

Sustainable Consumption in India: Challenges and Opportunities

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Abstract

Exponential growth of industries and globalization has led to the growth of multinationals those are main reason of environmental damage in different ways. Consumption of resources in ethical manner is becoming important for consumers as well as corporate across the world. Therefore a responsible behavior is required from all stakeholders to protect the environment.

Indian society always regulated by long-term practices to protect society as well as the environment. Indians since ancient time believe in resource preservation and need base consumption. Changing economic condition and improvement in income level resulted into a remarkable shift in the consumption behavior of Indian middle class. Government and social organizations are trying to educate organizations about sustainable consumption.

This paper aims to study the challenges of sustainable consumption in India. An integrated approach with participation of various stakeholders is essential to adopt the sustainable consumption practices.

Keywords

Sustainable Consumption, Sustainability, Stakeholder

I. Introduction

Sustainability is the need of present for having a good future (WCED, 1987). Sustainability was defined as “meeting the need of current without compromising the need of future generations”. Many definition of sustainability has come around since then. Elkington (1998) defined triple bottom line of sustainability as: economical, social and environmental. In the Earth Summit at Rio de Janeiro in 1992 (Jennifer et. al., 2008) 143 nations of the world have signed the ‘Earth Summit Treaty’, in order to provide recognition to sustainable development and consumption. In Rio (1992) Summit, Kyoto (2001) Summit, and Copenhagen (2009) summit have continued the dialogue, leading to international agreements, and national laws for the sustainability. Research in the area of sustainability has taken pace.

United Nations has also framed Global Compact (UNGC) Programme based on the world's largest corporate citizenship initiative aiming for a more sustainable and inclusive world economy. It is supported by over 4000 participants in over 100 countries. It includes many of the world's most influential companies, such as Coca Cola, Levi, Strauss, Nestlé, Microsoft and many more. Companies from all over the world report their progress on implementing the 10 Global Compact principles. This concept is increasing in the India too as many Indian companies like Tata Motors, ITC, and ONGC are publishing sustainability reports.

Faisal (2010) proposed practices like environmental friendly packaging, return of end-of-life and used products to the producer as well as the eco-friendly handling of these returns, recycling, remanufacturing and adequate waste disposal have assumed importance. Further, issues like product design, manufacturing by-products, by-products produced during product use, product life extension, product end-of-life, and

recovery processes at end-of-life that may not form the core activities of the supply chain management but still have a considerable impact on overall sustainability of a supply chain that should be managed utilizing an integrated approach.

Challenges of Implementing Sustainable Consumption in India

In India, the consumer spending has risen significantly in the past few years. Reports indicate that India is one of the fastest growing consumer markets and consumer confidence in Indian markets is the highest among the world markets. This growing market has been fuelled by multiple factors such as rapid growth in Gross Domestic Product, growth conducive change in demographics – higher number of people under 30 years of age and rising middle class, changing consumption habits of people, increasing urbanization as well as higher purchasing power in urban and rural areas, due to planned expenditure in developmental activities.

This is, however, yet to translate into a substantial market for green goods, which even now remains at a significantly low level. There are multiple challenges in the path of sustainable consumption. These could be broadly categorized into economic, socio-cultural and political (Hoffman, 2005).

A. Population

Most of the population of world lives in India and China. China stands at first position just ahead of India. India have a population of more than 1 billion (100 crore) people, which is 16% of population of world on the other side India claim for only 2.4 % of land area. It is estimated that India will Overcome China till 2045. In the 20th century population of India increased 5 times as compare to 3 times for whole world population. India needs more and more resources to fulfill the demand of huge population with the limited resources. Conservation initiatives adopted by government are not effective with respect to the increase in the population.

B. Economic challenges

Production and consumption of environmentally friendly goods in India is constrained due to various factors which impede sustainability of these products in market places.

