Proposal for new economical steps for Auroville

One PROGRESSIVE INTEGRAL ECONOMY "POUR TOUS"
First part

THE IDEAL AXIS
Towards an IDEAL of the Auroville economy

Aim:
To provide daily needs to all Aurovilians and assimilated*

Stakes:
- to create the conditions of INDEPENDANCE to ensure the perenniality of Auroville
- to create the conditions of MATERIAL JUSTNESS to respond to the rational, ethical and aesthetical affirmations of the being therefor allowing the spiritual being to culminate
- to create the conditions of COLLECTIVE IMPULSION in balance with individual instinct

Mostly:
- oriented towards the present and the near future
- fed by units and services

AN ECONOMY ALWAYS IN BALANCE WITH THE NUMBER OF RESIDENTS

Aim:
To finance the development beyond the self-sufficiency

Stakes:
- to create the Auroville’s conditions of EVOLUTION:
  - acquisition and protection of lands
  - big scale projects of infrastructure
  - transports in Auroville, etc.
- to create the conditions of RADIANCE of Auroville:
  - of research and its applications
  - of spiritual activities and researches

Mostly:
- oriented towards the future development
- fund by industries and the major donors

AN HEAVY ECONOMY EXTERNALLY SUBSIDIZED

* Aurovilians and assimilated: Aurovilians, Newcomers, volunteers, relatives, friends of Auroville...
IDÉALEMENT

Economy of self-sufficiency

Small and medium production by and for Aurovilians

Small and medium production « Large production » possibly assisted by external work force

Aurovilians and visitors needs

(+ prototyping for large scale production)

Distinct Entities: separation of work, internal needs and production

Dis+nct En++es: separa+on of work, internal needs and produc+on

Net surplus¹ put back in full to Auroville² except special agreements

¹ after purchase and production costs, wages, taxes and investments
² to Prosperity Fund or Central Fund for redistribution

IDEALLY

Industries

External services

Internal services

Economy of development
The economy of self-sufficiency

Second Part

Stakes and KEYS
Our proposal is currently only about self-sufficiency economy

Key points & stakes to « reconquer money »

...because a total self-sufficiency is not possible
Local market v/s External market

1 productive Aurovilian on 10
uses 1 local resource on 20
to satisfy 1 Aurovilian on 7

15% of self-sufficiency in basic needs
(all-inclusive of local production)

85% of basic needs satisfied on the external market
(imported production)

5% of local resources engaged in production
(material, energy, work ...)

95% of external resources engaged in production
(material, energy, work ...)

10% of human energy of production expended for the Aurovilians
(essentially in food, health and education)

90% of human energy of production expended for the outside
25% for export
65% for visitors

We have to rebalance the situation.

Data weighted by internal needs
Our proposal is currently only about self-sufficiency economy.

...because it is the place of all local transactions, we must give a real economical existence to the local market.

...because a total self-sufficiency is not possible.

Key points & stakes to « reconquer money »
The local Market in Auroville

Economical definition

The local market contains:
- the Aurovilian production of goods or services aimed at the Aurovilians
- as well as the local exchanges.

By extension

It also includes:
- the imported products by Auroville (processed or not)
- the production and sales aimed at visitors

At a higher level

The local market means:
- supply and demand of products and services,
- units and services of Auroville,
- and the economical principles that drive it.
To give an ECONOMICAL EXISTANCE to the local market

EXTERNAL MARKET

Duplicated accounts

<table>
<thead>
<tr>
<th>Account Type</th>
<th>Local Market</th>
<th>External Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund account</td>
<td>Local Fund account</td>
<td></td>
</tr>
<tr>
<td>Unit account</td>
<td>Local Unit account</td>
<td></td>
</tr>
<tr>
<td>Service account</td>
<td>Local Service account</td>
<td></td>
</tr>
<tr>
<td>Individual account</td>
<td>Local Individual account</td>
<td></td>
</tr>
</tbody>
</table>

LOCAL MARKET

Splitting in local accounts

back conversion (LRs => Rs)
only for external loads

INTERNAL EXCHANGES

conversion only
(Rs => LRs)

