

Program Safeguard Systems Assessment

March 2021

IND: Strengthening Micro, Small, and Medium Enterprise Cluster Ecosystem Through Institutional Network of Enterprise Development Centers

ABBREVIATIONS

ADB	–	Asian Development Bank
CHAMPIONS	–	Creation and Harmonious Application of Modern Processes for Increasing the Output and National Strength
COVID-19	–	coronavirus disease
EDC	–	enterprise development center
EIA	–	environmental impact assessment
EMMP	–	environmental management and monitoring plans
GRM	–	grievance redress mechanism
MOMSME	–	Ministry of Micro, Small, and Medium Enterprises
MSME-CDP	–	Micro and Small Enterprises Cluster Development Scheme
MSME	–	micro, small, and medium enterprise
PMC	–	program management consultant
PMU	–	program management unit
PSC	–	program steering committee
PSSA	–	program safeguard systems assessment
RBL	–	results-based lending
SFURTI	–	Schemes of Fund for Regeneration of Traditional Industries
SNA	–	state nodal agency
SPAP	–	safeguard program action plan
SPS	–	Safeguard Policy Statement
SPV	–	special purpose vehicle

CONTENTS

	Page
A. Program Environmental and Social Impacts and Risks	1
B. Safeguard Policy Principles Triggered	3
C. Diagnostic Assessment	9
D. Safeguard Program Actions	11
E. Grievance Redress Mechanism	12
F. Training and/or Capacity Building	12
G. Conclusion	12

PROGRAM SAFEGUARD SYSTEMS ASSESSMENT

1. The results-based lending (RBL) program intends to support the micro, small, and medium enterprises (MSME) in India by (i) institutional strengthening through the network of enterprise development centers (EDCs), and (ii) strategic cluster development efforts. The RBL program scope includes four existing government schemes.¹ The RBL program will also support the establishment of greenfield composite clusters and/or upgradation of existing clusters. The RBL program will not only enhance the effectiveness of government support schemes as the coronavirus disease (COVID-19) pandemic response, but also facilitate MSMEs' and clusters' business transformation and competitiveness post COVID-19 pandemic. The overall outcome of the RBL program is to enhance the competitiveness of MSMEs.

2. The RBL program will support the government in establishing EDCs to cover at least 100 districts and a virtual (V)-EDC platform to provide business advisory support and nurture entrepreneurship development besides providing business management training to MSMEs. The RBL program will help establish or upgrade 30 cluster infrastructure and facilities to support skill upgradation, higher productivity, and overall profitability of MSMEs and providing infrastructure development (last-mile connectivity, utilities, drainage, domestic and industrial waste-water management) to MSMEs. The RBL program will also finance the proposed scheme to support the establishment of greenfield composite clusters and/or upgradation of the existing clusters through a new proposed scheme.

3. To achieve the RBL program's objective, ADB will utilize the RBL program wherein disbursements amounting to \$250 million (37.0%), out of total estimated expenditure of \$675.2 million, will be linked to the achievement of desired results. The RBL program will be implemented over 7 years, from July 2021 to June 2028. The RBL program will cover the states and union territories across India listed in Appendix 1.

4. The program safeguard systems assessment (PSSA) (i) examines the safeguard systems of the Government of India, Ministry of Micro, Small, and Medium Enterprises (MOMSME), and its related implementation practices and capacities; and (ii) suggests safeguard program action plan (SPAP) to bridge the identified gaps and weaknesses. The PSSA is based on the review of documents, meetings, and extensive discussions with MOMSME, and virtual interviews with relevant stakeholders. The assessment findings indicate that the RBL program triggers the environment and Indigenous Peoples safeguard requirements but not the involuntary resettlement. The RBL program is categorized "B" for the environment and Indigenous Peoples and "C" for involuntary resettlement, in accordance with ADB's Safeguard Policy Statement (SPS), 2009.

A. Program Environmental and Social Impacts and Risks

1. Environmental Impacts

5. All activities are eligible under the RBL program unless they are likely to have significant adverse impacts that are sensitive, diverse, or unprecedented on the environment (impacts

¹ The RBL program will cover four existing government schemes, namely: (i) Credit Linked Capital Subsidy for Technology Upgradation (CLCS-TUS) excluding Credit Linked Capital Subsidy Component, (ii) Entrepreneurship Skill Development Program (ESDP), (iii) Micro and Small Enterprises Cluster Development Scheme (MSE-CDP), and (iv) Schemes of Fund for Regeneration of Traditional Industries (SFURTI) and a proposed Greenfield Composite Cluster Development Scheme (GCCDS). The proposed ADB-financing under CLCS-TUS and ESDP schemes does not envisage any civil works related components.

equivalent to category A, as per SPS, 2009). This will consider the type, location, scale, sensitivity, and magnitude of potential adverse impacts on the environment while considering the broader programmatic risks of the RBL program. In addition, ADB will not finance activities on the ADB Prohibited Investment Activities List² (Appendix 2).

6. Activities located in or adjacent to (i) environmentally sensitive areas and critical habitats such as core, buffer, and eco-sensitive zones of national parks, sanctuaries, and bio-reserves; and wetlands; (ii) any protected monuments of cultural or historical importance; and (iii) critically polluted areas as identified by the Central Pollution Control Board will be excluded from the RBL program scope by applying the safeguard screening checklist provided in Appendix 3.

7. The RBL program is likely to have environmental impacts due to proposed hard components (civil works) under the two schemes (Micro and Small Enterprises Cluster Development Scheme [MSE-CDP] and Schemes of Fund for Regeneration of Traditional Industries [SFURTI]) and a new scheme for the development of greenfield composite clusters and/or upgradation of the existing clusters. The construction-related activities will cause minor environmental impacts such as (i) dust emissions, (ii) noise generation, (iii) occupational health and safety hazards for construction workers, and (iv) debris generation. The operation-related environmental impacts would be (i) generation of liquid, gaseous, and solid wastes; (ii) contamination of surface and groundwater and land; (iii) inefficient drainage management leading to sedimentation and health hazards; and (iv) increased ambient noise levels and air pollutants. As the locations of activities or components proposed under hard components and greenfield composite clusters and/or upgradation of the existing clusters are not finalized at this stage, the screening and environmental assessment will be carried out, and site-specific environmental management and monitoring plans (EMMP) will be prepared at a later stage by the environment safeguard specialist, program management consultant (PMC) with oversight by the program management unit (PMU). The EMMPs will be incorporated in the bids and contract documents by the PMU for each activity or component proposed under the RBL program. Further, the commencement of civil works could only be initiated after (i) the EMMP is made as part of the contract document, and (ii) obtaining the requisite clearances or permissions in compliance with environmental regulations of the country. The RBL program is classified as category B for the environment, and the overall environment safeguard risk is assessed as moderate.

2. Social Impacts

8. The RBL program will not require any land acquisition or cause any involuntary resettlement (temporary or permanent) impacts. The works will be carried within the available government land and/or land owned and/or leased to the facility owners. The EDCs will be operated within the existing government or privately-owned or rented premises, and cluster infrastructure and facilities will be constructed on land owned by or leased by the facility owners. Under the infrastructure development components, the works will be carried within the available government land and/or existing right-of-way. Clusters under the proposed greenfield composite cluster development scheme will be developed (or upgraded) on land owned by the government or facility owners or land taken on lease by the facility owners. In case of unavailability of land with the government and facility owners, the land will be purchased through negotiated settlement (willing seller and willing buyer) approach by the facility owner. An independent external party would be engaged to conduct the due diligence of the negotiation and settlement processes. The RBL program is classified as category C for involuntary resettlement, and the overall involuntary resettlement safeguard risk is assessed as low.

² ADB Prohibited Investment Activities List is provided in Appendix 5 of the Safeguard Policy Statement, 2009.

9. The RBL program will be implemented in selected states and union territories, including those with the scheduled tribe population (Indigenous Peoples). The RBL program envisages positive impacts due to affirmative actions, increasing their participation and enhancing their livelihood. No negative impacts are expected on Indigenous Peoples' natural heritage, indigenous knowledge, customary cultural aspects, and economic, social, or political institutions and livelihood systems. The RBL program is classified as category B for Indigenous People, and the overall Indigenous Peoples safeguard risk is assessed as low.

B. Safeguard Policy Principles Triggered

10. Upon review of relevant national and state regulations and SPS, 2009, the PSSA has identified the following policy principles of SPS,2009 (table below) to be triggered: (i) 9 out of 11 policy principles on environment, (ii) 3 out of 12 policy principles on involuntary resettlement, and (iii) 6 out of 9 policy principles on Indigenous Peoples.