Production of green goods requires (a) raw materials which are organic, locally produced / obtained or environmentally friendly; (b) green-energy based technology; and (c) waste treatment plant. Even though there are indications that impressive changes are taking place, the outlined factors are yet to be embedded fully with the production processes in India. These create two main challenges: firstly, the problem of availability and acquisition of green raw material and technology, which is a critical challenge for the producers in developing countries like India given the lower level of research and development (R&D) and issues arising from transfer of technology from other nations.

Second and a more important challenge is the high cost of production of green goods since the inputs (raw material and technology) invariably cost higher than the ones used for non-green variants. This cost differential between green and non-green goods is called Environmental Premium. Higher the cost,

greater will be the premium involved and higher will be the producer's risk. The consumers also face certain constraints which are decisive in their choice of green goods. It is to be noted that these obstacles are interlinked. First challenge is the environmental premium (higher price of green goods). Given the income constraint, consumers prefer to purchase goods which given them highest utility at the lowest price. Evaluation of utility from physical consumption of environmental goods at present is at a disadvantage to satisfy this condition, since the price is higher than non-green variant which provide equivalent utility.

C. Socio-cultural Factors

Consumption behavior is based on socio-cultural factors like reference group, social status, religion, beliefs, education, laws, and infrastructure among others (Driessen, 2000). Combined effects of these factors pose limitations to sustainable consumption in India. Education has significant influence on the consumption behavior of individuals and households. Literate and educated consumers better understand the linkages between human consumption and environment. With Higher the level of education, it is easier to propagate sustainable consumption through development of an understanding of the environmental impacts of current patterns of consumption. The adult literacy rate in India for 2001-2004 is 61 percent. But the statistic lowers drastically with only about 52 percent of the population receiving secondary education and a mere 11.9 percent going for tertiary education. Low literacy rate in India has become a major factor inhibiting sustainable consumption in the country.

Another important aspect is the legal framework for promotion of sustainable consumption. India, like most other countries of the world, does not have laws to address sustainability on the demand side. However, there are only few, mostly voluntary, regulations which regulate the production processes and supply chains of goods to ensure least possible harm to the environment. Along with this, the infrastructure required to ensure access of consumers to goods promoting sustainable consumption are lacking. Religious beliefs and culture are also significant drivers of consumption decisions. From the view of sustainable consumption, traditions and values prevalent in India have a mixed impact on sustainability. On the one hand, vegetarianism is widespread here due to religious sentiments, on the other hand, the practice of bursting large number of crackers during festivals causes excessive pollution and is against the idea of sustainable consumption.

D. Political Factors

Political factors are one of the most important determinants of economic and social policies of the government, which in turn shape consumption and production patterns in the country (Spaargaren, 2003). Usually in a democratic country like India with a significant segment of the population below the poverty line, political decisions are based on ground level realities, which often work against the sustainability approach. India has, since the launch of economic reforms programmes in 1990s, followed an approach with priority given to economic growth. However, in the recent periods, things have started changing and increased importance is being given to ingrain sustainability in the growth (consumption and production) processes.

Also, international political forces are also very important in promotion of sustainability since international negotiations and protocols also regulate national government's efforts for

sustainability. But often, nations seek to protect growth agenda of the country at these international negotiations. As a result, promotion of sustainability may not get as positive a response as is required due to attempts to protect domestic interests. Transformation of unsustainable lifestyles holds the key for bringing in an era of sustainable consumption and production. However, there might not be a sudden change in how people perceive their consumption needs and consumption habits. Years of hard work and focused initiatives at various levels are required to bring in the transformation, and all stakeholders – consumers, producers, government, researchers, media, and others – must play their part efficiently and effectively. While some of these stakeholders (government, CSOs, etc.) might have facilitating roles, others such as producers and consumers have multidimensional role in ushering in the new era. This will require strengthening improving the existing initiatives made by the stakeholders, and at the same time raising consumer awareness and generate willingness to purchase green goods is the kingpin for bringing in sustainability in lifestyles. To expedite the transformation, producers must bring in features such as lifestyles, price competitiveness, easy accessibility, health benefits in their products. At the government level, the inter-linkages between clean energy and production of green goods should be highlighted and promoted utilized as the benefits of investment in the former reduce the cost in the latter also. This could lead to a multiplier effect of the investments.

