



Confederation of Indian Industry



PSE Insights

A quarterly newsletter of the CII's
Public Sector Enterprises Council

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JANUARY - MARCH 2024

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Improving Equality & Gender Diversity in PSEs

Developing Sustainable Value Chains, One Cluster A Time

Climate change poses an increasingly significant risk to business operations, necessitating urgent collaborative efforts to minimize these risks and enhance resilience. Cluster-level solutions for MSMEs and Value Chain Partners by the CII-ITC Centre of Excellence for Sustainable Development (CESD) can help Public Sector Enterprises with key aspects of sustainability, air quality management and climate actions.

Climate change is affecting the planet's ecosystems and people's lives. Activities that act as primary contributors to it are burning of fossil fuels; deforestation, and industrial processes, etc. This results in an increase in Greenhouse Gas (GHG) emissions, primarily carbon dioxide. Reducing GHG emissions and moving towards a low-carbon economy is essential to limit the most severe impacts of climate change.

As per the updated NDCs in 2022, India is committed to achieve Net Zero (by 2070). Some of the other commitments (to be achieved by 2030) include increasing non-fossil energy capacity to 500 Gigawatts; fulfilling 50% of energy requirements from renewable sources; reducing carbon intensity of economy by 45% and reducing total projected carbon emissions by one billion tonnes.

The Government's seriousness in addressing climate challenges can be ascertained by the fact that there has been a 33% reduction in emission intensity from 2005 to 2019 (as per India's Third

National Communication to UNFCCC in 2023). Industry continues to support the Government in these endeavours through CSR, compliance to various regulatory requirements, providing mandatory disclosures and through participation in Government-led collaborative initiatives.

However, for India to reach its climate targets, it is important for Public Sector Enterprises (PSEs) to take stock of their climate actions and environmental sustainability because of the magnitude of their industrial output; their growing scale and also because of their impact on the environment. Several PSEs have taken steps to manage not just their emissions but also strategize climate actions.

A few public sector organizations that CESD recognizes for their exemplary leadership in climate actions are:

Bharat Petroleum Corporation Limited, recognized as CAP 2.0° Oriented for the Energy, Mining and Heavy Manufacturing sectors



Dinesh Jagdale, Joint Secretary Ministry of New and Renewable Energy; Ravi Singh, Secretary General and CEO, WWF and Seema Arora, DDG CII present the CAP 2.0° award to Pravin Dongre, Executive Director, IOCL and Sunil Kumar Roy, Senior Manager, Sustainable Development, IOCL on March 4, 2024 in New Delhi
Launch

Indian Oil Corporation Limited, recognized as CAP 2.0° Committed for the Energy, Mining and Heavy Manufacturing sector



Dinesh Jagdale, Joint Secretary Ministry of New and Renewable Energy; Ravi Singh, Secretary General and CEO, WWF and Seema Arora, DDG CII present the CAP 2.0° award to Ashish Gupta DGM (HSSE) Corp, BPCL on March 4, 2024 in New Delhi

Building Climate Resilience of Industry: Cluster-level Initiatives by CESD

Climate change poses an increasingly significant risk to business operations, necessitating urgent collaborative efforts to minimize these risks and enhance resilience. The Centre, through its unique offerings and service propositions, can help the PSEs raise awareness among the value chains and MSMEs about sustainable practices; ESG Core requirements; sustainability related disclosures; climate change & the urgent necessity for climate action and air quality management. CESD is currently engaged with more than 400 MSMEs and value chain partners around the country in nearly 10 clusters. Through the use of digital tools, assessments and feedback reports, the Centre is on a mission to catalyze action that is sustainable, inclusive and environment friendly.

