CAN WE AFFORD TO LET INDIA'S FIRECRACKER INDUSTRY PERISH?
RIJIT SENGUPTA

LOCK-IN OLD HABITS AND UNLEASH NEW WAYS OF THINKING AND ACTION
FEATURED RELEASE

WHY FINANCE IS CRUCIAL TO BOLDLY TRANSFORM OUR FOOD SYSTEM
WIEBE DRAIJER (REPUBLICHE ARTICLE)
2020 was quite a year. A year of difficulties, adjustments, compromises and improvisations. It brought the focus of the entire world to One Common Problem - COVID19. Countries, societies, practitioners and institutions continue to try and test various measures and learn from each other. From the emerging evidence, it is clear we are slowly but surely winning this battle against the virus.

2020 has taught us a few lessons for the future. It has demonstrated the value of partnerships and solidarity. It has also reminded us about the often unaccounted values of ecosystem services, community wellbeing, fair markets and resilience. As an organisation and as professionals, we are more confident than before about the need for sustainable and inclusive enterprises, markets and society post COVID19. The following takeaways from CRB’s 7th Annual Conference (October 2020) highlighted pointers to enable such transformation:

- Applying systems thinking while designing sustainability solutions is an imperative
- Balancing both the supply and the demand side issues is critical in fostering sustainable markets
- Unconventional, bold and perhaps irrational models of collaboration are needed
- Government at various levels (national, state and local) will have to play active ‘facilitating’ role

2021 is a landmark year for CRB, as we will complete 10 years in November this year. We are thankful to everyone who has helped us reach here and give us the confidence to move forward. We believe we are better equipped and motivated as we prepare our journey into the next decade (2021-30). For us, it cannot merely be a Decade of Action, but a Decade of (measurable) Impacts.
Several state governments across the country from Delhi to Karnataka and Rajasthan to Sikkim had banned the sale of firecrackers ahead of Diwali (festival of lights) this year. This decision was prompted by poor air quality across much of Northern India, on account of a number of reasons. Stubble burning, rampant construction and vehicular pollution being the prominent contributors. Limited availability of agriculture labour after the lockdown in some states seem to have contributed to the higher fire incidences this post-harvest period (October-November). A Supreme Court order in 2018 had significantly reduced the output of this industry as the court had allowed only certain ‘green firecrackers’ and their use for some time in the evening on Diwali.

Poor air quality has considerable societal and public health impacts. Its economic damage has been estimated but unfortunately not integrated into town planning or industrial policy and decisions. There is no doubt that large scale sale and use of firecrackers have negative impacts on the ambient air quality. So, should the banning of firecrackers be just limited to Diwali or should there be a blanket ban? Firecrackers are used during other festivals, weddings and various social events too. Such a move will bring curtains to this industry. Can we afford to let the industry perish, especially post COVID-19?

The firecracker industry is estimated to be worth ₹5,000 crore and provides livelihood to over 10 lakh people. What happens to the SMEs that predominate this industry, if the ban was prolonged and expanded? What about the people who depend on it for their livelihood and their families? Also, will the demand for firecrackers go down among consumers, henceforth? These are neither simple problems nor can they be solved easily.

Can firecrackers be made green and the industry sustain? Can this industry be transformed into a non-polluting one? Can the business acumen and skills of this industry be utilised for its transition to others? Since the Supreme Court order directing the use of green crackers in 2018 (using the specifications developed by Council of Scientific & Industrial Research, National Environmental Engineering Institute & Petroleum Explosives Safety Organisation), promoters have made investments in changing inputs, processes and packaging of firecrackers. But a blanket ban on burning of crackers this year has led to considerable economic losses - estimated to be a few hundred crore rupees.

Given the impact that COVID19 has had on SMEs and employment, it would perhaps be imperative to consider how to further support and consolidate
the evolution and transition of the firecracker industry as against planning its obsolescence. Under the circumstances, states would have to assess if they can afford to just be a strict industry regulator, or should it consider supporting the industry to transition to greener options? Is socio-economic rehabilitation possible for such an industry?

