no bench marking criteria or Environmental NGOs like Greenpeace, Rainforest Action Network and the World Wildlife Fund resort to different perspectives and strategies toward the corporate engagement. These strategies are often poorly understood by business, academics, and NGOs

themselves. Also, there is lack of direction in NGOs in choosing battles to fight, companies to target and other NGOs to partner with in this fight, while keeping space to manoeuvre their ability to attract membership, secure funding, form alliances and work separately as and when considered appropriate.

### **Towards Green Business : Analysis on Select Nonprofits and Business Initiatives**

A new breed of sustainable entrepreneurs can be the agents of change with models of environment protection. The growth of sustainable enterprises requires an infusion of finance, technology and innovation. While analysing and researching on the variants of approaches for the purpose of presentation in this section, the environmental efforts of nonprofits and businesses have been segmented into five categories namely (a) environmental awareness and activism by nonprofits (b) environmental promotion projects by nonprofits (c) eco-friendly production units (d) nonprofits helping businesses to go green and (e) eco-friendly for-profit organisations.

The first the category is promoting environmental awareness and campaigning for various concerns and issues. Green peace of Bangalore is one such organisation. It is an international non-profit organisation, having its wing in India. It mainly promotes peace, saving the environment from pollution, eliminating toxic wastes, saving the seas and promoting sustainable agriculture. This organisation is a global campaigning body working toward changing attitudes and behaviour to protect and conserve the environment. Another forum of Green Peace is Going Green. Going green does campaigning against carbon emissions and promotes awareness about greener aspects. For example, some of its activists gathered outside Bharti Airtel urging the telecom operator to take steps for reducing its carbon emissions and shift to renewable sources of energy to power its network operations.

Second Category of organizations indulges into ecological development through environmental promotion and protection projects along with campaigning for environmental awareness building. Centre for Science and Environment, New Delhi is one such renowned environmental NGO specializing in sustainable natural resource management along

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with 'knowledge-based activism' to cope with India's environmental threats - ecological poverty, land degradation, toxic degradation, etc. It does research, investigate and carry out educational work in the field of pollution, forest, wildlife, land and water use. The activities are carried out through lectures, field trips, publications, meetings and workshops exhibitions on various issues. Another such body is Indian Environmental Society (IES), Delhi, a non-profit development organization, promoting Environmental Improvement Initiatives in India. IES is active in Environmental Education, Biodiversity Conservation, Information Dissemination, Solid Waste Management, Eco-Technology & Heritage Conservation. Environmental education has been the centre piece of all programs of the Society. It conducts various seminars and conferences on related issues and also promotes awareness through competition (charts or model presentation) or fair on environmental issues in schools and colleges.

Centre for Environmental Education (CEE), Ahmedabad has primarily been set up to spread awareness of environmental issues and to find solutions for them. They mainly aim to create environmental awareness among communities. They conduct widespread environmental education and training programmes through very vast network. They do lot of projects related to conservation of biodiversity and eco-development. The Green Life Social Welfare Association, Nagpur is also one such body with an objective to promote tree plantation and protection of the environment. It creates awareness in the society for good health, education and peace. It organises monthly meeting for environmentally minded community members to discuss and debate. It also does water conservation and water harvesting campaigns and energy conservation and wildlife protection campaigns including campaigns to reduce air, water and noise pollution.

Pani Panchayats (initially named Water Users Associations), Orissa is promoting participatory irrigation management for improving irrigation along with sustainability of the system. Stree Mukti Sanghatana, Mumbai aims to address the issue of waste management through one of its projects called Parisar Vikas in which women are self employed for collecting waste and organic manure making. Similarly, Green Bandhu Eco Solutions, Delhi are engaged in

waste and water management practices in schools, households and communities in user friendly and cost effective manner.

Narmada Bachao Andolan, Gujrat set up to protest against the construction of large dams which destroy livelihood of many and everything they had was put at stake. NGO aims to advocate and educate these people to stand and raise their voices against the harsh step by government and help these people get a substantial share of the government's developmental scheme. Another such struggle to name here is Chipko Movement which is striving for protecting environment. Villagers were organised and raised their voice. This was a step for developing awareness toward rapid deforestation in the Himalayas of Uttarakhand and Uttarpradesh.

