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Greening India's Recovery Package

Summary

- The economic impact of the coronavirus pandemic in India has been largely disruptive.
- A COVID-19 Economic Response Task Force was announced by the Government of India to chalk out an economic relief and recovery package.
- An economic recovery package of INR. 20 lakh crore* (≈ US$ 0.29 trillion) was announced.
- The sufficiency of provisions in the package on the economic recovery and stimulus front is debatable. However, it undoubtedly offered less in terms of a green stimulus but has the potential to become one.
- A stronger fiscal policy approach is crucial, without this revival cannot be equitable or green.
- There is a need to redesign development models directing investments towards inclusive, green and equitable business models.
- Sectors identified as critical to jump-starting a greener and more inclusive economy include MSMEs, Agriculture, Energy, WASH, and Valuing ecosystems.
- Intersection between MSMEs, Agriculture and informal sector emerged strongest for immediate investment to revive the Indian Economy.
- MSMEs have been identified as the engine to the economy as a whole including manufacturing sector.
- Low cost technology, sharing of resources, cluster-based approach, apprenticeship and improving their overall financial abilities would contribute to creating a vibrant ecosystem for MSMEs to flourish.
- There has been a net inflow of skills in rural areas due to re-migration opening a door for sustainable agriculture and sustainable value chain development.
- Investment in sectors like waste management, affordable housing, renewable energy, water and sanitation would help in creation of jobs as these are labour intensive and also take ahead the green economy agenda.
- A crucial way in which biodiversity and ecosystem service can be integrated in economic decision making is by having 'institutions'.
- Valuing and measuring nature provides policy makers a way to 'work-with-nature' by attempting to tangibilise its impact.
- In the stimulus package, loans by default should not be free or interest free. However, if the performance is up to a certain standard level or more the loan can be converted to a grant.
- A heavy focus on skilling and more so on re-skilling and up-skilling is crucial. Mapping of skill requirements of re-migrants.
- A high focus on microfinance institutions and development of social infrastructure through various forms of collectives is crucial for revival.

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CLIMATE POLICY INITIATIVE
Development Alternatives

Background

Ever since countries began to feel the economic impact of COVID-19, an active discussion has started, within and among United Nations, development partners and in particular European countries, on using national stimulus packages as a means to put economies on a greener track. With this, the idea of a "green stimulus" is gaining ground. Although the economic stimulus in India has economic revival as the main goal, could it facilitate a shift towards a greener pathway of growth? Or are the measures so specific that such an ambition would not be possible?

A discussion around these key questions was organised jointly by Partnership for Action on Green Economy (PAGE - a 5 UN Agencies' collaboration of UNDP, UNEP, UNIDO, UNITAR and ILO); Development Alternatives Group as the Green Economy Coalition Hub in India and Climate Policy Initiative on 06 July, 2020. A pre-webinar survey was also conducted to collect views and recommendations analyzing the potential for greening the recovery package from experts in the field.

This brief evaluates the stimulus package that was introduced in response to the financial crisis caused by the Coronavirus (COVID-19) pandemic in India. It provides suggestions relevant for greening the recovery from the crisis. It also lays emphasis on the implementation of sufficiently large, timely and properly designed green stimulus measures which can generate economic growth, create jobs and bring about environmental benefits. Nonetheless, there are trade-offs between social, economic, environmental policy objectives, which draws attention to the need for proper policy design.

I. Introduction

The economic impact of the 2019–20 coronavirus pandemic in India has been largely disruptive. The World Bank and Credit rating agencies have downgraded India's growth for the fiscal year 2021 with the lowest figures India has seen in three decades since India's economic liberalisation in 1990s. The former Chief Economic Advisor (GOI) has said that India should prepare for a negative growth rate in FY21 and that the country would need a Rs. 710 lakh crore (US$10 trillion) stimulus to overcome the contraction. The IMF had projected a 1.9% GDP growth for India for the financial year 2021-22 in April 2020. However, most agencies, as per more recent estimates, have projected the growth to be either stagnant or slightly negative (contraction) for 2020. [1]

The response to the COVID-19 pandemic has to address the different dimensions of the crisis, which is unfolding in different geographies, for different socio-economic groups and for different sectors. In India, massive challenges are being presented by abrupt shut-down of economic activities ongoing for more than 50 days, physical distancing norms, lack of social-security safety-nets for hundreds of millions of unorganised sector and migrant workers, change in demand patterns of consumers on discretionary spends and a reverse migration of workers triggered by sudden loss of livelihoods. There has been a major disruption in the supply chain due to shortage of workers and shutdown of logistics.

