

Local Green Enterprises

Building Movements of MSMEs within India's Transition to an Inclusive Green Economy



BACKGROUND

India, its pacing economy and global commitments

Expected to slowly accelerate, India's nominal GDP is estimated to grow at 7.5% by 2020. (World Economic Outlook, April 2019) The nation managed to retain its position as the third largest start-up base in the world with over 4,750 technology start-ups, and about 1,400 new start-ups being founded in 2016 (NASSCOM). Positioned to have one of the youngest populations in the world by 2020, the existing figure of 65% of the population within working age is only slated to rise. (UNDP, 2016)

However, this growth has also caused immense problems of environmental degradation and social inequity. The country's cities are becoming notorious for the pollution of their air, the scarcity of their water supplies and the toxicity of their waste dumps. The resource guzzling economy is overexploiting and degrading the soils, forests and rivers of this once wealthiest of nations at an unsustainable rate. Further, not everyone has shared wealth equally in India, with 96% adult population having wealth below USD 10,000. On the other extreme, 0.3% adults have a net worth over USD 100,000. (Chancel & Piketty, 2017) Thus, the disparities in income and wealth are becoming huge and socially threatening.

There is an urgent need to adjust all economic activities to be within planetary and societal boundaries. India has joined the Partnership for Action on Green Economy (PAGE) programme, recognising the urgency in enabling the country to meet her international commitments to initiatives such as Inclusive Green Economy, Nationally Determined Contributions to the Paris Agreement, and the Sustainable Development Goals (SDGs). In this light, the Government of India has taken many significant steps that will strengthen India's potential to achieve its Sustainable Development Goals and Targets. The nation's plans for expanding installation of renewable energy plants, removal of plastic wastes and conservation of natural resources are among the largest and most ambitious in the world. 'Make in India' and 'Skill India' are some of the other flagship programmes of the Government of India to enhance the employment opportunities and industrial base of the economy.

Funders:



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MSMEs making the transition to an Inclusive Green Economy in India



With the national scenario of resource extraction and disparate inequalities, it is imperative for India to enable a system that appropriately localises and decentralises its production of goods and services while also integrating economic efficiency, environmental soundness, and social equity into business decisions. Across high, middle, and low-income countries, micro and small enterprises (MSEs) constitute the largest share of private businesses and account for the bulk of employment. These dynamic entities create local jobs and boost economic resilience leading to strong multiplier effects on the national economy. In India, as per FICCI, there are around 63 million MSMEs that employ around 111 million people, contributing 28.77% to the GDP. (MoMSME,2017)

Environmentally responsible MSEs or **Local Green Enterprises (LGEs)**, as we call them, provide solutions and a sustainable approach to building a green and inclusive economy, enabling job creation, poverty reduction, environment sustainability and resilience building, thus supporting in achieving the Sustainable Development Goals. Many existing enterprises are attempting to green current practices and many more are starting-up in areas of circular economy and resource efficiency. There are many cases from across India that corroborate the role of MSEs in providing poverty and environment solutions while building a resilient economy.

LGEs in India, however, face many systemic and structural challenges that impede their growth and scaling up. Even though India has moved up on World Bank's ease of doing business ranking from the 130th position in 2015 to the 63rd in 2019, there is still a long way to go. The regulatory environment in which MSEs operate is still burdensome. Gaps in finance, skill and information are some of the major roadblocks. As per the statistics compiled in the fourth census of MSME sector for registered units (April 2011), only about 11.7% of MSMEs availed finance from institutional sources, and about 1% from non-institutional sources. The vast majority of about 87.2% units had either not sought external finance or had depended on internal sources. The Economic Survey (2014-15) stated that as per the Labour Bureau Report 2014, the present skilled workforce in India is only 2%, which is much lower when compared to developing nations, and that the number of persons aged 15 years who had already received or were currently receiving skills is merely 6.8 percent.

GEC Global Meeting 2020

Who are we, and where have we come from?

