

GREEN BUSINESS OPPORTUNITIES

FOR SMEs AND YOUTH IN INDIA

INDIA - some key demographic indicators

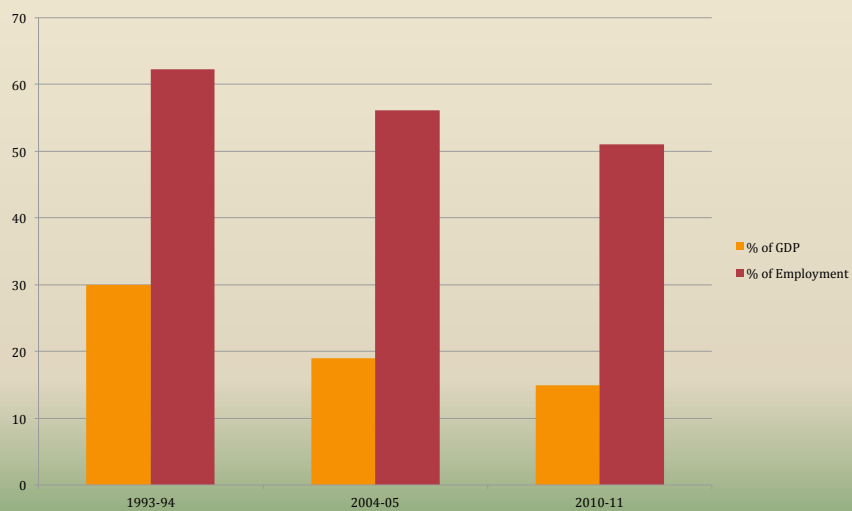


Population

- ▶ Total Population: circa 1.3 Billion
- ▶ Projected growth rate till 2030: 1% p.a.
- ▶ Population of Working Age: 750 million
(18% of world)
- ▶ Population under 25 years age: 50%
- ▶ Working age population not engaged
in income-generating work: 39%
(65% of women of working age unable to work)

Source: CRISIL Report 2010

Agriculture: Contribution to GDP & Employment



Source: Central Statistical Organisation

National Manufacturing Policy

Goals by 2022

- ▶ Increase Manufacturing share of GDP from 15 to 25%
- ▶ Increase no of jobs by: 100 million

But would require unprecedented growth rates – very unlikely.

BAU scenario forecasts share of GDP = 17% . Jobs created = 69 million

Source: CRISIL 2012

Other Challenges

1. Quality of Education:

No. of graduates in 2011: **700,000**

Percent **unemployable**: **85%**

Percent TECHNICAL graduates **75%**
unemployable

2. Labour intensity (cost of labour in total production cost) gradually decreasing .

Inferences:

- ▶ Agricultural sector will show continued decline in employment
- ▶ Perhaps too much hope in in services sector. ITES, Tourism etc
- ▶ Organised industrial sector is unlikely to be able to absorb increases in work-force
- ▶ New job aspirants are un-qualified for immediate up-take in existing types of industries.

Time for a Re-look

Contribution of SMEs in Indian Economy

- ▶ 40% of all Industrial output is from SME sector
- ▶ 45% of all employment in manufacturing sector is in SMEs

- ▶ Characterised by:
 1. Clear ownership pattern: individuals/families
 2. Quick decision-making and response
 3. Financially susceptible
 4. Often use obsolescent technologies
 5. Mainly ancillaries – no direct contact with consumer

The Existing Scenario

Economic Census of India (2005):

- Total Businesses: 41.83 million
- Businesses in Agriculture: 6.08 “
- Zero Employee Businesses: 26.94 “

Inferences

Self-employment and entrepreneurship already exist in India in large measure.

There is no need to create an entrepreneurial class

Owners are easily identified and are approachable

They need help: with finance and technology

Their principals (generally larger industrial units) play a critical role

Green Jobs for Individuals

- ▶ Young people want jobs – well paying, respectable, not necessarily “green
- ▶ Do not be too prescriptive about what is “green”; it could simply be “greener” than a BAU model
- ▶ Re-examine educational system – improve employability
- ▶ Foster entrepreneurship – by better education & training and importantly - mentoring

The Business case for SMEs

- ▶ Entrepreneurial instinct should not be stifled by being prescriptive about “green business.”
- ▶ Facilitate, rather than prescribe: by access to funds, technology.
- ▶ Assist in risk management
- ▶ Fiscal incentives could be offered for greener goods, greener production methods
- ▶ Best incentive is an assured customer.

Thank you !

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