



An Indian Perspective on Social Entrepreneurship to Social Change

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Abstract:

The key aim of these Social enterprises is to introduce sustainable and dignified living to the under privileged and the marginalized citizens of India. But India still has a long way to go compared to the West where governments are funding non-profit organizations by outsourcing social sector services. Social entrepreneurship in India is emerging primarily because of what the government has not been able to do. The government is very keen on promoting social entrepreneurship - not necessarily by funding it or by advising on it or enabling it. The Indian government and NGOs (non-governmental organisations) have realized that they not only have to co-exist but to work with each other to effect change. In India, social entrepreneurs are a growing phenomenon bringing positive change to several social areas ranging from education to healthcare, renewable energy, waste management, e-learning and e-business, housing and slum development, water and sanitation, violence against women, other issues related to women, children and the elderly etc.

Key words: Social enterprises, social problems, social change

1. Introduction

Social entrepreneurs are individuals with innovative solutions to society's most pressing social problems. They are ambitious and persistent, tackling major social issues and offering new ideas for wide-scale change. Rather than leaving societal needs to the government or business sectors, social entrepreneurs find what is not working and solve the problem by changing the system, spreading the solution, and persuading entire societies to take new leaps. Social entrepreneurs often seem to be possessed by their ideas, committing their lives to changing the direction of their field. They are both visionaries and ultimate realists, concerned with the practical

implementation of their vision above all else. Each social entrepreneur presents ideas that are user-friendly, understandable, ethical, and engage widespread support in order to maximize the number of local people that will stand up, seize their idea, and implement with it. In other words, every leading social entrepreneur is a mass recruiter of local change makers a role model proving that citizens who channel their passion into action can do almost anything. Social entrepreneurship in India is emerging primarily because of what the government has not been able to do. The government is very keen on promoting social entrepreneurship - not necessarily by funding it or by advising



on it or enabling it. The Indian government and NGOs (non-governmental organisations) have realised that they not only have to co-exist but to work with each other to effect change

2. Need of Social" Entrepreneur

Just as entrepreneurs change the face of business, social entrepreneurs act as the change agents for society, seizing opportunities others miss and improving systems, inventing new approaches, and creating solutions to change society for the better. While a business entrepreneur might create entirely new industries, a social entrepreneur comes up with new solutions to social problems and then implements them on a large scale.

Typical sectors of investment of social enterprises

Affordable Healthcare - The affordable healthcare sector in India is at a nascent stage. Affordable healthcare providers reduce the cost of service delivery through innovative operating models. Over 60 per cent of the population in India lives in villages and small towns while 70 per cent of medium-to-large hospitals are located in metros and large towns. In addition, 80 per cent of the demand is for primary or secondary care and only 30 per cent of hospitals provide these. Thus availability and affordability remain a key concern in healthcare coverage.

Affordable housing - According to the Twelfth Five Year Plan document, the gap in the urban housing market is

estimated at 18.8 million dwelling units. Moreover, about 73 per cent of the self-occupied units are in bottom 40 per cent of the urban households. Affordable housing developers create economic value by minimizing construction cost and completion time through integrative technical solutions and process innovations.

Water and Sanitation - Water sector can be broadly classified into three areas: water harvesting and storage, water supply and distribution, and piping and waste management. Social Entrepreneurs in water space are both for and not-for profit enterprises. Social entrepreneurs are typically involved in rain-water harvesting, community water treatment, point-of-use filtration, and small-scale water networks. Typical working models for sanitation management are household toilets, pay-and-use community toilets and 'ecosan' toilets where toilet waste is used to create biofuel.

Agriculture - Agriculture and allied sectors provide livelihood to over 70 per cent of the rural population in India. Social enterprises working in this sector create economic and social value by eliminating inefficiencies from the current value chains. These enterprises are broadly categorized as: those supporting the value chain pre-harvest or post-harvest market links as well as those involved in the dairy production and market linkage.

Energy - Social enterprises enter this space in order to enable access to environmentally friendly, affordable



energy. They play a key role in improving living standards of poor households. Roof-top solar lighting and low smoke cook stoves are some of the initiatives in this space.

Education - It is estimated that 4 per cent of children never start school, 58 per cent do not complete primary school education because of reasons ranging from inadequate infrastructure to lack of motivation, and poverty. Social enterprises are very active in the education of the under privileged children. They work around these challenges through advocacy and capacity enhancing solutions. These enterprises cater from early childhood to adulthood and exist in formats such as pre-schools and after-school classes, e-learning and vocational and skill development institutes.