CII Climate Action Charter

The CII Climate Action Charter (CCAC), along with a specialized toolkit tailored for MSMEs, assesses their vulnerability to climate-related risks and assists in estimating GHG emissions. The innovative offering helps organizations raise awareness among their value chain partners and MSMEs about climate change and the urgent necessity for climate action. Through a tool-based approach that's based on the TCFD Platform CCAC seeks to gauge the willingness,

actions, and status of climate action among MSMEs. The tool captures the emission footprint (Scope 1 and Scope 2) of



MSME Representatives at the Climate Awareness Session organized by CII-ITC CESD on March 11, 2024 in Tirupur

signatories for the past three years and based on their performance, it shares feedback report along with a comprehensive report with the risks and opportunities. Currently, CCAC engages with over 250 MSMEs across seven industrial clusters in Tamil Nadu, Madhya Pradesh, and Rajasthan. For the fiscal year 2024-25, engagement with an additional 1000 MSMEs from industrial clusters located in Uttarakhand, Punjab, West Bengal, Maharashtra and Tamil Nadu is in works.

Understanding Climate Vulnerabilities of Industrial Clusters in Coimbatore and Tirupur

Under the CII Climate Action Charter, a comprehensive study has been conducted for each industrial cluster. The report

highlights their climate vulnerabilities and also suggests the way forward. The Climate Action Charter Report for the Coimbatore and Tirupur Industrial Clusters, providing detailed insights, was officially launched during the CII Tirupur District Annual Day on March 11, 2024, in Tirupur. More than 140 MSMEs from Tirupur actively participated in the session.

The report was released in the presence of Ms Sangeetha Velkrishna, Immediate Past Chairperson, CII Tirupur; Mr



Launch of the CII Climate Action Charter Insights Report for the Coimbatore and Tirupur Industrial Clusters by (from L to R) Sangeetha Velkrishna, former Chairperson of CII Tirupur; Milton Ambrose John, Co-convenor of Sustainability and former Chairman of CII Tirupur; Srivats Ram, Vice Chairman of CII Tamil Nadu State Council; Pavan Kumar G, Commissioner of Tirupur Municipal Corporation and Elango D, Chairman of CII Tirupur on March 11, 2024 in Tirupur

Elango D, Chairman, CII Tirupur; Mr Srivats Ram, Vice Chairman, CII Tamil Nadu State Council; Mr Pavan Kumar G, Commissioner, Tirupur Municipal Corporation and Mr Milton Ambrose John, Co-convenor of Sustainability and Former Chairman of CII

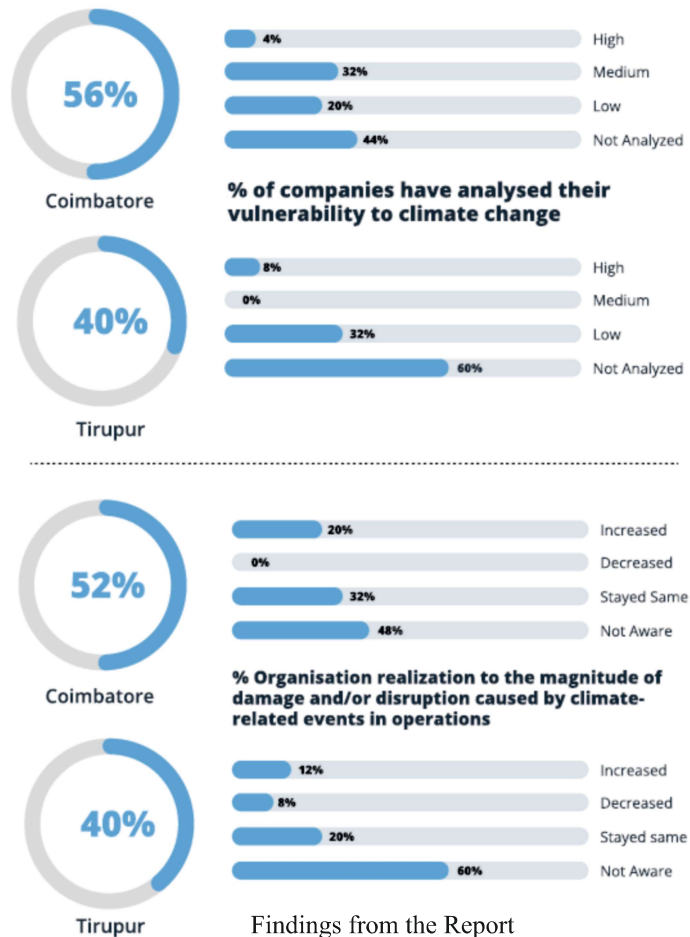
Tirupur.

