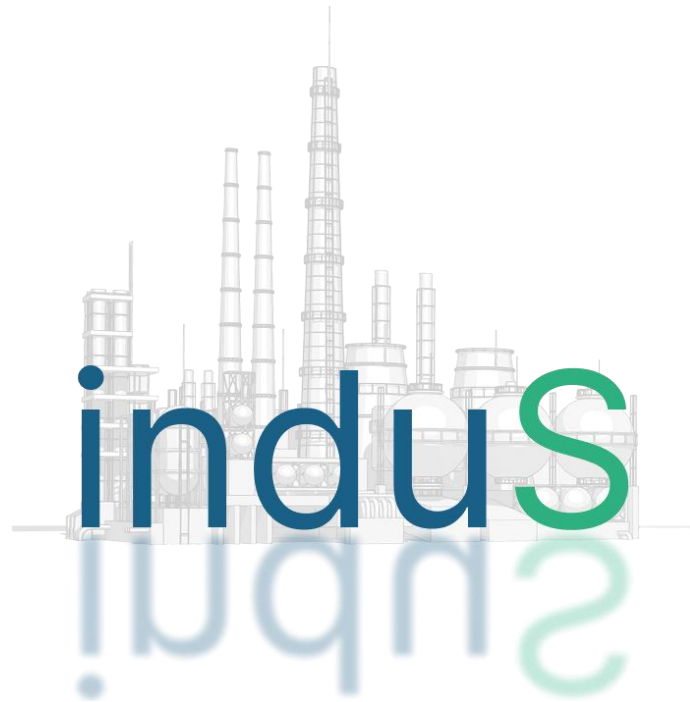


induS

Indicc Initiative on Sustainable Industrialisation

Issue 004 – October 2026



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.

INDICC'S ENGAGEMENT

Climate Finance for India's Agri-Food MSMEs: Key Insights from FAO's National Validation Workshop

Sabarinath D, Policy Analyst at Indicc Associates, participated as an invited attendee at the National Validation Workshop on Climate Finance for Investment in Climate-Resilient MSME Food Value Chains, convened by the Food and Agriculture Organization (FAO) in New Delhi on 22 September 2026. The workshop brought together representatives from NABARD, CEEW, TERI, Climate Policy Initiative, Rabobank Foundation, Indian Bank and the Ministry of Agriculture and Farmers Welfare (MoA&FW) to validate the Green Climate Fund (GCF) concept note being developed with SIDBI as the accredited entity.

India loses an estimated **INR 1,52,790 crore** worth of agricultural produce annually to **post-harvest losses**. Over 84% of India's agricultural households farm less than 2 hectares, and the agri-food MSMEs that dry, store, mill, chill and move produce through the value chain cannot absorb the upfront cost of climate-resilient infrastructure. Only 41% of India's registered MSMEs have ever accessed formal credit, and SIDBI places the overall MSME credit gap at INR 30 lakh crore, with food processing among the sectors needing targeted support.

The FAO-SIDBI proposal is a USD 650 million programme, of which USD 550 million would be directed as concessional lending to agri-food MSMEs through SIDBI and participating lenders. A USD 50 million grant component would fund technical assistance and a Partial Risk Sharing Facility (PRSF). Six broad technology categories have been shortlisted — drying and moisture management, climate-resilient storage, energy-resilient cooling, processing and handling retrofits, monitoring and packaging, and organic residue circularity. Several insights from the workshop are significant for MSME sustainability.