Livelihood promotion – Social entrepreneurs in this space are broadly classified into two categories: entities that promote livelihoods and those that facilitate skill development. In most livelihood enterprises, the producers or artisans hold majority ownership. Entrepreneurs in the skill development sector are mostly structured as for-profit entities, but with low or subsidized or free education to the beneficiary.

Financial Inclusion - Microfinance Institutions (MFIs) act as financial intermediaries, offer products and processes aimed at serving economically weaker sections of the society. At present, only 10 per cent of the total demand for microcredit is met by MFIs.

The Self-Help Group Bank Linkage Program by the RBI promotes financial transactions between commercial banks and self-help groups (SHGs). There are four stages in a SE life cycle – Pilot, Start up, Growth and Steady phase.

2. **Typical Investors and sources of funding**

Key sources of capital for social enterprises are non-institutional debt, equity (mostly self-finance), institutional debt, and grant funds. The transformation of many not-for-profit models into for-profit models is a growing and this helps them secure financing to scale up over time.

Impact investing started with 'Ashoka Foundation' in 1982 that provided grants to Indian social entrepreneurs. Grassroots Innovations Augmentation Network (GIAN) is India's first non-profit socially minded Venture Capital Fund (VCF) started in 1997, with support from Government of Gujarat, Society for Research and Initiatives for Sustainable Technologies and Institutions (SRISTI) and Indian Institute of Management Ahmedabad. In 2001, 'Aavishkaar' became the country's first for-profit counterpart. UnLtd provides incubation support to young and new social entrepreneurs. For each rupee provided by UnLtd to the investees the earning has been about Rs. 14.50. Some of the largest players in the field include the Omidyar Network, Aavishkaar, Acumen Fund and Elevar Equity. The India Innovation Fund (IIF) has been promoted by NASSCOM and IKP



Knowledge Park with focus areas of Information and Communication Technologies and Life Sciences. The World Bank's Development Marketplace (DM) is a competitive grant program that funds SEs with projects that aim to deliver a range of projects for the economically low-income groups. Social incubators provide existing and new entrepreneurs the tools to drive their business. Some of the top incubators in India are Centre for Innovation, Incubation and Entrepreneurship (CIIE), Dasra, Deshpande Foundation, Khosla Labs, Rural Technology and Business Incubator (RTBI), Gray Matters Capital, UnLtd India, VenturEast and Villgro Innovations Foundation.

3. Role of government in the social entrepreneurship landscape

The Government has initiated many public-private partnerships in key development sectors. The National Innovation Council, in partnership with the Ministry of Micro, Small and Medium Enterprises (MSME) has launched the India Inclusive Innovation Fund (IIIF), an impact investment fund with a corpus on Rs. 5,000 crore that will invest in ventures catering to the country's economically weaker sections.

Budget 2014 initiatives

- In order to create a conducive ecosystem for venture capital in the MSME sector, it is proposed to establish a Rs. 10,000 crore fund for attracting private capital by way of providing equity, quasi equity, soft

loans and other risk capital for start-up companies

- Proposal to allocate Rs. 200 crore to promote innovation, entrepreneurship and agro-industry
- Proposal to set-up a 'Start Up Village Entrepreneurship Programme' for encouraging rural youth to take up local entrepreneurship programmes and providing an initial sum of Rs. 100 crore for this.

4. Sustainability of Social Enterprises

Social entrepreneurship in India has progressed significantly over the last decade. More and more people are using entrepreneurial skills in building sustainable enterprises for profit and non-profit to effect change in India. But they are facing various problems as shown in figure 2.

Figure 2: Challenges faced by social enterprises

Conclusion

The above analysis shows that the elements necessary for social entrepreneurship to flourish in India. India still has a long way to go compared to the West where governments are funding non-profit organizations by outsourcing social sector services. First there needs to be an awareness of and concern about the social problems and issues to be addressed and committed entrepreneurs interested in addressing them. A policy and regulatory framework within which



social entrepreneurs can obtain status without compromising their objectives is also very important. There should be a good to have a collaborative network to be used among social entrepreneurs that enables them to share ideas and spread innovations, ideally linked to an academic institution interested in, and committed to, promoting awareness and creating knowledge and insight into the best functioning of social enterprises. Financial assistance, social legitimacy and acknowledgement are the most important factors necessary to enhance the growth of social entrepreneurship in India. The process has begun, but a lot more needs to be developed, especially by social, educational and government institutions

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