The ECONOMIC VISIBILITY of AUROVILLE LOCAL MARKET is FULL:

The LOCAL MARKET works like a TRUE LOCAL CURRENCY

Quantification, analysis, forecasting, adaptation...
To give an ECONOMICAL EXISTANCE to the local market

EXTERNAL MARKET

INTERNAL EXCHANGES on the LOCAL MARKET

LOCAL MARKET

The ECONOMIC VISIBILITY of AUROVILLE LOCAL MARKET is FULL:
The LOCAL MARKET works like a TRUE LOCAL CURRENCY

Actual accounts in NATIONAL CURRENCY

Duplicated accounts

Fund account

Unit account

Service account

Individual account

Splitting in local accounts

back conversion (LRs => Rs)
only for external loads

conversion only (Rs => LRs)

WITHDRAWALS OUTCOMES

DEPOSITS INCOMES

INCOMES

OUTCOMES

Quantification, analysis, forecasting, adaptation...
Our proposal is currently only about self-sufficiency economy.

...because it is the foundation of all communities, the proposal is centered on collective bases.

Key points & stakes to « reconquer money »

...because it is the place of all local transactions, we must give a real economical existence to the local market.

...because a total self-sufficiency is not possible.

External market

Local market

Economy of self-sufficiency

Collective base
Ideally

Auroville local economy must **progress** towards a **collective base of participation**...

...stated as:
- work
- in-kind
- money

As a matter of fact, the situation is at a standstill

Economically, we can see that:
- Nothing **innovative has happened for more than 10 years !!!**

and we could add that:
- Nothing **innovative may happen in the next 10 years !!!**

Why?

Because, **more and more and even in the family circle**, we depend on **INDIVIDUAL ACCOUNTS**

If we let these accounts take roots longer we will not meet **a fraternal sharing economy**

We must reintroduce **progressive means of collective sharing**
Our proposal is currently only about self-sufficiency economy

...because it is the place of all local transactions, we must give a real economical existence to the local market

...because a total self-sufficiency is not possible

...because it is the foundation of all communities, the proposal is centered on collective bases

...because to benefit from advantages on the local market, it is necessary to redefine the participation and engagement to sustain it

Key points & stakes to « reconquer money »

Local market

Collective base

External market

Economy of self-sufficiency

Participation & engagement
## Notions of participation and engagement

<table>
<thead>
<tr>
<th>AUROVILLE AUROVILLE AUROVILLE AUROVILLE AUROVILLE AUROVILLE AUROVILLE</th>
<th>REGISTERED VISITORS</th>
<th>EXTERNAL WORKERS</th>
<th>AUROVILIANS UNDER MAINTENANCE</th>
<th>SELF-SUPPORTING AUROVILIANS</th>
<th>STAKES</th>
</tr>
</thead>
<tbody>
<tr>
<td>TO PARTICIPATE IN A WORK OF COLLECTIVE NATURE...</td>
<td>NO</td>
<td>YES</td>
<td>YES</td>
<td>YES³</td>
<td>...TO BENEFIT FROM A SPACE TO SERVE AUROVILLE</td>
</tr>
<tr>
<td>TO PARTICIPATE BY THE CONTRIBUTION IN AUROVILLE...</td>
<td>YES</td>
<td>NO</td>
<td>YES¹</td>
<td>YES³</td>
<td>...TO MAINTAIN COLLECTIVE SERVICES</td>
</tr>
<tr>
<td>TO ENGAGE ONESELF to a MINIMUM OF CONSUMPTION...</td>
<td>NO</td>
<td>NO</td>
<td>YES²</td>
<td>NO</td>
<td>...TO STRENGTHEN THE LOCAL MARKET</td>
</tr>
</tbody>
</table>

¹ Contribution is included in maintenance  
² « in-kind »  
³ With exception (age, disability ...)  

Because it seems abnormal to live / serve Auroville without consuming on the local market ...

