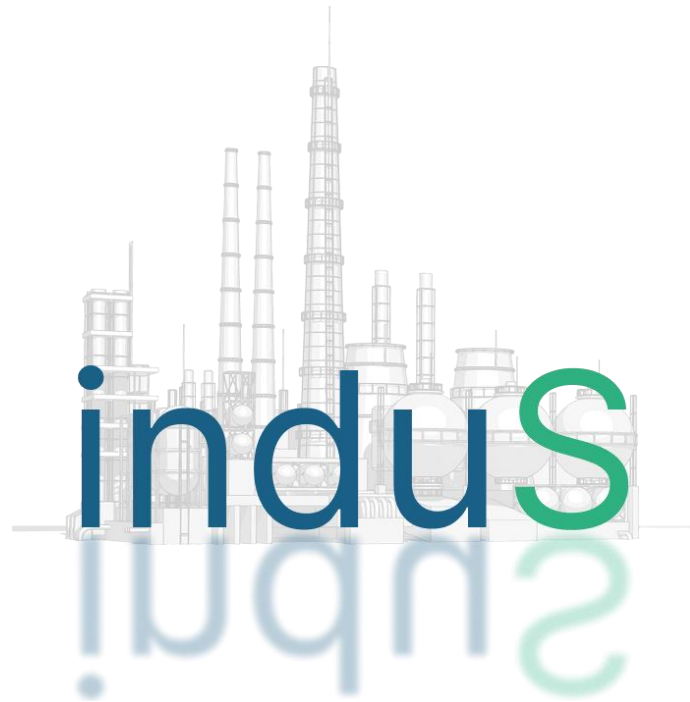


induS

Indicc Initiative on Sustainable Industrialisation

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About This Newsletter

induS — *the Indicc Initiative on Sustainable Industrialisation*, is a monthly read tracking the policy, market, financial, regulatory and climate realities shaping the sustainability transition for Indian industries, with a particular focus on MSMEs.

Each issue brings together curated signals from policy, finance, technology and climate landscape, distilling what matters for enterprise owners, industry bodies, policymakers and practitioners working at the intersection of industrial growth and sustainability.

induS is for those who believe that staying informed is the first act of staying competitive at a time when capital, regulations, policies and climate, each in their own way, demanding that industry must take sustainability seriously.

Please write to us at info@indicc.in with your thoughts, suggestions and recommendations.

POLICY WATCH

Can Energy Savings Insurance Unlock Energy Efficiency Investment for India's MSMEs?

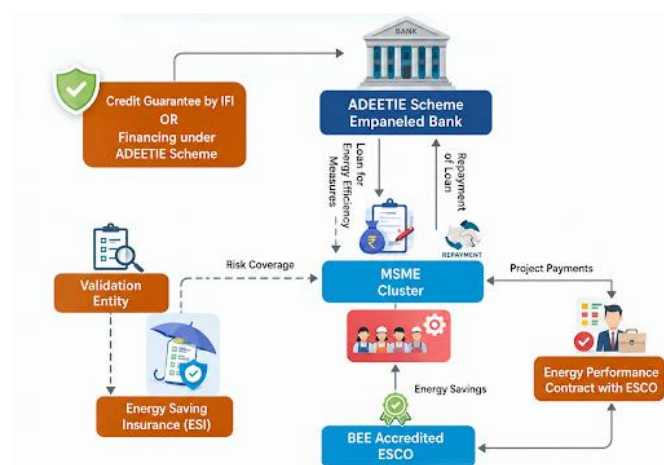
An OECD implementation roadmap published on July 2026 lays out a framework for the design and implementation of an Energy Savings Insurance (ESI) scheme in India.

The study argues that the principal barrier to industrial energy efficiency is no longer the availability of proven technologies, but the financial and performance risks associated with adopting them.

For MSMEs, low returns on investment, poor credit profiles and the cost of independent measurement and verification have kept energy efficiency a low priority.

The ESI aims to combine insurance, standardised contracts, blended finance and risk mitigation instruments to redistribute investment risk away from individual enterprises and toward a structured financing ecosystem.

[Read more at OECD](#)



Proposed ESI implementation structure for India

POLICY WATCH

Tamil Nadu's Industrial Policy Note 2026-27: Sustainability as a Pillar of Industrial Growth

Tamil Nadu's Industrial Policy Note for 2026-27, outlines the government's priorities across its major industries, placing sustainability as an embedded requirement of industrial infrastructure, investment promotion and regional development.

On industrial infrastructure, the policy note states that new and modernised SIPCOT industrial parks will incorporate circular economy practices and Tertiary Treated Reverse Osmosis water supply to ensure efficient resource use. SIPCOT's mandate has been expanded, with the stated objective of moving toward net-zero industrial clusters. The document frames this as central to SIPCOT's evolution from an industrial park developer into a strategic driver of smart, sustainable and globally competitive industrial ecosystems.

The policy note also confirms Tamil Nadu's active push on green hydrogen, with Guidance coordinating grid connectivity and open-access approvals so that green hydrogen investors can move from commitment to commissioning.