In 2009, seeing that the 'brown' economic system was failing its constituencies – poor people, workers, nature – a group of civil society organisations saw a chance to shape a new agenda. Greener economies offered a pathway for communities to take ownership of local natural resources; for poorer nations to leapfrog old industrial pathways and develop cleaner energy systems better suited to rural economies; for societies to generate new sustainable industries and decent jobs. The Green Economy Coalition (GEC) was formed to shape and promote that agenda. Our mission? To champion inclusion, equity and environmental limits. To do that, our understanding of a green economy evolved beyond a single definition, to include a set of key actions:

- **Measuring and governing** : Supporting institutions to re-define progress so that they can meet opportunities and risks of the future.
- **Reforming financial systems** : Ensuring they are fit for the demands of the 21st century. That means green monetary policy, carbon pricing and taxation, and revising the mandates of the major financial institutions.
- **Greening economic sectors** : Securing food, transport, energy and infrastructure for the future, built to last. That means sector transition plans, binding carbon budgets, and supporting small businesses to generate solutions.
- **Tackling inequality** : Fairer economies are more resilient and have a smaller environmental impact. That means progressive welfare systems and taxation, shared ownership models and reskilling workforces for a just transition.
- **Valuing nature** : Ensuring its visibility in national statistics and financial statements, showing decision makers their dependency on maintaining a healthy planet. That means natural and social capital accounting.

Why do we come together every year?

The overall objective of the Global Meet is to build a platform for the civil society and small businesses to engage with green economy policy making in India and other parts of the world. Together we bring together over 300 civil society networks spanning poverty, environmental protection and labour rights, who are actively championing the green economy transition at local, national and global levels. We centre our dialogues and debates to moving Societal Demand and Inclusion – both critical for the transition to be sustained across traditional investment or parliamentary cycles.

What are we going to do this year?

Our focus this year is on ensuring that local green businesses get a stake in the transition to a green economy. The Global Meeting will delve deeper into aspects of finance, measurements, markets and governance needed for enabling LGEs in India and other countries to carve the story of Green Economy Transitions. The Global Meet will also reflect on the stories and lessons from seven national/regional GEC hubs in the Global South, which are part of the ongoing Programme of GEC on creating enabling policy conditions for the transformation towards an inclusive green economy, currently supported by the European Commission.

Who all will be present?

The meeting will bring together representatives from business, finance, NGOs and citizen's groups from India and around the world. It will be attended by members of the GEC, including the seven GEC regional/ national hubs (Caribbean, India, Mongolia, Peru, Senegal, South Africa and Uganda).

Highlights from the Global Meeting in 2019

The 2019 GEC Global Meeting focused on how everyone can get a stake in the transition to a new, greener economic system. It gathered 130+ participants from over 30 civil societies, small businesses, academia, government and international organisations. The event Report can be found [here](#).

Flow of the GEC Annual Meeting 2020

DAY I

4 Feb

Taking Stock and Showcasing Work

Participants will be immersed into how “inclusion” is perceived and the importance that different countries are placing on it. The day will also build upon the scope and potential of green MSMEs in building green and inclusive economies in the world, along with movements that are strengthening and making the case for reaching scale.

- 7 country hubs share their country’s experience
- Global GEC Hubs share movements in transition across the globe

DAY II

5 Feb

Building Solidarity

Participants will absorb the “diversity” of green enterprises in varied sectors and contexts. This day will provide a platform to listen to ideas, experiences and stories of transformation of Local Green Entrepreneurs and the supporting eco-systems from across India, and some examples from across the globe.

- Dialogue sessions with National Thinkers and Practitioners
- Local Green Enterprise Fair
- Chaupal – Entrepreneurs sharing their stories
- Working Group sessions on culling out policy lessons
- Joint Statement signing by Indian Civil Society

DAY III

6 Feb

Building Synergy

Participants will work towards identifying what has been done, what needs urgent attention, and who will need to steer and play roles in taking this action forward.

- Progress of India on Green Economy shared by GoIndia and UN-PAGE India
- Thematic Sessions on
 - Financing LGEs (Co-hosted with GGGI, SEEDS)
 - Sustainable Procurement (Co-hosted with Switch Asia, TERI)
 - Triple Bottom Line Impact of MSMEs (Co-hosted with UNIDO)

For registration click HERE

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