...Generalization of the engagement to consume locally

The commitment to a minimum of local consumption boosts the local market
Our proposal is currently only about self-sufficiency economy

Key points & stakes to « reconquer money »

...because it is the foundation of all communities, the proposal is centered on collective bases

...because it is the place of all local transactions, we must give a real economical existence to the local market

...because a total self-sufficiency is not possible

...because exchange modes carrying the Auroville spirit emerged from Aurovilians, this proposal is mostly inspired by them

...because a total self-sufficiency is not possible

External market

Collective base

Participation & engagement

Economical initiatives by Aurovilians

Economy of self-sufficiency

Local market
Economical initiatives by Aurovilians

Accounts with collective balance

- Health Fund
- Nandini
- PTDC

Services without profit margin

- Purchasing cooperative with flat-rate participation
- Mutual health with flat-rate participation
- Aurovilians units offer low prices or cost price

Shared accounts « Seed » circles

Self-management sharing by members

For free

- Free Store
- Free communitary service

We were inspired by these experimental modes of exchange because they bear and ensure the spirit of Auroville
Third part

The economy of self-sufficiency

ONE PROGRESSIVE INTEGRAL ECONOMY
Towards one progressive integral economy

From existing exchange modes...

to a progressive approach of this economy

Detail of the proposal

Our approach

Economy of self-sufficiency
Our approach inspired by existing modes of exchange

- Exchanges at external market prices
- Exchanges at low prices
- Exchanges at cost price
- Exchanges with special discounts
- Donations Free
- Direct exchanges
- Indirect exchanges (through the collective)

Local market of Auroville

TO REORGANIZE EXISTING EXCHANGE MODES
Our approach inspired by existing modes of exchange

• **Direct exchanges**
  - Exchanges at external market prices

• **Exchanges at low prices**
  - When engagement is present but exchanges remain direct

• **Exchanges with special discounts**
  - When engagement is present and exchanges go through a collective bias (indirect)

• **Exchanges at cost price**
  - When local accounts become shared

• **Indirect exchanges (through the collective)**

• **Donations Free**

**MODES OF EXCHANGE**

- **Mode 1 for 1**
  - No engagement on the local market — direct exchange
This will be the mode of exchange with the VISITORS

- **Mode 1 for ALL**
  - When local accounts become shared

- **Mode ALL as 1**
  - Collective exchanges of "family" type

**ENGAGEMENT STEP**

- For individuals, units and services
Towards one progressive integral economy

Detail of the proposal

From existing exchange modes
...to a progressive approach of this economy

Economy of self-sufficiency

The engagement steps

Our approach

From the articulation of the steps between them
...to an integral economy

TO EXCHANGE AT THE CHOSEN STEP
Exchange at the step of one’s choice

Individuals choose freely their engagement-step ...

...It is the mode of exchange in which they wish to position themselves.

Units and services choose freely their engagement-step ...

... while remaining open to exchange in the previous steps*

... which will be advantageous for them.

- The previous steps are not mandatory (many services don’t want to exchange with visitors at ES1 for example)
Towards one progressive integral economy

Detail of the proposal

- From existing exchange modes
  ...to a progressive approach of this economy

- Our approach

- The engagement steps

- Economy of self-sufficiency

- From the articulation of the steps between them
  ...to an integral economy

- TO EXCHANGE AT THE CHOSEN STEP

- THE ENGAGEMENT, CONCRETELY
### The engagement, concretely

**Committing to support the local market is:**

- **INDIVIDUAL**
  - To choose an ENGAGEMENT-STEP
  - To feed his LOCAL ACCOUNT (in Local Rs)

- **UNIT or SERVICE**
  - To choose an ENGAGEMENT-STEP
  - To be opened to ALL PREVIOUS ENGAGEMENT-STEPS
  - To accept only payments in LOCAL CURRENCY (in Local Rs)
  - To promote trade in "LOCAL CURRENCY" (in Local Rs)

### A MONTHLY BASIS of participation defines the engagement on the local market (in Local Rs)

- The monthly basis will depend on:
  - An equal reference participation \( P_{ref} \) for all (ex: 5000 Rs)
  - A correction of this reference participation according to age \( PC_{ref} \)

- Paid automatically in the **beginning of the month** through:
  - A part of maintenance (in Local Rs)
  - or an external account (Rs => Local Rs)

