

# Growth

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## Entrepreneurship With a Social Cause

By fulfilling their entrepreneurial dreams and improving the condition of underprivileged people, the social entrepreneurs are marching ahead. The story revolves around this particular entrepreneurship, which is away from customary profit race, lending a hand to humanity.

"The idea behind BASIX was to help poor people earn their livelihood. Our initial offering was microcredit but that was not enough as people needed technical training, access to market and lot of other support."  
**Vijay Mahajan,**  
Founder, BASIX

**E**ntrepreneurs are mainly involved in profit making and yielding turnovers but only a few create a whole new world of entrepreneurship along the idea of performing social reforms. Jaipur Rugs Foundation (JRF) is an example of sheer determination and effort of a weaver contractor NK Chaudhary who initiated his carpet business with just two looms. It is the perfect blend of both social and financial responsibilities with a dose of passion. NK Chaudhary, MD, JRF says, "When I started JRF, I realised that weavers were the elements of revulsion and disgust in our society; nobody really wanted to work with them. I always treated them with high respect. I actually never thought

of social services but considered that if I wanted to satisfy my consumers, my weavers must be pleased and facilitated to bring out good products." At present, nearly 30,000 weavers work for JRF that has the turnover of Rs 80 crore. Talking about his passion for social entrepreneurship, he says, "I am passionate about social entrepreneurship. I believe social entrepreneurship is not just about addressing the social change, it is meant for the benefit of every stakeholder that you have or you work for, and whatever you do should be realised and taken as fair and equitable by every stakeholder."

The entrepreneurs who are associated with social business more or less support the underprivileged section of the society in addition to attaining

their financial goals. They are cohesive in terms of providing better growth opportunities for the deprived section of the society and flourishing business models in a manner that stands beneficial for both social and commercial purposes.

### The Power of Good

In India, a social enterprise may be a non-profit or non-governmental organisation (NGO) often registered as the trusts. However, nowadays zealous entrepreneurs are setting new dimensions in social entrepreneurship in various sectors like energy, microfinancing, arts and craft, financial and technical services. They are also changing the definition of social enterprises that were formerly believed to

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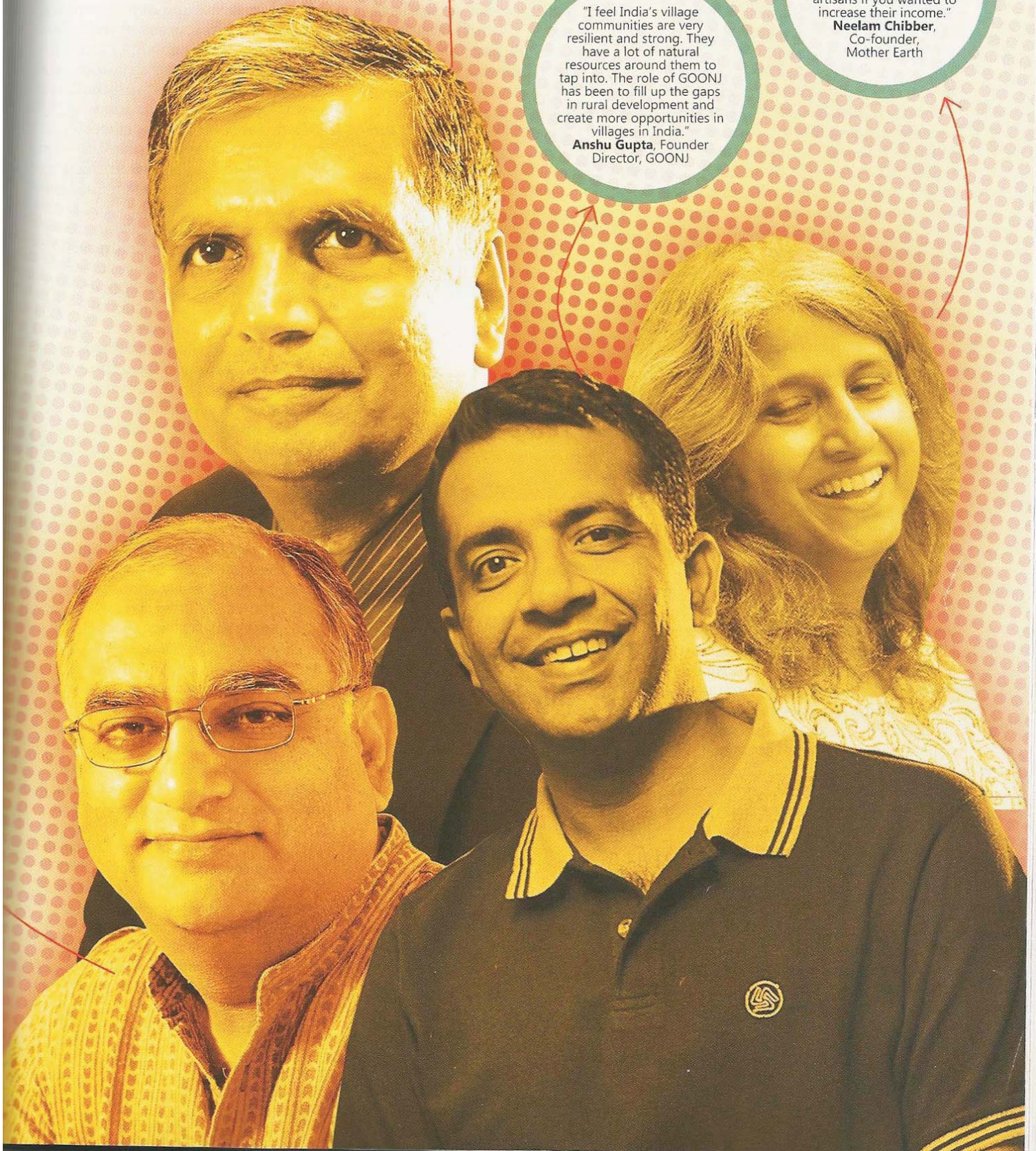
**NK Chaudhary,**  
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**Neelam Chibber,**  
Co-founder,  
Mother Earth

