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

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**Other Challenges**

1. Quality of Education:
   - No. of graduates in 2011: 700,000
   - Percent unemployable: 85%

   Percent TECHNICAL graduates unemployable 75%

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 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

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**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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