

Greening High Impact Sectors

towards resource efficiency and sustainable production practices

Introduction

India has experienced a steady growth path in the last few years. The recent government estimates indicate that the real Gross Domestic Product (GDP) grew at a rate of 7.1% in 2016-17 over 2015-16. (MOSPI, 2017) Much of this growth is attributed to the progress by the industrial sectors such as manufacturing, construction, transportation, communication, utility services, etc., growing at a steady rate. Although rapid economic growth has brought huge benefits to India, it has had a detrimental effect on the country's environment and social frames, exposing urban centres to serious pollution related concerns and rising inequalities arising due to the jobless scenario. The growing sectors, mainly secondary and tertiary, failed to provide employment to the relatively larger share of workforce, unlike the agricultural sector. Moreover, the GHG emissions accompanying India's fast paced growth pose a significant threat to India's climate change mitigation target of reducing emission intensity of GDP by 33-35% by 2030, as compared to 2005 levels. In addition, because of increased resource and energy consumption, this has also put a burden on India's natural resource base and energy requirements. The situation, thus, warrants the need for adopting greener and fairer practices for development. In this context, therefore, it has become increasingly important for India to develop and adopt steps towards sustainable development, to ensure long-term gains. Improving resource productivity and adopting the policies that implement the principles of reduce, reuse and recycle (the 3Rs) is crucial in order to ensure sustainable development.

In the case of Madhya Pradesh, agriculture, construction and manufacturing are High Impact Sectors (HIS), and Micro, Small and Medium Enterprises (MSMEs) in these sectors have contributed significantly to the economic growth of the state. Importantly, primary, secondary and tertiary sectors contributed a 36.73%, 21.09% and 42.18%, respectively, to Madhya Pradesh's Gross State Domestic Product (GSDP) in 2014-15. The GSDP of the state grew at 8.7%, at constant prices in 2015-16. Although MSMEs are the backbone of any developing nation, they are also resource-intensive by nature. However, they offer a unique opportunity for better social and environmental outcomes if principles of green economy are adopted by MSMEs in HIS, as they are also job creators.

How Green are Enterprises in Madhya Pradesh?

Over the last several years, large and medium-scale industries have been contributing to significant air and water pollution in the state. The latest monitoring report of the Madhya Pradesh Pollution Control Board (MPPCB) shows that 252 industries flouted the pollution norms during 2014-15. Nevertheless, the state government has been very supportive of inclusive growth through special focus on MSMEs, indicating a step in the right direction.

There have been certain sectors, including energy and recycling, which have adopted green practices in Madhya Pradesh; but other sectors, mainly the HIS, also need to step forward towards green practices. Madhya Pradesh, one of the resource rich states, has the potential of more than 12,000 MW collectively in wind power, biomass, small hydro, and solar sector, and has achieved the total installed capacity across all these sources of 3622 MW, by March 2017. (NITI Aayog, 2017)The sector is not only progressing towards the potential, but is also providing employment to young workforce. (MNRE, 2014)

The MSMEs have immense business opportunities in the recycling sector. There are currently few enterprises in the state progressing towards carrying out recycling based economic activities, but the sector has the potential to generate even more income and employment opportunities. For example, currently the Indore Municipal Corporation, along with some NGOs, has come up with scientific ways to recycle plastic waste. Further, with the right policy interventions, there could be business development models that could be developed for the MSME sector in order to increase

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the quantum of recycling based economic activities, as this sector will then benefit towards more inclusive growth focused around social, economic and environmental development. Further, similar to these sectors, enterprises in the HIS also need to follow the green path. Even though some enterprises in the cloth textile industry, cement industry and sugar mill industry are following green practices, the agriculture, manufacturing and construction sector have huge potential to go green, as the waste generated from each of these sectors can be converted into resources for other sectors, which needs to be explored further.

Is Madhya Pradesh helping its MSMEs become Green and Fair?

There are approximately 2.9 lakh MSMEs in Madhya Pradesh, majorly operating as micro enterprises in the state. Similar to the national scenario, the MSME sector in Madhya Pradesh also operates around various industrial clusters. The Madhya Pradesh government has been actively engaged in the development of supportive policies to promote growth in the MSME sector. Some of the key policy interventions in Madhya Pradesh, towards greening, include the provisions listed under the Industrial Promotion Policy (IPP) 2014:

- Provision of capital subsidy of 50% up to a maximum of INR 25 lakhs, for investment in setting up of waste management systems, pollution control devices, health and safety standards, water conservation/harvesting etc. to small and medium industries.
- The government is focusing on promotion of environment friendly development through green and clean technologies, conservation of natural resources, waste minimisation and recycling etc.
- The government is facilitating the polluting industries which are located inside city limit/municipal limit/metropolitan areas to relocate to the designated industrial areas.
- They are encouraging water harvesting and recycling in all their existing and new industrial areas.
- They will facilitate setting up of effluent treatment plants and hazardous waste treatment plants in various industrial estates and cluster with private sector participation.

Apart from policy framework, the government has also rolled out a new venture fund – MPVFL - with USD 15.4 million corpus, with a green shoe option of USD 7.74 million. The venture fund will majorly target state SMEs and encourage innovative, scalable, and sustainable ventures, startups and projects, which primarily benefit the state of Madhya Pradesh. These initiatives are currently in their nascent stage and, therefore, it is difficult to analyse their future impact. However, mere introduction to these interventions is definitely a signal towards the start of greening the state's economy through its high impact sectors.

Way Forward

The facts listed in the previous sections indicate that the future lies in greening the HIS, as all economic, social and environmental aspects of the sectors are crucial for the purpose of sustainable development. Economic growth is crucial for development, waste management is crucial for environment sustainability and job creation is important for maintaining livelihood and reducing inequalities. The purpose of this round table is to learn from the existing scenario about what needs to be done to ensure green practices in HIS. Following are some of the questions that could provide answers for designing the possible way forward in greening the HIS in Madhya Pradesh, while focusing on MSMEs:

- Is Madhya Pradesh adequately ensuring waste management practices in its economy?
- Do the MSMEs have the potential for greening the HIS while ensuring both waste management and adequate livelihood opportunities?
- Are the support mechanisms or the ecosystem adequate to boost green enterprises in Madhya Pradesh through MSMEs? What are the enabling and hindering factors for green enterprises in Madhya Pradesh?

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