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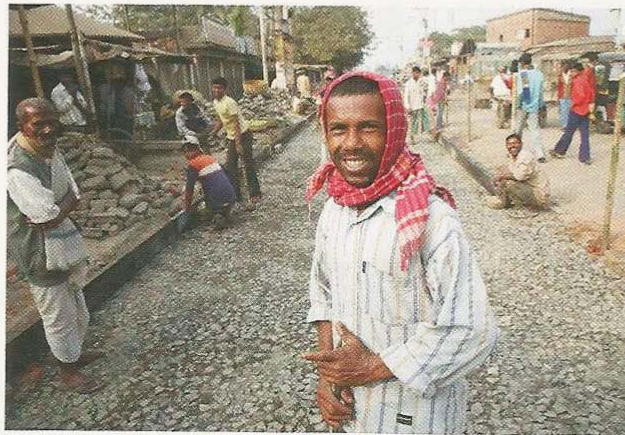
be NGOs, religious organisations and religious trusts. "Each category of social entrepreneurship has its own credit, so we cannot generalise them as to which is better in terms of making money," says Satyajit Majumdar, Professor, School of Management and Labour Studies, Tata Institute of Social Sciences.

To ensure social entrepreneurship, there is a need for funds, conducive environment and a strong will. For example GOONJ focuses on communities based in rural India and provides them with sustainable jobs in making clothes and by repurposing donated materials into a variety of new products. "I feel India's village communities are very resilient and strong. They have a lot of natural resources around them to tap into. The role of GOONJ has been to fill up the gaps in rural development work, to empower rural communities, to understand their own capacities and strengths and, of course, to address their basic needs. We need to create more opportunities in villages in India to ensure they become a part of the development," says Anshu Gupta, Founder Director, GOONJ.

Nonetheless, there are social businesses that seek profit making even though the prime aim is to alleviate poverty through a sustainable business model. For example, BASIX India promotes a hefty number of sustainable livelihoods among rural people, especially for the rural women, through the provision of financial services and technical assistance in an integrated manner. "The idea behind BASIX was to help poor people earn their livelihood. We wished to do something about it in a sustainable businesslike manner, therefore we set up a group of companies. Our initial offering was microcredit but that was not enough as people needed technical training, access to market and a lot of other support," says Vijay Mahajan, Founder, BASIX. Then the company

also started providing placements for trained manpower to various infrastructure industries in India, thereby creating an end-to-end sustainable business model.

Agreeing to this, Neelam Chibber, co-founder, Mother Earth, says, "It totally depends on your business model; it must include all your social ethics." IndusTree Foundation, which was co-founded by her, has a vision to help poor to reach markets. IndusTree Crafts Pvt Ltd promoted the brand Mother Earth, which is a profit entity. "The whole idea behind Mother Earth was to make strong markets for



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artisans if you wanted to increase their income," says Chibber.