### Back conversion is always possible for units

- For the payment of loads in national currency (Local Rs => Rs)

### Except singularities

- For all products and services on the local market
- To pay a part of maintenance in "local currency"
- To search for partners from local units (suppliers, transformers, broadcasters)
**Age-adjusted reference participation**

- **B_m**: Monthly basis actually paid
- **P_ref**: Common reference participation
- **PC_ref**: Corrected reference participation

**Incitement Levels**

- If \( B_m = 3000 \) LR, Incitement Level for Participation
  - \( \frac{3}{4} \) incitement
  - \( \frac{1}{2} \) incitement
  - \( \frac{1}{4} \) incitement
  - ZERO incitement

**For a YOUNG ADULT of 27 yrs**

**Young people aged 18 to 25**
- (Non-active population or at the start of activity)

**Young adults aged 25 to 35**
- (Population with little or no resources)

**Adults ages 35 to 65**
- (Normally autonomous population)

**Veterans 65 and older**
- (Population with a decline in activity)

\[
\text{If } P_{\text{ref}} = 5000 \text{ LRs}
\]

\[
\frac{1}{4} P_{\text{ref}} \quad \frac{1}{2} P_{\text{ref}} \quad P_{\text{ref}}
\]

\[
PC_{\text{ref}} = 2500 \text{ LRs}
\]
Towards one progressive integral economy

Detail of the proposal

- From existing exchange modes...
  to a progressive approach of this economy

- The principles that drive every step

- From the articulation of the steps between them...
  to an integral economy

TO EXCHANGE AT THE CHOSEN STEP

THE ENGAGEMENT, CONCRETELY

A MANAGEMENT BODY OF THE LOCAL CURRENCY

Our approach

The engagement steps

Economy of self-sufficiency
A management body of the local currency

To simplify the day-to-day management of accounts for all users

- Automatic monthly payments (monthly basis)
- Automatic transactions according to the implied steps
- Simplified labelling of "extra" expenditures
- Setting up accounts through web pages (Auronet / FS)
- Providing separate and consolidated local and external accounts for units and services (to simplify taxation)

To accompany users in every step of engagement

- Helping users to define a suitable monthly basis
- Simulating the passage of users to the next step
- Informing the users before a deficit
- Accompanying units looking for local suppliers
- Accompanying the units in reconversions (LRs -> Rs)

To communicate actions and forecasts to users

- Incorporating additional information (collective participation rate ...)
- Communicating the detailed monthly balance sheet of the local market
- Communicating actions supported by mutual funds
- Communicating the decisions of evolution taken by the members of the self-managed steps
Towards one progressive integral economy

Detail of the proposal

From existing exchange modes
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TO EXCHANGE AT THE CHOSEN STEP

THE ENGAGEMENT, CONCRETELY

A MANAGEMENT BODY OF THE LOCAL CURRENCY
ENGAGEMENT STEP 1

**COMMON FUND**
- **INDIVIDUAL ACCOUNTS**
- **SHARED ACCOUNTS**
- **SELF-MANAGEMENT**
- **ENTRY CONDITIONS**
- **COMMON FUND**

**ENENGAGEMENT**
- VISITORS
- UNWILLING TO ENGAGE IN THE LOCAL MARCHET
- PRICE OF EXTERNAL MARKET (SUPPLY & DEMAND)

**UNITS & SERVICES**
- THOSE WHICH WANT

**PRICE BASE**
- PASSING THROUGH REGISTERED IN AUROVILLE

**ES1**

**REAL MODE**

« 1 FOR 1 »
Local account in real-mode WITHOUT ENGAGEMENT

- **Balance at the beginning of month**
- **Expenses on the local market**
- **Manual payment during the month — at any time**
- **Account reaching zero => awaiting replenishment**
- **Balance at the end of month**
ENGAGEMENT STEP 2

**MODE**

« 1 FOR 1 »

- **REAL MODE**
  - YES WITH A MINIMUM ANNUAL PRESENCE

- **PRICE OF EXTERNAL MARKET**
  (SUPPLY & DEMAND)