Such socio-economic rehabilitation of the firecracker industry and those who depend on it should be done in a 'just' manner. Is just the transition of India's firecracker industry into greener and sustainable options viable? How can the government machinery support this transition? What role can investors/financial institutions, consumers (you and me), State, industry associations play in this regard?

Let us try and explore if the principles of just transition can be applied to this industry – to ensure that its evolution into a less or non-polluting one takes into consideration the interest of workers, entrepreneurs and families that rely on it. The concept of 'just transition' towards an environmentally sustainable or less polluting industry implies its contribution to decent work for all, social inclusion and eradication of poverty (ILO, 2014). Pathways to a just transition of the Indian firecracker industry will have to consider the following principles:

- Be supported by enabling government policies
- Promote innovation
- Be based on a coherent framework
- Be based on a process of social dialogue and social consensus
- Uphold the fundamental principles of rights at work Integrate gender dimensions

Clearly, some of these actions would have to be taken by the government - state governments that host firecracker manufacturers. Some of them are to taken by the local business community, industry leaders and firecrackers industry associations. Workers unions or labour organisations are also expected to be key actors in the social dialogue process and engage with the promoters on issues pertaining to rights and skill enhancement. Other actions will have to be supported by business support organisations, scientific organisations, financial institutions and expert organisations. It would be critical to bring all these stakeholders together to review and assess the options and chart out the transition pathways to green, less polluting firecrackers, which continue to support the lakhs of workers and their families that depend on this industry.

COVID-19 has given us this opportunity to go back to the drawing board. It is time for us to underline that sustainable, inclusive and equitable recovery of the economy and society post COVID19 is possible in India – but would need a different level of thinking, actions and public opinion.
“The future can’t be predicted, but it can be envisioned and brought lovingly into being. Systems can’t be controlled, but they can be designed and redesigned. We can’t surge forward with certainty into a world of no surprises, but we can expect surprises and learn from them and even profit from them”, Donella Meadows

Over 800 practitioners – many of them from India came together for Centre for Responsible Business 7th Annual Sustainability Conference that concluded on the evening of 30th October. This year’s event ended with the hope, with specific take-aways and most importantly desire among many to create and tread on ‘pathways to sustainable, inclusive and green recovery for India’ post COVID19. While there were some uninitiated, most of the participants were sustainability enthusiasts and are steadfast in their belief that promoting sustainable business, markets and societies is possible and is critical. Well, they are not alone – around the world an increasing number of scholars, practitioners, consultants, public figures, political leaders have embraced sustainability – and the need for us to value and preserve, nature – people – societies.

One may then wonder, why is there still sluggish progress towards – ‘enabling out future generations to meet their own needs’? Clearly, we haven’t done enough in mainstreaming sustainability into way we think and act on a daily basis in our own spheres. There is not much time, and soon we will run out of options, if we don’t start to act, and do so at a faster pace. COVID19 has demonstrated how human indifference towards the environment, habitats, fellow beings and communities can have deep impacts on economies and business globally. A bigger climate crisis lurks.

Inaugurating the conference the Guest of Honour and India’s G7 & G20 sherpa - Suresh Prabhu reminded that the end of lock-down should be an opportunity for us to relinquish old ways of doing things. The world has been in a lockdown all this while he opined by pursuing an unsustainable development path, and not been able to come out of it for decades. The end of lockdown whenever that happens should help us to come out of this old way of thinking and actions, and start afresh. We should lock-in old habits and unleash for ourselves new ways of thinking and action.

Dr Rajiv Kumar, Vice Chairman of NITI Aayog highlighted the importance of optimising triple bottom-line for businesses in his keynote address. He reiterated the criticality for businesses to assess their performance, not only from the lens of financial performance, but also consider social and environmental parameters. He asserted that both the Government and businesses will need to come together to further strengthen the level of mutual trust, without which the goals of social, economic and environmental sustainability will not be achieved. The focus of the government will need to be on governance and that of business on self-regulation, he posited.

