

# Eco/Entrepreneurship: Exploring the Economics of Sustainable Technologies and Emergent Markets in Urban India

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## ABSTRACT

**On a global scale, sustainable entrepreneurship as a concept has achieved popularity, and a sizeable number of businesses from large corporations to small and medium sized enterprises are moving towards a sustainable approach. As a younger generation of consumers are also using social media and becoming more aware of climate and environment related issues, demand for sustainable products and for companies to adopt sustainable practices has also increased. While institutional measures have been taken to bolster the growth of the industry in India, there are barriers to its growth such as lack of financing and cost, as well as inability to absorb the cost for certifications and other such measures for implementing environmentally friendly processes. On the consumer side, such barriers are also lack of awareness among those who are not part of the urban elite, and a higher cost associated with sustainable products. This paper examines sustainability as a part of emerging markets in India and approaches the topic from a comparative perspective, drawing from global insights. The paper then poses policy recommendations for the improvement of the sustainable entrepreneurship ecosystem in India through a multi stakeholder approach.**

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## INTRODUCTION

Sustainable entrepreneurship is the process which includes the development / creation of businesses to generate social, economic and environmental benefits for society. These businesses develop products and services that are environment friendly. The objective of these businesses helps the world resolve and improve global issues. Green entrepreneurs are socially responsible people who are often working to improve the lives of their employees, customers and communities, while at once running the business with an underlying profit motivation (Schaltegger et al, 2013). The importance of sustainable and green entrepreneurship has also been emphasized on a global scale, bolstered by the UN's reports on climate change and adverse impact of environmental issues. Green entrepreneurship is fundamentally rooted in society's need to address environmental issues. The demand for green goods and solutions rises as environmental challenges worsen and societies increasingly try to adopt a more sustainable way of life. Global demand for environmentally friendly companies and technologies is rising. For instance, it is anticipated that between 2016 and 2030, the Paris Agreement will have created USD 23 trillion worth of climate-smart investment opportunities in emerging nations (Schaltegger et al, 2013; OECD, n.d).

This has also led to an 'environmental economy, leading to job creation and overall increase in global GDP. For example, the environmental economy in the EU has overtaken the overall economy – from 1.6% in 2000 to 2.3% in 2018, the environmental economy's share of the EU GDP increased. Employment in the EU's environmental economy climbed from 3.1 million to 4.4 million full-time equivalents over the same time period (OECD, n.d). Such job generation gains are mostly attributed to green entrepreneurship. These brand-new positions in the clean economy typically have different skill sets than those that risk becoming outdated. For instance, the employment landscape in the car industry is changing to favor IT expertise, power electronics, recycling, and battery technology (OECD, n.d).

Given its global stature and importance to the global economy, India as a country is well positioned to be a key site for sustainable entrepreneurship because of its growing population of millennial, Gen-Z and urban consumers who have an increased awareness of environmental issues and are willing to pay a premium for green products, and support ventures which are environmentally friendly (BE Staff, 2022). The Indian government is also supportive of this initiative, and is promoting sustainability by the providing financial incentives to businesses who are ready to adopt to sustainable practices for manufacturing their products/ services. As a result of such initiatives, India as a country is on its way to becoming popular among companies which believe in the sustainable entrepreneurship. In the past few years, major businesses have shifted to India to practice sustainable entrepreneurship (BE Staff, 2022). This paper examines the growth of sustainable entrepreneurship as an essential component of the success of

emerging markets, and explores the economic and environmental impact of green technologies, as well as the impact on global carbon emissions.