Safeguard Policy Statement (SPS) Principles

ADB SPS Policy Principles	Description
Environment	
1. Use a screening process for each proposed project, as early as possible, to determine the appropriate extent and type of environmental assessment so that appropriate studies are undertaken commensurate with the significance of potential impacts and risks.	Triggered. Screening and due diligence will be undertaken as per the screening checklist for each activity or component identified under the RBL program to determine the scale of impacts and assessment required (impacts are anticipated to be minor and temporary).
2. Conduct an environmental assessment for each proposed project to identify potential direct, indirect, cumulative, and induced impacts and risks to physical, biological, socioeconomic (including impacts on livelihood through environmental media, health and safety, vulnerable groups, and gender issues), and physical cultural resources in the context of the project's area of influence. Assess potential transboundary and global impacts, including climate change. Use strategic environmental assessment where appropriate.	Triggered. The environmental assessment, including site-specific EMPs will be prepared by the PMU for the identified activity or component under the RBL program.
3. Examine alternatives to the project's location, design, technology, and components and their potential environmental and social impacts and document the rationale for selecting the proposed particular alternative. Also, consider the no project alternative.	Triggered. The alternative options to be explored for the proposed activity or component and would be finalized considering the associated environmental impacts.
4. Avoid, and where avoidance is not possible, minimize, mitigate, and/or offset adverse impacts and enhance positive impacts by means of environmental planning and management. Prepare an EMMP that includes the proposed mitigation measures, environmental monitoring and reporting requirements, related institutional or organizational arrangements, capacity development and training measures, implementation schedule, cost estimates, and performance indicators. Key considerations for EMMP preparation include mitigation of	Triggered. The site-specific EMMPs along with proposed budgets and implementation arrangements during the pre-construction, construction, and operation stages for

ADB SPS Policy Principles	Description
potential adverse impacts to the level of no significant harm to third parties, and the polluter pays principle.	identified activity or component, will be prepared by the PMU under the RBL program.
5. Carry out meaningful consultation with affected people and facilitate their informed participation. Ensure women's participation in consultation. Involve stakeholders, including affected people and concerned nongovernment organizations, early in the project preparation process and ensure that their views and concerns are made known to and understood by decisionmakers, and taken into account. Continue consultations with stakeholders throughout project implementation as necessary to address issues related to environmental assessment. Establish a GRM to receive and facilitate resolution of the affected people's concerns and grievances regarding the project's environmental performance.	<p>Triggered. Consultations will be carried out among the stakeholders.</p> <p>The RBL program will have a GRM in place to resolve the complaints received, if any.</p>
6. Disclose a draft environmental assessment (including EMMP) in a timely manner, before project appraisal, in an accessible place and in a form and language(s) understandable to affected people and other stakeholders. Disclose the final environmental assessment, and its updates, if any, to affected people and other stakeholders.	<p>Triggered. PSSA will be disclosed in ADB website. MOMSME will disclose the same in a form and language(s) understandable to affected people and other stakeholders.</p>
7. Implement EMMP and monitor its effectiveness. Document monitoring results, including the development and implementation of corrective actions, and disclose monitoring reports.	<p>Triggered. During construction, EMMPs implementation will be the responsibility of the activity or component promoters or the SPVs established for the purpose, if any, and supervision and monitoring of EMMPs implementation will be the responsibility of the nodal or implementing agencies. During the operation phase, the EMMPs implementation responsibility lies with the promoters or SPVs created for different components under the RBL program.</p>
8. Do not implement project activities in areas of critical habitats, unless (i) there are no measurable adverse impacts on the critical habitat that could impair its ability to function, (ii) there is no reduction in the population of any recognized endangered or critically endangered species, and (iii) any lesser impacts are mitigated. If a project is located within a legally protected area, implement additional programs to promote and enhance the conservation aims of the protected area. In an area of natural habitats, there must be no significant conversion or degradation, unless (i) alternatives are not available, (ii) the overall benefits from the project substantially outweigh the environmental costs, and (iii) any conversion or degradation is appropriately	<p>Not Triggered. The RBL program activities in critical habitat areas will be avoided. Selection criteria included only Environment Category B activity or component under the RBL program.</p>

ADB SPS Policy Principles	Description
mitigated. Use a precautionary approach to the use, development, and management of renewable natural resources.	
9. Apply pollution prevention and control technologies and practices consistent with international goods practices as reflected in internationally recognized standards such as the World Bank Group's Environmental, Health, and Safety Guidelines. Adopt cleaner production processes and good energy efficiency practices. Avoid pollution or, when avoidance is not possible, minimize or control the intensity or load of pollutant emissions and discharge, including direct and indirect greenhouse gas emissions, waste generation, and release of hazardous materials from their production, transportation, handling, and storage. Avoid the use of hazardous materials subject to international bans or phaseouts. Purchase, use, and manage pesticides based on integrated pest management approaches and reduce reliance on synthetic chemical pesticides.	Triggered. International goods practices for pollution prevention will be encouraged for implementation. The use of advanced and environment-friendly equipment and machinery will be encouraged to reduce pollution load as recommended by the regulatory agencies. Use of hazardous material will be discouraged.
10. Provide workers with safe and healthy working conditions and prevent accidents, injuries, and disease. Establish preventive and emergency preparedness and response measures to avoid, and where avoidance is not possible, to minimize, adverse impacts and risks to the health and safety of local communities.	Triggered. The activity or component promoters or SPVs will ensure health and safety requirements for construction workers and visitors are strictly followed.
11. Conserve physical cultural resources and avoid destroying or damaging them by using field-based surveys that employ qualified and experienced experts during environmental assessment. Provide for the use of "chance find" procedures that include a pre-approved management and conservation approach for materials that may be discovered during RBL program implementation.	Not Triggered. The RBL program activities or components will not encroach upon any cultural resources.
Involuntary Resettlement	
1. Screen the project early on to identify past, present, and future involuntary resettlement impacts and risks. Determine the scope of resettlement planning through a survey and/or census of displaced persons, including a gender analysis, specifically related to resettlement impacts and risks.	<p>Triggered. Early screening is needed to identify past and potential impacts. The screening will also help to check if any legacy or unresolved grievances or any legal disputes.</p> <p>In case the screening exercise identifies any activity or component involving the land acquisition or causing involuntary resettlement (temporary or permanent) impacts, such activity or component would be excluded from the RBL program boundary.</p>

ADB SPS Policy Principles	Description
<p>2. Carry out meaningful consultations with affected persons, host communities, and concerned non-government organizations. Inform all displaced persons of their entitlements and resettlement options. Ensure their participation in planning, implementation, and monitoring and evaluation of resettlement programs. Pay particular attention to the needs of vulnerable groups, especially those below the poverty line, the landless, the elderly, women and children, and Indigenous Peoples, and those without legal title to land, and ensure their participation in consultations. Establish a GRM to receive and facilitate resolution of the affected persons' concerns. Support the social and cultural institutions of displaced persons and their host population. Where involuntary resettlement impacts and risks are highly complex and sensitive, compensation and resettlement decisions should be preceded by a social preparation phase.</p>	<p>Triggered. Consultations will be carried out among the stakeholders.</p> <p>The RBL program will have a GRM in place to resolve the complaints received, if any.</p>
<p>3. Improve, or at least restore, the livelihoods of all displaced persons through (i) land-based resettlement strategies when affected livelihoods are land based where possible or cash compensation at replacement value for land when the loss of land does not undermine livelihoods, (ii) prompt replacement of assets with access to assets of equal or higher value, (iii) prompt compensation at full replacement cost for assets that cannot be restored, and (iv) additional revenues and services through benefit sharing schemes where possible.</p>	<p>Not Triggered. The RBL program will not cause any land acquisition or involuntary resettlement impacts.</p>
<p>4. Provide physically and economically displaced persons with needed assistance, including the following: (i) if there is relocation, secured tenure to relocation land, better housing at resettlement sites with comparable access to employment and production opportunities, integration of resettled persons economically and socially into their host communities, and extension of project benefits to host communities; (ii) transitional support and development assistance, such as land development, credit facilities, training, or employment opportunities; and (iii) civic infrastructure and community services, as required.</p>	<p>Not Triggered. The RBL program will not cause any physical and economic displacement.</p>
<p>5. Improve the standards of living of the displaced poor and other vulnerable groups, including women, to at least national minimum standards. In rural areas provide them with legal and affordable access to land and resources, and in urban areas provide them with appropriate income sources and legal and affordable access to adequate housing.</p>	<p>Not Triggered. No involuntary resettlement impacts are envisaged.</p>
<p>6. Develop procedures in a transparent, consistent, and equitable manner if land acquisition is through a negotiated settlement to ensure that those people who enter into negotiated settlements will maintain the same or better income and livelihood status.</p>	<p>Triggered. In case the land is purchased through a negotiated settlement (willing seller and willing buyer) by the facility owner, an independent external party would undertake due diligence of the negotiation and settlement processes.</p>
<p>7. Ensure that displaced persons without titles to land or any recognizable legal rights to land are eligible for resettlement assistance and compensation for loss of nonland assets.</p>	<p>Not Triggered. No involuntary resettlement impacts envisaged.</p>

