

National Summit on Energy Efficiency in Micro, Small and Medium Enterprises, 31st October 2017

Hon'ble Minister of the Ministry of Micro, Small and Medium Enterprises,
Government of India, Mr Giriraj Singh,
Dr Arun Kumar Panda, Secretary, Ministry of MSME, Government of India,
Mr Raj Pal, Advisor, Ministry of Power,
Mr Abhay Bakre, Director General, Bureau of Energy Efficiency, Government
of India,
Dr Ajay Mathur, Director General, TERI,
Distinguished guests, dear ladies and gentlemen,

Small and medium enterprises account for about 90% of business and more than 50% of employment worldwide. SMEs are the key engines of job creation and economic growth. While this is certainly true for developing countries, it is also the case in developed countries.

Let me illustrate this with the example of my country. You'll be surprised to learn that 99.7% of all enterprises in Switzerland are SMEs. They are key contributors to the manufacturing sector and to the entire Swiss economy. Nearly 89% of these are so-called micro SMEs, employing less than nine employees. Despite the small size of these SMEs, the enabling ecosystem demands that they be highly efficient in their production processes and energy consumption.

In India, the Micro, Small and Medium Enterprises (MSME) contribute to 7% of GDP. They employ close to 90 million unskilled, semi-skilled and skilled workers. Some studies even put this number at 117 million. They also contribute to 37% of industrial productivity. For a country like India, which is one of fastest growing economies, the MSME sector will continue to be an important chapter in its growth story. This fact is well recognised by the Government of India. The MSME sector thus takes an important position in the vision of "Make in India".

However, the MSME sector in India faces several challenges. The most important is access to finance. The informal nature of the MSME sector makes it more difficult to access formal sources of finance. In order to address this, the Government of India has initiated several schemes and incentives. The second challenge is access to those technologies - especially clean energy technologies - that can assist MSME units in improving productivity, while reducing their use and demand for energy.

India's Micro, Small and Medium enterprises also face the macro challenges of inefficiency – in their processes, in use of labour and of energy. The informal nature and large number of unregistered MSME units makes the problems even more complex. This inefficient use of energy impacts the local environment and the workforce of these units through air pollution.

The theme of this National Summit is energy efficiency, on which I'll therefore focus. In 1994, the Swiss Agency for Development and Cooperation (SDC) initiated a programme to promote energy efficiency in energy-intensive MSME units. For the last 23 years, we have actively engaged in promoting energy efficiency. Let me put this in context. In 2018, India and Switzerland will celebrate 70 years of formal diplomatic relations, of friendship and bilateral cooperation. About one-third of this period has thus been devoted to promoting energy efficiency in the MSME sector. That's consistency of purpose.

Through our collaboration with TERI, we've been successful in demonstrating cleaner technologies and promoting energy efficiency across several clusters:

- In the Firozabad glass industry cluster, the project accomplished a transition from coal to natural gas through research, design, demonstration and diffusion of energy efficient furnaces;
- In the foundry sector, across several clusters in India, our project demonstrated a reduction in the use of coal through the design of energy efficient cupolas.

However, with the exception of the glass industry cluster, we haven't been able to scale up these interventions to a pan-India level. The challenges that confronted the MSME sector in 1994 – lack of access to clean technology options, information asymmetries about energy efficiency, weak capacities and limited access to finance – are very much present even today.

We all recognise that in our pursuit of a climate compatible low carbon development in India, achieving energy efficiency across sectors is critical. It is also part of India's commitment to the Paris Climate Agreement, as articulated in the Nationally Determined Contributions. Similarly, in Switzerland's own Energy Strategy 2050, energy efficiency is one of the key pillars.

I have two requests from the participants and experts gathered in this room:

1. First: when we talk to energy and climate experts, they say that energy efficiency is a “low-hanging fruit”. Yet we find that a majority of the MSME units use energy inefficiently. Why? Therefore, my request is to capitalise on the concept of ‘low-hanging fruit’ and come up with a roadmap for achieving energy efficiency across MSME sectors and clusters of MSME units;
2. Second: over the last one year, we have often heard of the success story of energy efficiency in the lighting sector - the LED story, an example of public private partnership with a right mix of policies, regulations and economic incentives. Dr Mathur narrated this LED success story at the Town Hall meeting that TERI organised for the Swiss President on September 1st. Therefore, my other request to the participants is to deliberate upon how market based incentives could be applied for achieving energy efficiency in the sector and to identify the enabling policy environment that is needed.

We need to capitalise on the lessons learnt from over two decades of promoting energy efficiency in the MSME sector and make an effort to shift towards market based mechanisms to achieve ‘scale’. Addressing energy

efficiency in the MSME sector is not only relevant from the climate mitigation perspective. There are also the co-benefits of reduced pollution – of air and water - and improved workplace safety.

Let me congratulate the Bureau of Energy Efficiency (BEE) and the Ministry of Micro, Small and Medium Enterprises (MSME) for organising this National Summit. I am sure the deliberations over the next two days will result in shaping a clearer long-term vision, as well as a roadmap towards achieving this vision of an energy efficient MSME sector in India.

Only through a collaborative effort can low carbon development be achieved. Switzerland is fully committed to promoting energy efficiency in its national policies as well as through international cooperation. Our cooperation with the Bureau of Energy Efficiency on improved energy efficiency in the buildings sector is one example. We will continue to work with the Bureau and with other partners, in order to identify and develop the solutions and partnerships so urgently needed to achieve the future that we all aspire to.

Ladies and gentlemen, let me wish you the very best for your deliberations over these two days.