

Start-up Take-offs

Social Entrepreneurship: Starting Up at the Grassroots

DR. SWATI SUBODH

By 2030, three billion people will enter the low and low-middle income bracket globally with the majority living in Asia, Africa, Eastern Europe, Latin America and Middle East. India is home to 40% of the world's poor and 30% of its population live below poverty line. The pressing issues of illiteracy, unemployment and access to good health care, clean water, food and energy cannot be dealt with by the governments alone; there is an imperative need for citizens to contribute in it too. In India, the purpose of creating digital and policy frameworks like Start-up India, Digital India, etc., are aimed at creating a mutually benefitting ecosystem to enable innovative minds to contribute to the endeavour. This brings the advent of another facet of starting up- Social Entrepreneurship.

'India lives in her villages', the father of the nation Mahatma Gandhi famously said many years back. About 70% of India's people live in the villages and it is impossible to drive any economic impact without their inclusion. For any impact to happen, entrepreneurship and enterprises have to reach the grassroots. Social enterprises are entities with innovative solutions

to society's most pressing social, cultural, and environmental challenges. Inherently, they are ambitious, long-term and persistent, addressing major issues and offering new ideas for systems-level change and sustenance. It is not surprising then that most of the social enterprises are emerging from underdeveloped or developing countries.



Issues addressed by social enterprises (Source: www.amrita.edu.)

Understanding the multi-faceted social enterprise

Social enterprises are often confused with non-profit organisations or non-government organisations (NGOs). While the objectives of the three entities in terms of creating socio-cultural or environmental impact maybe largely overlapping, their mode of operations and organisational structure is very different. Firstly, a social enterprise can be a for-profit, non-profit, or a cooperative. It may be run by individual(s) or a community. Like any other enterprise, at the core of the social enterprise is also a mandate to generate revenue, and not rely on charities and donations as many would imagine. In case of the social enterprise, however, the revenue is also for its beneficiaries, aside for the entrepreneur, investors or for re-investment. Their bottom line is thus more focussed on all 3Ps – Profit, People and Planet. Today, India is home to nearly two million social enterprises, 68% of

which have been in existence for five years or less. Three-fifths of these have adopted innovative for-profit business models, and one-fifth has adopted non-profit structures.

The scope and model of a social enterprise is limited only by one's imagination. The wide spectrum of community-level issues that need resolution, or at least a more efficient and effective intervention, are numerous; the answer lies in developing innovative solutions which are scalable, sustainable and profitable. Author Thomas L Friedman in his book *'The world is flat'* aptly explains that social entrepreneurship *'combines a business school brain with a social worker's heart'*. Running a successful social enterprise is fraught with challenges since, besides the uncertainties of the entrepreneurial world, there is an added variance of working in a social sector directly with the proposed beneficiaries in an unfamiliar environment. This is definitely not for the weak hearted!

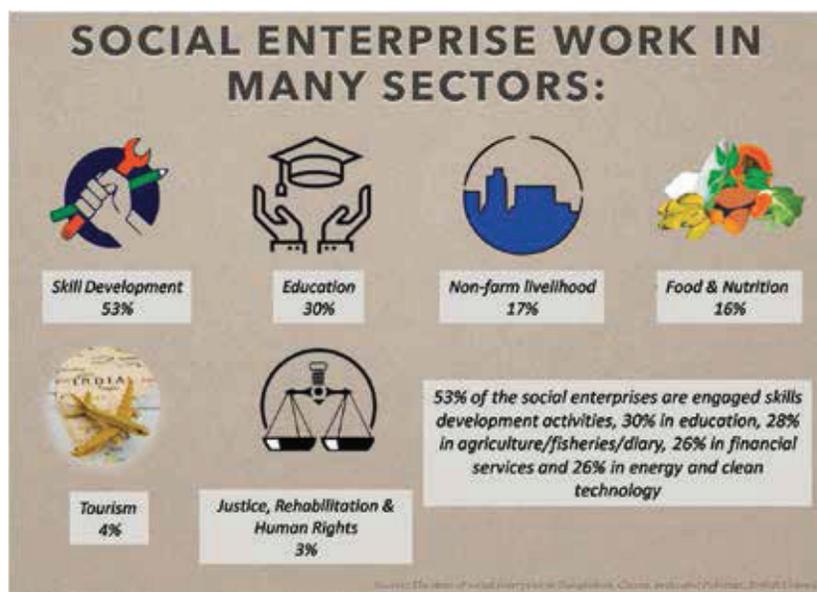
Setting an example

Vinoba Bhave is considered India's first social entrepreneur as he enabled re-distribution of seven million acres (2.8 million hectares) of land to the poor and the landless through the 'Bhoodan' or the 'Land gift' movement in south India in 1950s thereby mandating the rich to assist the deprived. Simultaneously Dr. Verghese Kurien transformed the Amul Dairy Cooperative and spurred the 'White revolution' making India into world's largest milk producer. Amul was the first successful business model where low-income farmers formed a professionally managed and privately owned supply chain to form a profitable enterprise which continues to thrive even after more than half a century later!

In the 1960s, John Bissell founded Fabindia and linked 80,000 artisans to the urban markets. Fabindia's unique community-owned business model enables regular income to the artisans and makes them stakeholders in the company's profit. Now, more than 50 years later, Fabindia has spread across 88 Indian cities and towns and expanded to Singapore, Dubai, Italy, Nepal, Malaysia, Mauritius, and the US.

