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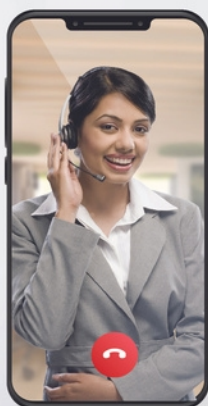
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## Social Entrepreneurship

Building markets that matter



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## Social Entrepreneurship

*Building markets that matter*

"India's place in the sun would come from the partnership between the wisdom of its rural people and the skill of its professionals."

**Verghese Kurien** (the "Milkman of India", architect of Operation Flood and Amul)

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The "SIB Students' Economic Forum" is designed to kindle interest in the minds of the younger generation. We highlight one theme in every monthly publication. Topic of discussion for this month is **Social Entrepreneurship**.

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Every economy produces entrepreneurs. What distinguishes a social entrepreneur is not the absence of commercial ambition, but the presence of a deeper mandate - to solve problems that markets have ignored, governments have underfunded, and communities have long endured.



Social entrepreneurship sits at the intersection of mission and market, deploying the discipline of business to serve purposes that business alone rarely pursues.

The concept, while globally recognized, finds particularly fertile ground in India. A country of continental scale, extreme heterogeneity, and stubborn development gaps - in health, education, sanitation, livelihoods, and financial access - India is simultaneously the world's largest laboratory for social enterprise and one of its most urgent testing grounds. The stakes are real. So are the results.

### Defining the Space

Social entrepreneurship is not philanthropy wearing a blazer. It is, at its core, the creation of organizations that generate measurable social value while maintaining financial sustainability.

The social entrepreneur differs from the traditional NGO in one critical respect: *dependence on grants is replaced, wholly or partially, by revenue*. The model must work, not just mean well.

Equally, social entrepreneurship differs from corporate social responsibility. CSR is additive - a company's primary engine runs on profit, and a portion is

redirected toward society. Social enterprises are built inside-out. The social mission is the engine; revenue is the fuel that keeps it running. This distinction matters enormously in a country like India, where NGO ecosystems are vast but fragile, government delivery is patchy, and the private sector's reach frequently ends where profitability does.

## **Why India Is Different ?**

India's developmental paradoxes create the conditions in which social enterprise thrives. It is a nation of 1.4 billion people, home to the world's largest middle class and simultaneously to hundreds of millions living below or just above the poverty line. It has world-class institutions of technology and management, and yet half its children still struggle with foundational literacy. It launches satellites, and yet millions of its farmers depend on monsoon rains because irrigation remains inadequate.

These gaps - between aspiration and access, between potential and provision - are not simply failures of intent. They reflect the structural difficulty of serving populations that are dispersed, low-income, linguistically diverse, and historically underserved by formal systems. Traditional businesses find unit economics difficult. Governments find last-mile delivery elusive. Social entrepreneurs have built entire models around solving precisely this problem.

The Indian social enterprise ecosystem also benefits from a distinctive policy architecture. The Companies Act of 2013 introduced mandatory CSR spending (2% of net profit for qualifying companies), creating a significant pool of institutional funding. SEBI's regulatory framework for Social Stock Exchanges, launched in 2022, opened new capital pathways. Institutions like SIDBI, NABARD, and the National Skill Development Corporation provide financing and infrastructure. Incubators at IIMs, IITs, and TISS have seeded hundreds of ventures. The ecosystem is imperfect, but it is alive.

## **Landmarks in the Indian Story**

No survey of Indian social entrepreneurship can ignore Amul - perhaps the world's most enduring example of a social enterprise at scale. Founded in 1946 Anand, Gujarat, by Tribhuvandas Kishibhai Patel to combat the exploitation of local farmers by milk trade cartels. Dr. Verghese Kurien later transformed Amul, leading to its massive success benefiting the lives of millions of marginal dairy farmers through cooperative ownership and professional management. The Amul model demonstrated, decades before the term "social enterprise" entered the lexicon, that empowerment and efficiency are not opposites.