## **BACKGROUND**

Sustainable and green entrepreneurship are viewed as key drivers of sustainability goals. Firstly, there is the urge of entrepreneurs to create a product that solves the issues or to create a memorable impact, as well as identify and exploit opportunities. Among several ways in which sustainable goals are furthered are through ethical raw material acquisition while guaranteeing that unfair and exploitative trade practices are minimized at the input level, ensuring the supply of opportunities, employing people from marginalized communities during the production or sourcing phases, taking training activities that can increase labor productivity and efficiency, assortment of goods and services the business provides, such as water filtration systems, hygiene items, and solar energy sources, and ensuring that it can reach underserved or unserved populations, utilization of earnings and surpluses, such as through the provision of meals or finance for artisans engaged in the design and production of goods, and through direct training and development programs organised for the individuals lacking proper access to education or skill development (Kaul and Chawla, 2022).

In the Indian context, sustainability is becoming a key concern for consumers, with younger and urban consumers willing to pay a premium for sustainable products. However, the key barriers towards the growth of the market for sustainable products are, among others, lack of awareness, high prices, availability issues (Times of India, 2022). Research by Bain and Company has found out that 60% of the Indian consumers are ready to pay a premium if the product is considered as sustainable. This is a major change in comparison to a few years ago, due to increased urbanization, internet and social media adoption, and an increased level of education and awareness about environmental problems and the factors along the global supply chain which exacerbate the issue (Times of India, 2022). The survey also found out that 75% of millennials are likely to pay that premium in comparison to 45% of the baby boomers. In the list of reason why millennials are willing to pay such a premium, a major reason is social media exposure (Times of India, 2022).

According to statistics, India is on the way to achieving its goal of net zero by 2030, and creating a positive global impact on offsetting carbon emissions. India is now the third largest producer of solar and wind energy in the world. As of 2020, solar energy makes up 13% of India's electricity supply which remains on the track of becoming 28% by 2030. India has also started becoming a major market for electric cars, expecting to reach 10 million electric cars being sold between the years of 2021-23 (Biorol and Kant, 2022). In 2020, India's energy use per unit of the GDP was found out to be 18% less than what is found to be in 2000 and the goal for the future is to take this landmark to 25% by 2030. Although overpopulation and poverty are obstacles to this goal, India's carbon emissions were found out to be 1.4% lower in 2021 in comparison to 2020. If the same trajectory is maintained, the goal of net zero by 2030 should be met (Biorol and Kant, 2022).

To support this broader impact as well as sustainable entrepreneurship, the Indian government has implemented policies such as the National Biofuels Policy, the National Plan for Electronic Mobility, Solar Mission of India, Wind Energy Program and the Make in India initiative, among others (Singh, 2022). In light of the above, the following section will examine and evaluate the environment of institutional support for sustainable entrepreneurs and challenges faced in the implementation of green entrepreneurial ventures, which in turn impacts the economy.

## **DISCUSSION**

Visionary Indian CEOs and eco-entrepreneurs are starting to pay attention to the rapid rise in these climate change-related natural disasters over the past ten years. They are acknowledging these alarming trends and making the necessary adjustments to support India's ambitious sustainability commitment. India has a great chance to contribute significantly to the UN's concept of inclusive and sustainable industrial development (ISID) given the sheer size of its industrial sector (Gangadharan, 2021). Leading businesses are being encouraged to take a strong stance on energy use optimization, green buildings, and waste management as a result of numerous government initiatives, such as Zero Defect, Zero Effect (ZED), which are fostering a dynamic ecosystem of multiple sustainability drivers. This is helping these businesses move closer to becoming sustainable enterprises (Gangadharan, 2021). Some examples of successful green ventures are Beco, Phool Co, Nexus Power and Zunroof (Sil, 2021).

There are global trends which are beneficial for this sector, such as the growth of impact investing and how Indian business poses a unique opportunity for global impact investment. Impact investment is key to closing the gap between the UN's Sustainable Development Goals and the realities in countries like India (Pai and Pathak, 2023). Investors are also among the top support organisations for green entrepreneurs in India, ranking ninth in climate technology investment worldwide. India is also the third largest entrepreneurial ecosystem behind the USA in China, signifying its sizeable impact on the global economy (Sain, 2023). The transition from microfinance to

technology-driven models like sustainable mobility and small and medium-sized enterprise (SME) finance (16.7% and 11.2% of total equity impact capital were raised in 2022, respectively) reflects this diversification and proliferation of impact-oriented business models (Pai and Pathak, 2023).

