

Local Green Enterprises: *Restructuring Gandhi's Gram Swaraj for a Transition to Sustainable Futures in India*

Panel Discussion Note

5 February 2020

Context: Gandhian Philosophy and MSME Sector

Gandhi's *Sarvodaya* (the welfare of all) philosophy, which paves the way to *Swarajya* (self-rule), has local economy as the nucleus. The concept 'Think Globally, Act Locally' can be interpreted as the manifestation of Gandhi's model of self-reliance, development and prosperity. Local development has been central to his vision. Sustainability is embedded in the Gandhian approach to development. Gandhi has famously stated, "The Earth provides enough to satisfy every man's need, but not any man's greed." In the 150th year of his birth, the relevance of his philosophy and tactical strategies become all the more prominent given the context of the 2030 Global Agenda for Sustainable Development. The Sustainable Development Goals (SDGs) have reshaped the global development paradigm with emphasis on the enhancement of environmental, social and economic resources. Many of the socio-economic SDGs, like SDG 1 (No poverty), SDG 8 (Jobs and growth) and SDG 10 (Reduced inequalities), are such goals that Gandhi had promoted throughout his life.

The Micro, Small and Medium Enterprises (MSME) sector, with its focus on employment, growth and inclusive development, aligns with Gandhi's model of economic development. In his own life, he enthusiastically promoted the development of *khadi* and small industries as key strategies for self-reliance, inclusion and local development. The MSME sector with similar goals has emerged as a highly vibrant and dynamic sector of the Indian economy. In addition to playing a crucial role in providing large employment opportunities at comparatively lower capital cost than large industries, MSMEs also help in industrialisation of rural and backward areas. MSMEs make an invaluable contribution towards reducing regional imbalances, and assuring more equitable distribution of national income and wealth. Playing a complementary role to large industries as ancillary units, this sector is contributing enormously to the socio-economic development of the country. In India, as per FICCI, there are around 63 million MSMEs, employing around 111 million people, contributing 28.77% to the GDP (2017). The contribution of this sector in country's export is around 45%. Today, with rising demand for employment, India will need to add 15 million jobs annually for the next 15 years to stabilise the job situation (World Bank, 2018), and MSMEs can significantly contribute to filling this job creation gap. As per the World Bank, four out of five new job positions in the formal sector in emerging economies like India are created within MSMEs. Employment generated through MSMEs ensures significant inclusion of rural areas. Even though MSMEs have been inclusive, there is further scope in that regard. The sector has also had its fair share in environmental problems faced in India, which need to be addressed.

Local Green Enterprises in India – a Stake in the Transition to Sustainable Futures

The future of economies is green and inclusive, or there is no future. Being green requires focus on low-carbon pathways, reduction in waste generation, resource efficiency, social inclusion and fairness in distribution of benefits. MSMEs, by their nature of being small and local, are amenable to being inclusive, but are they green? Sustainability remains the vital long-term goal, and its achievement would depend to a large extent upon timely and effective transition towards a green economy. The Gandhian bottom-up approach would focus on making this transition at the local level and building synergy and solidarity for local development. Local Green Enterprises (LGEs) are expected to play a critical role in this transition. These are environmentally conscious Micro and Small Enterprises (MSEs) that provide solutions and a sustainable approach to building green and inclusive economy and achieving the Sustainable Development Goals.

The Government of India has been making efforts to deal with the challenge of balancing its economic growth and environmental sustainability. It has already begun the transitional process towards a green economy, with focus on renewable energy, energy efficiency, waste management and organic farming, among others. According to State of India's Environment (SoE) report, India's position on the Global Environment Performance Index fell from 141 in 2016 to 177 in 2018. LGEs, with their immense potential in employment generation and equitable and inclusive development, can emerge as a priority area for the transition towards a green economy. Local economic development is a focus area in India, and it is in this sphere, that LGEs would be expected to play a significant role. Local development is job oriented, particularly providing jobs for the poor and marginalised; and LGEs offer an opportunity to not only provide jobs, but also contribute towards inclusion and environmental sustainability. In India, LGEs can be seen across different sectors of the economy. There is a stake for everyone in promoting LGEs in India. It gives impetus to government's efforts for inclusive and sustainable development. It offers opportunities for businesses to diversify and venture into sectors that would be sustainable, cost effective and innovative.

Sectors like agriculture, waste management, construction, arts and crafts, have seen emergence of many LGEs. LGEs in agriculture have resulted in direct income benefits to small holder farmers and marginalised communities, and promotion of organic farming. With a strong environmental consciousness, many LGEs are providing innovative ideas and practices to convert waste into marketable products. LGEs have given a space for promoting arts and crafts, especially by women and marginalised communities. With a focus on jobs rather than mechanisation, these LGEs are playing a critical role in sustaining the sector and livelihoods of the people, particularly the poor and marginalised. These LGEs have brought diversity in business and strengthened resilience of the economy. But the sector is yet to achieve its full potential, and has a great scope of growth.

Focus of the Discussion

Within the larger framework of Gandhian Philosophy, the MSME sector and local economic development, the session seeks to discuss the scope, opportunities and challenges for LGEs in India. It would delve into various issues such as the policy ecosystem, finance, procurement and market support for LGEs in India. The focus will be to highlight and discuss:

- How relevant are LGEs in the inclusive economic development and green economy transitions in India?
- What are the symbiotic relationship possibilities among LGEs, industry and businesses and how can that be a win-win for LGEs, big businesses, society and nature?