



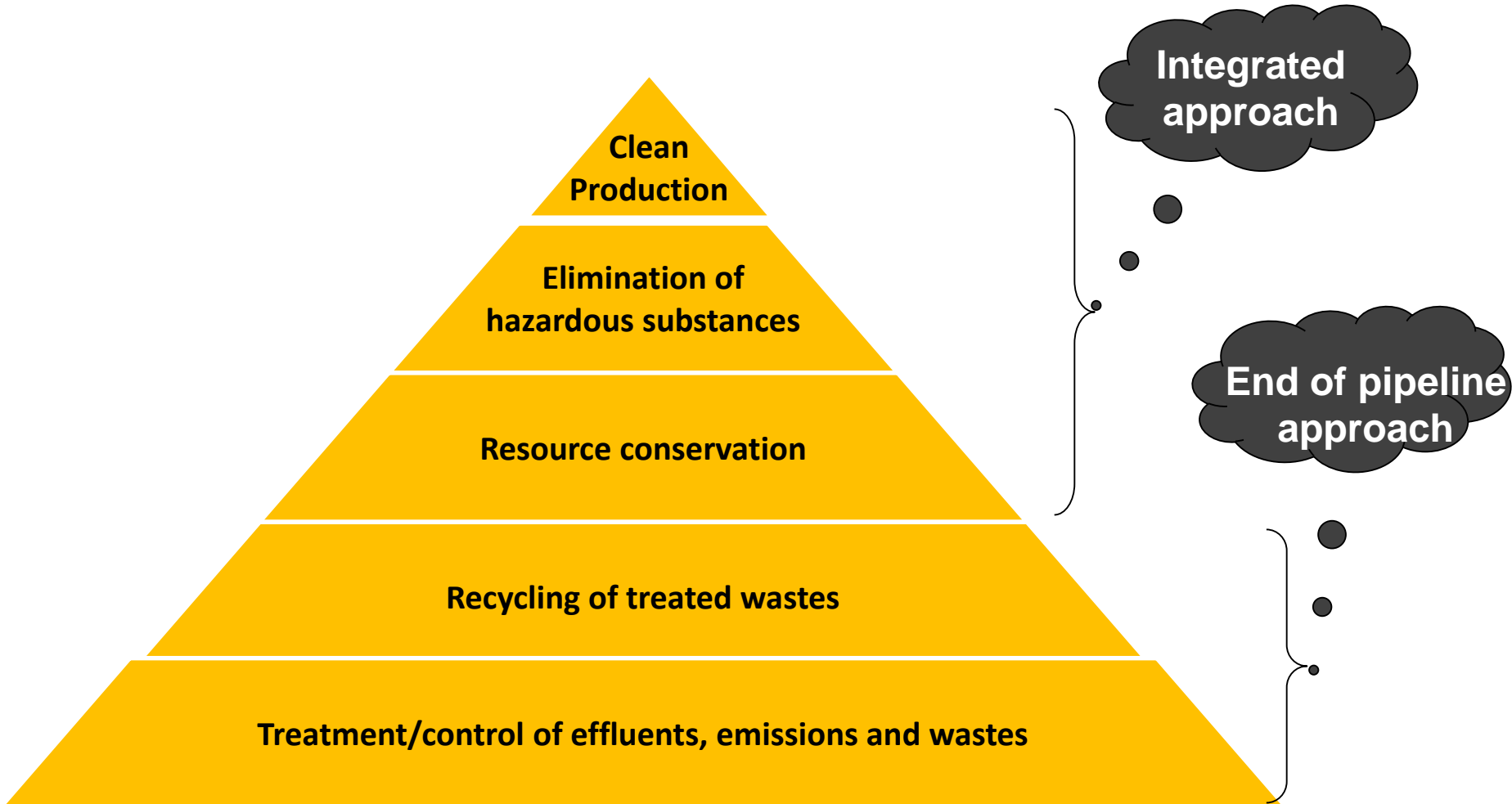
**Issues, Challenges & Opportunities in Greening**  
**Small and Medium Enterprises (SMEs) – The Case of India**

By:

***SHIKHAR JAIN***

Principal Counsellor  
Confederation of India Industry

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## Challenges for MSMEs

- ❖ Lack of knowledge about **Environmental and Social impacts**
- ❖ Unaware of applicable legislations and legal requirements
- ❖ Expensive new technologies