ADB SPS Policy Principles	Description
8. Prepare a resettlement plan elaborating on displaced persons' entitlements, the income and livelihood restoration strategy, institutional arrangements, monitoring and reporting framework, budget, and time-bound implementation schedule.	Not Triggered. No involuntary resettlement impacts envisaged.
9. Disclose a draft resettlement plan, including documentation of the consultation process in a timely manner, before project appraisal, in an accessible place and a form and language(s) understandable to affected persons and other stakeholders. Disclose the final resettlement plan and its updates to affected persons and other stakeholders.	Not Triggered. No involuntary resettlement impacts envisaged.
10. Conceive and execute involuntary resettlement as part of a development project or program. Include the full costs of resettlement in the presentation of project's costs and benefits. For a project with significant involuntary resettlement impacts, consider implementing the involuntary resettlement component of the project as a stand-alone operation.	Not Triggered. No involuntary resettlement impacts envisaged.
11. Pay compensation and provide other resettlement entitlements before physical or economic displacement. Implement the resettlement plan under close supervision throughout RBL program implementation.	Not Triggered. No involuntary resettlement impacts envisaged.
12. Monitor and assess resettlement outcomes, their impacts on the standards of living of displaced persons, and whether the objectives of the resettlement plan have been achieved by taking into account the baseline conditions and the results of resettlement monitoring. Disclose monitoring reports.	Not Triggered. No involuntary resettlement impacts envisaged.
Indigenous Peoples	
1. Screen early on to determine (i) whether Indigenous Peoples are present in, or have collective attachment to, the project area; and (ii) whether project impacts on Indigenous Peoples are likely.	Triggered. All components or activities will be screened to determine whether any Indigenous Peoples or communities are present and affected by the RBL program.
2. Undertake a culturally appropriate and gender-sensitive social impact assessment or use similar methods to assess potential project impacts, both positive and adverse, on Indigenous Peoples. Give full consideration to options the affected Indigenous Peoples prefer in relation to the provision of project benefits and the design of mitigation measures. Identify social and economic benefits for affected Indigenous Peoples that are culturally appropriate and gender and intergenerationally inclusive and develop measures to avoid, minimize, and/or mitigate adverse impacts on Indigenous Peoples.	Triggered. The RBL program envisages affirmative action for Indigenous Peoples. Cluster development in the tribal area will be beneficial for locals by increasing their livelihood.
3. Undertake meaningful consultations with affected Indigenous Peoples communities and concerned Indigenous Peoples organizations to solicit their participation (i) in designing, implementing, and monitoring measures to avoid adverse impacts or, when avoidance is not possible, to minimize, mitigate, or compensate for such effects; and (ii) in tailoring project benefits for affected Indigenous Peoples communities in a culturally appropriate manner. To enhance Indigenous Peoples' active participation, projects affecting them will provide for culturally appropriate and gender inclusive capacity development. Establish a culturally appropriate and gender inclusive	Triggered. In case of any activity or component is undertaken in a scheduled area (Indigenous Peoples area), consultations will be carried out to ensure that the RBL program benefits are accessible to Indigenous Peoples

ADB SPS Policy Principles	Description
GRM to receive and facilitate resolution of the Indigenous Peoples' concerns.	communities in a culturally appropriate manner.
4. Ascertain the consent of affected Indigenous Peoples communities to the following project activities: (i) commercial development of the cultural resources and knowledge of Indigenous Peoples; (ii) physical displacement from traditional or customary lands; and (iii) commercial development of natural resources within customary lands under use that would impact the livelihoods or the cultural, ceremonial, or spiritual uses that define the identity and community of Indigenous Peoples. For the purposes of policy application, the consent of affected Indigenous Peoples communities refers to a collective expression by the affected Indigenous Peoples communities, through individuals and/or their recognized representatives, of broad community support for such project activities. Broad community support may exist even if some individuals or groups object to the project activities.	Not Triggered. The RBL program does not take up any activity, which may cause the commercial development of the cultural or natural resources or traditional or customary lands.
5. Avoid, to the maximum extent possible, any restricted access to and physical displacement from protected areas and natural resources. Where avoidance is not possible, ensure that the affected Indigenous Peoples communities participate in the design, implementation, and monitoring and evaluation of management arrangements for such areas and natural resources and that their benefits are equitably shared.	Not Triggered. The RBL program will exclude any such activity.
6. Prepare an IPP that is based on the social impact assessment with the assistance of qualified and experienced experts and that draw on indigenous knowledge and participation by the affected Indigenous Peoples communities. The IPP includes a framework for continued consultation with the affected Indigenous Peoples communities during program implementation; specifies measures to ensure that Indigenous Peoples receive culturally appropriate benefits; identifies measures to avoid, minimize, mitigate, or compensate for any adverse project impacts; and includes culturally appropriate grievance procedures, monitoring and evaluation arrangements, and a budget and time-bound actions for implementing the planned measures.	Triggered. There are no adverse impacts, and only positive impacts are anticipated on Indigenous Peoples. Compliance with SPS, 2009 requirements will be ensured through the SPAP.
7. Disclose a draft IPP, including documentation of the consultation process and the results of the social impact assessment in a timely manner, before project appraisal, in an accessible place and in a form and language(s) understandable to affected Indigenous Peoples communities and other stakeholders. The final IPP and its updates will also be disclosed to the affected Indigenous Peoples communities and other stakeholders.	Triggered. Compliance with SPS requirements will be ensured through the SPAP.
8. Prepare an action plan for legal recognition of customary rights to lands and territories or ancestral domains when the project involves (i) activities that are contingent on establishing legally recognized rights to lands and territories that Indigenous Peoples have traditionally owned or customarily used or occupied, or (ii) involuntary acquisition of such lands.	Not Triggered. The customary rights to lands and territories or ancestral domains will not be impacted.
9. Monitor implementation of the IPP using qualified and experienced experts; adopt a participatory monitoring approach, wherever possible; and assess whether the IPP's objective and desired outcome have been achieved, taking into account the baseline conditions and the results of IPP monitoring. Disclose monitoring reports.	Triggered. The monitoring of the Indigenous Peoples related actions and measures will be conducted during the

ADB SPS Policy Principles	Description
	implementation of the RBL program.

ADB = Asian Development Bank; EMMP = environmental management and monitoring plan; GRM = grievance redress mechanism; IPP = Indigenous Peoples Plan; MOMSME = Ministry of Micro, Small, and Medium Enterprises; PMU = program monitoring unit; PSSA = program safeguard systems assessment; RBL = results-based lending; SPAP = safeguard program action plan; SPS = Safeguard Policy Statement; SPV = special purpose vehicle.

Source: Asian Development Bank.

C. Diagnostic Assessment

1. Assessment Methodology and Resources

11. The PSSA assesses the RBL program's social and environmental management mechanism for consistency with the safeguards policy principles (environment, involuntary resettlement, and Indigenous Peoples) of ADB and the Government of India with an aim to minimize program risks and promote sustainable development. The PSSA is prepared to adhere to ADB's SPS, 2009. The assessment incorporated (i) review of the laws and regulations of the Government of India, MOMSME guidelines, circulars, and guidelines; and other MOMSME documents, such as manuals, standard bidding documents and technical specifications, and detailed program reports, monitoring reports related to the RBL program scope; and (ii) findings of discussions with MOMSME officials.

12. **Potential impacts and risks (Environment).** The diagnostic assessment suggested that the RBL program is likely to have environmental impacts due to proposed hard components (civil works) under the two schemes (MSE-CDP and SFURTI) and a new scheme for the development of greenfield composite clusters and/or upgradation of the existing clusters during the construction and operation stages. As the nature and locations of activities or components are not finalized at this stage, the environmental screening and assessment, including site-specific EMMPs, will be prepared upon finalization. The activity or component promoters or special purpose vehicles (SPVs) would implement these EMMPs.

13. **Policy and legal frameworks.** India has a well-defined institutional and legislative framework for environmental safeguards that consists of several acts, notifications, rules, and regulations to protect the environment and ecology. The umbrella act in India is the Environment (Protection) Act, 1986; and a key instrument for environmental assessment is the Environmental Impact Assessment (EIA) Notification, 2006 (with amendments thereof). An indicative list of relevant regulations related to environmental safeguards is provided in Appendix 4.

14. The proposed hard components under the RBL program may fall under the EIA Notification, 2006 and amendments thereof (especially at serial numbers 7 c and h, 8 a and b). The requisite environmental clearances and permissions would be obtained in compliance with applicable environmental regulations prior to the commencement of civil works.

15. The environmental regulatory framework of India is quite detailed and exhaustive. However, when compared with the environmental safeguards related requirements of ADB as outlined in SPS, 2009, some gaps are noticed with respect to the proposed RBL program. A detailed gap analysis and measures to fill those gaps are provided in Appendix 5.