- *Across both panels, a consistent finding emerged that the technologies required for climate-resilient post-harvest operations are available and proven. The barrier is not technology; it is the mismatch between how these assets generate returns and how banks are structured to lend. **Post-harvest investments have seasonal, multi-year return profiles. Standard MSME credit is structured for working capital.** Until that mismatch is resolved through concessional credit facilities and partial risk-sharing mechanisms, technology adoption will remain limited to pilots.*
- *The value chain is almost entirely informal. **Dr. Jagvir Singh Yadav of COSAMB** provided a striking breakdown of who actually brings produce to India's mandis: 80% arrives through harvest aggregators, 12% directly from farmers, and 1 percent through FPOs. Almost none of these actors are formally registered. Any financing or technology programme that assumes a registered, creditworthy value chain partner will find that the majority of the system falls outside its reach.*
- *Representatives from NABARD, Rabobank Foundation and Indian Bank converged on a shared observation that guarantee schemes have not significantly moved banks toward agriculture lending. Risk perception in agriculture remains high, understanding of new technologies remains low, and banks will not lend to a segment at scale until they see a portfolio large enough to justify building internal capacity.*
- *Multiple speakers identified the absence of a **green MSME taxonomy** and a functioning **Monitoring, Reporting and Verification (MRV) framework** as the critical missing pieces. Without agreed definitions of what counts as climate-resilient post-harvest investment, banks cannot tag lending as green, cannot raise green bonds on the back of it, and cannot pass any cost benefit to borrowers. NABARD's representative noted that the institution has done watershed work for thirty years but cannot access greenium in bond markets because the data to demonstrate environmental impact simply does not exist in a form that bond markets can use.*



POLICY WATCH**MNRE Offers 50 Percent Funding for Solar Thermal Technology in Industrial Process Heating**

The Ministry of New and Renewable Energy has invited proposals under its Renewable Energy Research and Technology Development Programme to promote concentrating solar thermal technology for industrial process heating. The programme offers up to 50 percent of project cost as financial support, capped at Rs. 2 crore per project, and is open to industry, start-ups, private institutes and entrepreneurs.

For MSMEs in energy-intensive manufacturing sectors, this is one of the few direct funding instruments currently available to support the replacement of fossil fuels in process heating — a cost that sits at the core of their energy bills.

Solar thermal technology uses solar radiation to generate heat directly for applications such as water heating, steam generation and industrial process heating. When integrated with thermal energy storage, the heat can be used beyond sunlight hours. The programme focuses on commercially viable and scalable systems that can be integrated with existing industrial processes across sectors including food processing, textiles, chemicals and metals.

[Read more at ET Manufacturing](#)

GLOBAL SIGNAL**CDP Finds 95% of Disclosing SMEs Making Environmental Progress, but Only 20% Have Emission Targets**

New analysis from CDP, drawing on disclosures from almost 11,000 companies through its dedicated SME questionnaire, finds that more than 95 percent of disclosing SMEs have made progress against at least one key environmental indicator. However, the analysis also reveals a significant gap between putting structures in place and taking action. Just 20 percent of SMEs have an emissions reduction target, while only 32% have emissions reduction initiatives in place.

Almost two-thirds of SMEs either have a transition plan or expect to have one within two years, although just 15% currently have one in place. Progress on governance, risk management and stakeholder engagement suggests SMEs are strengthening the foundations for action.

SMEs in manufacturing, materials, transportation services and power generation demonstrate some of the strongest progress against CDP's basic indicators. These sectors are particularly significant given their emissions profiles and importance to the global transition. Previous CDP research found that suppliers were 52% more likely to reduce their annual emissions when buyers offered financial incentives, rather than training alone.

[Read more at CDP](#)

TECH AND MARKET SIGNAL**UK Recognises India's Carbon Trading Scheme, Opening Door to CBAM Relief for Exporters**

The UK has agreed to recognise India's Carbon Credit Trading Scheme (CCTS) under its carbon border adjustment mechanism (CBAM), allowing eligible Indian exports to claim relief for carbon costs already paid at home. Commerce Secretary Rajesh Agrawal called it a key outcome of sustained India-UK dialogue on carbon border measures. Without such recognition, exporters face double taxation on embedded emissions, once domestically and again at the destination market.