A COVID-19 Economic Response Task Force was announced by the Government of India to chalk out an economic relief and recovery package.

[1] https://pib.gov.in/PressReleseDetail.aspx?PRID=1623418

II. About the Economic Recovery Package

On May 12, 2020 an economic recovery package of INR. 20 lakh crore* (≈ US$ 0.29 trillion) was announced which subsumes the already announced packages (which roughly aggregate to about INR. 7 lakh crore). The combined package works out to 10% of India's GDP.[1]

COMPONENTS OF THE PACKAGE

While the specific measures are being rolled out (the first stimulus package for the Micro Small and Medium Enterprises (MSME) sector was announced on May 13[2]). The five pillars of the recovery stimulus efforts as spelt in the package are:

1. Quantum jump in Economy
2. Impetus to Infrastructure Development
3. Tech driven System
4. Vibrant demography
5. Increase Demand and Strengthen Supply Chain

The focus of the announced package was intended to promote the spirit of self-reliance and to invigorate local economies through local enterprises, particularly MSMEs, and agriculture. Land, Labour, Liquidity, Laws to be the four components of the multipronged strategy. India would play a large role in global supply chain by ensuring efficiency and quality of produce.

The Economic Recovery Package can be divided into three parts to help comprehend it better.

The first part is the 'Relief package' which was to provide immediate relief to people currently suffering in the form of cash transfers, availability of food grains. This is a cash availability of about 30 bill dollars.

The second part was the 'Recovery package' under which the Reserve Bank of India (RBI) provides to Banks and NBFC's such that through them credit can be provided it to various organisations. This was to help boost both liquidity and the ability to sustain an extended period of essentially zero revenue inflows into the organizations. It included various credit guarantees to help them avail credit.

The third part is the 'Economic Stimulus' which constitutes the largest part of the package. Through this the Government aims to enhance credit to key sectors in order to spur economic growth by creating jobs and sustainable livelihoods. This entails about 200 billion dollars and is largely credit towards the Micro, Small and Medium Enterprises and the Agricultural sector. Cash availability to the government given its limited fiscal budget space is very inadequate.

The package was rightly geared towards relief measures due to the impact of the pandemic on migrant workers, those below the poverty line; the vulnerable section etc. However, there could have been more on tax reform and expenditure reform. It focused mostly on monetary policy measures, and less on fiscal policy measures which is the driver for spending. In crises like this, where there is demand compression, monetary policy measures are proven to be less effective than fiscal policy measures. Increased government spending not only has the direct benefit of increasing aggregate demand but it can also induce businesses to hire more workers to meet the increased demand and thus lower unemployment. (OECD, May 2020). As this health crisis has turned into huge humanitarian crises where poor and vulnerable are facing job losses, destitution and hunger, this should be given adequate thought.

The sufficiency of provisions in the package on the economic recovery and stimulus front is debatable. However, it undoubtedly offers less in terms of a green stimulus but has the potential to become one. As rescue comes to the forefront post COVID-19, the green agenda that was gaining momentum has slowed down. Unless we start to tackle the underlying causes of these emergencies and our vulnerability to them, we will continue to lurch from one global mess to the next. It is the poorest, marginalised, and most vulnerable people in our societies who are bearing the brunt of the crisis once again. At the same time, young people are being saddled with an ecological and financial debt that will define their lives and generations to come. The nation stands at a critical crossroads. It becomes imperative to ensure that the earlier green agenda that was blossoming, now gains buy-ins from larger number of stakeholders for which emphasis currently must be laid on greening the economic recovery package.

[2] https://pib.gov.in/PressReleseDetailm.aspx?PRID=1623601

III. Turning the Crisis into an opportunity: Redesigning Development Models

As the government responds to the COVID-19 pandemic, global studies have made evident the multiple links between public health, the environment and the economy.(ILO, July 2020)

WHY THIS, WHY NOW?

