

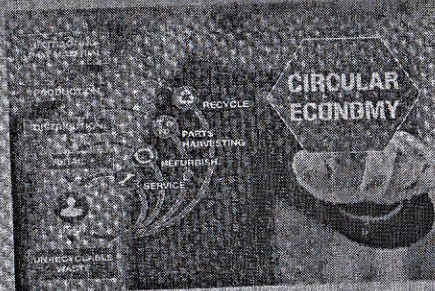
# Circular economy – Is India ready to come full circle in sustainability?

**Shivanshu Thaplyal  
Meher Bhatia  
Swati Shekar**

**T**he COP27 meet brought to fore a circular economy's relevance for India by ensuring responsible consumption and sustainable resource management.

A circular economy focuses on minimising waste while maximising utilisation, and calls for a production model aiming to retain the most value to create a system that promotes sustainability, longevity, reuse, and recycling. Though India has always had a culture of recycle and reuse, its rapid economic growth, growing population, impact of climate change and rising environmental pollution, the adoption of a circular economy is more imperative now.

The 2022-23 Budget recognised the importance of sustainable growth. In sync with a circular economy, the government formulated the Battery Waste Management Rules 2022, Plastic Waste Management Rules as



**TOWARDS.** Sustainability /ISTOCKPHOTO

amended in 2022, e-Waste Management Rules 2022. These rules promote utilisation of waste generated in line with the circular model by setting out target waste disposal standards for stakeholders such as manufacturers, producers, importers, and bulk consumers, along with enabling transactions among stakeholders for extended producer responsibility certificates.

This move will pave the way for a more formalised transition to the circular economy regime in India. Further, the Budget also recognises the action plans formulated across 10 sectors including electronic waste,

lithium-ion batteries, end-of-life vehicles, scrap metal, municipal solid waste, etc. These plans emphasise the importance of reusing secondary materials recovered from waste, implementation of an extended producer responsibility framework and tax rebates.

## **MORE NEEDS TO BE DONE**

However, despite the Government's policy efforts the progress has been underwhelming. One of the major contributing factors is lack of a clear vision towards the end-goal of India's circular economy mission and gaps in actual implementation of the policies. Industry is also reluctant in adopting the circular economy model due to supply chain limitations, lack of incentives to invest, complex recycling processes and lack of information to support participation in reusing/recycling/re-manufacturing processes. Another glaring concern here is that efforts are made at the very end of value chains, resulting in sub-optimal economic and environmental outcomes. Such limitations may be

overcome through legislative mandates for the procurement of recycled/secondary raw materials in the initial stages of the production cycle, developing a unified legislation addressing the circular economy from a regulatory perspective, among others. Further, a streamlined framework on circular economy reporting, clarifying the mechanism surrounding trading of extended producer responsibility certificates and providing fiscal incentives to businesses to complete the supply chain will also help. The government's initiatives need to be in conjunction with implementable actions with industry collaboration to reap the benefits of the circular economy.

A combination of the government's current efforts along with relevant implementation strategies will instil a sense of confidence in businesses to adopt the circular model of production.

Thaplyal is a Partner, Bhatia and Shekar are Associates at Khaitan & Co. Views expressed are personal