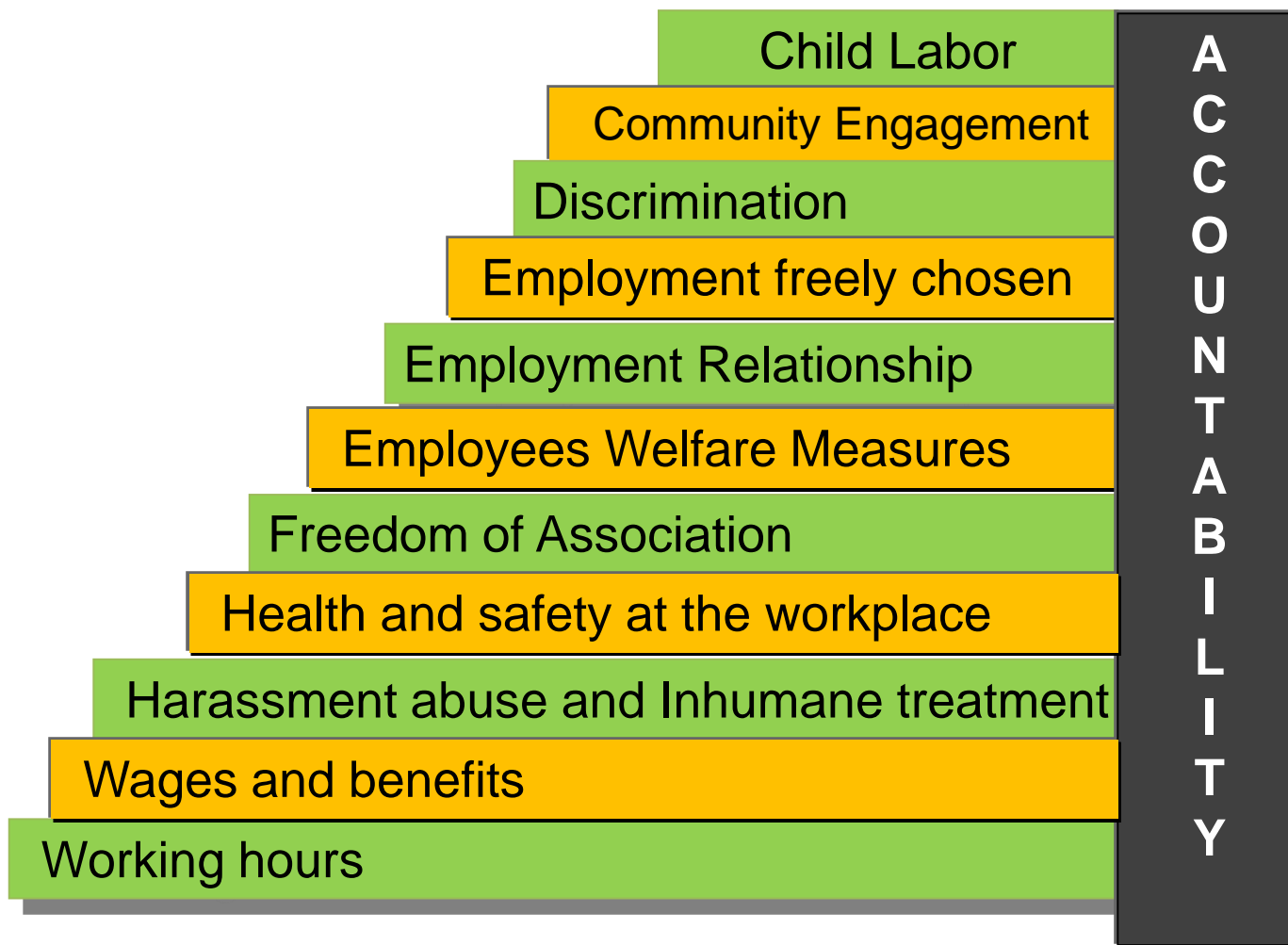
## MSMEs are vulnerable to Environmental and Social Risks

- ❖ Any Social or Environmental incident can severely affect reputation or competitive advantage of an Enterprise
- ❖ Impact the P&L of an Enterprise
- ❖ Extreme cases- Shut down (Increasing pressure from Govt, NGOs, customers & Society)