A number of leading national and international thought leaders shared their thoughts on the way forward at the high-level conference inaugural session. Founder of Development Alternatives and past Co-Chair of International Resource Panel, Dr Ashok Khosla asserted that the degree of the social and economic distress requires businesses to think and act in different ways – and postulated seven critical elements for that. Dr Yasmin Ali Haque, UNICEF Resident Representative India – underscored the value of business strategies and policies pertaining to sound working conditions. This has already demonstrated especially during and after the COVID19 induced lockdown, tangible benefits both for businesses and workers and their families. UNICEF will continue to work on promoting family friendly policies across workplaces, starting with the readymade garments sectors in the country. Ashwini Chhatre, Executive Director, Bharti Institute of Public Policy (Indian School of Business) highlighted the need for us to better understand the concept of ‘resilience’ itself, especially in the context of business and community resilience. While we need to be resilient as business and as society to withstand shocks and to be able to recover
from them, we cannot afford to consolidate existing societal and cultural resilience that manifest into inequalities especially across caste and gender lines.

Frank Hoffman representing Friedrich Naumann Foundation regional office, South Asia - highlighted the need to advocate for a sensible balance between international legislations and those at national levels – to better estimate their implications on business behaviour. In addition to regional legislations, like the upcoming EU legislation on mandatory social and environmental due diligence, there is also proliferation of national legislations across Europe. This could be confusing for businesses and run a risk of distancing millions on SMEs in the conversation and actions on promoting responsible business. According to Beverley Postma, CEO of the Roundtable on Sustainable Palm Oil - there’s been never a stark reminder in recent history that we must adapt our business models and government policies around the 17 Sustainable Development Goals (SDGs). In her statement, Heidi Hautala MEP, Chair of EU Parliament Working Group on Responsible Business Conduct asserted that EU companies have significant leverage in promoting responsible business in their global value chains. She added this applies with key trade and investment partners of EU like India. The EU has over the years built considerable practical understanding and experiences on how to balance corporate accountability and sustainable development – that would now be put into use involving a multi-stakeholder engagement process.

Dr Bimal Arora, Honorary Chairperson of CRB and faculty at the Aston Business School brought to the fore the theory of 'narrative economics', which involves the study of the spread and dynamics of popular narratives and stories and called on delegates to spread the narrative captured in the conference theme (Sustainability a key to Business Resilience in an Uncertain World) – so that it goes viral. Rijit Sengupta, CEO of CRB while welcoming all participants, speakers and partners shared his observation based on interactions with a number of national and international businesses, international organisations, experts and practitioners that the consideration for sustainable and inclusive business, markets and society continues to remain front and centre for many.

The three-day conference brought together over 200 speakers from across the world, over 60 partner organisations committed to the theme of the Conference – as they dissected and discussed a number of critical sustainability issues across the 28 thematic and sectoral sessions. Four high-level plenary sessions brought the most experienced practitioners from government, industry, civil society and academia to discuss complex issues around – (i) designing an enabling ecosystem for business behaviour; (ii) role of businesses post COVID19 in creating sustainable and inclusive recovery; (iii) strengthening business disclosure and leadership and (iv) building a responsible forest economy.

While it is difficult to collate the key take-aways from the rich discussions, here is an attempt to highlight some of the important messages that should guide us all in our endeavour to develop pathways to sustainable, inclusive and green recovery for India (and beyond):