More recently, a generation of ventures has expanded what Indian social entrepreneurship looks like. **Gram Vaani** developed a mobile-based community radio and voice platform that enables rural and marginalized communities to report local issues, access government entitlements, and participate in public discourse - solving the information asymmetry that keeps poor communities poor.

**Selco India**, founded by Harish Hande, has spent three decades bringing solar energy to unelectrified and under-electrified households, pioneering need-based financing models that make clean energy affordable for daily wage workers, artisans, and farmers. Selco's insight - that the poor are not too poor for solar, but too poor for upfront costs - shifted the design of energy access programs across Asia.

**Pratham** reimagined education delivery in a country where children were enrolled in schools but learning almost nothing. Its Annual Status of Education Report (ASER) gave India its first honest, granular picture of learning outcomes, and its Teaching at the Right Level (TaRL) methodology, now adopted in multiple countries, demonstrated that low-cost, community-embedded instruction could recover foundational learning at scale.

**Narayana Health**, while operating at the commercial end of the spectrum, achieved something remarkable: high-quality cardiac surgery at a price that working-class patients could access. By applying industrial efficiency principles to healthcare - high volume, process standardization, task-shifting - it disproved the assumed trade-off between affordability and quality. Mann Deshi Foundation created a bank for women who had no collateral, no credit history, and no formal identity - and then built a business school, a chamber of commerce, and a sports program around it, demonstrating that financial inclusion is inseparable from broader empowerment.

## **The Recurring Challenges**

Despite these successes, Indian social entrepreneurship faces structural headwinds that limit both depth and scale.

Capital mismatch remains the central challenge. Impact investors, increasingly present in the Indian market, tend to favour ventures that demonstrate rapid growth and quantifiable metrics - a lens that often disadvantages enterprises working in the most difficult geographies and with the most complex social problems. The gap between early-stage grant funding and growth-stage equity is a no-man's land that many promising social enterprises fail to cross.

Talent pipelines are thin. Social enterprises compete for skilled professionals against corporate employers who offer significantly higher compensation. While a growing cohort of young Indians is drawn to purposeful work, retention remains difficult. Many social enterprises operate in remote areas, adding a further dimension to the talent challenge.

Measurement is contested terrain. Social value is harder to quantify than financial returns, and the pressure to demonstrate impact through clean metrics can distort program design. Organizations begin chasing numbers rather than outcomes, reporting school enrolments rather than learning, or microloans disbursed rather than livelihoods improved.

Regulatory friction - licensing requirements, compliance burdens, ambiguous tax treatment of hybrid entities - adds operational cost that is particularly punishing for resource-constrained organizations. The promise of Social Stock Exchanges remains largely unrealized in terms of actual capital mobilization.

### The Role of Digital India

One structural shift has meaningfully altered the social enterprise landscape: the digitization of India's public infrastructure. The JAM trinity - Jan Dhan accounts, Aadhaar identity verification, and mobile connectivity - has created the plumbing for a new generation of ventures.



Direct benefit transfer systems, enabled by Aadhaar-linked accounts, have reduced leakage in welfare delivery and created verifiable financial identities for hundreds of millions of previously undocumented citizens. Fintech social enterprises have leveraged this infrastructure to offer credit scoring, insurance, and savings products to populations that formal banking never reached.

AgriTech ventures are connecting small farmers to market prices, weather forecasts, agronomic advisory, and direct buyer relationships - compressing the information lag that has historically transferred wealth from producer to intermediary. HealthTech enterprises are pushing diagnostic and consultation services to the village level through telemedicine and AI-assisted screening tools.

Digital India has not solved inclusion. But it has lowered the cost of solving it - and that matters enormously in a sector where every rupee of operational expenditure is scrutinized.