16. **Involuntary resettlement.** The social diagnostic assessment confirmed the classification of the RBL program's involuntary resettlement impacts as category C. All the components or

activities will be carried within the available government land and/or land owned and/or leased to the facility owners, and as such will not require any land acquisition or cause any involuntary resettlement (temporary or permanent) impacts. The activities and/or components which cause any land acquisition or involuntary resettlement (temporary or permanent) impacts (classified as categories A and B for involuntary resettlement within the meaning of the SPS) will be excluded from the RBL program boundary. In case the land is purchased through a negotiated settlement (willing seller and willing buyer) by the facility owner, an independent external party would undertake the due diligence of the negotiation and settlement processes.

17. **Potential impacts and risks (Indigenous Peoples).** The social diagnostic assessment confirmed the RBL program's impacts on Indigenous Peoples as category B. As the RBL program is to be implemented in selected states and union territories across India, the assessment shows that program components may be located in the areas with scheduled tribes³ population. The RBL program activities are expected to be located around the urban or semi-urban areas, and the scheduled tribe population in these areas is unlikely to exhibit the characteristics that would distinguish them from the other population groups. The RBL program envisages positive impacts on Indigenous Peoples due to affirmative actions, increasing their participation, and enhancing their livelihood. No negative impacts are expected on Indigenous Peoples' natural heritage, indigenous knowledge, customary cultural aspects, and economic, social, or political institutions and livelihood systems. Constitutional provisions and legal notifications have been provided to Indigenous Peoples (scheduled tribes) by the Government of India. The Gram Sabha⁴ has adequate powers to regulate forest produce in tribal areas under the Panchayats (Extension to Scheduled Areas) Act, 1996.

18. **Likely programmatic risks.** The RBL program activities are majorly confined to institutional strengthening through a network of EDCs and strategic cluster development efforts, which would not be linked with other planned activities triggering additional or cumulative impacts. The risks like fire, earthquake, flood, cyclone, tsunami, and other natural calamities will be addressed through disaster-resilient designs and emergency-response systems. Considering the nature of works, the social conflict is unlikely due to proposed program interventions; however, it will be ascertained during the initial screening of the RBL program components. There are no other known risks associated with the proposed sector or program or potential roadblocks that would affect the program's environmental and social sustainability. No programmatic risks are envisaged, which are likely to impede the successful achievement of program outcomes.

19. **Institutional risks.** MOMSME has limited trained staff and capacity to manage the implementation of environmental and social aspects of the overall government programs. MOMSME will depute and/or appoint an officer as the focal person for the safeguards-related issues who will be supported by the environment and social safeguards specialists of PMC. The focal safeguards person, MOMSME, and the staff from the state nodal agencies would be trained on ADB's safeguards-related requirements on a periodic basis.

20. **Likely contextual risks.** The components or activities will be selected during the RBL program implementation stage. MOMSME shall ensure that all the proposals are screened to include category C proposals for involuntary resettlement and exclude category A proposals for the environment and Indigenous Peoples. This RBL program is not expected to result in any

³ The term "Indigenous Peoples" is coterminous with communities defined as Scheduled Tribe in the Constitution of India.

⁴ Gram Sabha consists of persons whose names are included in the electoral rolls for the Panchayat at the village level.

reputational risks as no significant adverse impacts are anticipated.

D. Safeguard Program Actions

21. Detailed assessments of the environment, involuntary resettlement, and Indigenous Peoples safeguards have been carried out as part of PSSA preparation. Based on the assessment findings, the actions listed in the SPAP (Appendix 6) are deemed necessary to ensure compliance with SPS principles or to otherwise address the identified gaps with respect to environmental and social issues.

1. Institutional Arrangements

22. MOMSME will be the executing and implementing agency. For successful implementation, a program steering committee (PSC), chaired by MOMSME Secretary, will be overseeing the program implementation and provide strategic guidance on the implementation of the RBL program.

23. A PMU, chaired by Additional Development Commissioner (skills) from MOMSME as RBL program's director, will be responsible for regular program monitoring and implementation. The PMU Chair will also function as the Secretary to the PSC. The PMU will depute and/or appoint an officer with the relevant environment and/or social background (educational and professional) as the focal person for managing the safeguards-related issues during program implementation. The focal person (safeguards) will be supported by qualified and experienced social and environmental safeguard specialists at PMC.

24. After preparation of the proposals (as per MOMSME's format) by the activity or component promoters or SPVs, these would be submitted to the respective nodal agencies at the state (or union territory) level (SNA) for approval and forwarding to MOMSME. Simultaneously, the proposals would be shared by the SNAs with environmental and social specialists of PMC under intimation to PMU and promoters or SPVs. The specialists would review the proposals against the environmental and social eligibility criteria (Appendix 3) and prepare the screening checklists, environmental and social assessments, and related safeguard documents⁵ in consultation with PMU and respective SNAs and promoters or SPVs. The specialists would also carry out field-based environmental and social due diligence, including consultations through site visits of identified components under the RBL program. The activity or component promoters or SPVs would agree to the contents of safeguard documents and include the EMMPs as part of the bid and/or contract documents. The proposals supplemented with screening checklists, environmental and social assessments, and other safeguard documents would be provided to PMU by SNAs. The safeguards focal person at PMU would undertake the review of environmental and/or social-related documents attached with the proposals and confirm compliance with ADB's requirements (in consultation with the specialists from PMC). Upon the confirmation of compliance, the proposals will be forwarded by PMU for PSC's approval with a confirmation note that the requirements for safeguards have been adhered to.

25. The specialists will conduct regular consultations with all stakeholders and prepare periodic progress reports on the overall implementation of safeguards. A detailed record of all consultative meetings and grievances received and actions taken thereof will be maintained. The specialists will prepare semi-annual safeguards monitoring reports for onward submission to ADB through PMU during the construction phase and annual safeguards monitoring reports during the

⁵ Site-specific EMMPs, due diligence reports, and action plan for Indigenous Peoples.

operation stage until the issuance of the program completion report by ADB.

E. Grievance Redress Mechanism (GRM)

26. MOMSME has an existing online GRM. A dedicated web portal is being maintained where people can file their grievances.⁶ MOMSME will issue a notification to mandate the existing GRM to receive safeguards-related complaints. The RBL program will have both online as well as offline mode to receive the grievances. The CHAMPIONS portal will have a dedicated tab for safeguards for disclosing the documents related to safeguards and filing grievances under the RBL program. Upon filing the complaint or grievance, the complainant will receive a grievance tracking ID through SMS and email. The complainant can also track the status of their grievance through the website.

27. The RBL program will also have an offline grievance filing system for those who do not have access to the internet. Each component or activity site will maintain a complaint register specific for lodging affected people's concerns, complaints, and grievances about the social, land, and environmental performance. The safeguards focal person at PMU will ensure the follow-up of the grievance until resolved. The PMU will have a regular review to ensure that all grievances are resolved in time-bound and through a transparent mechanism. The affected person is free to access the country's legal system at any time and at any stage.

F. Training and/or Capacity Building

28. The safeguard specialists at PMC will support MOMSME in conducting the capacity building and training workshops for the officers and officials of the PMU, state government, and nodal agencies. The awareness programs on the environment and safety will also be organized for the civil works contractors' staff under the RBL program.

G. Conclusion

29. The RBL program is classified as Category B for the environment and Indigenous Peoples and Category C for involuntary resettlement. The overall assessment indicates that the RBL program will not have any significant adverse impact on environment, involuntary resettlement, and Indigenous Peoples. However, some minor reversible impacts are anticipated on the environment during the construction phase, which can easily be mitigated through appropriate action plans. The overall safeguards risk is moderate because the (i) RBL program activities are unlikely to result in significant impacts or risks for the environment and Indigenous Peoples safeguards, (ii) adverse impacts are unlikely to be in environmentally sensitive areas, (iii) program operation is unlikely to have significant adverse impacts on greenhouse gases, and (iv) program is likely to have a positive impact on the Indigenous Peoples. The PSSA, including the SPAP, will help mitigate the gaps identified. Overall, there are no major sensitive safeguards issues foreseen under the RBL program.

⁶ Ministry of Micro, Small, and Medium Enterprises, Government of India. [CHAMPIONS](#).