- Applying a systems thinking lens and ensuring that we look at the entire system as a whole and not just in parts is critical
- Balancing the supply and the demand side issues, is critical. The endeavour to build sustainable enterprises cannot be achieved without proper demand side management (strengthening consumer awareness to drive more sustainable business).
- New and unconventional models of collaboration are needed
- Data and IT enabled tools is the way forward, however, caution has to be exercised that the digital divide is adequately addressed to ensure technology embodies fairness, equity and justice
- While some interventions can be scaled, some others will only be effective as pilots and at the micro level. Scalable and pilot level interventions are both needed and will co-exist
- As practitioners across business, government, civil society, academia – we need to expand our thinking of communities not just as beneficiaries but more as economic actors and mainstream them into value chains better. Local value creation is critical, will need to be led by community-based organisations who will need sufficient investments and technological support. This is key to building resilience in terms of withstandng shocks where most needed
- Most importantly it is clear that all stakeholders will need to come out of our comfort zones and innovate as it can no longer be 'Business As Usual' and develop tools/approaches/interventions to address the most pressing sustainability challenges we are confronted with, together

Friedrich Naumann Foundation, Bharti Institute of Public Policy (Indian School of Business) and Roundtable on Sustainable Palm Oil were Lead Partners of this event. A number of leading national and international organisations joined hands with CRB to host this event. As it completes 10 years, CRB will incorporate outcomes from this event into its second decadal strategic plan and implement some of the actions in partnership with existing and new partners.
REPRESENTATIONS

CAIF CONCLAVE
6th November 2020
The 2nd edition of CAIF Conclave 2020, hosted at the 13th Sankalp Global Summit, is India’s largest convening of circular textile and apparel brands, innovators and enablers. Rijit Sengupta represented CRB as a speaker and shared his thoughts & experiences for ‘building back better’.

TX-PROGRESS-GLOW KORERO-ROUNDTABLE DISCUSSION
9th November 2020
TX-PROGRESS-GLOW Korero-Roundtable discussion was organized by CRB under the aegis of the PROGRESS Project (c4rb.org/progress) in collaboration with Traidcraft Exchange & Project G.L.O.W. The discussion explored what resilient livelihood structures could look like in the context of a pandemic/post-pandemic world.

ALIANCE FOR WATER STEWARDSHIP GLOBAL CONCLAVE 2020
18th November 2020
Rijit Sengupta represented CRB at the Alliance for Water Stewardship (AWS) Global Conclave’s session that explored “What’s so transformational about Water Stewardship?”, and why building trust & confidence among civil society, private sector & government agencies is critical to enable effective collaboration.

CII Texon 2020
2nd December 2020
Devyani Hari represented CRB as a panelist at the CII Texon 2020 virtual event and discussed how circularity can create a sustainable fashion & textiles industry. The session focused on growth of textiles & apparel sector in India.

LAUNCH OF YOUTH FOR SUSTAINABILITY INDIA ALLIANCE
5th December 2020
Bhavya Sharma represented CRB as the youth leader to collaborate & find collective climate solutions. The Youth for Sustainability (YfS) India Alliance brings together like-minded youth-oriented organisations focused on SDG 12 – Responsible Consumption and Production and SDG 13 – Climate Action on a common national platform in the form of an Alliance to help India achieve its targets under SDG 12 and 13 with the youth as the accelerator. CRB is actively working as the member of the alliance.
CRB, FNF & IGCC WEBINAR SERIES ON BUSINESS & HUMAN RIGHTS

10th December 2020

Centre for Responsible Business (CRB) together with Indo-German Chamber of Commerce (IGCC) & Friedrich Naumann Foundation (FNF) organized a webinar on “Responsible Business: Practitioners Guide to Business & Human Rights”, on 10th December 2020. Nandini Sharma represented CRB for the discussions & dialogue. View the recording here

WORKSHOP ON DELIVERING ON SDGS: ALIGNING ACTION BY THE GLOBAL NORTH WITH SOUTHERN PRIORITIES

10th December 2020

CRB organized a virtual workshop on ‘Delivering on SDGs: Aligning action by the Global North with Southern priorities’ on 10th December 2020 under the aegis of PROGRESS project. The session with two parallel sessions was focused on ‘decent work & gender equality in global value chains’ and ‘managing food loss & food waste – a multi-stakeholder approach’.
NEED FOR RELOOK AT DIFFERENTIAL RATES STRUCTURE TO HELP MSME: EXPERTS

Experts have underlined the need for a relook at the differential rates structure with a view to helping the COVID-19-hit MSME sector entities and small corporates which often fail to obtain loan at better and competitive interest rates from banks and lending institutions. Lower interest rates, the experts said, will make the MSMEs more competitive and help tide over the impact of the coronavirus pandemic.