### **What the Next Chapter Requires ?**

India's social enterprise ecosystem is at an inflection point. The proof-of-concept phase is largely complete - there are enough examples, across enough sectors and geographies, to demonstrate that market-based models can serve the underserved. The unresolved challenge is scale: moving from islands of excellence to systems of delivery.

This requires several things simultaneously. It requires patient capital that accepts longer horizons and lower returns in exchange for deeper impact. It requires government willingness to treat proven social enterprises as delivery partners - procuring their services rather than duplicating their functions. It requires corporate India to engage through genuine market linkages, not just CSR transfers. And it requires educational institutions to produce professionals who see social enterprise as a serious career, not a consolation prize.

The most important ingredient, however, is the social entrepreneur themselves - individuals who possess the unusual combination of market instinct, systemic thinking, and moral persistence that the work demands. India, a country that has never lacked for ingenuity or urgency, has historically produced such people in abundance.

### **Women as Architects of Change**

Any serious account of social entrepreneurship in India must reckon with a defining feature of the landscape: women have been disproportionately both the subjects and the agents of its most consequential work. This is not coincidental. In a society where gender inequality is itself one of the most entrenched structural problems, women-led social enterprises address need from the inside - with a proximity to lived experience that external interventions rarely achieve.



The **Self-Employed Women's Association (SEWA)**, founded by Ela Bhatt in Ahmedabad in 1972, stands as perhaps the most enduring example. Organising informal sector women workers - home-based piece-rate workers, street vendors, domestic workers - SEWA built a trade union, a

cooperative bank, an insurance programme, and a training academy into a single integrated institution. At its peak, SEWA's membership exceeded two million women. It demonstrated, half a century ago, that the informal economy was not beyond the reach of organisation, and that women workers, given structure and solidarity, could negotiate with the state on equal terms.

Lijjat Papad, started in 1959 by seven women in a Mumbai chawl with a borrowed sum of eighty rupees, grew into a cooperative with over forty thousand women members and annual revenues exceeding sixteen hundred crore rupees. It remains a masterclass in how economic dignity, distributed ownership, and product quality can coexist without contradiction.

More recently, Mann Deshi Foundation's work in Satara district - building a bank, a business school, and a chamber of commerce exclusively for rural women - has extended this tradition into the digital era. Its microfinance lending has reached hundreds of thousands of women who had no prior relationship with formal financial systems.

What connects SEWA, Lijjat, and Mann Deshi across generations is a common insight: that empowering women economically does not merely improve one household's income - it restructures the terms on which entire communities engage with markets, institutions, and each other. In India's social enterprise story, women are not beneficiaries waiting to be included. They are, increasingly, the ones doing the including.

## The Productive Discontent

Social entrepreneurship is, at its core, an act of productive discontent - a refusal to accept that the world's problems are either unsolvable or someone else's responsibility. In India, where the distance between what is and what ought to be remains vast, this discontent has found expression in hundreds of ventures that are, quietly and persistently, closing that distance.