The third category is the non profits engaged in eco-friendly production. Sampoorna Bamboo Kendra, Amarvati is involved in livelihood activity for tribal youth. It imparts training in crafting utility items from bamboo waste such as Clothes and towel hangers, paper weights, stools, small sized temples, flower vase, TV and telephone stands etc. This NGO helps in putting up bamboo houses in times of exigencies. It utilizes enormous quantity of bamboo which goes waste after certain products like mats etc are crafted from it. Some of these items are ornamental in design and some serve the purpose of utility. Good craftsmanship and imaginatively made articles fetch good prices and overall bamboo craft exhibits excellent livelihood opportunity.

Fourth category of the non profits is helping business to go green. For example, the Energy and Resources Institute (TERI), Delhi is one of the most prominent green organizations. It is an independent not-for-profit research institute. Its mission is to develop and promote technologies, policies and institutions for efficient and sustainable use of natural resources. It imparts environmental education through projects, workshops, audio visual aids and quiz competitions. It deals with policy related work in the energy sector, research on environmental subjects, development on renewable energy technologies and promotion of efficient energy in the industry and transport. It provides consultancy support to businesses for environment friendly production with lesser energy. TERI is involved in biotechnology oriented towards

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increased biomass production, conversion of waste into useful products and mitigating the harmful environmental impacts of several economic activities.

So far we discussed non profits in carving environmental footprints. Lastly, we will talk about some business based on profit with green practices. Excel industries Ltd, Mumbai is pioneer in the area of crop protection. It works for solid waste management and in development of biopesticides. It is working toward sustainable management of urban environment and sustainable environment in rural areas.

Eco Recycling Ltd (EcoRreco), Mumbai manages end of life electrical & electronic waste in an organized manner employing necessary technology & methodology to derive commercial objective and also to protect ecology & environment. EcoRreco provides full spectrum of activities covered under e-waste management right from collection of e-waste from the door step, transporting, sorting them into working / non-working equipments components, secured data destruction, dismantling of end of life equipments, size reduction, sorting into different commodities like glass, plastic, iron / steel, aluminum, copper and other fractions, remarketing of reusable equipments, components and various recovered commodities as well as disposal of hazardous substances as per the prescribed rules.

Green Tech Aqua Pvt Ltd, Vellore generates high quality water in large quantities (greater than 7 mld per 210MW power plant) from a sustainable source like seawater or brackish ground water. Water generated is of high purity and can be used for industrial as well as potable purposes. It uses Pneumatic Saturation & Condensation Process and System (PSC). This technology utilizes waste heat present in exhaust gas of fossil fuel fired power plants or other sources of waste heat as the main source of energy to desalinate seawater.

Green Globe Enterprises (eco friendly environmental concepts), Chennai is run by a team of young professionals. It is into manufacturing exclusive products related to landscape industry. Their products are eco friendly in nature. The landscaping products include hydro drain cell, grass pavers, paving support pads, artificial grass, agricultural pond liners and gardening and swimming pool products.

Green Energy India Enterprises, Delhi, Sun Bourne Energy, Delhi and Selco Energy Solutions, Hubli are some organizations set up with the objective of working in the field of alternative energy. They are directly asking to shift from conventional energy sources to solar energy. They are working and developing newer solar energy equipments like solar flat plate collector, biomass cooking stove, solar heaters, solar lighting system, table lamps, battery to run lights, fans, and other appliances at home or office.

### Conclusion

The sustainable business implies that current business activities should operate in ways which do not constraint choices available to future generations. Current business practices must not leave behind a set of serious environmental and social problems. The costs of environmental degradation as a side-effect or even a result of economic growth and business profitability over a long period of time will impact all stakeholders. The environment as a social asset is a shared common property. The social entrepreneurs are inspiring role models when it comes to devising innovative business models to cater to needs of the poor in particular and the Society at large.

NGOs and small and tiny businesses play crucial role providing livelihood to vast section of society to address growing unemployment in the era of globalisation and privatization. Efforts to provide livelihood, generate employment, enhance profitability and increase GDP cannot ignore environmental footprints. Long term sustainability of both profitable business and livelihood for the people must be addressed within the framework of sustainable development.

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