

National Summit on Energy Efficiency in Micro, Small and Medium Enterprises (MSMEs)

Executive summary

The MSME sector contributes significantly to India's economy. There are an estimated 26 million MSME units providing employment to 70 million people and accounting for about 45 per cent of India's industrial production and 40 per cent of exports. Over 6,000 products ranging from traditional to high-tech items are being manufactured by MSMEs in the country. Many of the MSME units producing similar products exist as clusters located within a small geographical region. There are more than 400 such manufacturing clusters across the country, of which nearly half comprise energy intensive sectors such as brass, brick, ceramics, chemicals, dairy, engineering, food processing, foundry, glass, metallurgy, paper, pumps, refractory, rice mills, rubber, tea, and textiles.

Energy accounts for up to 40 per cent of production cost in energy intensive MSMEs. The adoption of Energy Efficient (EE) technology and best operating practices offer enormous potential for energy savings, reduction in CO₂ emissions, as well as profitability enhancement among MSMEs in energy-intensive sectors.

However, the challenges in promoting energy efficiency investments are many. The MSMEs are large in number and geographically dispersed and awareness about EE technologies and financing options is low among them. There are a few channels of communication among MSMEs, technology providers, and bank officials. MSMEs would seize any opportunity to adopt EE technologies, provided these are proven, cost-effective, and supported by good technical backup and handholding. The need, therefore, is to get more and more professionals interested in working in the energy efficiency field and to promote the uptake of EE technologies through support of technology development, enabling policies, and easy-to-access financing mechanisms. Against this backdrop, and to discuss and find solutions to various relevant issues, a first-of-its-kind National Summit on Energy Efficiency in MSMEs was organized under the aegis of Small and Medium Enterprises Energy Efficiency Knowledge Sharing (SAMEEEKSHA) on July 30–31, 2012 in New Delhi. The summit was supported by the Embassy of Switzerland in India, Energy Efficiency Services Limited (EESL), French Development Agency (AFD), and German Development Agency (GIZ). The two-day summit drew more than 200 participants who represented 40 cluster-level industry associations from various MSME sub-sectors across India including brick, ceramics, chemicals, dairy, engineering, foundry, metallurgy, rice mills, tea, and textiles; 30 government departments; 16 bilateral/multilateral agencies; seven financial institutions; nine academic institutions; and 20 energy consulting firms.

The deliberations at the summit focused on finding an answer to one key question: How can we enable MSMEs to become more energy efficient? In their efforts to find an answer and to define directions for further actions in the MSME sector, the MSME entrepreneurs and other stakeholders shared their knowledge, experiences, and ideas in a series of intense and interactive sessions that spanned the three broad and inter-related themes of policy, technology, and finance.

The specific objectives of the summit were to:

- Seek the views of ground-level stakeholders on possible strategies to promote energy efficiency;
- Encourage experience-sharing by the various stakeholders on current initiatives to improve energy efficiency in the MSME sector, and explore possibilities of synergizing actions;
- Identify future opportunities and actions required for promoting energy efficiency in the MSME sector.

In order to achieve these objectives, the summit was structured in two phases:

- Phase 1: Focus group discussions that elicited the MSMEs' views and perspectives on energy efficiency under three broad and interlinked themes of policy, technology, and finance.
- Phase 2: Plenary sessions which focused on each of these three themes. Each plenary session was anchored around the salient views and perspectives of MSMEs from the corresponding focus group session. Together, the plenary sessions provided a set of guidelines and actions to promote energy efficiency in the MSME sector.