



WORLD SUSTAINABLE DEVELOPMENT SUMMIT 2022

**TOWARDS A RESILIENT PLANET:
ENSURING A SUSTAINABLE AND EQUITABLE FUTURE**

February 16-18, 2022 (Virtual)



EUROPEAN UNION



Federal Ministry
for the Environment, Nature Conservation,
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MSMEs and Climate Resilience

THEMATIC TRACK SUMMARY

Venue: Bhadra

Date: February 16, 2022

Time: 11:30 AM - 01:00 PM (IST)

Suggested Citation

World Sustainable Development Summit (2022), MSMEs and Climate Resilience, Thematic Track Summary (Rapporteur: Dennis Roy), New Delhi: The Energy and Resources Institute.

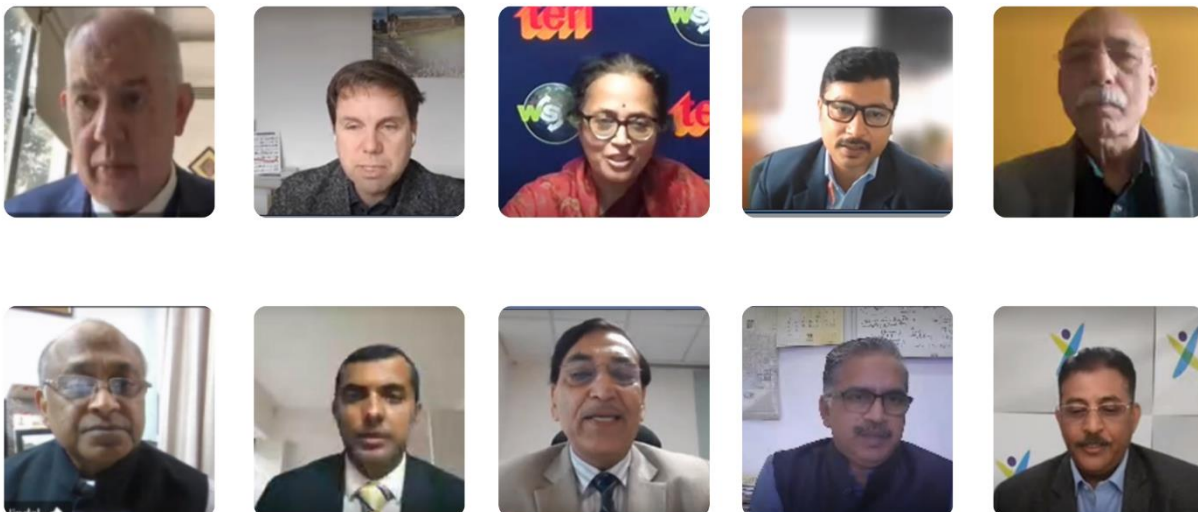
Actionable Messages

Message 1: Micro, Small and Medium Enterprises are losing market share to larger industries and are also vulnerable to climate risks. If climate policies are to be inclusive, MSMEs need to be factored in a major way.

Message 2: To become climate resilient, MSMEs need to be given support in the form of finance and technology. This would also encourage new entrepreneurs to come up with innovations and climate solutions.

Message 3: Sustainable financing is central to give a momentum to MSMEs. Organizations such as Small Industries Development Bank of India (SIDBI) can play a crucial role.

Message 4: In the context of climate change, agricultural MSMEs deserve a special attention. This needs be concerted efforts in developing short, medium and long-term strategies in this sector.



Narrative

The thematic track was bodied on the climate change adaptation and mitigation strategies of climate sensitive agricultural dependent sectors which are more vulnerable to climate change, business enterprises and MSMEs like the food processing and textile MEMEs. The track focused on the mitigation strategies on how MSMEs can they can be less vulnerable to climate change by lowering their emission rates and by the adoption of newer and greener technologies, which would then require climate financing by government and private sectors.

Mr Edwin Koekkoek, First Counsellor, Energy and Climate Action, EU Delegation to India, started the session with highlighting the partnerships of EU with GIZ, TERI and Ministry of Environment, Forests and Climate Change, Government of India. Mr Koekkoek emphasized on the EU efforts towards climate neutrality and resilience. He believed that the EU's policies, The Green Deal, Next Generation EU, The Climate Law and The Fit for 55, will direct their infrastructure, agriculture, investments and industries towards a greener path of climate resilience.

Mr Vinamra Mishra, Director, (Tech & Projects), Ministry of MSME, highlighted the role of MSMEs in Indian economy. The MSMEs being the second highest employers in the country after agriculture. Mr Mishra stated that there are about 6.3 crore MSMEs in the country, and account for 31% of the national GDP of the manufacturing sector and 7% of the national GDP of the service sector. Mr Mishra also specified the MSMEs contribute about 45% to the total export in the country. He ended his note on the thought that if we do not act upon climate mitigation and adaptation, the resources available today will be a lot less available to the future generations.

Prof A. K. Gosain, of INRM Consultants, New Delhi, took forward the discussion on MSMEs and started the panel discussion, by starting with the presentation on climate change Impacts on MSME in India, how vulnerable are these MSMEs to climate change in long, short and medium terms and the strategies on mitigating them. The presentation emphasized the implications of climate change in the Indian settings and the role of EU and other organizations on the role of aiding MSMEs on climate vulnerability and resilience.