Findings from the survey conducted across 50 organizations in both clusters revealed that 60% of the participating organizations in Tirupur have yet to establish initiatives to address climate change, with 50% of them lacking awareness of the extent of damage caused by climate change.

Mr Pavan Kumar G shared that the Tirupur Municipal Corporation recognizes the pivotal role of MSMEs' sustainability endeavours and in realizing its vision of a sustainable city. Encouraging MSMEs to adopt eco-friendly practices, he suggested that reducing carbon emissions, minimizing waste, and conserving resources would greatly enhance the city's environmental well-being. Mr Kumar also emphasized the importance of collective business action in achieving broader environmental objectives and advancing towards a greener and more sustainable urban landscape.

With 43% of companies reporting impacts on operations due to high temperatures and air pollution, it is disheartening to note that none of the participant companies have taken up the inventory of their GHG emissions; this has been the case even with 69% of organizations being requested to comply with the requirements of their clients and end users.

Evaluating the Climate Awareness of MSMEs in the Industrial Clusters of Coimbatore and Tirupur



Notably, 38% of companies face significant sensitivity to water-related issues, affecting production for more than 3 to 4 months. Surprisingly, only 15% of these companies contribute funds to meet additional water requirements, and merely 7% invest in water conservation and usage. This indicates a preference for short-term measures over long-term initiatives that offer recurring benefits.

Speaking at the session, Ms. Sangeetha Velkrishna, stated, “European and US markets are focusing on sustainable manufacturing units nowadays. Sustainability is not just a moral imperative; it's also a business imperative. By adopting eco-friendly practices and ethical standards, we can enhance our competitiveness and secure a prosperous future for the industry.”



Pritpal Singh, Additional Director and Head, Technology Facilitation Division, Punjab State Council for Science & Technology (third from left) addressed the MSME representatives at the Climate Awareness Session organized by CII-ITC CESD on March 20, 2024 in Chandigarh. The session was also addressed by Anurag Gupta, Chairman of CII Chandigarh (third from right) and Vivek Kapoor, Vice Chairman of CII Mohali (first from right)

Mr. Srivats Ram, recommended that Tirupur MSMEs can adapt to evolving global regulatory standards, securing ongoing access to vital export markets and mitigating the risk of tariffs or trade impediments. “Several global markets are placing greater emphasis on sustainable and eco-friendly goods. Through the adoption of climate action initiatives, MSMEs in Tirupur can improve their competitiveness and enter markets that demand adherence to rigorous environmental criteria, thereby solidifying their position within the global supply network”, he added.

Sharing the report findings, Dr. Jasleen Bhatti, Counsellor at CESD shared that approximately 90% of organizations have yet to align their operations with national or global climate change initiatives. “However, around 60% of organizations are either in the process of committing to or

have already committed to achieving net-zero GHG emissions” she added.

On March 20, 2024, an awareness session was conducted at CII Chandigarh for more than 40 MSMEs from Punjab and Chandigarh. Attendees represented a variety of industries such as textiles, automotive components,

pharmaceuticals, electronics, agro-based industries, machine tools, and agricultural machinery.

Mr. Anurag Gupta, Chairman of CII Chandigarh, emphasized that due to the expanding global regulatory landscape, such as CBAM regulations, Punjab MSMEs must adhere to ensure uninterrupted exports to regions governed by such measures. “By adopting climate action initiatives, they can showcase

reduced carbon intensity, thereby enhancing their competitiveness in global markets,” he added.