GEOGRAPHIC COVERAGE OF ADB'S RESULTS-BASED LENDING PROGRAM

States	
Name Capital	Capital
Andhra Pradesh	Hyderabad (Proposed Capital Amaravati)
Assam	Dispur
Bihar	Patna
Chhattisgarh	Raipur
Goa	Panaji
Gujarat	Gandhinagar
Haryana	Chandigarh
Himachal Pradesh	Shimla
Jharkhand	Ranchi
Karnataka	Bengaluru (formerly Bangalore)
Kerala	Thiruvananthapuram
Madhya Pradesh	Bhopal
Maharashtra	Mumbai
Manipur	Imphal
Meghalaya	Shillong
Mizoram	Aizawl
Nagaland	Kohima
Odisha	Bhubaneswar
Punjab	Chandigarh
Rajasthan	Jaipur
Sikkim	Gangtok
Tamil Nadu	Chennai
Telangana	Hyderabad
Tripura	Agartala
Uttar Pradesh	Lucknow
Uttarakhand	Dehradun (Winter) Gairsain (Summer)
West Bengal	Kolkata
Union Territories	
Name	Capital
Andaman and Nicobar Islands	Port Blair
Chandigarh	Chandigarh
Dadra & Nagar Haveli and Daman & Diu	Daman
Delhi	New Delhi
Lakshadweep	Kavaratti
Puducherry	Puducherry

Source: Asian Development Bank (program information document).

ADB PROHIBITED INVESTMENT ACTIVITIES LIST

The following do not qualify for Asian Development Bank financing:

- (i) production or activities involving harmful or exploitative forms of forced labor¹ or child labor;²
- (ii) production of or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements or subject to international phaseouts or bans, such as (a) pharmaceuticals,³ pesticides, and herbicides,⁴ (b) ozone-depleting substances,⁵ (c) polychlorinated biphenyls⁶ and other hazardous chemicals,⁷ (d) wildlife or wildlife products regulated under the Convention on International Trade in Endangered Species of Wild Fauna and Flora,⁸ and (e) transboundary trade in waste or waste products;⁹
- (iii) production of or trade in weapons and munitions, including paramilitary materials;
- (iv) production of or trade in alcoholic beverages, excluding beer and wine;¹⁰
- (v) production of or trade in tobacco;¹¹
- (vi) gambling, casinos, and equivalent enterprises;¹²
- (vii) production of or trade in radioactive materials,¹³ including nuclear reactors and components thereof;
- (ix) production of, trade in, or use of unbonded asbestos fibers;¹⁴
- (x) commercial logging operations or the purchase of logging equipment for use in
- (xi) primary tropical moist forests or old-growth forests; and
- (xii) marine and coastal fishing practices, such as large-scale pelagic drift net fishing and fine mesh net fishing, harmful to vulnerable and protected species in large
- (xiii) numbers and damaging to marine biodiversity and habitats.

¹ Forced labor means all work or services not voluntarily performed, that is, extracted from individuals under threat of force or penalty.

² Child labor means the employment of children whose age is below the host country's statutory minimum age of employment or employment of children in contravention of International Labor Organization Convention No. 138 "Minimum Age Convention" (www.ilo.org).

³ A list of pharmaceutical products subject to phaseouts or bans is available at <http://www.who.int>.

⁴ A list of pesticides and herbicides subject to phaseouts or bans is available at <http://www.pic.int>.

⁵ A list of the chemical compounds that react with and deplete stratospheric ozone resulting in the widely publicized ozone holes is listed in the Montreal Protocol, together with target reduction and phaseout dates. Information is available at <http://www.unep.org/ozone/montreal.shtml>.

⁶ A group of highly toxic chemicals, polychlorinated biphenyls are likely to be found in oil-filled electrical transformers, capacitors, and switchgear dating from 1950 to 1985.

⁷ A list of hazardous chemicals is available at <http://www.pic.int>.

⁸ A list is available at <http://www.cites.org>.

⁹ As defined by the Basel Convention; see <http://www.basel.int>.

¹⁰ This does not apply to project sponsors who are not substantially involved in these activities. Not substantially involved means that the activity concerned is ancillary to a project sponsor's primary operations.

¹¹ Footnote 10.

¹² Footnote 10.

¹³ This does not apply to the purchase of medical equipment, quality control (measurement) equipment, and any equipment for which ADB considers the radioactive source to be trivial and adequately shielded.

¹⁴ This does not apply to the purchase and use of bonded asbestos cement sheeting where the asbestos content is less than 20%.

**SOCIAL AND ENVIRONMENTAL SCREENING CHECKLIST
(Sample)**

Strengthening Micro, Small, and Medium Enterprise Cluster Ecosystem Through Institutional Network of Enterprise Development Centers

Name of the activity/component	
Location (village, district, state) of the activity/component	
Please provide the geo-coordinates of the proposed location (photographs of the location may please be attached)	

Attributes	Yes	No	Remarks, if any
A. Environmental Aspects			
1. Are the activities and/or components located in or directly adjacent to any of the following areas? (i) core, buffer, and eco-sensitive zones of national parks/sanctuaries/bio-reserve; and wetlands; (ii) coastal areas; (iii) any protected monuments of cultural or historical importance; and (iv) critically polluted areas as identified by Central Pollution Control Board (CPCB).			
2. Status of requisite permissions and/or clearances obtained, if applicable for any activities and/or components identified under the results-based lending (RBL) program in compliance with environmental regulations of the country.			
B. Involuntary Resettlement Aspects			
1. Would the proposed activity and/or component cause temporary/permanent and/or full or partial and/or physical/economic displacement?			
2. Provide details of the land where the work related to activities and/or components will be carried out. (i) Ownership details of the land (please provide the documentary evidence); (ii) Is the quantum of land required; (iii) Is the private land proprietary, or has it been leased to the facility owner? (iv) Has the land been purchased through negotiated settlement from a private owner? Please attached independent external report.			
3. Would the identified activities and/or components under the RBL program impose any loss of livelihood?			
4. Would the identified activities and/or components under the RBL program cause the impact of the people without title to land (squatters and/or encroachers)?			
5. Would the proposed activity and/or component (i) cause loss of access to natural resources, communal facilities, and services or land use; or			

Attributes	Yes	No	Remarks, if any
(ii) have an adverse impact on social and economic activity; or (iii) access land and resources owned communally or by the state be restricted?			
C. Indigenous Peoples Safeguard-related Aspects			
1. Are there socio-cultural groups present in or around the identified activities and/or components under the RBL program who may be considered as scheduled tribes?			
2. Do such groups maintain self-identify or have collective attachments to distinct habitats or cultural, economic, social, and political institutions distinct from the dominant society and culture or speak a distinct language or dialect?			
3. Would the proposed activity and/or component cause directly or indirectly benefit or target Indigenous Peoples?			
4. Will the project affect the livelihood systems of Indigenous Peoples? (e.g., food production system, natural resource management, crafts and trade, employment status)			
5. Will the project be in an area (land or territory) occupied, owned, or used by Indigenous Peoples, and/or claimed as an ancestral domain?			
6. Would the proposed activity or component cause commercial development of Indigenous Peoples' cultural resources and knowledge or cause physical displacement from traditional or customary lands?			

Source: Asian Development Bank.

APPLICABILITY OF NATIONAL REGULATIONS FOR THE RESULTS-BASED LENDING PROGRAM

Sl. No.	Act/Law	Description and/or Purpose	Responsible Authority	Applicability
1.	EP Act, 1986 and amendments thereof	<p>To protect and improve overall environment, this umbrella act imposes certain restrictions and prohibitions on new projects or activities or on the expansion or modernization of existing projects or activities based on their potential environmental impacts.</p> <p>It is a comprehensive act covering the overall objective to improve the environment by prevention and control of air, water, and soil pollution.</p> <p>Clearances from different authorities are independently obtained. The act is effective since 1986.</p>	<ul style="list-style-type: none"> • SPCB • CPCB 	<p>The permissible limit for ambient air quality, water quality, and noise limits has been laid down by the CPCB under EP Act, 1986 which requires to be complied with, though it is not being enforced by the SPCB due to exemption of consent (it is exempt as part of the consent condition).</p> <p>This is being the umbrella act applicable for the activity and/or component identified under the RBL program.</p>
2.	EIA Notification, 2006 and amendments thereof	<p>Environmental impact notification S.O.1533 (E), dated 14 September 2006, and amendments thereof, issued under the EP Act, 1986 has made it mandatory to obtain environmental clearance for scheduled development projects. The notification classifies projects under two categories, 'A' and 'B.' Category A projects (including expansion and modernization of existing projects) require clearance from the MoEF&CC, Government of India; and Category B from SEIAA, constituted by the Government of India.</p>	<ul style="list-style-type: none"> • EAC of MoEF&CC • SEAC of SEIAA 	<p>Some of the hard components under the RBL program may fall under any of the categories under the EIA notification, 2006 and its amendments thereof, such as serial number (i) 7c (industrial estates/parks/complexes/areas, EPZs, SEZs, biotech parks, leather complexes); (ii) 7h (CETP); (iii) 8a (building construction project; and (iv) 8b (townships and area development projects).</p> <p>The requisite environmental clearances and/or permissions would be obtained in compliance with the environmental regulation of the country prior to commencement of civil works.</p>