Health – Environment Nexus - The number of infectious disease outbreaks has risen significantly over the past decades, since the 1980s.[3] More than two-thirds of these diseases originate in animals – a few famous zoonotic ones include swine flu, Ebola, HIV etc. By disrupting ecosystems, such as through massive deforestation, climate change and habitat encroachment, human activity created the conditions that increasingly allow animal viruses to cross over into human populations. The "One Health" concept shows that health of animals, the ecosystem and humans are all interlinked, and when one is out of balance, others follow suit. [4]In addition, the COVID-19 pandemic exposed the direct link between air pollution and health risk.[5] The health–environment nexus also does not only relate to zoonotic diseases or to air pollution. The WHO estimates that 12.6 million people die each year as a result of living or working in an unhealthy environment – nearly 1 in 4 of total global deaths.[6] For example, water pollution and diarrhoea kills 2,195 children every day, more than 80,000 a year.

Impact of Business-As-Usual on Environment and Inequality in India - The single minded focus on economic growth can result in increasing environmental degradation and social inequities. The country's cities are becoming notorious for the pollution of their air, the scarcity of their water supplies and the toxicity of their waste dumps. One fourth of the land is undergoing desertification and more than one-third of the total land is facing degradation. Three fourth of India's surface water is polluted with more than half of the groundwater sources expected to be in a critical state in the next decade.[7] The resource guzzling economy is overexploiting and degrading the soils, forests and rivers of this once wealthiest of nations at an unsustainable rate. Further, not everyone has shared wealth equally in India. The top 10 percent of the population holds 77 percent of the overall national wealth. In 2017 the richest 1 percent took up 73 percent of the wealth generated, whereas 67 million Indians comprising the poorest half the population saw solely 1 percent increase in their wealth. (Oxfam, 2020)[8] Thus, the disparities in income and wealth are becoming huge and socially threatening.

THE OPPORTUNITY?

COVID-19 has made these systemic gaps more prominent but has also prompted a significant shift in public consciousness. It has touched all people, and the largely public-defined response has put human wellbeing back where it should be, at the heart of public policy and economic decision-making. The public is also significantly more aware of our exposure to nature's decline and miss-use. Cleaner rivers, blue skies and a general overall improvement in the environment have been some of the gains of this pandemic, however at an economic cost, the world has never seen before.

> *"Re-designing development models is a requisite. For this, young innovative minds need to come together to create low-cost development models to harness nature's gift to us in order to enable us to move towards a greener economy."*
>
> **Mr C K Mishra, Secretary (Retd.)**
> Ministry of Environment, Forest and Climate Change

There is thus a window of opportunity for structural reforms created by public concern, impending economic depression, and government knowledge that they will need to intervene strongly to stimulate economic and

[3] K.F. Smith et al.: "Global rise in human infectious disease outbreaks" in J. R. Soc. Interface (2014, 11: 20140950), http://dx.doi.org/10.1098/rsif.2014.0950.

[4] C.K. Johnson et al.: "Global shifts in mammalian population trends reveal key predictors of virus spillover risk", in Proceedings in the Royal Society B, 2020, doi.org/10.1098/rspb.2019.2736.

[5] Y. Cui et al.: "Air pollution and case fatality of SARS in the People's Republic of China", in Environ Health, 2003, 2(1):15. See also: K. Chen et al.: "Air Pollu¬tion Reduction and Mortality Benefit during the COVID-19 Outbreak in China", in Lancet Planet Health (2020, Vol. 4).

[6] WHO: "An estimated 12.6 million deaths each year are attributable to unhealthy environments", WHO news release, 15 March 2016, https://www.who.int/news-room/detail/15-03-2016-an-estimated-12-6-million-deaths-each-year-are-attributable-to-unhealthy-environments.

[7] Development Alternatives. (2020). Systemic Conditions Required for Local Green Enterprises to Flourish in India, doi

[8] https://www.oxfam.org/en/india-extreme-inequality-numbers

"Transition to greener pathways for development needs to be just and fair. The less fortunate in the society need to be part of this transition towards a greener economy."

