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## **Harnessing Green Growth: Business Opportunities for MSMEs and Start-ups in India's Transition toward a Sustainable Economy.**

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### **ABSTRACT**

India is working hard to have no carbon emissions by 2070. This is helping the country move towards an economy. We looked at the business opportunities that are coming up for Micro, Small and Medium Enterprises and start-ups in areas like renewable energy, electric mobility, waste management and green finance. We used information from government reports and other publications to see how these businesses are using policies like the National Green Hydrogen Mission, FAME-II and Production Linked Incentive schemes to grow. We paid attention to Madhya Pradesh because it has started policies and funding to help green industries. We found places where new ideas are happening. We looked at the problems these businesses are facing like not having enough money and complicated rules. Finally we made suggestions for what the government can do to help businesses. Micro, Small and Medium Enterprises and start-ups can make money. Be good for the environment at the same time. This can help everyone in the country. Make India a leader, in finding new ways to deal with climate change. India and Micro, Small and Medium Enterprises can work together to make this happen.

**Key Words:** Green Economy MSMEs and Start-ups Renewable Energy Electric Mobility Green Finance Net Zero Emissions (2070)

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### **Introduction**

India is changing in a way and this change is very much connected to what India is doing for the environment. India has a lot of people than 1.4 billion and its economy is growing very fast. So India has to deal with two things at the same time: it has to keep growing and it has to protect itself from the bad effects of climate change. At the COP26 meeting India said it wants to have zero emissions by 2070. This has made the whole country start moving towards an economy. A green economy is one that helps the environment is fair to everyone and is always coming up with ideas.

The green economy includes areas that help reduce the harm we do to the environment and promote development that is good for everyone. These areas are things like energy from the sun and wind electric cars farming that is good for the earth hydrogen that's green, managing waste and money for green projects. The Economic Survey for 2024-25 says that by 2030 green areas will contribute than 15 percent to India's economy.

Medium sized businesses and new companies are very important for this change. These medium sized businesses make up almost 30 percent of India's economy and give jobs to more than 110 million people. New companies are known for being quick and coming up with ideas and they are getting into green areas more and more. Together these businesses are the foundation of India's system for companies and they are in a great position to lead the way to a green economy. This paper looks at the chances for small and medium sized businesses and new companies in India's green economy. It looks at the areas like renewable energy and green hydrogen and it looks

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at the rules the government has made. It also talks about places like Madhya Pradesh that're good for green businesses, being a business means being good for the environment and good for people at the same time.

## Method

This study employs a qualitative research design based on secondary data analysis. Sources include:

1. Government publications: Ministry of MSME, MNRE, NITI Aayog, and Economic Survey 2024–25.
2. Industry reports: NetZero India, CEEW, Startup India.
3. Academic literature: Peer-reviewed journals and monographs from Madras School of Economics.
4. Regional policy documents: Madhya Pradesh MSME Development Policy 2025 and Industrial Promotion Policy 2025.
5. News articles and press releases from PIB, Business World, and Indian Masterminds.

Thematic analysis was used to identify trends, policy impacts, regional developments, and business implications.

## Results

### Key Green Sectors Driving Transformation

1. **Renewable Energy:** India added a lot of energy capacity in 2024. Around 18 GW.. Most of it comes from solar and wind energy. Many small and medium businesses are using rooftop to save money on energy costs. Companies like Re-New Power and ZunRoof are working on making solar panels more efficient and connecting them to the grid.
2. **Electric Mobility:** A lot of vehicles were sold in 2024. Over 2 million units. This is because the government is giving incentives under the FAME-II scheme. Start-ups like Ather Energy and Euler Motors are making electric two-wheelers and three-wheelers. Many small and medium businesses are also making parts for vehicles. Setting up charging stations, for electric vehicles.
3. **Waste Management:** India produces an amount of waste every year about 62 million tonnes. Some companies like Recykal and Carbon Masters are working on managing waste in a way through digital platforms. Many small and medium businesses in cities are also adopting good practices like composting, recycling plastics and managing electronic waste.
4. **Green Finance:** In 2024 a lot of money was raised through bonds, about ₹25,000 crore. However many small and medium businesses are facing problems in accessing this money because they do not have a credit history. Some financial technology start-ups are helping to solve this problem by providing ways of lending and scoring companies based on their environmental and social performance. Renewable energy and green finance are very important, for the future of India and many companies are working on these things.