Under the differential rates structure, the companies with high credit rate get loans from lending institutions at low rates, while those not having good ratings have to pay higher rates. The differential, according to experts, should be low at this juncture to enable the companies to come out of the crisis situation. Read more here.

COVID-19 COULD PUSH EXTREME POVERTY TO OVER 1 BILLION BY 2030: UN

A new study from the United Nations Development Programme (UNDP) has found that an additional 207 million people could be pushed into extreme poverty by 2030 due to the severe long-term impact of the coronavirus pandemic, bringing the total number of the world's extremely poor to more than a billion.

The study assesses the impact of different COVID-19 recovery scenarios on the Sustainable Development Goals (SDGs), evaluating the multidimensional effects of the pandemic over the next decade.

The study is part of a long-standing partnership between the UNDP and the Pardee Center for International Futures at the University of Denver Read more here.

ROPING IN THE PRIVATE SECTOR IN THE SANITATION SECTOR COULD HAVE A MULTIPLIER EFFECT

India is urbanising at a rapid pace and cities are becoming hubs for human development. With growing urbanisation, the stress on existing infrastructure is also increasing, which, coupled with changing lifestyles and consumption patterns, has contributed to issues like limited access to sanitation facilities such as toilets, collection and safe disposal of solid and liquid waste, etc.

The private sector, comprising Small and Growing Businesses (SGBs) have emerged as a potential partner to address sanitation-related challenges, and concentrated efforts to involve them shall also provide a huge boost to the nodal ministries in the Government of India in addressing the same. Read the full article here.

HOW WOMEN FROM HAZARIBAGH ARE SPARKING A GREEN REVOLUTION IN THE HEART OF INDIA'S COAL STATE

PRADAN, a non-profit organisation working towards eradicating endemic poverty in rural India, and Corteva Agriscience have initiated a project for Women farmers to promote sustainable agriculture and financial literacy in Hazaribagh, Jharkhand.

Last year, a total Rs 6 lakh worth of credit linkage was been done under the support of PRADAN, Corteva, and women-led self-help groups (SHGs). These women also serve as the nodal point for enabling farm mechanisation by working with FPO custom hiring centres, as well as to create market linkages. They also help farmers to grow food crops systematically, promoting DSR paddy to cope with the issue of water scarcity, and erratic rainfall. Read more here.
Every year, electronic manufacturing companies flood the market with new gadgets. From computers, printers, refrigerators, televisions, to smartphones — a lot of electronic items are discarded and replaced when newer or enhanced models are launched in the market. With the boom in technology and the mushrooming rate of consumption, the generation of e-waste too began increasing. But what happens to these items, which become unsuitable for their initially intended use, or have passed the expiry date?

Several startups and companies have come forward to help India's informal sector collect, process, and recycle electronic waste seamlessly.

Read more here.
We urgently need to change the way we produce and consume food to feed a growing global population and meet the 2030 deadline for the SDGs. Building a bridge between food and finance and embracing finance is an essential way to expedite this transition. Ahead of the 2021 UN Food Systems Summit, here’s how the finance sector can innovate and work together on food system transformation.

By 2050, the world will need to feed nearly 10 billion people while remaining within our planetary boundaries. To meet this need, the way we currently produce and consume food needs to change.

The World Economic Forum’s Bold Actions for Food as a Force for Good virtual event, 23-24 November, shows how many stakeholders worldwide are already engaged in discussing food systems’ transformation, from smallholders, large corporates and businesses to governments, farmers and civil society – with major representation from youth organizations.