**Develops, maintains and applies socially acceptable  
workplace practices**

**Ensures ethical sourcing of goods and services**



## The Case for Business Ethics in SMEs

### Importance –

- Role of SMEs is increasing
- Government is focusing on increasing the inclusiveness of SMEs in supply-chain
- Various schemes and portals – Make in India, MSME Samadhan, etc. to help the SMEs develop
- Defence and allied sectors are open for investments from SMEs
- Increased focus on good governance by regulatory bodies
- The Sustainable Development Goals also stress on – Responsible Production and Consumption (SDG 12) and also on Promoting just, peaceful and inclusive societies (SDG 16)
- SMEs have a crucial role towards furthering this end

### Business Ethics & SMEs –

- Projects a more resilient image of the company
- Helps the SMEs in garnering financial support
- Helps the SMEs in obtaining business, and making them globally competitive
- Helps the SMEs in managing and dealing with various forms of risks in more comprehensive manner

## The Case for Business Ethics in SMEs

### Components of Business Ethics –

- Improving the vigil mechanism and internal controls
- Effective Risk Management
- Formulating and implementing a Code of Conduct
- Training employees about the Code of Conduct
- Training personnel to deal with the issues related to business ethics
- Formulating and implementing the regulatory and statutory requirements such as SEBI Listing Agreement Clause 49, Section 134, 177, etc. of the Companies Act, 2013 respectively



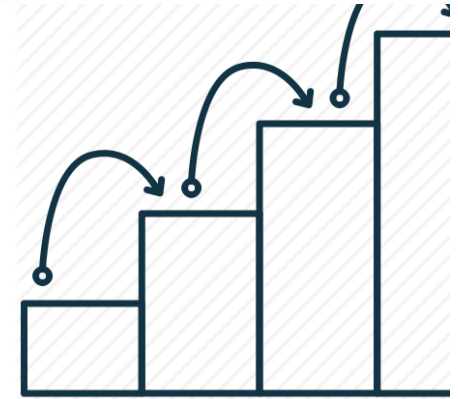
# Zero Defect Zero Effect (ZED)





## ❖ Maturity Model

- Compliance to Excellence Model



## ❖ Graded Improvements



## ❖ Enablers and Results





## **Zero Defect** (*Focus on Customer*)

- ❖ Zero nonconformance/ non-compliance
- ❖ Zero Waste

## **Zero Effect** (*Focus on Society*)

- ❖ Zero Air Pollution/ Liquid Discharge (ZLD)/ Solid Waste
- ❖ Zero wastage of natural resources

# ZED Applicability



**Applicable for all  
sectors of  
manufacturing and  
service industry**

**Focus on MSME/  
small businesses.**

**Address ecological  
needs, domestic/  
overseas customers,  
society, employees,  
regulators, investors**



**“ZED” is a maturity model with 5 levels**



**“ZED” is not only a certifiable standard but a journey toward excellence in the area of Zero defect and zero effect**



**“ZED” is generic model implementable to every type of manufacturing and service industry**



**“ZED” provides Empowerment to workers through Trainings**



**“ZED” focusses on Health, Safety And Environment - Zero Effect**



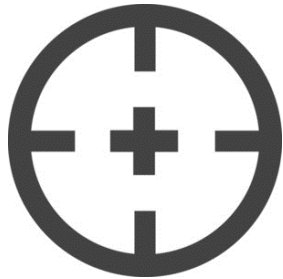
- Promote “Make in India” campaign
- Drive manufacturing without impacting environment
- Bring down rejection rate and deliver quality products
- Creating employment in manufacturing
- Creating a self-sustained ecosystem for ZED

**Target 1 million  
SMEs over the next  
3 -5 years**

**To be assessed on  
61 parameters  
including  
technology, fuel  
usage, waste  
disposal system,  
manpower skilling  
etc.**

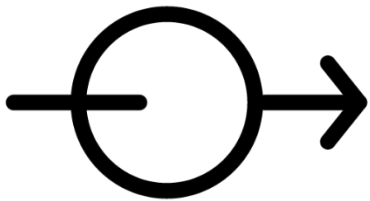
**Ecosystem for ZED  
being developed**

*Pollution is, more often than not, misutilization of resources and raw materials'*



## Focus On

- Enhancing efficiency
- Minimizing wastes
- Optimizing use of resources



## Through

- Use of environment management tools
- Intensive auditing processes

Sl. No.	Enablers	Main Parameters	Sub Parameter
1	<b>Enablers for Product Quality</b>	Process Design for Quality	5
		Pre-production (startup activities)	2
		Production & maintenance activities	4
		Product Design for Quality	2
		Post production activities	4
2	<b>Enablers for Emission, effluent &amp; waste disposal activities</b>	Process Design for Env. Mgmt	4
		Pre-production (startup activities) environmental mgmt	1
		Production & maintenance activities	2
		Product Design for Environment	2
		Post production activities	1
3	<b>Enablers for resource management</b>	Facility	3
		Human Resource	2
		Outsourced activities	1
		Innovation & Creativity	4