Mr Kelvin Sergeant
Enterprise Specialist, Decent Work Team for South Asia and Country Office for India

societal recovery. Perhaps for the first time, governments now have a strong popular mandate to prevent crises, rather than trying to cope with them, one after another.

WHAT?

Establishing principles and strategies across sectors would be needed for speeding Green Economic transition for a healthy fulfilled India which is one with empowered people and a vibrant economy, based on judicious use of natural resources, manufacturing, services, trade and investments.

HOW?

Bringing equity to the table and integrating the value of natural ecosystem services by investing in it is key to building back better. Therefore, young minds are required to come together to redesign development models that are based on fundamental green economic principles of equity integrating the value of natural ecosystem services directing investments towards inclusive, green and equitable business models.

IV. Sectors critical to jump-starting a greener and more inclusive economy

The economic recovery and stimulus package offered by the GoI has the potential to become a green stimulus package. A green stimulus can be defined as "the application of policies and measures to stimulate short run economic activity while at the same time preserving, protecting and enhancing environmental and natural resource quality both near-term and long-term" (Strand and Toman, 2010[9]). Indeed, the main aspect that differentiates a green stimulus from green policies in general is that it has the potential to be implemented more quickly, and its aim is to specifically respond to economic shocks, while also contributing environmental benefits (ILO, 2010[10]).

Following are some sectors which have been identified as lower hanging fruits, with recommendations of how it can be used for economic recovery and to green the package.

Industry: Micro, Small and Medium Enterprises

Micro, Small and Medium Enterprises (MSMEs) contribute around 6.11% of the manufacturing GDP and 24.63% of the GDP from service activities as well as 33.4% of India's manufacturing output. They have been able to provide employment to around 120 million persons and contribute around 45% of the overall exports from India (CII, 2020). More than 90% of India's MSME units are in unorganised sector. As the economic activities came to halt due to prolonged lockdown, MSMEs have been faced with uncertainty and have been one of the worst hit sectors. Further, with a huge reverse migration trigger due to loss of livelihoods, the MSMEs will face a crisis of workforce, at least in the short run.

In particular, MSMEs which substantially contribute to employment require support to foster productivity recovery and business resilience and to improve management practices, including the efficient use of resources, as COVID-19-related restrictions are lifted and economies recover. (ILO, July 2020)

Before COVID 19 struck

Certain structural problems which already existed for MSMEs and value chains pre-COVID only got exacerbated and revealed by the lockdown owing to the pandemic. Up to 85% of MSME financing in India, even today, is largely through the informal and non-banking sector. Therefore, if MSMEs are reached out by credit through markets, only 15% will be able to avail it through formal sector. This means that only those who are relatively well off can avail government support to rebuild their business.

Global value chains largely operate on cash basis and put MSME suppliers at financial risk when goods are finally supplied. This means that MSMEs are largely pre-financing their goods to large brand that are found to ask for discounts by taking the liberty to cancel orders which were already manufactured or were in transit.

COVID induced problems

Following have been identified as areas where MSMEs have majorly been impacted

- High degree of uncertainty and risk which is unhealthy for business
- Markets have plummeted overnight following the drop in demand
- Workforce movement owing to reverse migration is unwilling to return
- Reduction in value of equipment, goods and inventories over these months
- Supply chain got disrupted as critical supplies from China stopped coming in

All afore mentioned reasons eroded liquidity production and fueled a request for cash injection which alone would still not be adequate for MSMEs to rebuild their business post the current pandemic.

"Attention is needed beyond relief to job and livelihoods. This provides a huge opportunity because credit is there in areas such as MSME's, agriculture, etc. but in order to utilize credit we need to bring equity to the table."

Ajay Mathur
Director General of The Energy and Resource Institute (TERI)

[9] Strand, J. and M. Toman (2010), ""Green stimulus," economic recovery, and long-termsustainable development.",The World Bank.
[10] ILO (2010), "Green stimulus measures", EC-IILS Joing Discussion Paper Series No. 15

Missing in the package for MSMEs

Fundamentally, economic recovery requires market and product demand to pick up. Business including MSMEs need working capital or cash to avail of land, labour, energy, materials to produce and recovery finance can best be the ignition to re-start the economy. The economic recovery package is insufficiently strategic to create markets and to replicate at scale. Infusion of cash will evaporate for 3-6 months and in absence of strategy may result in limited recovery.

