

## उद्यमिता\* for Building Back Better

### Innovative Business Models Driving a Green and Inclusive Recovery

3 November 2022 | India Habitat Centre, Delhi

With three waves in, the scars of the COVID-19 pandemic still run deep for the Indian economy. The country has lost 52.6 lakh crore or 12% of its actual GDP since the start of the lockdown till date. Though the economic activities have somewhat returned to business-as-usual, millions of jobs lost due to the pandemic have not returned. Qualitatively, the pandemic has revealed the vulnerability of the Indian growth trajectory, which is marred with non-inclusiveness, unequal distribution of profit and ownership of resources, especially by gender, and unsustainable supply chains, which are threatened by non-localisation as much as by environmental shocks.

Consider the following evidence:

- Nearly 6000 registered Micro, Small, and Medium Enterprises (MSMEs) shut down between 2020-21 and 2021-22 due to the COVID-19 pandemic, of which 99.1% were micro-enterprises.<sup>1</sup> Many closures are not included in this figure, especially in the case of informal and unregistered enterprises.
- A fourth of Indian MSMEs lost 3% of their market share to big corporations – that could procure raw material from their extended network – due to supply-chain disruptions arising out of the COVID-19 pandemic.<sup>2</sup>
- In the first lockdown (2020), only 7% of men lost their jobs in comparison to 47% of women in India.<sup>3</sup> Another study estimated that while women were close to seven times more likely to lose jobs due to the pandemic in comparison to men, they were also 11% less likely to return to the workforce.<sup>4</sup>
- About 72% of women-owned businesses in 2020 reported cash shortages than men-led (53%) enterprises. More so, 79% of women entrepreneurs were found to be less likely to be aware of government relief measures, in comparison to men at 54% – the divide widened by the digital shift of support services, especially for women in rural areas who struggle with lack of mobile devices or internet services.<sup>5</sup>
- Close to 99.7% of the MSMEs in the country are unorganised and depend upon informal labour – many of whom are migrants from states such as Uttar Pradesh, Bihar, and Rajasthan. Lack of work due to lockdown resulted in a reverse migration of these workers. And, 8–9% of the workers have not returned after the lockdown opened up, affecting production cycles with a higher wage rate than earlier.

### Breaking the Status Quo: Inclusive & Green Entrepreneurship

The COVID-19 pandemic has brought to focus entrepreneurship based on principles that plug some of the gaps revealed during the national and state-level lockdowns. There is an increasing attention on enterprises that understand the benefits of localisation of inputs such as raw material and labour, and acknowledge the economic and societal benefits a business set within a community can reap. Businesses are now more openly

<sup>1</sup>Financial Express. (2022, March 15). Nearly 6,000 MSMEs got shut down during FY21 and FY22: Govt data. Details available at <https://www.financialexpress.com/industry/sme/msme-eodb-nearly-6000-msmes-got-shut-down-during-fy21-and-fy22-govt-data/2461592/>. (Based on Udyam Registration Bulletin, Ministry of Micro, Small & Medium Enterprises)

<sup>2</sup>(2022). (rep.). CRISIL Research SME Report 2022. Details available at <https://www.crisil.com/en/home/our-analysis/reports/2022/06/crisil-research-sme-report-2022.html>.

<sup>3</sup>Centre for Sustainable Employment, Azim Premji University. (2021). (rep.). State of Working India 2022. Details available at <https://cse.azimpremjiuniversity.edu.in/state-of-working-india/swi-2021/>

<sup>4</sup>Abraham, R., Basole, A., & Kesar, S. (2021). (rep.). Down and out? The gendered impact of the Covid-19 pandemic on India's labour market. Centre for Sustainable Employment, Azim Premji University. Details available at [https://cse.azimpremjiuniversity.edu.in/wp-content/uploads/2021/02/Abraham\\_Basole\\_Kesar\\_Gender\\_Covid\\_Feb\\_2021.pdf](https://cse.azimpremjiuniversity.edu.in/wp-content/uploads/2021/02/Abraham_Basole_Kesar_Gender_Covid_Feb_2021.pdf)

<sup>5</sup>Bargotra, N., Bhatotia, K., Karthick, M. P. and Narasimhan M. 2021. How did India's women enterprises fare during the COVID-19 lockdown?. *Economic and Political Weekly*. Details available at <https://www.epw.in/engage/article/how-did-indias-women-enterprises-fare-during-covid>, last accessed on 26 September, 2021

\*उद्यमिता means Entrepreneurship

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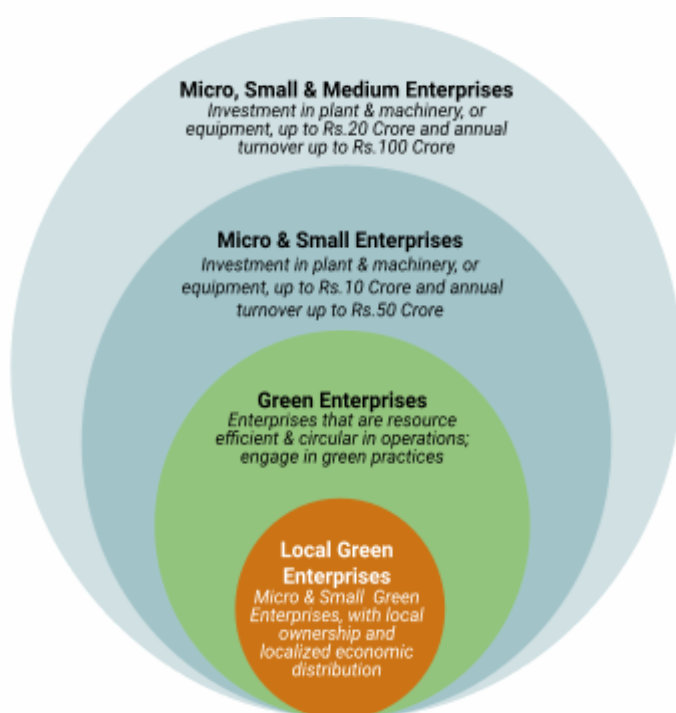


adopting resilience-based practices while attempting to understand and better integrate circularity and resource efficiency into their supply chain and operational models.

