



Gross Environment Product (GEP)

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Why in News

Recently, the **Uttarakhand government** has announced that it will **initiate valuation of its natural resources** in the form of '**Gross Environment Product**' (GEP).

It is along the lines of **Gross Domestic Product (GDP)**. GDP gives the economic output from the consumers' side. It is the **sum of private consumption, gross investment in the economy, government investment, government spending and net foreign trade** (the difference between exports and imports).

Key Points

About GEP:

- It was established back in **1997** by ecological economists like **Robert Costanza at the global level**.
- It is an **assessment system to measure ecological status**.
- It is considered as the **product and service value that the ecosystem provides for human welfare and economic and social sustainable development, including provisioning, regulating and cultural ecosystem services**.
- Overall, GEP accounts for the economic value of the ecosystem in providing products and services, and it is one of the **components of green GDP**.
Green GDP is an **indicator of economic growth with environmental factors taken into consideration** along with the standard GDP of a country. It factors **biodiversity losses** and **costs attributed to climate change**.
- The term **“ecosystem services”** was coined in 1981 to attract academics towards this aspect, its definition is still in the process of evolution.
- Ecosystems that can be measured include **natural ecosystems** such as forests, grassland, wetland, desert, freshwater and ocean, and **artificial systems** that are based on natural processes like farmland, pastures, aquaculture farms and urban green land, etc.

Major Ecosystem services	Providers	Receivers
Carbon sequestration	Forest management communities, national parks, forest departments	Global community
Recreation and scenic beauty	Government and forest management communities	Domestic and foreign tourists
Watershed protection	Upstream forest management communities, watershed managers	Downstream communities- local and regional
Biodiversity conservation	Local communities, forest department, national parks, farmers	Local, regional and global communities
Soil formation and replenishment of fertility	Upland farmers, local mountain communities, forest department	Downstream farmers- local and regional
Pollination	Forest managers; tree growers	Downstream Farmers
Colonization	Managers; tree growers	Government, forest growing communities, forest owners

- **Need:**

- Uttarakhand, through its biodiversity, gives services to the tune of **Rs 95,112 crore per year** to the nation.
- The state has over **71% area under forests**.
- It is also **home to the Himalayas** and also is the origin point of rivers like **Ganga, Yamuna and Sharada** as well as home to wildlife reserves like **Corbett and Rajaji Tiger Reserves**.
- Uttarakhand is a state which provides a lot of **environment services** and in continuity as a result of which, there is a **natural degradation in those services**.

- **Significance:**

The value of ecosystem services is about **twice as much as the global GDP**. Therefore, it would **help in the conservation of the environment** and also help save us from the **effects of climate change**.

- **Issues:**

- The decision **appears to be a welcome step**, but going ahead with the jargon raises serious doubts on the intent of the government. It may **confuse policy makers and negate the past efforts**.
- The purpose of introducing GEP is **not transparent**.
 - Is it a process of simple valuation of a state's ecological wealth, or to assess what part of the GDP it contributes.
 - Is it an attempt to claim a budget from the centre against ecosystem services the state provides to the rest of the country and / or a process of providing benefits to its own residents.

Way Forward

- Instead of introducing a **well-defined concept of ecosystem services**, planting a new term with no clear-cut narrative invites serious doubts on the intention of the government.
- So, it is important that the **state should be steady in approach, focussing on Ecosystem Services**, which has global acceptance and a strong knowledge base.

Source: DTE