
FACT SHEET

SMEs & SUSTAINABILITY.

**CENTRE FOR
RESPONSIBLE
BUSINESS (CRB)**

10th year
2011-2020
CRB CENTRE for
RESPONSIBLE
BUSINESS
Enabling Change for Impact

INTRODUCTION

The micro, small and medium scale enterprises (MSMEs) are instrumental for driving the economic growth and development in a nation and to achieve a sustainable and inclusive growth. Small and medium-sized enterprises (SMEs) represent 90% of businesses, employing over 50% of the population worldwide. Thus, the incorporation of sustainability in small businesses would be imperative in order to work towards the 2030 Agenda, especially in their contribution and linkage with Sustainable Development Goals (SDGs) 8 (Decent Work and Economic Growth), 9 (Industry, Innovation and Infrastructure) and 12 (Responsible Consumption and Production).

In India, there are 63.39 million MSMEs across various industries, employing approximately 111 million people, of which 14% are women led - enterprises, and close to 51.25% are based in rural areas. The MSME sector is also extremely important as it accounts for 30% of India's GDP and 49.5% of exports.

There is a strong business case for SMEs to adopt sustainable practices more so in emerging markets. This case is driven by buyers' requirements (especially in Global Value Chains), increasing consumer awareness, more investments available for sustainable enterprises and tightening regulations both at the domestic and at international level. The need for businesses to be more sustainable is extremely important in the current context with increasing uncertainties pertaining to climate change, widespread supply chain disruptions, rising scarcity of resources, coupled with a shoutout to businesses to address their adverse environmental and social impacts. This makes it impossible for businesses to turn a blind eye to the sustainability discourse. International developments such as the EU Green Deal (to be achieved by 2050) and the subsequent EU Circular Economy Action Plan have widespread implications and will impact the supply chains in India as well.

OVERVIEW OF ACTIVITIES

The Centre for Responsible Business (CRB) recognises that integration of responsible business practices cannot happen in the Indian industry without involving the Indian SME sector. This discourse becomes even more relevant as we look to enhance our manufacturing capabilities and many more SMEs aim for integration into Global Value Chains. Sustainability is becoming the main differentiator for large buyers to identify suppliers in their value chains. CRB also believes that sustainable SMEs should be adequately recognised and rewarded by markets.



Bodhi, Vadodra Gujrat

From CRB's experience across sectors, some of the critical elements in SME engagement on sustainability are:

- Engagement through the supply/value chain
- Leadership by SME Industry Association
- Enabling government support through schemes and
- Integration into global value chains through voluntary standards, certification

1. Sustainable B2B Marketplace: CRB has partnered with Snowcap to develop a B2B marketplace linking suppliers and buyers based on sustainability parameters. The initial focus of the initiative is on SMEs in the packaging, apparels and agri-commodities sectors. Large buyers are increasingly basing their procurement decisions based on sustainability parameters such as the carbon footprint/ emissions, sustainable materials etc. This marketplace aims to facilitate matching suppliers to buyers as per their sustainability requirements. Additionally, it will support Indian SMEs in strengthening their sustainability practices. This will be achieved by:

- Reducing marketing costs by becoming more discoverable to buyers business growth
- Reducing sales cycles by digitising key product, commercial and sustainability information
- Calculating emissions and building ESG reports for all stakeholders
- Providing access to consultants and experts on building processes and capacities in sustainability



2. Virtual Session on “Unpacking Business and Human Rights for SMEs: Perspective and Insights”: CRB in collaboration with the Indo-German Chamber of Commerce (IGCC) and Friedrich Naumann Foundation (FNF) organised a virtual knowledge session on “Unpacking Business and Human Rights for SMEs: Perspective and Insights” to bring the dialogue of responsible business/sustainability/business and human rights to the SMEs; to unpack in practical terms for SMEs what responsible business entails through some good practice examples and approaches, expectations of big businesses today etc.

3. Sustainable and Inclusive Mica Supply Chain, Jharkhand: Due to growing industrial use internationally, mica from Jharkhand has been in high demand and local entrepreneurs have not been able to keep pace with this rising demand. CRB has developed a ‘roadmap’ for an inclusive and sustainable mica industry in Jharkhand. Mica SMEs, government actors, NGOs involved in the mica sector/supply chain could come together to re-build the mica sector/ industry that supports local livelihoods/ enterprises, in a way that takes into consideration critical social, economic and environmental sustainability parameters. Read more at [MICA: The Shimmering Star of Jharkhand.](#)



4. Social Dialogue in Apparel Supplier Factories in South India: CRB has implemented this initiative to promote social dialogue within the supplier factories of brands by setting-up /re-constituting in

partnership with H&M (as required) of the Works Committee with democratically elected worker and management representatives to represent their interests. This also entailed facilitation of effective functioning of communication channels in general and the worker committees in specific as forums for communication, dialogue, deliberation and solution-oriented decision making.

- 5. Rights and Responsibilities of Women Textiles Workers:** The aim of this intervention led by CRB was to help owners and managers of apparel factories understand the importance of protecting the rights of women workers, from the perspective of ensuring long-term business relations with these brands. The Programme consists of five short films on key worker-centric issues – Health and Safety, Misconduct, Good Working Environment, Overtime, Worker Representation - as the primary training tool, and provides the necessary reading and communication supporting material (in the form of a training manual and posters) and implementation support (virtual and in person) to equip and enable suppliers to effectively use these films to train factory workers, thereby driving increased awareness on their (worker) rights and responsibilities.

WAY FORWARD

Taking its work on this forward, CRB aims to

- To convey the business case for sustainability, inclusivity and circular economy to the Indian SME sector and encourage them to not have a negative impact on the environment and the society.
- Awareness on adoption of resource efficiency concepts, methods, policies and techniques among small and medium-sized enterprises (SMEs) through on the ground implementation in collaboration with national and international stakeholders.
- Private sector participation and collaborations to ensure conducive industry ecosystem.
- Utilise CRB's experience to develop a 'roadmap' for an inclusive and sustainable supply chain and work together with SMEs, NGOs, Academia and Government.
- Connect SMEs, smallholder collectives (FPOs), to sustainable value chains through a process that tries to align the interest of the buyers with that of the SMEs/FPOs.



Training R & R Film

Devyani Hari

Director – Programmes

Centre for Responsible Business (CRB)

E : devyani@c4rb.in

Vinay Pandey

Programme Manager

Centre for Responsible Business (CRB)

E: vinay@c4rb.in