Suggested Measures

- Revival of MSMEs with low cost technology is the lowest hanging fruit. MSMEs by definition have green technology built into them and that they can actually prove through local technological innovation at a local level such that it reduces emission transitioning towards a green economy.
- The government would need to step in to share resources with stressed MSMEs, who were already feeling the regulatory burden of sewage, plastic treatment, and waste management.
- A vibrant ecosystem around MSMEs could be created by focusing on training, skills, funding, technology, tools and forums that are required to make use of opportunities in terms of energy, supply chain, waste management etc.

Potential of MSMEs to boost the Manufacturing sector

Currently, contribution of manufacturing to GDP and employment is relatively small, but GoI has provided enough incentives in stimulus package to ensure that this increases significantly.

- The focus has to be on improving financial abilities and capital for micro enterprises to ensure they can be productive, up-skill and re-skill members.
- Given the small size of large number of MSMEs, they are unable to invest in infrastructure required to connect them to market. There is a need for cluster based approach where hand holding them with government investment in research and design innovations, could lead to several benefits.
- The need to promote apprenticeship in these small units to make available ready manpower to industries also becomes necessary. Simultaneously, it would also provide opportunity to workforce to learn firsthand about practices of the industry, understanding its needs and how it works.

The intersection of MSMEs with the Manufacturing, Industry and Energy sector has many takers. However, the intersection of MSMEs with the Agricultural, Informal sector emerged to be the strongest engine to build back India better to a greener and more inclusive tomorrow. There is a need to reorient govt. programs into sustainable development interventions for the focus has to be on micro enterprises at rural, local levels, looking at location specific needs and addressing these with new products and programs. For example, in the agricultural sector, the solar pumps program (KUSUM) led to the creation of equity and solar pumps. It simultaneously helped pull in credit and create jobs with sustainable livelihoods while being green projects with long lives. Green equity and avail of credit in MSME and agriculture sector has the chance to completely revamp our economy. Therefore, irrespective of the sector, MSMEs are the engine to build back faster and better this time.

Agricultural Sector

State of the sector before COVID struck

The average annual growth rate in real terms in agriculture as well as its allied sectors has remained static in the last six years in India, in turn impacting farmers' income (The Economic Survey of India 2019-20, released on January 31, 2020).

> *"There is a need for govt. programs to be reoriented towards and into sustainable development interventions for which the focus has to be on the micro-enterprises at the rural, local level."*
>
> **Mr G. Suri Babu**
> General Manager, NABARD

COVID induced problems

- The estimated growth rate in 2019-20 has been 2.9 per cent. Maintaining food security and livelihoods in the face of COVID-19 is a particular challenge.
- The continuing restrictions on movements of people and vehicular traffic has caused concerns regarding negative implications of COVID19 pandemic on the farm economy at the peak of

harvesting (Rabi) season in India for crops like wheat, gram, lentil, mustard, etc. (including paddy in irrigated tracts). As per industry estimates, only 6% of the harvested wheat has reached the mandis and there is a drop in exports of cash crops like tea. The impact on perishable agro-products such as vegetables, milk etc. has been sizable due to suspension of transport.

- This pandemic resulted in two kinds of trends: states which are agriculturally intensive and used to depend on migrant labor, are now facing a severe labor shortage. On the other hand, reverse migration of workers to their respective states has led to surplus manpower available for which we need to find profitable, sustainable employment opportunities.
- The real challenge is creating new opportunities, finding ways of how those who went back can be attracted towards agriculture which was their primary occupation before migrating to the cities.