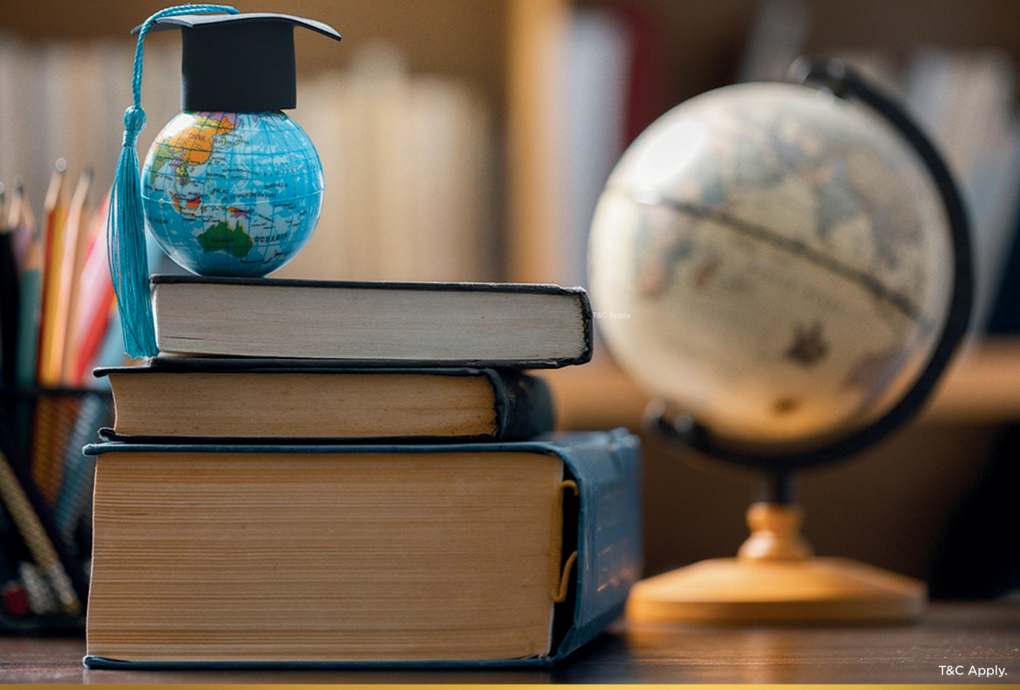
The Indian story of social entrepreneurship is not yet written. It is being written - in cooperative dairies and solar-lit homes, in village classrooms and mobile health vans, in microfinance ledgers and agricultural marketplaces. The authors are many, the problems are real, and the work continues.

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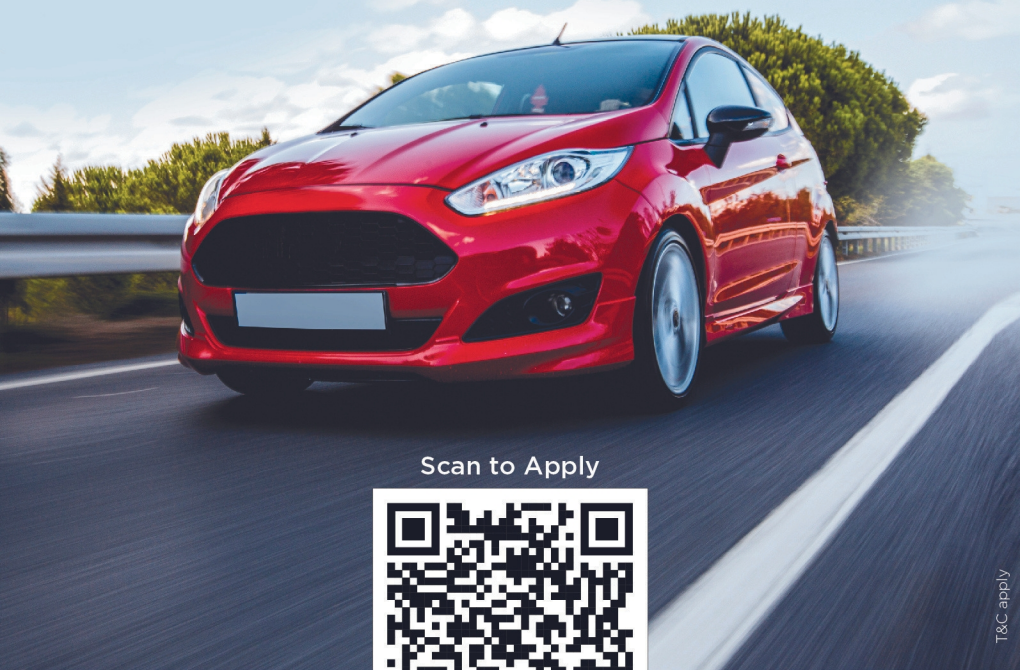


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