While none of this is new, the pandemic can be credited for pushing businesses, especially micro and small, to think beyond today and prepare for the future. Much of this momentum can be used to accelerate the mainstreaming of Local Green Enterprises (LGEs).

## Local Green Enterprises

There is yet no universally accepted definition for LGEs. At Development Alternatives, we broadly define these as a class of micro and, to some extent, small enterprises that -



MSMEs to LGEs - Onion Diagram for Defining the Interlinkage

- Are financially viable by nature of being a business; as well as adopt resilient and competitive business models to ensure long-term sustainability.
- Contribute to environment conservation by building their business models on the principles of resource efficiency and circularity, and being inherently restorative and regenerative in practice.
- Are inclusive and operate in a just and equitable manner. Their economic benefits are distributed locally, by virtue of value addition to local resources and retention of profits within the communities they serve.<sup>6</sup>

LGEs can include both individual-run enterprises and collective models such as farmer producer organisations or artisan clusters. Nevertheless, the ecosystem for the both demands handholding support in terms of policy and advocacy, credit and market linkage, and first and foremost, recognition as being an enterprise that is sustainable, profitable, and has a positive impact on society and the environment.

## More Needs to Be Done

The progress so far is promising but is yet minuscule considering the sheer size of the sector. The potential lies in catalysing the triple bottom line benefits for the micro and small enterprises, which would in return build an inclusive and green economy. The foundational step to achieving this is to develop standard taxonomies and a shared understanding of what LGEs are, and set parameters and indicators that help to define them. This can help build evidence towards the capacity and performance of such local enterprises in delivering integrated sustainability benefits and further help generate ecosystem support for them. Once established, this will open doors for a much wider engagement with diverse groups including policymakers for design integrations and financiers (both conventional and social impact investors) to weigh localness and greenness as factors in lending decisions. All of this shall build confidence around sustainability and investability of inclusive and green businesses.

<sup>6</sup> Adapted from Poverty-Environment Partnership (PEP) Session. 7 November, 2017. Green Economy Coalition

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In this context, the 25<sup>th</sup> **trialogue2047 – curtain-raiser to TARAGram Yatra 2022 – will weave together perspectives from diverse groups of stakeholders towards the agenda of co-creating local green economies.** This shall include policymakers, entrepreneurs, financiers, social investors, Civil Society Organisations (CSOs)/Social Impact Companies, think tanks, and others who together form a nexus for delivery of green products and services, all the while addressing challenges towards climate change resilience, waste management and circular economy, agriculture and allied services, etc.

## Programme Design

*trialogue2047* is divided into three thematic areas, which are – i) Circularity and Resource Efficiency; ii) Climate Change Mitigation and Adaptation; and iii) Inclusive Entrepreneurship and Livelihood Generation. Each of these thematic areas shall feed into the larger discussion around sustainable entrepreneurship models and machineries that sustain them. The programme will address the following questions:-

1. What changes in the approach are evident in policymaking, financing, and advocacy for *green and inclusive entrepreneurship* in India, especially over the past 3-5 years?
2. What systemic risks and barriers are inhibiting the growth of such entrepreneurs in India?
3. What measures seem necessary to tackle these, and how can the stakeholders align themselves and work in partnership towards it?

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### Triologue2047 - Agenda

Time	Activity	Speaker/Lead
17:00 – 17:30 Hrs (Duration: 30 minutes)	<b>Tea &amp; Registration</b>	
17:30 – 17:35 Hrs (Duration: 5 minutes)	<b>Welcome Remarks</b>	<b>Dr. Ashok Khosla</b> Chairman, Development Alternatives Group
17:35 – 17:45 Hrs (Duration: 10 minutes)	<b>Special Address &amp; Joint Launch of MSME Facilitator's Toolkit</b>	<i>Special Guests</i>  <b>Dr. Ashok Kumar Ghosh</b> Chairman, Bihar State Pollution Control Board (BSPCB)  <b>Dr. Anshu Bharadwaj</b> Chief Executive Officer, Shakti Sustainable Energy Foundation
17:45 – 18:45 Hrs (Duration: 60 minutes)	<b>Panel Discussion</b>	<i>Panellists</i>  <b>Ms. Vineeta Hariharan</b> <b>Chief, Externally Aided Missions</b> Ministry of Micro, Small and Medium Enterprises (MSME)  <b>Dr. Anubha Prasad</b> General Manager, Small Industries Development Bank of India (SIDBI)  <b>Mr. Nikhil Toshniwal</b> Vice President Network & Digital Partnerships, DeHaat  <b>Dr. Binish Desai</b> Founder Eco Eclectic Technologies  <i>Moderation by</i> <b>Shrashtant Patara</b> Chief Executive Officer, Development Alternatives Group
18:45 – 19:15 Hrs (Duration: 30 minutes)	<b>Open House</b>	
19:15 – 19:25 Hrs (Duration: 10 minutes)	<b>Sum-Up &amp; Closing Remarks</b>	<b>Shrashtant Patara</b> Chief Executive Officer, Development Alternatives Group
19:25 – 19:30 Hrs (Duration: 5 minutes)	<b>Vote of Thanks</b>	<b>Gitika Goswami</b> Associate Vice President & Team Lead, Policy Research & Planning Domain Development Alternatives Group
19:30 onwards	<b>Dinner</b>	

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