Winds of change

Social entrepreneurship aims at addressing not just the issues that plague our country but it's also propelling employment and women empowerment. Although still not mainstream, the trend of social entrepreneurship models is on a rise, especially among the millennial. Survey shows that 27% of these social enterprises in India are led by persons below 35 years of age and 24% social enterprises are led by



(Source: www.Bloodlink.life)



Structure of social enterprises (Source: www.yourstory.com.)

women, higher than 8.9% women-led firms in mainstream businesses. 70% of the social enterprises are working with individuals from socially and economically disadvantaged communities.

Most of these social enterprises focus on education, healthcare, agriculture, environment and energy. Although these sectors are in focus among mainstream entrepreneurs also, the social entrepreneurs however approach it from another angle – that of primarily empowering the beneficiaries. At the back-end, the mandate of these enterprises has been to create employment opportunities (62%), improving health and wellbeing (41%), addressing social exclusion (40%), protecting the environment (40%), addressing financial exclusion (31%), and providing affordable housing (9%) and so on.

The beneficiary group for most of the social enterprises are women (82%), youth (74%) and people from backward communities (70%). Other beneficiaries include employees, organisations, people from under-served regions, children and people with disabilities. Viewing

these numbers is enough to convince anyone why social enterprises need to be promoted.

Propellers of change

Thus start-ups are not just for the urban elite, it can be the propeller for social and economic distinction for the rural masses as well. With diminishing employability opportunities in the villages, entrepreneurship could well be a necessity for holding together and reinforcing the very stilts that support our nation's economy. In addition it could potentially curtail mass migrations to towns and cities, which in itself is fraught with socio-economic challenges.

On the one hand, social enterprises have come into effect which enable grass-root level manufacturers reach their market potential and on the other a national drive to promote village-level enterprises has gained momentum. With the government's MUDRA (Micro Units Development Refinance Agency) scheme, ₹1,00,000 crore is being made available as loans to micro and small businesses in the first instance. According to the Finance

Minister, this scheme is expected to provide benefits to 1.73 crore people. Many multi-nationals and big Indian companies too are turning to the villages for expansion and growth. In the process they are allocating a big part of their budget for activities in these regions. The National Skills Development Council (NSDC) also facilitates direction of capital under Corporate Social Responsibility (CSR) from corporate to the villages. This expenditure is increasingly being viewed as an investment to explore new emerging domestic markets rather than mere charity. Several incubators like Villgro, UnLtd India, Foundation for Innovation in Social Entrepreneurship (FISE), Deshpande Foundation, Centre for Innovation, IKP Knowledge Park, etc., are providing launch pads to social enterprises. Variants of the model of what social enterprises like Amul did many years ago in Gujarat, are ready to be re-worked manifolds now.

Village as a producer and as a consumer

The Amul and the Fabindia models, followed by numerous other market-connect ventures, aptly exemplify

the role of villages as a producer and the mature markets as the consumer. However, did you know that the villages can be a huge consumer base as well? Consider this; India consists of about 650,000 villages inhabited by about 850 million consumers making up about 70% population and contributing around half of the country's Gross Domestic Product (GDP). Consumption patterns in rural India increasingly resemble the consumption patterns of urban areas with some of India's largest consumer companies serving one-third of their consumers from rural markets. The rural markets are growing at 8%-10% annually are expected to add \$100 billion in consumption by 2025. Owing to a favourable changing consumption

trend as well as the potential size of the market, rural India provides a large and attractive investment opportunity for private companies.

Amongst the leading retailers, Dabur generates over 40-45% of its domestic revenue from rural sales. HUL rural revenue accounts for 45% of its overall sales while other companies earn 30-35% of their revenues from rural areas. With increased digital platform adoption by rural India, 200 villages across the country have become cashless, Companies like Greenlight Planet, which deal in Solar lamps; and Vinfinet Technologies' Kisan Raja, a GSM-based controller that allows farmers to control irrigation pumps using mobile or landline phones

from within the comforts of the house, clearly have a focus on the rural market. Innovation in trust building and adoption and resilience in implementation holds key to the success in these markets.

Social entrepreneurship constitutes a major driver of impact within India's Start-Up initiative. The reason is obvious, the inclusion of India's majority in creating a nation-wide socio-economic transformation. We will be covering social entrepreneurship in the next issue also to delve deeper into its various facets as well as discuss successful on-ground models and enterprises.

*Dr. Swati Subodh, Co-founder, IM1B Foundation, M-36, Greater Kailash Part-II, New Delhi-110048.
E-mail: swati@activate1m1b.org*

INVENTION INTELLIGENCE (Bi-Monthly)

Subscription Form

Business Office : NRDC, 20-22, Zamroodpur Community Centre, Kailash Colony Extension, New Delhi-110048

Name _____

Address _____

City _____ State _____ Pin Code _____

Mobile No. _____ E-mail _____

Subscription Amount : Single Copy : ₹60; One Year : ₹300; Two Years : ₹600; Three Years : ₹900.

Please enter my subscription to **Invention Intelligence** for 1 year/2 years/3 years from _____ to _____

I am sending ₹300/₹600/₹900 by Demand Draft/Multicity Cheque No. _____ Dated _____

marked payable to **NATIONAL RESEARCH DEVELOPMENT CORPORATION, New Delhi**

The payment can also be made electronically through RTGS as per the details given below:

- Name of Bank : INDIAN BANK
- Branch: Greater Kailash, Address. No. 13, Zamroodpur Community Centre, New Delhi-110048
- NEFT / RTGS - IFSC NO. IDIB000G016, MICR NO. 110019005, Current Account No. 412950159
- Beneficiary- NATIONAL RESEARCH DEVELOPMENT CORPORATION
- Please provide the details of the RTGS alongwith this form.
- Please mail the UTR No. to : khemchand@nrdc.in.