Sl. No.	Act/Law	Description and/or Purpose	Responsible Authority	Applicability
3.	Wetlands (Conservation and Management) Rules, 2017 (hereinafter Wetlands Rules) under the provisions of the EP Act, 1986	MoEF&CC has notified Wetlands (Conservation and Management) Rules, 2017 (hereinafter Wetlands Rules) under the provisions of the EP Act, 1986 as regulatory framework for conservation and management of wetlands in India.	<ul style="list-style-type: none"> • MoEF&CC • wetland authorities 	Requisite permissions to be ascertained before commencement of works if the activities and/or components fall under notified wetlands.
4.	CRZ Notification, 2011 and amendments thereof	Regulation of permissible activities in CRZ	<ul style="list-style-type: none"> • Concerned state or union territory coastal zone management authority • MoEF&CC 	Requisite permissions to be ascertained before commencement of works if the activities and/or components fall under CRZ.
5.	Groundwater withdrawal	Guidelines for ground water extraction prescribed by the CGWA, 2012	<ul style="list-style-type: none"> • CGWA • respective authorities • state levels 	Requisite permissions to be ascertained before commencement of works.
6.	e-Waste	The e-Waste (Management and Handling) Rule, 2016 and amendments thereof	respective SPCBs	Disposal of e-Waste through authorized recyclers, SPCBs
7.	Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016, 4 April 2016 under EPA, 1986 (HOWMTM Rules, 2008)	The Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016 are in the exercise of the powers conferred by sections 6, 8, and 25 of the EP Act, 1986 (29 of 1986), and in supersession of the Hazardous Wastes (Management, Handling, and Transboundary Movement) Rules, 2008. The rules define the responsibility of hazardous wastes generators, require safe handling practices, and maintenance of manifest system during transport of hazardous waste and also describe technological aspects to be followed up by re-refiners and recyclers of hazardous wastes. The rules also cover liabilities of occupier, transporter, and operator of a facility for any damages caused due to improper handling and disposal of hazardous wastes by reinstating or restoring environmental damages caused.	<ul style="list-style-type: none"> • SPCB • CPCB 	Assurance for authorization of deputed O&M contractor for collection, reception, storage, transportation, and disposal of hazardous wastes; and generation of waste oil, use of bitumen, diesel, and emulsions, at site attracts the provision of the rules, and hazardous waste has to be disposed of as per the directives of MOEF&CC, CPCB, and SPCB.

Sl. No.	Act/Law	Description and/or Purpose	Responsible Authority	Applicability
8.	Construction and Demolition Waste Management Rules, 2016	The objective of this act is to manage the generated construction and demolition waste.	<ul style="list-style-type: none"> • SPCB • CPCB 	This act will be applicable during construction for the safe disposal of solid waste generated due to construction and demolition.
9.	MSWM Rules, 2016	Rules to manage municipal solid waste generated; and provides rules for segregation, storage, collection, processing, and disposal.	Local municipal authorities of respective states	Solid waste generated at proposed facilities shall be managed and disposed in accordance with the MSWM Rules, 2016.
10.	The Air (Prevention and Control of Pollution) Act, 1981 including Rules 1982 and 1983 and amendments thereof	<p>The act prohibits the construction and operation of any industrial plant without the consent of SPCBs. The act assigns powers and functions to the CPCB and the SPCBs for the prevention and control of air pollution and all other related matters. For the prevention and control of air pollution, the state government, in consultation with the SPCB, has the power to set standards for emissions from automobiles, impose restrictions on the use of certain industrial plants, and prohibit emissions of air pollutants in excess of the standards laid down by the SPCB.</p> <p>The CPCB, as well as the SPCBs, are eligible for contributions from the central as well as the state government, respectively, to perform their functions appropriately. The act also allows for appropriate penalties and procedures for non-compliance.</p>	SPCB	This act will be applicable during the construction stage while obtaining CTE and CTO for construction plants being utilized for the RBL program.
11.	The Noise Pollution (Regulation and Control) Rules, 2000 and the Noise Pollution (Regulation and Control) Amendment) Rules, 2010	As per the Noise Pollution (Regulation and Control) Rules, 2000 every facility is required to take all possible steps to meet the ambient noise level standards prescribed in the rules. The rules prescribe maximum permissible values of the day and night-time noise levels for zones A, B, C, and D representing industrial, commercial, and residential, and silence zone, respectively.	SPCB	This act will be applicable during construction, as construction machineries and vehicles are to conform to the standards for construction.
12.	Water Prevention and	This act provides for the prevention and control of water pollution and maintaining or restoring good water quality for	<ul style="list-style-type: none"> • SPCB • CPCB 	This act will be applicable during the construction stage while

Sl. No.	Act/Law	Description and/or Purpose	Responsible Authority	Applicability
	Control of (Pollution) Act, 1974 including Rules, 1975 (as amended)	any establishment. The act assigns functions and powers to the CPCB and SPCBs for the prevention and control of water pollution and all related matters. Subject to the provisions of the act, the functions and powers of CPCB, as well as SPCBs, have been delineated individually and with respect to each other.		obtaining CTE and CTO for construction plants being utilised for the RBL program.
13.	The Water Prevention and Control of Pollution), Cess Act, 1977 including Rules 1978 and 1991	This act provides for levy and collection of cess on water consumed and water pollution caused. It also covers specifications on affixing of meters, furnishing of returns, assessment of cess, interest payable for delay in payment of cess, and penalties for non-payment of cess within the specified time. Industries consuming water less than 10m ³ /day have been exempted from the levy of cess, provided they are not generating hazardous wastes.	SPCB	This act will be applicable during the construction stage while obtaining CTE and CTO for construction plants being utilized for the RBL program.
14.	Biological Diversity Act, 2002	The objective of this act is to provide a mechanism for equitable sharing of benefits arising out of the use of traditional biological resources and knowledge.	<ul style="list-style-type: none"> • State Biodiversity Board • National Biodiversity Board 	This act will be applicable during construction to preserve biological resources.
15.	The Explosives Act (and Rules)	This act specifies regulations regarding the use of explosives and precautionary measures while blasting and quarrying. The provisions of these rules are not applicable to this project as materials will be procured from third party licensed holders.	<ul style="list-style-type: none"> • Chief Controller of Explosives • SPCB 	This act will be applicable during the construction stage for transporting and storing diesel and bitumen being utilized under the RBL program.
16.	Batteries (Management and Handling) Rules, 2010	In rule 7, after clause (vi), the following clause shall be inserted, namely: "(vii), registration with SPCB for 5 years and a provision of cancellation for failure in the collection of the required number of used batteries as per the said rules, non-submission of timely half-yearly returns to the SPCB, renewal of the registration shall be as per the compliance status, submit details as per Form IV, registration would be considered as deemed registered if not objected to within 30 days: Provided that the registration granted to the dealer shall not be canceled unless he has been given a reasonable opportunity of hearing."	<ul style="list-style-type: none"> • SPCB • CPCB 	This act will be applicable during the construction stage for the safe disposal of used lead batteries.
17.	The Indian Factories Act,	The Indian Factories Act was promulgated in 1948 to ensure the general welfare of industrial workers. The act is divided	<ul style="list-style-type: none"> • DISH 	The RBL program is not under the purview of factory act;

Sl. No.	Act/Law	Description and/or Purpose	Responsible Authority	Applicability
	1948 and State Rules	<p>into nine chapters, with three chapters exclusively on H&S issues. The act in its preamble states that "it is the general duty of the occupier (defined in the act as a person having the ultimate control over the affairs of the factory) to ensure as far as practicable health, safety, and welfare of all workers while they are at work in the factory.</p> <p>A general policy with respect to H&S of the workers at work should be in the form of a written statement and brought to the notice of the workers per the provision of the act. Chapter 4 of the act deals with the provisions relating to safety.</p> <p>The act also covers provisions for hazardous processes for an occupier to take all practicable measures to ensure the prevention of any sorts of explosion due to manufacturing processes, which are hazardous. There are permissible limits for exposure to chemicals and toxic substances in the workplace. Workers have the right to know about the imminent danger and their participation in safety management. The act also requires medical check-ups of workers with access to workers to look for the outcome of the medical reports.</p> <p>An occupier is to develop a safety policy and form safety committees and provide power to the central government to appoint an inquiry committee if some extraordinary situation had occurred in the factory which is engaged in the hazardous process.</p>	<ul style="list-style-type: none"> Deputy Chief Inspector of Factories 	however, other provisions like child labour, workman compensation shall be followed in accordance to particular acts.
18.	Minimum Wages Act, 1948	Minimum Wages Act, 1948 requires the government to fix minimum rates of wages and reviews this at an interval of not more than 5 years.	Ministry of Labour and Employment	The minimum wage as prescribed for the industry by the government is required to be paid by the employers to the staff.
19.	The Workmen's Compensation Act, 1923	The Workmen's Compensation Act, 1923 requires if personal injury is caused to a workman by accident arising out of and in the course of his employment, his employer	Ministry of Labour and Employment	Applicable to employees with less than or equal to a maximum of basic salary of INR8,000 per month