#### **Government's Passive Mode**

Social entrepreneurship is crucial when there is dearth of adequate funds. Till now, the government has not played an active role in boosting this type of entrepreneurship. "It is very important that the government facilitate the growth of social entrepreneurship because these are businesses with a social mission, and there should be a different

category of taxation for this sector as well. I think the government should take special care of the sector as we are not normal enterprises," says Chibber. Adding to this, Gupta who has won Social Entrepreneur Award 2012, says, "Give entrepreneurs space to innovate and experiment and give them resources as well. We all need social sector."

India still has a long way to go before any comparison with the West where governments fund NGOs by outsourcing social sector services. "We need many similar social enterprises and government policies that can place a cap on monetary institutions similar to (the one) they did for agricultural financing 40-50 years ago so that at least 5 per cent loans are on sustainable energy for end-users and 2 per cent for entrepreneurs who want to form the supply chain in rural areas. Getting working capital from Foreign Institutional Investors (FIIs) is tough because they are unsure about the viability of the project," says Dr H Harish

Hande, Co-founder and MD, SELCO.

"There is an entrepreneurship policy document made by the EDI (Entrepreneurship Developmental Institution), and the Government of India is quite serious about it. I think the government can be passive in the approach and the lead should be taken by the educational sector and the NGOs," says Majumdar.

#### **Scouting Talent in the Sector**

Talent management is also a problem for social entrepreneurs as there is less salary and options available in this sector. If salaries are not so high, they are not meager either. It totally depends on the willingness and ethical code of conduct of the employees who work in these enterprises. "I think it is important to have your missions and values clear. You can attain fulfillment not only through your salary, but also through

mission,” asserts Chibber. There are institutions that have developed social entrepreneurship teaching in their curriculum and maintained to generate social entrepreneurs. “I believe that we can teach entrepreneurship but fieldwork experience is a requirement. Time has come for us to be educative and learn outside the classroom as well. There is excitement among the youths of India and there are many people who want to contribute in the social development of the country. I think there is a need to guide them as the subject is sensitive. We can have graduates from IITs and IIMs if they find our work genuine and fulfilling,” says Mahajan.

### Financing, Networking, Mentoring

It is not just finance that is the sole requirement; all fixations, like networking and mentoring in right proportions, are also very important. Hande installed 400 solar light systems for SELCO and received \$128,000 from United States Agency for International Development (USAID), in partnership with Winrock, to finance the first three rural service centres that sold, installed and serviced solar lights. With this, he plunged towards building a sustainable rural delivery system.

“There are two or three things involved in funding, for instance venture capital or private equity. The economic return becomes very critical and developmental funding is viewed as helpful by them. I think developmental funding, like USAID, shows the potential for finding funds and resources over and above what is available from official aid and markets. That is why social entrepreneurs are trying to innovate and find solutions,” says Majumdar. Gupta feels that instead of creating demand, he or she should work at filling up gaps and look for network and innovation. He further adds, “A social entrepreneur must also possess a clear vision. He should also be passionate about his idea,

open to learning, create a leadership atmosphere, delegate ownership and value people. Moreover, he must know how to work efficiently in minimum resources or how to mobilise resources,” says Gupta.

### Developing Entrepreneurship within NGOs

Making financial aids available to the deprived sections and then



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reforming them are what social enterprises stand for. They lift up funds through their services, fund-raising activities (organising events, donations and grants) or sometimes products, to reach their social and environmental goals. Sometimes there are other parameters that matter, e.g. GOONJ which solely focuses on social and reform objects. Its founder Gupta maintains, “In GOONJ’s context, money is not the only parameter for our social goals. Target and vision have no limits and cannot be set according to your pocket. It is not an organisation; it is an idea, a tool to talk, to change the mindsets of people. Our funding base has been primarily masses and it is a proven and tested model that can be replicated in any part of the globe. GOONJ’s core work will remain same, no matter what our bank balance says.”

Social enterprises in India are primarily NGOs that raise funds through some services (often fund raising events and community activities) and occasionally products. In India, terms like NGO and non-profit organisation are widely used instead of social enterprises. Moreover, there are a number of social entrepreneurs who are self-sufficient in terms of nurturing their financial goals by working as service generators. “We work with over thousands of self-help groups and federations by providing them loans, forming groups, training them on technical or marketing aspects and in a variety of other ways,” says Mahajan.

Social entrepreneurship is not just a solitary social service; it actually works towards fulfilling the social needs and meeting financial goals in order to sustain the social capability. “I think our youngsters need to come out of their descriptive ways of thinking; they should question the right, the wrong and think what can be done. They should take responsibility and should not shy away from experimenting,” says Majumdar. 