Even though India is growing market for consumers and producers for green entrepreneurship but there are multiple barriers in the way of the sector's growth. Lack of awareness is a major gap in the market, along with higher prices. Despite recent progress, it is still difficult for entrepreneurs to access financing, thus the investment instruments and ticket sizes that are available must be suited to their need. To enhance the enabling policy environment and establish a knowledge and information repository, stakeholders must work together (Sain, 2023). Stakeholders drew attention to the fact that the ecosystem as a whole has a blind spot because current green business policies do not adequately address the difficulties that startups face. The problems faced by large organizations and small business owners differ; for example, hiring and keeping the best employees and paying fees to abide by government laws might be more onerous for early-stage operations than for more established enterprises. Stakeholders should unite and work with the government to create an enabling policy environment in order to elicit support from the government that decreases the burdens for early-stage SGBs (Sain, 2023; Pai and Pathak, 2023).

There is also the issue of the inability of SMEs to keep up with converting themselves to a sustainable business, despite the growth of the sector and increasing consumer demand. This is because of certifications and practices required to be implemented, which cost money. There are promising indications that SMEs are figuring out new ways to get the funding they require. But there is still work to be done. Some policy ideas are as follows: In exchange for improving their sustainability policies, large companies and purchasers can offer suppliers better terms and larger orders (Klapper and Beinker, 2017). Giving suppliers financial incentives, such as bigger orders or higher prices, can be a powerful inducement for these businesses to spend money on more stringent sustainability requirements. E-invoices, for example, can speed up payments to suppliers and assist small firms establish the creditworthiness necessary to obtain funding from other sources. Lenders and investors should think about evaluating credit eligibility using sustainability performance (Klapper and Beinker, 2017). It makes sense that sustainable businesses should be better able to repay loans given the evidence that it increases firm productivity and profitability. In order to receive certification from fair trade or other sustainability initiatives, SMEs frequently need to provide extensive documentation. That sustainability information could be used by lenders to evaluate creditworthiness Klapper and Beinker, 2017).

## CONCLUSION

Governments, businesses and other institutions can play distinct and important roles in supporting sustainable entrepreneurs. This includes providing financial support, technical support and market access. There are also a number of challenges which need to be overcome to carry out green entrepreneurial ventures. These include the high cost of green technology, lack of awareness of green products and services, and lack of access to finance. Despite these challenges, India is home to a number of successful green entrepreneurial ventures. These include companies developing solar power systems, electric vehicles, and water-saving technologies. These companies contribute to the growth of the Indian economy and reduce the country's environmental impact. The growth of green entrepreneurial ventures is fueled by environmentally adverse events, a push for investment in this area by world bodies and national governments, and demand from a young and urban consumer base with increasing purchasing power.

Assessing the institutional support environment for sustainable entrepreneurs and challenges in implementing green entrepreneurial ventures is an important step in fostering the growth of India's green economy. In India, people are becoming more conscious of environmentally friendly products and the need to safeguard the environment, but more work has to be done, and sustainable business owners might help. More responsible manufacturing and consumption would be facilitated by consumer adoption of slow fashion, mindful consumerism, and renunciation of the use-and-throw economy (Khokhawala and Iyer, 2022). It is necessary to employ a multi-stakeholder strategy in which consumers, the government, industrial actors, research institutions, non-profit organizations, entrepreneurial ecosystems, and academic institutions all contribute to sustainability and circular economy ideas. A new class of entrepreneurs is emerging who are prepared to test out novel business models as a result of the rising understanding that business may have an impact on social issues and environmental degradation while also being profitable (Khokhawala and Iyer, 2022).

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