For MSMEs, the note references the *Walmart Vriddhi programme* for capacity building, integration into global supply chains, and digital and commercial capability development. The new Tamil Nadu Industrial Policy being finalised is described as placing greater emphasis on sustainability, advanced manufacturing and balanced regional development

[Read more at Government of Tamil Nadu](#)

TECH AND MARKET SIGNAL**EU Publishes Ten Guidance Documents as CBAM Moves into Its Definitive Period**

The European Commission has published a series of ten guidance documents to help non-EU operators, authorised declarants and verifiers implement the Carbon Border Adjustment Mechanism (CBAM) during its definitive period, which imposes formal monitoring, reporting and financial obligations on importers of carbon-intensive goods into the EU. The series covers four general documents on CBAM concepts, monitoring, emissions calculation and free allocation adjustment, alongside six sector-specific guides for cement, hydrogen, fertilisers, iron and steel, aluminium and electricity.

During CBAM's transitional period, importers could rely on default emissions values set by the Commission rather than measuring their own. The definitive period now requires actual, verified emissions data at the facility level, which is a significantly higher compliance burden. Producers with lower-than-average emissions stand to benefit from actual reporting, while those with higher emissions may prefer to continue using default values — which is why the guidance addresses both pathways rather than mandating one. Either way, the compliance infrastructure which is, the monitoring systems, data collection and third-party verification at the facility level now needs to be in place.

[Read more at OneStop ESG](#)

SUSTAINABLE MANUFACTURING SIGNAL**NITI Aayog's Report Identifies Textiles, Chemicals and Solar PV as Priority Manufacturing Sectors for India**

The study report released by NITI Aayog in August 2026, prepared with Crisil Intelligence, identifies twelve priority manufacturing sectors for India to become a global manufacturing hub by 2047. Volume I covers chemicals, textiles, telecom equipment and solar PV, and the findings have direct sustainability implications for each.

India's chemicals industry, valued at USD 200-220 billion in FY2025, relies heavily on imports and uses most of its raw materials to produce basic, low-value products rather than more refined and higher-value ones. This limits the industry's ability to reduce its carbon footprint while also improving profitability.

For textiles, the report identifies global supply chain shifts away from China as a growth opportunity for India, but notes that capturing it requires meeting the environmental and quality standards that international buyers now routinely demand. India's textiles export basket remains concentrated in lower-value products, leaving limited room to absorb the additional costs that sustainability measures require.

For solar PV, domestic manufacturing scale-up is the strategic priority. The report benchmarks India against China and Vietnam, both of which used sustained policy support and dedicated industrial zones to build globally competitive clean energy supply chains.

[Read more at NITI Aayog](#)

CLIMATE SIGNAL**Heat Is Quietly Becoming India's Biggest Banking Risk**

A policy brief released by the Climate and Sustainability Initiative (CSI) in August 2026 finds that extreme heat is emerging as a bigger financial risk for India's banking sector, with direct consequences for MSME credit. Nearly 24 percent of total bank credit is directed to sectors with direct heat exposure, including agriculture, construction, textiles and MSMEs. Over 70 percent of total commercial bank credit flows to just eleven states with the highest heat risk exposure, concentrating vulnerability across both sectors and geographies, with Rajasthan among them.

Heat reduces worker productivity and business income, which reduces borrowers' capacity to repay loans, which deteriorates bank asset quality. A Boston Consulting Group estimate cited in the brief projects that default rates in agriculture and home loans in India may rise by 30 percent by 2030 due to increasing temperatures. Indian banks currently lack heat-specific underwriting, stress testing and credit monitoring frameworks. For MSMEs operating in heat-exposed sectors, the implication is that credit access may tighten precisely when climate stress makes working capital most necessary.

[Read more at CSI](#)

Twenty Years of Energy Efficiency Programmes for India's Steel MSMEs: What Has Worked and What Has Not

The latest analysis by IEEFA, draws on two decades of government and development partner programmes in India's secondary steel sector to identify four persistent barriers that have prevented energy efficiency from scaling beyond pilots. India's secondary steel sector accounts for 47 percent of the country's steel production and emits 50 million tonnes of CO₂ annually, making it central to the green steel transition. The government's proposed Rs. 5,000 crore National Strategy for Sustainable Secondary Steel now carries the weight of this history. The four lessons the analysis draws are:

Energy efficiency investments lose to immediate business priorities, even when projects offered attractive payback periods. Uptake improved only when efficiency was framed as a productivity and profitability investment rather than an environmental one.

Technical capacity is the missing link. Awareness and training alone did not produce bankable projects. MSMEs needed sustained implementation support to identify suitable technologies and vendors, prepare bankable proposals and implement projects without disrupting production.

Financing mechanisms did not match MSME realities. Most programmes assumed MSMEs would access formal bank credit. In practice, they relied on informal financing, had weak credit profiles and faced cumbersome documentation requirements.

Institutional capacity dissolves when programme funding ends. Networks of auditors and local service providers consistently collapsed after funding stopped.

[Read more at IEEFA](#)