Sl. No.	Act/Law	Description and/or Purpose	Responsible Authority	Applicability
		shall be liable to pay compensation in accordance with the provisions of this act.		
20.	The Contract Labour (Regulation & Abolition) Act, 1970 and Rules	As per the Contract Labour Act, in principle, an employer is required to get the establishment registered before employing any contract labour.	Ministry of Labour and Employment	The contractors are also required to provide, at minimum, amenities like canteen, urinals, restrooms, or alternate accommodation (if night halting labour), first aid, and safe drinking water. In case of contractor's failure to provide these amenities, the principle employer is liable to provide such amenities at its cost.
21.	The Child Labour (Prohibition and Regulation) Act, 1986	A child is defined as a person who has not completed 14 years of age. The act prohibits the employment of children in certain occupations and processes (part II, Section 3). The act also specifies conditions of work for children, if permitted to work. These include a working day of a maximum of 6 hours a day (including rest), no work period exceeding 3 hours at a stretch, and no overtime (Section 7). The act requires the maintenance of a register for employed children (Section 11).	Ministry of Labour and Employment	The contractors are required to follow the provisions of this act.
22.	Building Completion Certificate (occupancy certificate)	The occupancy certificate certifies that the building has complied with all the required building standards, local laws, and it is safe to occupy. The occupancy certificate is issued by local municipal authorities or building proposal department that provides no objection to occupy the building under reference for its specified use. The occupational certificate is issued only once the building has been completed in all respects and can be occupied.	Local municipal authorities of respective states	Upon the completion of the building construction, the SPVs, through the contractors, have to apply for the building completion certificate with the local authorities.

CETP = common effluent treatment plant; CGWA = Central Ground Water Authority; CPCB = Central Pollution Control Board; CRZ = coastal regulation zone; CTE = consent to establish; CTO = consent to operate; DISH = Directorate of Industrial Safety and Health; EAC = expert appraisal committee; EIA = environmental impact assessment; EP = environmental pollution; EPZ = export processing zone; H&S = health and safety; MoEF&CC = Ministry of Environment, Forest, and Climate Change; MSWM = Municipal Solid Wastes Management; O&M = operation and maintenance; RBL = results-based lending; SEAC = state expert appraisal committee; SEIAA = State Environmental Impact Assessment Authority; SEZ = special economic zones; SPCB = State Pollution Control Board; SPV = special purpose vehicle.
Source: Asian Development Bank.

GAP IDENTIFICATION: ENVIRONMENTAL POLICY FRAMEWORK

ADB SPS Policy Principles (Environment)	Government of India Legislations	MOMSME Present Practices	Analysis of Gap	Measures to bridge the Gap
<p>PP1: The requirement of environmental screening</p> <p>PP2: Conduct an environmental assessment for each proposed project.</p>	<p>Environmental screening and assessment are the mandatory processes for the activities falling within EIA Notification, 2006 and amendments thereof.</p>	<p>MOMSME follows the guidelines of the Government of India unless additional requirements of funding agencies are to be complied with. Presently, MOMSME obtains requisite clearances and permissions from central and state authorities before commencement of any activity.</p>	<p>If any activity or component does not trigger EIA Notification, 2006, the screening and environmental assessment are not mandatory, thus generally not included, whereas as per ADB SPS 2009, it is mandatory for all projects.</p>	<p>Screening for identified activity or component under the RBL program would be carried out as per the screening checklist.</p> <p>The PMU will ensure environmental assessment, including preparation of site-specific EMMPs for all activities or components financed under the RBL program.</p>
<p>PP3: Examine alternatives to the project's location, design, technology, and components and their potential environmental and social impacts.</p>	<p>Analysis of alternatives while doing the EIA as per EIA Notification, 2006 and amendments thereof.</p>	<p>Presently, MOMSME explores alternative options for different designs and technologies considering the financial implications.</p>	<p>Alternative analysis with respect to environmental and social aspects are limited.</p>	<p>Alternative options with respect to environmental and social aspects, especially for the activity or component, would be carried out.</p>
<p>PP4: Avoid, minimize, mitigate, and/or offset adverse impacts and enhance positive impacts by means of the EMMP.</p>	<p>As per EIA Notification, 2006 and amendments thereof, the EIA includes impact assessment, mitigation measures and EMMP.</p>	<p>Impact assessment, mitigation measures, and environmental management EMMPs are not covered in the DPRs. If any activity and/or component attracts the EIA notification, 2006, an EIA study is undertaken as part of the DPR preparation.</p>	<p>Unless any activity or component triggers EIA Notification, 2006 and amendments thereof, EIA, mitigation measures, and EMMP are not prepared.</p>	<p>Site-specific EMMPs will be prepared by the PMU based on the environmental assessment and which will be included in contract document(s).</p> <p>The PMU would ensure the adequate institutional arrangement for EMMPs implementation through the deployment of an environmental safeguard specialist at PMC for the RBL program.</p>

ADB SPS Policy Principles (Environment)	Government of India Legislations	MOMSME Present Practices	Analysis of Gap	Measures to bridge the Gap
<p>PP5: Carry out meaningful consultation with stakeholders—affected people, women, concerned nongovernment organizations and facilitate their informed participation. Establish a GRM to receive and facilitate resolution of the affected people's concerns and grievances regarding the project's environmental performance.</p>	<p>EIA process covers stakeholder consultation and public hearing as a mandatory requirement under EIA Notification, 2006 and amendments thereof.</p>	<p>Stakeholder consultations are carried out during the preparation of the DPRs. GRM is also in place.</p>	<p>Public hearing through SPCBs is carried out for subprojects requiring environmental clearances as per EIA Notification, 2006 and amendments thereof, whereas the public consultations are not carried out for other activities or components. Both the Government of India and ADB have different procedures of consultations.</p>	<p>The process of stakeholder and public consultations will be followed during implementation.</p>
<p>PP6: Disclose a draft and/or final environmental assessment (including the EMMP) in a timely manner, before project appraisal, in an accessible place and in a form and language(s) understandable to all stakeholders.</p>	<p>As per EIA Notification, 2006 and amendments thereof, the EIA document's disclosure is mandatory before conducting public hearing.</p>	<p>MOMSME follows the guidelines of the Government of India unless the activities or components are funded through multilateral agencies.</p>	<p>For activities that do not trigger the application of EIA Notification, 2006, no documents are disclosed.</p>	<p>Disclosure of PSSA will be done by ADB and MOMSME. The relevant safeguard documents would be disclosed in ADB website.</p>
<p>PP7: Implement the MMP and monitor its effectiveness. Document monitoring results, including the development and implementation of corrective actions, and disclose monitoring reports.</p>	<p>EMMPs are prepared and implemented for subprojects requiring environmental clearances under EIA Notification, 2006 and amendments thereof.</p>	<p>MOMSME follows the legislation of the Government of India for ensuring EMMPs implementation.</p>	<p>For those activities or components which do not fall under the purview of EIA Notification, 2006 (amendments thereof) and other environmental regulations of India, EMMPs are not required to be prepared.</p>	<p>Site-specific EMMPs will be prepared and included in the bid and/or contract document(s). MOMSME will ensure that the activity or component promoters or SPVs would have the requisite institutional arrangements to implement EMMPs. PMU will implement the SPAP and submit the safeguards monitoring</p>

ADB SPS Policy Principles (Environment)	Government of India Legislations	MOMSME Present Practices	Analysis of Gap	Measures to bridge the Gap
				reports to ADB on a semi-annual basis during the implementation of the RBL program. PMU will also prepare the environmental monitoring reports on an annual basis during the operation stage until the issuance of the RBL program completion report. The safeguards monitoring reports would also be disclosed in ADB website.
<p>PP8: Do not implement project activities in areas of critical habitats.¹</p>	<p>The guidelines of the Government of India allow activities or components to be established in some parts of critical habitats by following the requisite due diligence process and obtaining statutory permissions prior to the commencement of works.</p>	<p>MOMSME shall ensure that if subprojects are identified to be located within critical habitats, the requisite regulatory permissions are obtained before commencement of any activities in such areas.</p>	<p>Biodiversity assessment is undertaken which may not be sufficient for the complete treatment of other environmental aspects.</p>	<p>The activities located in critical habitat will be excluded from the RBL program scope.</p>
<p>PP9: Apply pollution prevention and control technologies and practices consistent with international good practices as reflected in internationally recognized standards.</p>	<p>CPCB and/or SPCBs monitor adaptation of pollution prevention and control technologies that are consistent with international good practices. These agencies issue and/or update the</p>	<p>MOMSME follows CPCB and respective SPCB's norms. Prevention of pollution is one of the criteria of CPCB and SPCBs, which is being followed by the MOMSME through</p>	<p>The adoption and implementation of (i) pollution prevention and control technologies and international good practices; and (ii) requisite safety and health measures is limited.</p>	<p>Need to ensure inclusion of the pollution prevention and control technologies and practices consistent with international good practices for activities or components identified under the RBL program.</p>

¹ Critical habitat includes areas with high biodiversity value, including habitat required for the survival of critically endangered or endangered species; areas having special significance for endemic or restricted-range species; sites that are critical for the survival of migratory species; areas supporting globally significant concentrations or numbers of individuals of congregatory species; areas with unique assemblages of species or that are associated with key evolutionary processes or provide key ecosystem services; and areas having biodiversity of significant social, economic, or cultural importance to local communities.