## Discussion

### Policy Frameworks Supporting Green Entrepreneurship

India's policy landscape has evolved to support green entrepreneurship:

1. **National Green Hydrogen Mission:** Allocates ₹19,744 crore to develop 5 MMT of green hydrogen capacity by 2030. Ports like Deendayal (Gujarat), Paradip (Odisha), and V.O. Chidambaranar (Tamil Nadu) have been designated as hydrogen hubs (BusinessWorld, 2025).
2. **FAME-II:** Offers subsidies for EVs and charging infrastructure with a budget of ₹11,500 crore (PIB, 2025).
3. **PLI Schemes:** Incentivize domestic manufacturing in solar PV modules, advanced chemistry cells, and EV components (India.gov.in, 2025).

## Madhya Pradesh: A Case Study in Green Industrialization

Madhya Pradesh has emerged as a proactive state in promoting green entrepreneurship. The **Madhya Pradesh MSME Development Policy 2025** focuses on financial assistance for green industrialization, simplified regulatory processes, and infrastructure support (KIP Financial Consultancy, 2025). Key highlights include:

1. ₹200 crore grant disbursed to MSMEs across 48 districts under the MSME Development Policy (Indian Masterminds, 2025).
2. Special incentives for green manufacturing units, including subsidies for solar installations and waste recycling.
3. Promotion of Swadeshi and self-reliance through local sourcing and sustainable practices.

The **Industrial Promotion Policy 2025** positions Madhya Pradesh as a hub for emerging sectors by leveraging its central location and sector-specific industrial parks (Invest MP, 2025). The policy encourages investment in clean tech, EVs, and agro-processing. Start-ups in Bhopal and Indore are innovating in solar energy, organic farming, and sustainable packaging. The state's support ecosystem includes incubation centers, funding programs, and land allotments for green projects.

## Regional Hubs of Innovation

India's green economy is geographically diverse:

1. **Gujarat:** A leader in solar energy and hydrogen production, Gujarat hosts the Deendayal Port, a designated green hydrogen hub. The state offers incentives for solar manufacturing and has robust infrastructure for clean energy projects.
2. **Tamil Nadu:** Known for its EV manufacturing ecosystem, Tamil Nadu is home to V.O. Chidambaranar Port, another hydrogen hub. The state supports clean tech start-ups through incubation centers and policy incentives.
3. **Odisha:** The Gopalpur Industrial Park in Odisha is emerging as a model for clean energy clusters. Paradip Port has been designated as a hydrogen hub, and the state is investing in green infrastructure and skill development (World Economic Forum, 2025).
4. **Madhya Pradesh:** Green MSME clusters in Indore, Bhopal, and Jabalpur.

These hubs benefit from policy incentives, infrastructure, and skilled labor, creating conducive ecosystems for green entrepreneurship.

## Challenges

There are still some problems that small and medium sized businesses or MSMEs have to deal with.

1. **Financing Gaps:** MSMEs do not have money to start green projects because they do not have enough things to use as collateral when they borrow money. They also do not know much about finance. Traditional banks are afraid to lend money to MSMEs for projects because they think these projects are too risky.
2. **Regulatory Complexity:** There are many rules and regulations that MSMEs have to follow. They have to get clearances from different people and this creates a lot of confusion. It takes a time to start a project because of all these rules.
3. **Skill Shortages:** There are not people who know how to work with green technologies like solar panels, electric vehicles and managing waste. MSMEs need people with these skills to work on their projects.
4. **Market Access:** MSMEs have a time selling their products to people in other countries because they do not have the right certificates, a well known brand or a website. This makes it hard for them to be part of the green supply chain and sell their products to people all, over the world.

## Conclusion

India's shift to an economy is both a must and a great chance. Small and medium businesses and new startups are leading this change bringing ideas, jobs and sustainability. Madhya Pradesh's specific policies and funding show how local governments can help green industries grow.

To make green entrepreneurship really take off here are some suggestions:

1. **Easy access to finance:** Set up special funds for small and medium businesses and encourage lenders to consider environmental, social and governance factors.
2. **Building capacity:** Start training programs and teach sustainability in schools.
3. **Simple regulations:** Create one-stop systems for approvals. Make standards consistent.
4. **Market connections:** Help small and medium businesses join green supply chains and promote green certification.
5. **Innovation hubs:** Expand climate technology incubators and encourage partnerships between private sectors.
6. **Regional growth:** Encourage industries, in developing districts and smaller cities.

With the help India can meet its climate goals and have inclusive sustainable economic growth.

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