Sl. No.	Results	Main Parameters	Sub Parameters
4	Outcomes	Outcomes for Quality Performance	3
		Outcomes for Process Performance	4
		Outcomes for Environmental Performance	3
		Outcomes for overall Company performance	4

<b>ENABLERS</b>	<b>36 Parameters</b>
<b>RESULT</b>	<b>14 Parameters</b>
<b>TOTAL</b>	<b>50 Parameters</b>



GRADE	LEVEL
No Rating	Under 2.2
Bronze	Above 2.2 to 2.5
Silver	Above 2.5 to 3.0
Gold	Above 3.0 to 3.5
Diamond	Above 3.5 to 4.0
Platinum	Above 4.0 to 5.0

**Each parameter has 5 levels**

**Total weightage points  $50 \times 5 = 250$  points**

## Company A – measured on 34 parameters

- 20 parameters at 5 level :  $20 \times 5 = 100$
- 10 parameters at 4 level :  $10 \times 4 = 40$
- 4 parameters at 3 level :  $4 \times 3 = 12$

Total points/ applicable parameters =  $152 / 34$

Company Grade:

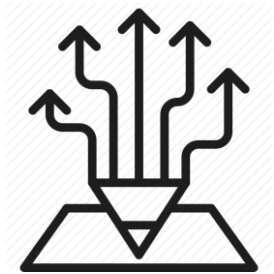
**TOTAL POINTS**  
**152**

**LEVEL**  
**4.47**

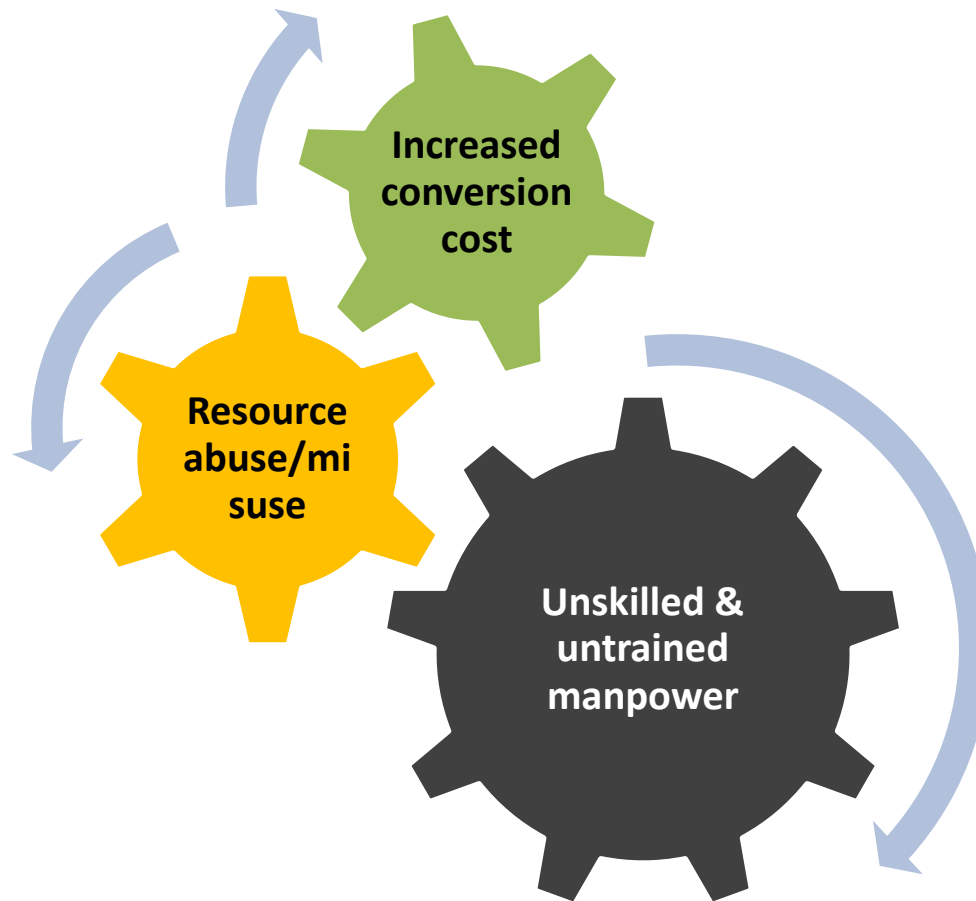