To make the sustainability approach successful, India needs to follow the approach of incentivizing producers of green goods through preferential allocation of resources (land and raw materials), facilitating development of infrastructure and making the supply chains of resources and technology more efficient and effective. These steps might lead to creation of social and economic overheads for this industry, and channelize government resources towards sustainable development. The challenge, however, would be to ensure that initiatives to bring in this transformation does not compromise and endanger the lives and livelihood of the present generation, and at the same time promote sustainability.

III. Opportunities for sustainable consumption

Role of Government and NGO's in Sustainable consumption
It is important to promote sustainable consumption through environmental education and public awareness campaigns sponsored by the Centre and State governments and advocacy groups (Marten, et. al., 2005). In several areas, desirable limits and standards for consumption need to be established and applied through appropriate mechanisms including education, incentives and legislation. Development decisions regarding technology and infrastructure are a major determinant of consumption patterns. In India we have the Bureau of Energy Efficiency, which was set up in March 2002 under the provisions of Energy Conservation Act of 2001 to provide a legal framework for the government's energy efficiency initiatives in the country. Energy consumption in residential buildings is 116 billion units vis-à-vis in commercial buildings it is 33 billion units.

A. Technology

In modern societies technology is present everywhere. Technology includes skills, processes, technical methods, tools and raw materials. On one hand technology has a positive effect, such as cars help us to move around and transport goods. On the other hand, the negative impact is its effect on the environment. Most technologies were designed first for economic effect without considering the ecological environment.

In future the ecology and the post purchase use and disposal of products would become an important tool in the design of new technologies such as fuel efficient cars, low energy houses, energy efficient houses, etc (Belz, F.M., 2009). The designing of products, Processes of production can be done by improved technology, for making them environmentally friendly.

B. Changing mindset

Sustainable consumption asks us to consider issues that go beyond the individual when we shop (Spangenberg, 2002). These include not only the ecological impacts of what we buy but also the equity, human rights and political dimensions of sustainability in the production and consumption process (Rifkin, 2002). These aspects of sustainable consumption provide guidelines on how to reduce the social and ecological impacts of what we consume. For example, the Internet Just Shoppers' Guide in America, suggests criteria to consider when buying such everyday things as chocolate, sports shoes, tuna, laundry detergent, soft drinks, paper, timber, clothing, and so on. Guidelines such as these are not designed to make us feel guilty, but to encourage us to ask questions such as: Do I really need this item? Can I produce it myself? And then, when we have decided to buy something, to think critically about each stage in the 'life-cycle' of a product i.e. production, transport & retailing, use and disposal.

III. Conclusion and Discussion

Today the consumer is aware of the problem but does not know what an individual can do about it. The question arises: What needs to be done by the Government, the corporate and the consumer?

By working together with civil society organizations, governments and corporations the consumers can still be persuaded that they can make a positive difference on sustainable development and climate change. Immediate actions should include. Consumer lifestyles appear to be the most powerful factor that has shaped unsustainable consumption in the current periods. And therefore any effort to amicably address the issue calls for a improvement/ transformation in the existing consumption pattern. Consumer lifestyle can be improved by reduction in overall consumption and waste generation; and secondly consumption of goods which have lower environmental impact i.e. green goods. Rising purchasing power and multiplying human population make the first method practically difficult to follow. The second method is, thus, more feasible and might have a higher probability of success.

Sustainable consumption, as explained above, is a significant aspect for promotion of overall sustainability. These practices not only reduce direct environmental harm inflicted by unsustainable consumption but indirectly as well, since they provide incentives to producers through increased revenue from production of green goods. In Indian context both challenges and opportunities exist. Businesses, governments, civil society and consumers all have the power to affect change, sometimes in ways that are not traditionally perceived to be their role. Consumers may feel a moral responsibility to live sustainably, however they cannot do so without effective support from governments, NGOs and the businesses with which they interact. Businesses, governments and civil society must be aligned with these values since they depend on the spending and votes of individuals.

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