- **25% MINIMUM**

- **ENFORCEMENT TO RESPECT THE MODALITIES OF THE STEP**

- **ENTRY CONDITIONS**

- **COMMON FUND**

- **INDIVIDUAL ACCOUNTS**
  - YES WITH A MINIMUM ANNUAL PRESENCE

- **SHARED ACCOUNTS**

- **AUROVILIANS & ASSIMILATED**

- **VISITORS**

- **ENFORCEMENT**

- **STAYING CONDITIONS**

- **SELF-MANAGEMENT**

- **PRICE BASE**

- **UNITS & SERVICES**

- **MONTHLY BASIS DEPOSITED AT THE BEGINNING OF THE MONTH**

- **IF EXECUTIVES ENGAGED IN THE STEP**

- **STEP MODALITIES RESPECTED**
Local account in real-mode WITH ENGAGEMENT

**Automatic payment at the beginning of the month** $\Rightarrow B_m$

- $B_m \geq PC_{\text{ref}} \Rightarrow$ full incentives
- Expenses on the local market
- Incentives specific to each unit in term of discounts
- Intermediate automatic payment $\Rightarrow$ recovery at $\frac{1}{4} B_m$
- Automatic payment at the beginning of the following month $\Rightarrow$ recovery of $B_m$ for $\geq PC_{\text{ref}}$

**Deficit account before the end of the month**

**Local account**

- Local Rs $B_m$
- Local account
- PC_{\text{ref}}
- Chosen monthly basis
- Current predominant functioning
ENGAGEMENT STEP 3

MODE
« 1 FOR ALL »

INDIVIDUAL ACCOUNTS

- FLAT-RATE MODE
  (SURRENDER OF EXCEDANTS)

- YES WITH A MINIMUM ANNUAL PRESENCE

- YES WITH EXECUTIVES ENGAGED IN THE STEP + ACCOUNTING TRANSPARENCY

- COST PRICE\(^{(1)}\)
  (SURRENDER OF THE MARGINS)

- YES EVOLUTION OF THE STEP WITH THE MBLC\(^{(2)}\)

- POOLING OF THE UNUSED
  (ONLY INTENDED TO THE DEVELOPMENT OF SELF-SUFFICIENCY)

- MONTHLY BASIS AND IDENTICAL CONSUMPTION AS PREVIOUS STEP

SHARED ACCOUNTS

- ENTRY CONDITIONS

VISITORS

- AUROVILIANS & ASSIMILATED

- VISITORS

- PRICE BASE

- DISCOUNT

- SELF-MANAGEMENT

- STAYING CONDITIONS

- COMMON FUND

UNITS & SERVICES

- ENGAGEMENT

- MONTHLY BASIS DEPOSITED AT THE BEGINNING OF THE MONTH

- YES WITH A MINIMUM ANNUAL PRESENCE

- YES WITH EXECUTIVES ENGAGED IN THE STEP + ACCOUNTING TRANSPARENCY

- COST PRICE\(^{(1)}\)
  (SURRENDER OF THE MARGINS)

- YES EVOLUTION OF THE STEP WITH THE MBLC\(^{(2)}\)

- POOLING OF THE UNUSED
  (ONLY INTENDED TO THE DEVELOPMENT OF SELF-SUFFICIENCY)

- MONTHLY BASIS AND IDENTICAL CONSUMPTION AS PREVIOUS STEP

(1) With wages, investments...

(2) Management body of local currency
Local account in flat-rate mode WITH ENGAGEMENT

Automatic payment at the beginning of the month => \( B_m \)

Local account

\( B_m \)

\( PC_{\text{ref}} \)

Expenses on the local market

Incentives specific to each unit in terms of margin

Excedant at the end of month => put on a common fund shared by all members (individuals, units, services)

Intermediate automatic payment (deficit non authorised)

=> recovery of the deficit multiplied by 2

Automatic payment at the beginning of the following month => always equal to \( B_m \)

\( B_m \geq PC_{\text{ref}} \)