Mr. Pritpal Singh, Additional Director and Head, Technology Facilitation

Division, Punjab State Council for Science & Technology, mentioned that the recent approval of Punjab's State Action Plan on Climate Change Version 2.0 by the Ministry of Environment, Forest & Climate Change is significant. “Aligning with climate action objectives enables Punjab MSMEs to adhere to current and forthcoming environmental regulations and policies,” he shared. Mr Singh further added that this proactive approach not only mitigates the risk of penalties for non-compliance but also portrays them as conscientious corporate entities, nurturing favourable connections with regulators and stakeholders.

Mr. Vivek Kapoor, Vice Chairman of CII Mohali, emphasized the increasing importance of environmental consciousness among consumers and investors. He noted that businesses demonstrating a dedication to sustainability are favoured, prompting them to implement



MSME Representatives at the Climate Awareness Session organized by CII-ITC CESD on March 20, 2024 in Chandigarh

eco-friendly practices. He shared that this not only boosts their reputation and attracts customers but also opens up new market opportunities. “Furthermore, embracing sustainability fosters innovation and enhances operational efficiency, thereby enhancing competitiveness within the market,” he advised companies.

As per World Economic Forum’s (WEF) Global Risks Report 2024, climate is a significant and escalating risk factor. This includes the potential for extreme weather events, rising sea levels, disruption to ecosystems, and impacts on food and water security. The role of the Charter in assisting MSMEs with fundamental capacity building; reducing their greenhouse gas emissions; enhancing resilience to tackle climate challenges, and facilitating transitions within their value chains will play an important role in strengthening the climate resilience agenda of PSEs.

Building MSMEs’ Climate Resilience: Other Cluster Level Interventions

Introducing Responsible and Sustainable Practices

The Eco Edge Program aims at integrating sustainability in value chains including MSMEs of PSEs by evaluating the sustainability performance of both sourcing

companies and their chosen vendors on four areas: Human rights, Circularity, Health & Safety and Decarbonization. It helps PSEs manage their Scope 3 emissions, establish a network of sustainable vendors, and prepare for evolving global regulatory landscape. Some of the other services that PSEs can avail of include:

- **Capacity Building Programs:** Comprehensive/ customized sessions are conducted for vendors of members to enhance their awareness and skills pertaining to value chain sustainability. Additionally, specialized sessions are held for procurement and/or ESG teams of PSEs to deepen their understanding and assist them in integrating sustainability considerations into procurement decisions.
- **Baseline Assessment:** Assists PSEs with baseline assessment on environmental & social parameters to analyse the current sustainability performance of their vendors, identify vendors with high-risk profiles, highlight top-performing vendors on specific Key Performance Indicators (KPIs) and use the entire analysis to set targets and action plans for them.
- **Maturity Based Certification:** PSEs and their vendors that

meet predetermined thresholds during baseline assessments are granted maturity level certificates.

Nudging towards Clean Air Practices

To address the pressing issue of air pollution within MSME clusters, CESD has launched a new initiative under the Cleaner Air Better Life initiative. Through this programme, PSEs can empower MSMEs to effectively manage their emissions, comply with regulations, and embrace good management practices for clean air.

Through Air Quality Management workshops tailored specifically for MSMEs, CESD can help PSEs with the critical information dissemination understanding air pollution sources, pollution prevention techniques, and monitoring/reporting practices.

The Decision Support Toolkit, designed specifically for MSMEs, will support PSEs with assessing air quality risks, identifying cost-effective solutions, conducting feasibility analyses, and implementing chosen strategies for the MSMEs in the clusters. This will facilitate seamless adoption of sustainable practices while ensuring regulatory compliance. For the first phase, the centre has identified three clusters in Chattisgarh, Karnataka and Meghalaya.