Suggested Measure to green the recovery package

- In states where there is shortage of labor for agriculture, mechanization as an intervention for agricultural operations needs to be considered.
- There is a potential for convergence with govt. programs such as MGNREGA wherein monetary resources can be pooled and sustainable assets can be created. Leveraging social protection schemes with a wide reach and targeting rural public schemes which involve local admins to expand access to water; animal husbandry; horticulture would have dual benefits.
- It is time to grasp a rural and regional opportunity where there has been a net inflow of skills due to re-migration for those who prefer to stay back now. This opens a door for sustainable agriculture and sustainable value chain development. This could reduce the stress on cities, create rural livelihoods and use natural capital.
- There is an opportunity to make a dent in the post-harvest losses of our agro food production. Incentives can be provided to farmers to process it and get paid for more. Developing ways to value the value streams and develop products out of the waste streams in urban and mostly in rural areas like paddy straw, banana fibre, and bamboo.

Energy Sector

It might not be wise to link coal and renewable energy, in the Indian context. The demand in India at presenting terms of units is 1300 billion and the penetration of renewable is at 11%. A contraction in this demand is expected next year post which it should grow by about 6%. At that rate, the need would be 1600 billion units by FY25, and with all the projects coming into renewable, penetration will go to 20% meaning 80% power would still come from non-renewable sources. Incremental increase in usage of coal will be little, stabilizing by 2025.

- In the light of the pandemic, the stoppage of cheap solar panels from China might raise the price of renewables (80% panels come from China). However, this gives space to India for more concerted efforts to increase manufacturing of panels and modules in India, pushing supply to go up ensuring this sector to still continue traction. A huge distance from current capacity of 3 gig watts to about 15-20 gig watts needs to be covered.
- The government can orient its budget towards green factors, increase spending on green energy, and re-orient the budget to make it more sensitive to the needs of the marginalized. For example, the Civil Society needs to pressurize the government to invest in a greater uptake of green technology and provide more green jobs by boosting rural electrification.
- The fear of being packed in to public transport has seen huge burst in terms of small car purchase where public transport is grappling with a problem of perception. This opens the door for green private transport and cleaner fuel.

Water Sanitation and Hygiene (WASH)

The water and sanitation space is a potential victory to capitalize on. The government had been quite committed to it owing to which there is a high intensity of conversation around WASH – health, hygiene and interconnections with position of drinking water and conservation of water.

- The Government could create markets by investing and spending in social sectors like WASH by putting more emphasis on creating demand. Historically the way economies have come out of crisis is by government procurement in large projects. This

"Government could create markets by investing and spending in social sectors like WASH by putting more emphasis on creating demand."

Dr Rene Van Berkel
UNIDO representative at the Regional Office in India

does not translate into immediately creating large project by scale but big in terms of many beneficiaries. These activities will create livelihood continuity and new manufacturing activity units. E.g. Self-Employed Women's Association (SEWA) creates more jobs in waste industry especially for women leading to increased female labor force participation.

- There are structural challenges that currently hold India back in many areas and these could be addressed by guiding the economy's recovery spending towards water and sanitation to improve health; waste mgmt., renewable energy, affordable housing and sustainable urbanization. Investment in these sectors would help in creation of jobs as these are labour intensive and also take ahead the green economy agenda.

Significance of Biodiversity and Ecosystem Services in Economic Decision Making

Most important of all measures is the need to maintain forests, rivers, streams, wetlands, soils, land. Physical infrastructure must have in-built environment and cultural heritage by nurturing all kinds of capital including human, physical, financial but most important natural. Around 6000 crores have been allocated under the CAMPA fund for forest, bio-diversities, ecology, wildlife - this is not adequate.

"What we really need is resilience which can't be done unless there is a strong natural system"

Ashok Khosla
Chairman Development Alternatives

- A crucial way in which biodiversity and ecosystem service can be integrated in economic decision making is have 'institutions' to champion the cause of biodiversity at all stages including planning and budgeting. This should include government institutional at the national, sub-national and local level.
- Valuing and measuring nature is gaining importance. This helps capture the values of biodiversity and ecosystem services, the growing costs of biodiversity loss and ecosystem degradation, and the benefits of action addressing these pressures. It provides policy makers a way to 'work-with-nature'[11] by attempting to tangibilise to provide evidence of how it can make an impact on the decision makers in the public sector – some amount of thinking.