Chosen monthly basis

Local Rs

Month
Price Levels

Creating a common fund by mutual surrender of equal share

- Maximum prices (ES1)
- Discounted prices (ES2)
- Reasoned price (ES3/ES4)
- Gross cost price (wages...)
- Product cost price
- Selling price (ES3/ES4)
- Buying price (ES3/ES4)
- Ceiling price
- Free
- From free to repayment of purchase costs

Level of supply & demand

- Social & solidarity level
- Level of mutual aid
- Fraternal level

Price based on the profit

Price based on collective sense

Gross Profit Margin

Mutually conceded margin

Discount of 25% min
ENGAGEMENT STEP 4

MODE « 1 AS ALL »

- **VISITORS**
  - Monthly basis deposited at the beginning of the month
  - Yes with a minimum annual presence

- **AUROVIliANS & ASSIMILATED**
  - Yes with executives engaged in the step + accounting transparency

- **COMMON FUND**
  - Step modalities respected

- **ENTRy CONDITIONS**
  - Pooling of the unused (only intenT to the development of self-suffiCiency)
  - Monthly basis and identical consumption as previous step

- **INDIVIDUAL ACCOUNTS**
  - Flat-rate mode (surrender of excedants)
  - EvolutiOn of the step with the MBLC (2)

- **SHARED ACCOUNTS**
  - Yes
  - Cost price (1) (surrender of the margins)

- **SELF-MANAGEMENT**
  - Yes
  - EvolutiOn of the step with the MBLC (2)

- **ENTRY CONDITIONS**
  - Monthly basis

- **UNITS & SERVICES**
  - Price base

- **PRICE BASE**
  - Discount

- **STAYING CONDITIONS**

- **ENGAGEMENT**

---

(1) With wages, investments...
(2) Management body of local currency
Mode of wealth sharing based on family model

This step is not completely defined because it needs to be designed by the community members

- It is the equivalent of the family model but at a community level

**EXTERNAL MARKET**

Expenditures (raw products...)

A part of the benefits are:
- reinvested for local production
- used for collective needs (education, health...)

**LOCAL MARKET**

FOR VISITORS
- Saling at external market price

FOR AUROVILIANS
- Products’ distribution for all
  - freely (for basic needs)
  - at expenditure cost price (for extra needs)

**LOCAL DEVELOPMENT**

Put on common funds for the development of AUROVILLE
<table>
<thead>
<tr>
<th>Key</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>To revive the SELF-SUFFICIENCY to a desirable level</td>
</tr>
<tr>
<td>2</td>
<td>To give an ECONOMICAL EXISTANCE to the local market</td>
</tr>
<tr>
<td>3</td>
<td>To contain the PROGRESSION OF INDIVIDUAL ACCOUNTS</td>
</tr>
<tr>
<td>4</td>
<td>To generalized the notion of engagement to CONSUME LOCALLY</td>
</tr>
<tr>
<td>5</td>
<td>To be inspired by PAST EXPERIMENTS already in place</td>
</tr>
<tr>
<td>6</td>
<td>Reorganized the EXISTING MODE of EXCHANGE within a progression</td>
</tr>
<tr>
<td>7</td>
<td>To create PROGRESSIVE STEPS ARTICULATED BETWEEN THEM</td>
</tr>
<tr>
<td>8</td>
<td>To allow individuals TO POSITION THEMSELVES AT A DESIRED STEP</td>
</tr>
<tr>
<td>9</td>
<td>To allow units TO POSITION THEMSELVES ON SEVERAL STEPS</td>
</tr>
<tr>
<td>10</td>
<td>To introduce a PARTICIPATION OF REFERENCE, age-adjusted</td>
</tr>
<tr>
<td>11</td>
<td>To create a MANAGEMENT BODY FOR THE LOCAL CURRENCY</td>
</tr>
<tr>
<td>12</td>
<td>TO SIMPLIFY transactions, TO ACCOMPANY &amp; INFORM the users</td>
</tr>
<tr>
<td>13</td>
<td>To introduce ACCOUNTS GENERATING MUTUAL FUNDS</td>
</tr>
<tr>
<td>14</td>
<td>To allow THE SELF-MANAGEMENT OF STEPS by members</td>
</tr>
</tbody>
</table>
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The beginning

END