**PLATINUM**

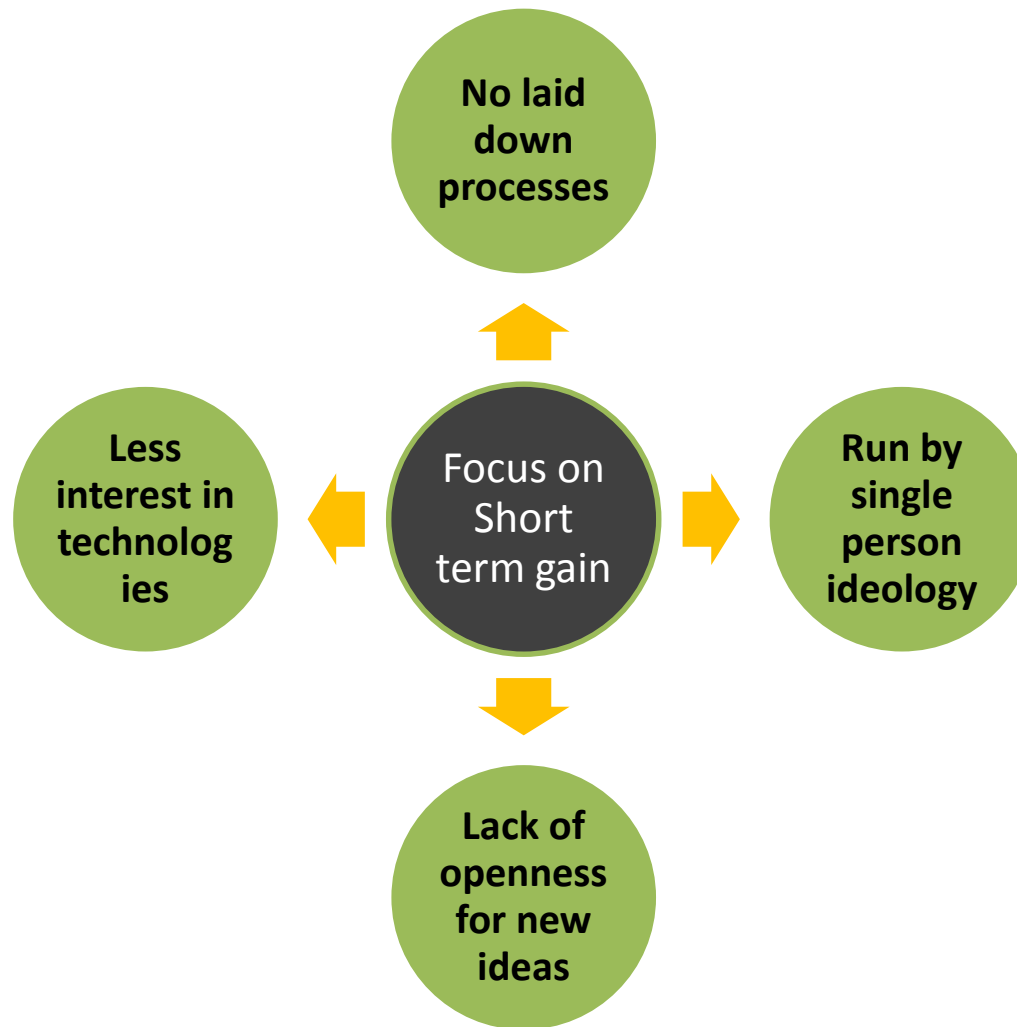


- ❖ Credible recognition of the industry for international customers seeking investment in India
- ❖ Streamlined operations and lower costs
- ❖ Superior quality, reduced rejection and higher revenues
- ❖ Increased environmental & social benefits
- ❖ Additional employment generation
- ❖ Other benefits as announced by the Government from time to time



- ❖ Conversion cost being offered by OEM. This compels this sector to work for savings and thus many compromises happen
- ❖ Short term focus on profits, is another issue and thus investment in new technologies, new ideas are restricted.
- ❖ Investment in skilled and trained manpower is another issue which results into resource abuse/misuse and wastage.
- ❖ Waste management





# THANKS



Confederation of Indian Industry



CII ITC Centre of Excellence  
for Sustainable Development

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