[11] http://www.teebweb.org/wp-content/uploads/2013/08/TEEB_GuidanceManual_2013_chapter-1.pdf

V. Critical Actions for greening the economic recovery package

- **Low Cost Green Technologies**

  Combustion needs to be controlled to restart a green economy with two very critical needs –'green technologies' and 'resources' to put those green technologies by investing in existing infrastructure industries

- **Return on Investment**

  Economic recovery and stimulus is an immediate need but there is also a need for return on investment. The stimulus package must pay back to society keeping in mind the SDGs. This can be made possible by retaining jobs, improving workplace diversity, occupational healthy safety, resource conservation and reducing waste, energy.

- **Performance based stimulus funding**

  Loans by default should not be free or interest free. However, if the performance is up to a certain standard level or more the loan can be converted to a grant.

- **Environmental Compliance**

  Companies are desperate to raise money and lot of it coming from foreign equity which drives changes across large companies which insist on a certain degree of environmental compliance and sustainability. This drives companies that want to access capital towards ensuring better standards. Indian companies learning from their foreign counterparts could start to develop similar policies.

- **Reporting based on Triple Bottom Line Framework**

  Instruments of finance must get underpinned by green formats ensuring a minimum level of compliance is adhered to. Pressure on audit and rating is a must, for companies to declare the impact of their actions in a format that is easily understandable.

- **Skilling and Re-skilling**

  A heavy focus on skilling and more so on re-skilling and up-skilling is crucial. Mapping of skill requirements of re-migrants, in 116 districts under PMGKYY has begun in order to link them with local employment opportunities. After identification, their own ecosystem itself will be ready to provide better skills to help workers access local employment opportunities or set up their own small enterprises to ensure livelihood continuity.

- **Social Infrastructure and Microfinance**

  A high focus on microfinance institutions and development of social infrastructure through various forms of collectives is crucial for revival. By supporting the MFIs driven by SHGs and helping in terms of re-skilling and sustaining livelihoods in the agricultural sector, repayments for future by proving greener skill sets can be taken care off.

- **Enforceability of contracts**

  Govt. is in a position to provide immediate relief if they pay their dues to corporate sector and MSMEs, which currently stands at around 5 lakh crores. Better enforceability of contract needs to be ensured.

"High focus needs to be given to the microfinance sector driven by SHGs. By helping MFIs in terms of re-skilling and sustaining livelihoods in the agricultural sector, we can take care of repayments for the future by proving greener skill sets"

Ms Naina Lal Kidwai
Chairperson, Advent Private Equity

- **Green Budgeting**

  A stronger fiscal policy would only make green budgeting a possibility, without which revival cannot be equitable or green. Green inputs and subsidies; differential, progressive, direct and indirect taxes; tax benefits to support local green technology are some instruments that could be useful in the package. E.g. the state of Punjab attempted to do a green budgeting exercise. Third part monitoring and evaluating of how much is actually being spent on green considerations to hold government accountable would also be necessary.

- **Clubbing recovery package with institutional finance**

  The financial package for the agriculture sector could be enlarged and infrastructure gaps need to be addressed. This package could be joined with institutional finance to have a holistic development approach.

- **Sustainable Consumption**
  Consumers would be most receptive now to awareness campaigns around healthier lifestyles and choosing products which are greener and more inclusive. Only if there is demand for natural products, will there be a drive to supply them.
- **Sustainable Public Procurement**
  This has been identified as a major driver of green economic recovery. Such initiatives need to be backed with developing suppliers across all products and services with a level playing field in accessing markets abroad. Although, public procurement being substantive in India, can provide a fillip to grow sustainable businesses it needs to go beyond public to the private sector as well.
- **Gender neutral recovery**
  It is crucial to invest in nature based jobs and livelihoods particularly for women by continuing to support more women and girls through skilling and entrepreneurship opportunities. Women are losing jobs at a pace faster than men.
- **Innovation and Partnerships**
  Emphasis on innovation along with Partnerships is central to a holistic development. Partnerships with DFID and CSOs working across 30 district with local and state administrations on an infrastructure for climate resilience is an important opportunity. This gives evidence to expand and replicate this partnership.
- **Improved Execution and Governance**
  Though planning is the first and most crucial step. In the context of India, there is a need to strengthen governance, implementation and execution. From a long term perspective, the priorities are green budgeting processes.

