

Circular Social Innovation in India

Social enterprises in India are using restorative and regenerative, circular economy principles to address the deep-seated sustainable development challenges.

By **Ashok Prasad & Mathew J. Manimala** Jan. 31, 2018

The Ganges, India's largest and most vital fresh water resource, is now **one of the world's most polluted rivers**. In addition to sewage water flowing in from households and industries, many people throw solid waste directly into the river—including more than **8 million tons of fresh flowers** pilgrims offer in reverential prayers each year. Toxic arsenic, lead, and cadmium from the pesticides and insecticides used to grow these flowers, together with other pollutants, affect the health of millions of Indians through waterborne diseases such as dysentery, cholera, hepatitis, and diarrhoea—the major causes of child mortality across India.

In 2015, Ankit Agarwal and Karan Rastogi, childhood friends who grew up in the city of Kanpur on the banks of the Ganges, cofounded **HelpUsGreen**, a social enterprise that aims to reduce pollution in the river. The HelpUsGreen team collects discarded flowers to keep them out of the water, then “flower-cycles” them into 100 percent organic vermi-compost fertilizer and incense for European and Indian consumers. The enterprise seeks to deliver triple-bottom-line benefits (people, planet, and prosperity) by employing women from the lower social and economic strata. Together, these women collect 1.5 tons of flowers daily from more than 30 temples and mosques.

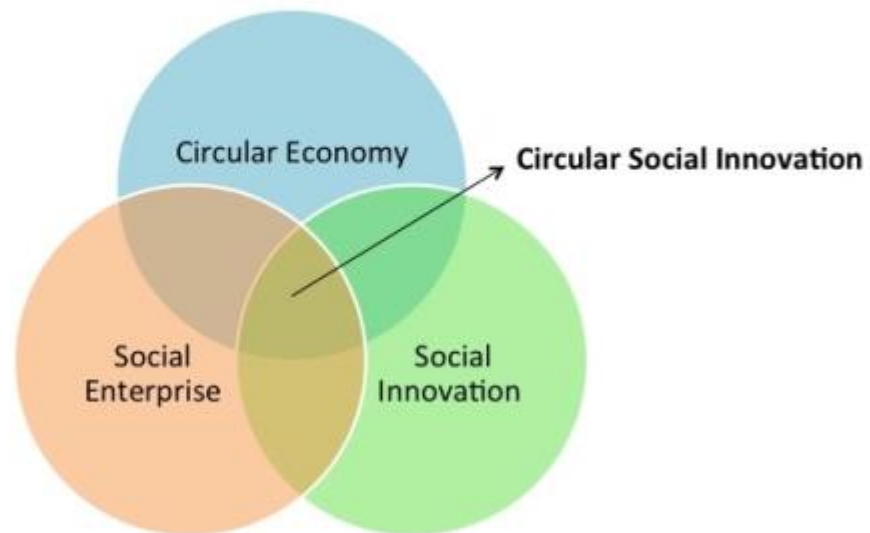
HelpUsGreen is an example of a social enterprise that is enabling the “circular economy”—an economy that is restorative and regenerative by design. The circular economy aims to keep products, components, and materials at their highest utility and value at all times, while addressing deep-rooted economic, environmental, and social challenges via innovative processes and community engagement. This concept is an important one for India. Environmental damage, resource scarcity, and persistent poverty for a significant section of the population have clouded the country’s focus on economic growth over the past few decades. The 2018 **Environment Performance Index**, which rates how well countries protect ecosystems and human health, placed India among the bottom five—177 of 180 countries. Meanwhile, India ranks 56 out of 65 countries surveyed in **RobecoSAM’s 2017 country sustainability assessment**, which considers 17 environmental, social and governance factors. In 2014, the World Bank **estimated the cost of India’s environmental degradation** at \$80 billion annually, and highlighted that environmental risks like depletion of ecosystem services and lower agricultural yields could become the next major constraint in sustaining India’s future economic growth.

In light of environmental challenges like the pollution of the Ganges, and their complex linkages with the economic and social challenges in the emerging economies, social enterprises have an important role to play in enabling sustainable development. **A recent study** by the Ellen MacArthur Foundation estimates that by following a circular economy path to development, India could obtain annual economic benefits of \$624 billion in 2050 when compared with the current development path, while reducing negative social and environmental externalities.

With this in mind, we propose a new paradigm called “circular social innovation” (CSI). CSI seeks to enable sustainable development through the societal adoption of innovative, regenerative activities and services, where the primary goal is broader social and environmental wellbeing rather than individual or company profits.

CSIs happen at the sweet spot where social enterprises implement the principles of the circular economy through social innovations.

Circular Social Innovation: The Sweet Spot



CSI has three distinguishing characteristics that highlight its nature and relevance, and differentiate it from the terms like “social entrepreneurship” and “social innovation.”

1. It seeks to deliver holistic, sustainable development—to consider the economic, environmental, *and* social outcomes of an intervention in an integrated manner from the beginning, rather than seeing one or more as an incidental outcome or afterthought of the process.
2. It focuses on restorative and regenerative activities, which may not be a necessary characteristic of noncircular social innovation or enterprises.
3. Innovations in terms of processes or products or services to enable circularity are central to the paradigm.

We believe innovations that meet all three of these criteria are the need of the hour in developing economies. Only CSIs can breakthrough embedded economic, social, political, and cultural relationships that promote the interests of the mainstream and leave others on the fringes of development.



The social enterprise Goonj educates rural women on menstrual hygiene and distributes sanitary pads made from surplus clothes. (Photo courtesy of Goonj)

HelpUsGreen is just one social enterprise enabling the circular economy through social innovation in India. **Goonj**, which means “echo” in Hindi and was started by Anshu Gupta in 1998, takes discarded and underutilized materials like clothes, furniture, household appliances, and school materials from larger Indian cities and uses them to address basic needs among the rural poor. Under its flagship initiative called Cloth for Work, Goonj puts more than 3,000 tons of materials to use, initiating and implementing more than 2,000 developmental projects each year. These projects create long-term impact in areas such as improving sanitation and health, building infrastructure, and facilitating income-generating activities among marginalized people. Another initiative of Goonj, called Not Just a Piece of Cloth, has meanwhile distributed

more than six million sanitary pads made from used cloth to remote villages to improve women's health.

Goonj: The Circular Social Innovation Paradigm



The three characteristic features of CSI at Goonj.

Other examples of social enterprises that operate with a similar paradigm for sustainable development include **Husk Power Systems**, which generates electricity from rice husk waste; **Ecofemme**, which produces reusable cloth sanitary pads; and **Karma Recycling**, which collects, repairs, and resells used mobile phones.

While numerous institutions—including incubators, accelerators, and impact investors—exist to support the process of circular social innovation, successful CSIs require several important internal drivers, namely:

1. **Active engagement.** Ongoing engagement between enterprises, and those who can enable and benefit from their services, is important to facilitate the adoption of CSIs. For example, Husk Power Systems works with the community to overcome challenges

in remote locations and continues the engagement through local employees who collect monthly payments from customers.

2. **Multi-sided benefits.** Understanding and coordinating the priorities of all players is another important characteristic of CSIs. In the case of Goonj, urban dwellers want to get rid of things they don't need, while rural villagers benefit from that surplus.
3. **Low or zero cost.** CSIs control their operating expenses by obtaining their main “input”—discarded flowers, for example—for little or no cost.

Social enterprises that build these elements into their model and then ensure effective on-the-ground implementation can do much to fuel holistic, sustainable development in developing economies like India.



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