We can only activate the transition through cooperation: every stakeholder in the food value chain has a pivotal role to play in creating healthier, more equitable and more sustainable food systems. With the deadline for the 2030 SDGs fast approaching, we must all act now.

Why finance is crucial to boldly transform our food system

By Wiebe Draijer
Chairman of the Managing Board, Rabobank

Finance as a stimulant for change

The two-day event has three clear aims as we look toward the UN Food Systems Summit in 2021. These include identifying the bold actions, science-based principles and game-changing initiatives we need to change our food system; as well as, crucially, the goal of creating a diverse global network of leaders who can drive this transformation.

To the ambitious goals of the event, I would like to add a fourth objective that is close to my heart: building a bridge between food and finance and embracing finance as an essential way to expedite the food transition.

In many ways, finance has been seen as a kind of capstone in the process of creating a more sustainable food system, instead of a partner or agent of change from the start. If we can turn this sentiment on its head and welcome financial players and institutions into the food system conversation, I believe the financial sector can become an enabling force behind the transformation we all want.

Together with partners

As a banker, I can say that our clients are at the heart of our business strategies and ambitions. Clients who
are working hard across every part of the food value chain. They need to future-proof their businesses and many need guidance through this necessary transition. They face shifting consumer demands, regulatory changes and uncertainty about global trade and markets. They deal with questions such as “I'd love to become more sustainable, but can I afford it?” and “How can I make consumers realize how much their food really costs?”

We support and guide our clients through these challenges not only with financial solutions but also with our networks and food and agriculture expertise. As we work towards the UN Food Systems Summit next year, we aim to bring those very tools – our knowledge and global connections – to the task of food systems transformation.

We plan to share innovative ideas and best practices, like green and blended finance solutions. We'll look at the success of existing initiatives like our FoodBytes! innovation platform, the Food Waste Challenge in the Netherlands and the “Biodiversity Monitor” for dairy farmers. We'll also create new initiatives like the Food4Future hackathon series to give Gen Z a voice in food systems change.

It’s important to mention the more general finance-related issues that must be addressed to create a better investment climate for food systems transformation. We must:

- address issues including the so-called “Risk-Duration-Reward” triangle;
- find long-term lending possibilities for sustainability solutions;
- align portfolios to match different climate scenarios;
- and increase collaboration between existing business/finance coalitions and (public and private) funding.

We can’t do this alone, not as a single bank. To mobilize the financial sector, we’ll need to innovate and work together. We’ll need you – our partners and fellow value-chain stakeholders – to embrace the role of finance in the process of food systems transformation.

**Taking bold action**

Since “bold actions” are the name of the game, let me leave you with two bold actions I’d like to propose:

1. A call for scientific guidance on true pricing with an integrated, holistic approach – combining environmental externalities with nutrition and health. We need the right metrics to make the best decisions.
2. A Finance for Food Systems Network, bringing together existing (public-private) finance coalitions and coordinating investments.

Written by:
Wiebe Draijer, Chairman of the Managing Board, Rabobank

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Nandini Sharma
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Nandini is Director at the Centre for Responsible Business (CRB). She has over ten years of experience working on governance and industry action in the field of sustainability and responsible business behaviour. In her previous engagement at GIZ, she was responsible for driving different projects and cultivating partnerships/collaborations with multiple stakeholders.

A nature lover, Nandini likes to head off into the mountains to unwind and reconnect whenever she gets time.

ABOUT CRB

Centre for Responsible Business (CRB) was established in 2011 as think-tank to pursue its vision, 'businesses integrate sustainability into their core business practices'. Given that sustainability is a multi-dimensional problem especially in the context of India and other emerging economies, CRB has adopted a model of engaging multiple stakeholders to develop action plans for promoting sustainable/responsible business, across various sectors in India.

CRB has consolidated its programmatic activities into the following thematic areas:

- Circular Economy
- Business & Human Rights
- Private Sector & SDGs
- Voluntary Sustainability Standards
- SMEs & Sustainability

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