Dr Subodh Jindal, President, All India Food Processors Association, started the panel discussions on the vulnerability of food processing sectors towards climate change. **Dr Jindal** emphasized on the fact that the real core meal provided to the population of 135-crores of our country is by the MSMEs. **Dr Jindal** stressed on the fact that understanding how climate change happens, how to be adaptive of it, how to adjust to it, what preparations are required, what measure are to be taken well in time, are the kind of issues we are faced with. Dr Jindal made a point on the dire need of technological innovation in the especially packaging sector as the current packaging methods are not healthy enough for attaining climate neutrality and resilience.

Mr R K Vij President, The Textile Association India then carried on the panel discussions on the financing of MSMEs and problems relating to textile sector. **Mr Vij** pointed out the importance of textile industry in the Indian economic context. The textile industry as stressed by **Mr Vij** are the sectors facing climate change impacts in both climatic and economic dimensions. Rural textile industries and households are the most climate vulnerable sectors especially present in climate sensitive areas of in India. **Mr Vij** threw light on the problems relating to financing the textile MSMEs, on how the fund allocation by the central and the state governments aren't being delivered to these small-scale industries and households due to the lack if information and due to the involvement of middlepersons. Lastly, **Mr Vij** highlighted the fact that the large-scale industries are taking away markets from these MSMEs such that they are left high and dry, vulnerable to financial, market and climate risks.

Mr Shankar A Pande, Director, Bankers Institute of Rural Development (BIRD), NABARD, carried **Mr Jindal's** discussion and stated Banker's Institute of Rural Development's work in enhancing the rural MSMEs and how they worked in facilitating the climate mitigation and thereby reducing the vulnerability of the MSMEs towards the climatic and financial sectors. To provide financing to rural sectors and small businesses working towards sustainability, the Bankers Institute have started an intervention called sustainable financing, have a very low rate of refinancing of 4%, which enables the enterprises to establish markets and demands sustainably. He also pointed out the set-up of Centre for Climate Change in the institute for the awareness and advocacy of financial issues in the environment sector.

Mr Rainer Agster, further carried **Mr Pande's** point of view about on how financing of the MSMEs are the need of the hour, especially of those who are climate vulnerable and are dying due to lack of allocation of funds. **Mr Agster** then pointed out that if we look at the resilience for MSMEs, there is always the issue with adaptation, that usually there is not any cash flow for banks to finance it. He then ended his note by the thought that the sector of agriculture

has a huge potential in the regard that their business model is viable enough that they can maintain cash flow for the loans.

Mr Rajiv Kumar, General Manager, Small Industries, talked about the importance of MSMEs importance in the Indian economic context, and how these MSMEs can also bring in technology and innovation which can drive other sectors and companies to being energy efficient. **Mr Kumar**, highlighted the work done by SIDBI in bringing money for Indian MSMEs development and management by the involvement with the Government of India, and other multilateral and bilateral organizations like Green Climate Fund, World Bank, Asian Development Bank, French Development Agency and KFW. He also drew attention towards low-interest loan schemes by government and private sectors which is very crucial for the development and propagation of MSMEs. In the end fund and resource allocation is what **Mr Kumar** states, that is detrimental for the proliferation of MSMEs especially in the Indian rural context.

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“ Climate change adaptation and mitigation are at the core of the EU’s domestic and external policies. We believe that the policies we put in place now should set our infrastructures, agriculture, industries and investments on the right path towards, greener solutions. European Agenda together with EU’s Green Deal gives us a roadmap with actions to move on a climate neutral European Continent by 2050.

Mr Edwin Koekkoek
First Counsellor, Energy and Climate Action, EU Delegation to India

“ MSMEs are the second highest employers, after agriculture in the country. We at the Ministry of MSME and the Government of India are taking steps towards making the development needs with the MSMEs also having an eye on the climate change and mitigation measures.

Mr Vinamra Mishra
Director, Ministry of Micro, Small and Medium Enterprises, Government of India

“ Geo-spatial systems can help in understanding and analysing all these factors on MSME resilience through seasonal change, temperature variability, precipitation.

Dr A.K. Gosain
Professor IIT Delhi and Director of INRM Consultancy

“ The real core meals provided to the 135-crore population of our country is being provided by the MSMEs of the country. Understanding how climate change happens, how to be adaptive of it, how to adjust to it, what preparations are required, what measure are to be taken well in time, are the kind of issues we are faced with. The current packaging method is not healthy enough. Innovation, research and development is very crucial for the packaging sector in the climate resilience and mitigation scenario.

Dr Subodh Jindal
Head of All India Food Processors’ Organisation

“ To increase the access to financing to MSMEs and the rural sector, we have brought about the concept of sustainable finance. We are trying to understand the risks that we are facing from climate point of view, as far as any bankable solutions are concerned, and how we can convert those problems into opportunities.

Mr Shankar A Pande
Director, Bankers Institute of Rural Development (BIRD), NABARD

“ Climate finance can play an important role in the development of MSMEs in India and generally in the world. I think that the sector of agriculture has a huge potential in the regard.

Mr Rainer Agster
Director of Operations, SEED

“ I must again underline the fact that MSME sector is very important sector in the Indian Economy. We at SIDBI, have realized that MSME, also have potential to bring in technologies and innovation, which then can provide a lot of services not only to MSMEs but also other sectors to become energy efficient.

Mr Rajiv Kumar
General Manager, Small Industries Development Bank of India

“ Governments should give subsidies and technological aid to the MSMEs especially in the textile industry, as they are the most vulnerable to climate change. If financial and technological aid was given to Indian MSMEs, there would definitely be a rise in the number of Indian entrepreneurs.

Mr R K Vij
President, The Textile Association of India