

## **HOW DEPENDENT ARE WE ON NATURAL RESOURCES? A CROSS-SECTIONAL ANALYSIS FOR INDIA**

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### Abstract:

The economics of ecosystems and biodiversity report has illustrated how important ecosystems are for human survival. Though rich and the poor in urban and rural settings benefit from these ecosystems, the unique relationship which rural poor have with these ecosystems has been established by various studies. The ecosystems not only support consumption and provide important inputs for various economic activities undertaken by rural poor but also provide possible pathways to increase household income. The support provided by ecosystems is often difficult to quantify because of their informal entry in the economic activity. A study by World Bank in 2004 estimated that around 350 million people who live within or adjacent to dense forests depend on them for a high degree of subsistence and income. Globally several studies have also quantified the role of forests to rural livelihoods but this was never brought into the macroeconomic picture. Though different countries collect the information on cash income from employment in natural resources, sale of farm crops, sale for wood and non-wood forest products, non-cash income from household consumption of farm crops as part of the regular household budget surveys and Living standards survey, the income derived from the ecosystem goods and services is not highlighted. A lot of scattered work has been done especially in the context of forests to quantify the informal income at community and household level. The studies cannot be aggregated at the macro level as they are scattered. The under reporting leads to attaching lower priority to ecosystems and exacerbate the inequality as shown by some of the earlier researchers. Due to the increasing pressure on natural resources and declining natural capital worldwide, the attention has moved towards measuring the benefits provided by the ecosystems to our well-being and quantifying the impacts on society and especially the rural.

The main objective of this paper is to quantify the dependence on environmental resources in various states in India. The extent of dependence would depend on the resource, the degree of substitutability and socio-economic groups. Using household data produced by NSSO, the dependence on environmental resources in different socio-economic settings has been estimated. The estimates can be useful to adjust the estimates of GDP for non-official contribution of various ecosystem goods.