VI. Conclusions and A Way Forward

The COVID-19 pandemic has underscored the critical interface between human health, a healthy environment and decent work for all. As the world responds to the pandemic, governments, businesses, workers and other actors in society have begun to explore opportunities and options to address these remarkable challenges simultaneously. There are multiple challenges that India faces post the COVID-19 pandemic. It is imperative that she responds to immediate needs while also taking longer term perspective to promote an integrated approach to help guide a green economic recovery.

Amidst the current global health crisis, though public health, social and economic concerns are dominant and will be vital in guiding the policy response for certain months, some environmental concerns are worth giving attention to. The mantra could be driven by 'do no harm'.

This could include: Consciously avoiding rolling back of environmental standards, ensuring any 'scale-back' or 'suspension' of environmental management activities is time bound and making sure that no support measures even unintentionally aggravate the environmental damage.(OECD, May 2020)

Long term impacts of the pandemic, could potentially lower the public acceptability of a few green measures. For example, an increase in price of solar panels due to stoppage of imports from China post COVID-19 can be discouraging. It must instead be leveraged as a possibility to manufacturing more of these in India. Similarly, vehicles for mass transport i.e. public transport would see a decrease in their use. This, however, can be used to push low-cost green private vehicles.

While, the intersection between MSMEs, Agriculture and informal sector emerged strongest for immediate investment to jump-start the economy, MSMEs have been identified as the engine to revive the manufacturing sector and the economy as a whole, taking forward the green economy agenda. Low cost technology, sharing of resources, cluster-based approach, apprenticeship and improving their overall financial abilities would contribute to creating a vibrant ecosystem for MSMEs to flourish.

Investing and spending in social sectors like WASH, renewable energy, sustainable agriculture, waste management, affordable housing and sustainable urbanisation could help in creation of jobs as these are labour intensive, subsequently spurring demand and would also take the green economy agenda forward.

As different sectors in the economy begin to recover, they may do so at varying speeds with different priorities undergoing significant changes. The current state does offer an impetus to delve into newer prospects of greening the economic recovery. The civil society, government, industry etc. must together make the best of the situation and together attempt to turn this crisis into an opportunity.

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The **Partnership for Action on Green Economy (PAGE)** seeks to put sustainability at the heart of economic policies and practices to advance the 2030 Agenda for Sustainable Development and supports nations and regions in reframing economic policies and practices around sustainability to foster economic growth, create income and jobs, reduce poverty and inequality, and strengthen the ecological foundations of their economies. PAGE brings together five UN agencies – UN Environment, International Labour Organization, UN Development Programme, UN Industrial Development Organization, and UN Institute for Training and Research – whose mandates, expertises and networks combined can offer integrated and holistic support to countries on inclusive green economy, ensuring coherence and avoiding duplication.

Climate Policy Initiative (CPI) is a global analysis and advisory organization focused on the effectiveness of climate and energy policy. Its mission is to assess, diagnose, and support nations' efforts to achieve low-carbon growth. An independent, not-for-profit organization led by Thomas C. Heller and supported by a grant from the Open Society Foundations, CPI's headquarters are in the U.S., with offices and programs in Brazil, China, Europe, India, and Indonesia.

The **Green Economy Coalition** is the world's largest movement committed to accelerating the global transition to green and fair economies. We are a new type of institution: we mobilise multiple organisations – including global institutions, businesses, civil society, trade unions and people's movements – towards a shared responsibility and collective action. Our network now spans across six continents, comprising 50 members, and continues to grow. We tackle some of the biggest challenges of the world: extreme poverty, climate change, biodiversity loss, rising inequality and weak governance. But we recognise that these issues cannot be tackled alone, and that they arise from the same problem – how our economies are organised, ruled and managed.

Development Alternatives (DA) is a premier social enterprise with a global presence in the fields of green economic development, social empowerment and environmental management. It is credited with numerous innovations in clean technology and delivery systems that help create sustainable livelihoods in the developing world. DA focuses on empowering communities through strengthening people's institutions and facilitating their access to basic needs; enabling economic opportunities through skill development for green jobs and enterprise creation; and promoting low carbon pathways for development through natural resource management models and clean technology solutions.

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