

Viability gap funding can accelerate India's transition to circular economy

The session was jointly organized by MVIRDC World Trade Center Mumbai and All India Association of Industries.

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Photo: Dignitaries releasing White Paper on Circular Economy at an interactive session at WTC Mumbai. (From left to right): Ms Rupa Naik, Executive Director, WTC Mumbai, Ms Tejashee Joshi, Head, Sustainability, Godrej & Boyce Mfg, Dr Shilpi Kapur, Vice President, Environment Management Center, Dr Vijay Kalantri, Chairman, MVIRDC WTC Mumbai, Mr Ulhas Parlikar, Global Consultant on Circular Economy, Ms Arpita Kalanuria, Founder, AmpleEarth Packaging, Dr Ajay Deshpande, Adjunct Professor, IIT Bombay.

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Mumbai: In order to expedite India's transition to a circular economy, issues pertaining to viability gap funding needs to be addressed to make it feasible, according to industry experts.

The experts were speaking at an interactive session after the release of a white paper on circular economy curated by **MVIRDC World Trade Center Mumbai** – an international trade promotion organization.

According to the white paper, there is a huge funding gap for aspiring and existing entrepreneurs in sustainable packaging manufacturing.

The paper has suggested setting up of a dedicated fund to provide equity and debt capital to entrepreneurs engaged in bioplastics and various other alternatives for conventional fossil-fuel based plastic products.

The funding would supplement the policy initiatives undertaken by the Indian government to efficiently use raw materials and reduce import dependence on them.

“Circular economy action plans have been prepared and rolled out for 11 sectors by the government of India. In addition, there are policy initiatives like EPR and also research and capacity building towards Circular Economy.” said Dr. Ajay Deshpande, Adjunct Professor, IIT Bombay at the interactive session.

The session was jointly organized by MVIRDC World Trade Center Mumbai and All India Association of Industries. Unlike a linear economy where goods are produced, consumed and disposed of as waste at the end of their life, in a circular economy, goods are designed and produced so that they can be reused, refurbished, re-manufactured or recycled at the end of their life, thereby preventing waste generation.

Participating in the panel discussion, Dr. Shilpi Kapur, Vice President, Environmental Management Centre Pvt. Ltd. suggested large companies and Original Equipment Manufacturers (OEMs) to work with their tier II and tier III vendors as well to develop a sustainable and green supply chain.

“A major challenge faced by tier II and tier III MSME vendors is that they supply materials to different OEMs who have diverse specifications in terms of design and manufacturing. In order to address this challenge, OEMs need to come together and evolve a common standard for design and manufacturing so that their tier II and tier III suppliers can adopt this common standard specification, instead of following diverse specifications of different OEMs,” Dr. Kapur added.

Earlier in his welcome remarks, Dr. Vijay Kalantri, Chairman, MVIRDC WTC Mumbai raised concerns about the undue delay in implementation of several waste management projects across various municipal corporations.

Dr Kalantri further added, “Government of India can come out with policies for providing viability gap funding to make circular economy business models financially viable. We also need effective implementation of these policies at the ground level. India has strong entrepreneurial capability and skilled manpower. Now, we need funding and cost-effective technologies for enterprises in the circular economy sector.”

The White Paper outlines seven actionable policy recommendations to accelerate our transition to a circular economy. Some of the policy recommendations made in the paper are: need to set up a dedicated fund for circular economy start-ups, establishment of raw material depots for manufacturing eco-friendly products, incentivizing reuse and refill model of consumption and promoting blockchain solutions to trace end of life products.