The move validates India's still developing carbon pricing architecture on the international stage and strengthens its negotiating position as more countries design similar border adjustment systems.

For **energy-intensive sectors like steel, cement and refining**, the ability to demonstrate a credible domestic carbon price is fast becoming a trade competitiveness issue, not just a climate one.

[Read more at the ET Sustainability](#)

CLIMATE SIGNAL**India Can Cut Steel Emissions Before New Coal Plants Lock Them In**

India's steel sector emits around 2.65 tonnes of CO₂ per tonne of finished steel, roughly 32 percent higher than the global average of 2 tonnes. The sector accounts for 10% to 12% of India's total emissions. The Hindu's September 2026 analysis notes that Indian steel plants are now headed for blast furnace relining — a capital-intensive maintenance task done every two decades that extends a plant's operational life by another 15 to 20 years, while locking in coal-based production and high carbon emissions for that entire period.

India's steel production mix includes 43% from blast furnace plants, 22% from electric arc furnaces and 35% from electric induction furnaces. Shifting toward electric arc furnaces, which process scrap using electricity, and direct reduced iron pathways offers the most viable decarbonisation route.

*Globally, average steelmaking emissions hover around **1.85 tCO₂e** — making even India's greenest steel plants still highly carbon-intensive by international standards.*

[Read more at The Hindu](#)

Shashank Mani, Member of Parliament, has been appointed as the Chairperson of the Standing Committee on Labour, Textiles and Skill Development for 2026-27, effective September 26, succeeding Basavaraj Bommai. The 31-member panel oversees policy for three ministries central to India's industrial workforce and decarbonisation agenda.

SUSTAINABILITY SIGNAL

India's Textile Sector and the Circular Economy: Progress, Scale and What Remains to Be Done

India's textile industry, which contributes approximately 2 percent of GDP and employs over 45 million people, is integrating circular economy practices at a pace that is ahead of most other manufacturing sectors. Of the estimated 7.8 million tonnes of textile waste handled annually, over 70 percent is recovered for recycling, upcycling or reuse. Pre-consumer waste recovery is particularly high, with nearly 95 percent of spinning waste reintegrated into production cycles. Post-consumer waste recovery, while lower at around 55 percent, is supported by an ecosystem that provides livelihoods to approximately 4.5 million people, many of them women from marginalised communities.

On the policy side, the National Programme for Organic Production provides a certification framework for organic cotton recognised by the European Commission, the New Age Fibre Mission promotes sustainable alternatives to synthetics, and pilot projects targeting 400 factories across eight clusters are working to cut hazardous chemical usage by over 10,500 tonnes. Scaling up remains the central challenge. Technology upgrades, formalisation of informal waste networks and skill development for workers in recycling and upcycling require coordinated investment from government, industry associations and international partners — none of which has yet materialised at the speed the sector's sustainability ambitions demand.

[Read more at ET Chemicals](#)

POLICY WATCH

Centre revises carbon targets for refineries and textile mills

India's environment ministry revised greenhouse-gas intensity targets for 21 petroleum refineries and 173 textile units on September 22, 2026, under the Carbon Credits Trading Scheme. The update replaces baseline emission figures for at least seven Indian Oil Corporation refineries and drops the 2025-26 compliance targets entirely, retaining only 2026-27.

Under the scheme, firms beating their emissions-per-unit-of-output benchmark earn tradable carbon credits, while those falling short pay twice the average traded price. Parth Kumar of the Centre for Science and Environment cautioned that frequent baseline changes can unsettle companies and markets alike, since heavy industry needs stable rules to plan capital-intensive decarbonisation.

*India's carbon trading framework is still being fine-tuned, and data corrections are legitimate. But when baselines shift and compliance years get dropped mid-cycle, **companies in capital-intensive sectors like refining and textiles have no firm ground to plan long-term decarbonisation spending.** They are more likely to wait and watch than commit capital to cleaner technology.*

[Read more at ET Sustainability](#)