ADB SPS Policy Principles (Environment)	Government of India Legislations	MOMSME Present Practices	Analysis of Gap	Measures to bridge the Gap
PP10: Provide workers with safe and healthy working conditions and prevent accidents, injuries, and disease.	notifications, guidelines, and circulars from time to time.	obtaining the requisite CTE and CTO required for the activity or component. All contractors need to follow safe and healthy working conditions at the workplace as per Indian regulations.		The promoters or SPVs will ensure to follow the health and safety-related requirements for activities and/or components implemented under the RBL program.
PP11: Conserve physical cultural resources and avoid destroying or damaging them by using field-based surveys	The ancient monuments and archaeological sites of the Government of India and Remains Act (amended thereof) provides for the preservation of ancient and historical monuments and archaeological sites and remains.	MOMSME is required to follow all the regulations and guidelines of the Government of India issued from time to time.	The activities or components have restrictions for undertaking works within restricted zones of protected monuments. The works can be implemented within the boundaries of other cultural resources.	The promoters or SPVs will not cause any damage to physical and cultural resources and will make efforts to conserve.

ADB = Asian Development Bank; CPCB = Central Pollution Control Board; CTE = consent to establish; CTO = consent to operate; DPR = detailed program report; EIA = environmental impact assessment; EMMP = environmental management and monitoring plan; GAP = gender action plan; GRM = grievance redress mechanism; MOMSME = Ministry of Micro, Small, and Medium Enterprises; PMC = program management consultant; PMU = program monitoring unit; PP = policy principle; PSSA = program safeguard systems assessment; RBL = results-based lending; SPAP = safeguard program action plan; SPCB = State Pollution Control Board; SPS = Safeguard Policy Statement; SPV = special purpose vehicle.

Source: Asian Development Bank.

SAFEGUARD PROGRAM ACTION PLAN

Main Gap	Action to be Taken	Indicator	Responsibility	Timeline
Screening, environmental and social assessment, preparation of site-specific EMMPs and social due diligence reports (in case of negotiated settlement)	<ul style="list-style-type: none"> • Early screening of component or activity under the RBL program • Environmental and social assessment, including preparation of site-specific EMMPs and social due diligence reports (in case of negotiated settlement) 	<ul style="list-style-type: none"> • Project screening as per the screening checklist • Environmental and social assessment • Identification of probable impacts • Preparation of site-specific EMMPs and social due diligence report for negotiated settlements 	<p>MOMSME (PMU) and Safeguard specialist of PMC</p> <p>Independent external party for land purchased through a negotiated settlement</p>	<p>The environmental and social assessment would be conducted prior to the approval of the activity or component under the RBL program by the PSC.</p> <p>Based on the assessment, the site-specific EMMPs, with the support of PMC, would be prepared.</p> <p>An independent external party would prepare the due diligence reports for land purchases through negotiated settlements.</p>
Stakeholder consultation	Stakeholder consultation will be carried out.	The consultations will be carried out with the activity or component promoters or SPVs and with other stakeholders.	MOMSME (PMU)	During environmental and social assessment and implementation of activity or component, the stakeholder consultation would be carried out under the RBL program.
Inclusion of EMMPs in bid and/or contract documents and implementation of EMMPs	Include site-specific EMMPs in the bid and contract documents to ensure proper implementation related to environmental safeguards.	<ul style="list-style-type: none"> • Dust management by the sprinkling of water • Noise management by limiting working hours during daytime • Provision of adequate numbers of personal protective equipment at construction sites • Waste management by proper collection and disposal 	MOMSME (PMU) and contractors	During the finalization of bid and/or contract documents and execution of the RBL program

Main Gap	Action to be Taken	Indicator	Responsibility	Timeline
		arrangements at construction sites <ul style="list-style-type: none"> • Development of drainage system • Plantation and landscaping within the project premises • Obtaining the requisite permissions and clearances for the activities or components under the RBL program and ensuring the implementation of terms and conditions mentioned in the permits and clearances. 		
	Occupational health and safety management to be incorporated	<ul style="list-style-type: none"> • Implementation of occupational health and safety plans. • Incident record and remedial actions. • Periodic monitoring of health and safety during the construction and operation stage. Further, the monitoring at construction sites due to COVID-19 pandemic as per prevailing guidelines. 	MOMSME (PMU) and safeguard specialist of PMC	Continuous during program implementation
Institutional arrangements for the implementation of PSSA—lack of environmental and social staff	The PMU will depute and/or appoint an officer with a relevant environment and/or social background (educational and professional) as the focal person for the safeguards-related issues during the RBL program implementation. The PMU will be supported by the qualified	Ensure that the staff assigned have adequate technical skills to conduct an environmental assessment, including site-specific EMMPs, Indigenous Peoples impact screening, social impact assessment, and implementation of EMMPs during the execution of the RBL program.	MOMSME (PMU) and safeguard specialist of PMC	The focal person for safeguards at PMU will be mobilized before loan effectiveness.

Main Gap	Action to be Taken	Indicator	Responsibility	Timeline
	and experienced environment and social experts, PMC.			
In case the screening of component or activity identifies the impact on the scheduled tribe (Indigenous Peoples), the IPP will be prepared.	Prepare, implement, and monitor IPP for activities with impacts on the Indigenous Peoples.	<ul style="list-style-type: none"> • IPPs prepared and implemented • Periodic monitoring reports reflect IPP implementation and completion. 	MOMSME (PMU) and safeguard specialist of PMC	Continuous during the RBL program implementation
GRM	MOMSME will issue a notification to mandate the existing GRM to receive safeguards-related complaints.	Issuance of government notification to mandate the existing GRM to receive safeguards-related complaints.	MOMSME (PMU)	Before loan effectiveness
	Offline system for grievance redress to be set up for each subproject	Ensuring the complaint registers are maintained by respective civil works contractors at each activity and/or component under the RBL program.	MOMSME (PMU) and nodal agencies	The complaint registers at construction sites by respective promoters or SPVs through civil works contractors to be maintained during the implementation of the activity or component under the RBL program.
Reporting of monitoring and implementation	Review and due diligence of monitoring and implementation will be conducted at regular intervals. The semi-annual safeguards monitoring reports (environment and social monitoring reports) will be prepared and shared with ADB for review and disclosure.	<ul style="list-style-type: none"> • Due diligence for the activities with impacts and risks • Preparation and submission of semi-annual social and environmental safeguards monitoring reports to ADB during the construction phase and annual safeguards monitoring reports covering environmental aspects during the operation stage until the issuance of the completion report by ADB • Proposed corrective actions in case of non-compliance noticed during the 	MOMSME (PMU) and safeguard specialist of PMC	Continuous during program implementation

Main Gap	Action to be Taken	Indicator	Responsibility	Timeline
		implementation of the RBL program <ul style="list-style-type: none"> • Due diligence report preparation and submission to ADB at regular interval 		
Disclosure of safeguard documents	Uploading of all safeguards-related documents, including PSSA, environmental assessment reports, environmental audit reports, and safeguards monitoring reports in ADB and MOMSME websites	<ul style="list-style-type: none"> • PSSA would be disclosed on ADB and MOMSME websites. • Disclosure of environmental and social due diligence reports • Disclosure of ADB-cleared monitoring reports for all activities or components under the RBL program. • Updating of safeguard planning documents (environmental assessment and site-specific EMMPs), if there is a change of location and/or design noticed. The PMU will ensure updating of environmental assessment documents prior to the commencement of works. 	MOMSME and ADB	Continuous during program implementation
Capacity building on implementation of good practices on the environment and social safeguards	Conduct orientation and capacity-building measures for relevant officials of MOMSME at PMU, state government officials and nodal agencies	<ul style="list-style-type: none"> • Capacity building or training workshop will be organized for the state government officials, nodal agencies, and the RBL program staff (including PMC, contractors, and other agencies responsible for EMMPs implementation). • Adequate budget allocation for capacity-building activities. 	MOMSME (PMU) and safeguard specialist of PMC	As and when required

ADB = Asian Development Bank; COVID-19 = coronavirus disease; EMMP = environmental management and monitoring plan; GRM = grievance redress mechanism; IPP = Indigenous Peoples Plan; MOMSME = Ministry of Micro, Small, and Medium Enterprises; PMC = program management consultant; PMU = program management unit; PSC = program steering committee; PSSA = program safeguard systems assessment; RBL = results-based lending; SPV = special purpose vehicle.

Source: Asian Development Bank.