

# Viability Gap Funding needs to be addressed to fast track the shift to circular economy, finds report

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**Ease of Doing Business for MSMEs:** The huge funding gap for aspiring and existing entrepreneurs in sustainable packaging manufacturing should be addressed, suggested the white paper on circular economy by international trade promotion organisation, M. Visvesaraya Industrial Research and Development Centre (MVIRDC), World Trade Center Mumbai, according to the report by the Deccan Herald.

Following the release of white paper, the industry experts at a session on 'Promoting Circular Economy for a Sustainable Planet' said that issues associated with Viability Gap Funding (VGF) needs to be addressed in order to facilitate India's transition to a circular economy.

The session was jointly organized by MVIRDC World Trade Center Mumbai and All India Association of Industries on November 11.

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

The fund can support the centre's policy initiatives to efficiently use raw materials and reduce import dependence, the report said.

"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 Ajay Deshpande, Adjunct Professor, IIT Bombay at the session.

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. Circular economy is different from a linear economy where goods are produced, consumed and disposed of as waste at the end of their life.

Shilpi Kapur, Vice President, Environmental Management Centre suggested that large companies and Original Equipment Manufacturers (OEMs) should work with their tier II and tier III vendors to create 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," Kapur said during a panel discussion.