International Journal of Research in Commerce and Management Studies

ISSN 2582-2292

Vol. 8, No. 05 Sep-Oct; 2026 Page. No. 1157-1174

To cite this article: Dr. Shree Prakash (2026). SOCIAL ENTREPRENEURSHIP AND SUSTAINABLE DEVELOPMENT IN INDIA: OPPORTUNITIES AND CHALLENGES, International Journal of Research in Commerce and Management Studies (IJRCMS) 8 (5): 1157-1174 Article No. 927 Sub Id 1508

SOCIAL ENTREPRENEURSHIP AND SUSTAINABLE DEVELOPMENT IN INDIA: OPPORTUNITIES AND CHALLENGES

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DOI: https://doi.org/10.38193/IJRCMS.2026.8569

ABSTRACT

Social entrepreneurship has emerged as a significant means of addressing persistent social, economic, and environmental challenges through innovative, financially sustainable, and impact-driven enterprises. In India, where development needs differ across regions and communities, social entrepreneurship can contribute to poverty alleviation, employment generation, women's empowerment, affordable healthcare, quality education, agricultural development, and environmental protection. Unlike conventional commercial entrepreneurship, its principal aim is to generate measurable social value while ensuring sufficient financial sustainability for the continuation and expansion of its activities. Social entrepreneurship is particularly important for a developing country like India, where balancing economic growth with inclusive development and addressing challenges related to education, energy efficiency, and climate change remain essential priorities. It can serve as a link between market-oriented innovation and inclusive development, especially where conventional markets and public institutions fail to adequately address the needs of disadvantaged communities. Nevertheless, its effectiveness is limited by inadequate access to appropriate finance, weak impact assessment mechanisms, regulatory complexities, uneven entrepreneurial infrastructure, and conflicts between financial sustainability and social objectives.

Sustainable development has gained global importance as a means of addressing environmental challenges arising from climate change and promoting inclusive growth. Social entrepreneurship and sustainable development are closely interconnected and can complement each other in achieving shared objectives. By applying entrepreneurial approaches to major social and environmental concerns, social entrepreneurship contributes to poverty reduction, environmental protection, and sustainable economic growth.

This study examines the relationship between social entrepreneurship and sustainable development and explores the opportunities available for social enterprises to promote sustainable development in India. It also considers selected cases of social entrepreneurship that have made significant

contributions to sustainable development in the country and analyses the challenges faced by social entrepreneurs in advancing this objective.

KEYWORDS: Social Entrepreneurship, Sustainable Development, Social Innovations, Sustainable Development Goals, Opportunities, Indian Cases, Challenges

INTRODUCTION

Sustainable development has emerged as a major concern in contemporary economic and social policymaking. It refers to improving the living conditions of the present generation without compromising the ability of future generations to fulfill their needs. In developing countries, achieving this objective requires more than economic growth; it also involves reducing poverty and inequality, ensuring access to essential services, protecting the environment, generating decent employment, and encouraging active participation in development. India provides an important context for examining these issues. Its diverse economy, large population, expanding digital infrastructure, and entrepreneurial culture offer considerable opportunities for innovation. Nevertheless, disparities in income, education, healthcare, employment, access to finance, and environmental quality continue to pose significant challenges. Rural communities, informal workers, small farmers, women entrepreneurs, and historically disadvantaged groups often face barriers that conventional market mechanisms cannot adequately overcome.

Governments worldwide face increasing difficulties in achieving the Sustainable Development Goals (SDGs). Greater emphasis on economic liberalization and privatization has reduced the direct involvement of governments in business, while their capacity to provide financial assistance for poverty alleviation and environmental protection has gradually declined. Meanwhile, private enterprises have acquired greater economic influence globally and in India, creating a need for them to share responsibilities traditionally performed by governments. The benefits of economic growth have not always reached poorer and disadvantaged sections of society, particularly because of jobless growth and rising unemployment in developing countries. Environmental degradation and various social concerns further threaten the sustainability of human life. In this context, social entrepreneurship has emerged as an important field connecting entrepreneurship, social innovation, development economics, sustainability, and public policy.

Unlike conventional entrepreneurship, which primarily focuses on economic value creation and financial returns, social entrepreneurship places social and environmental value at the center of entrepreneurial activities. It addresses persistent societal problems through innovative organisational practices, market-based solutions, community participation, and financially sustainable business models. Growing interest in this concept reflects the recognition that economic growth alone cannot

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ensure equitable development. Poverty, unemployment, educational inequalities, inadequate healthcare, gender disparities, environmental degradation, and restricted access to productive resources remain major concerns, especially in developing economies. The increasing significance of social entrepreneurship in India and elsewhere arises from its ability to serve society while preserving entrepreneurial initiative and generating profits to maintain the financial sustainability of enterprises. Traditionally, corporations and non-profit organizations were considered to have distinct roles in society. Businesses primarily concentrated on wealth creation and maximizing shareholders' value, whereas non-profit organizations focused on addressing social problems, including poverty alleviation and environmental sustainability. However, this distinction has gradually become less pronounced. The growing importance of stakeholder interests means that businesses must also consider their responsibilities towards society beyond their shareholders. Similarly, the scale and complexity of contemporary social and environmental challenges have strengthened the argument for cooperation between commercial enterprises and non-profit organizations. Such collaboration can facilitate greater resource mobilization and innovation to address these challenges more effectively.

Social entrepreneurship applies entrepreneurial principles to the identification and resolution of social problems. Social entrepreneurs mobilize available resources, develop innovative social arrangements, and establish ventures designed to achieve desirable social change through the provision of socially beneficial goods and services. The principal objective is to create social wealth, understood as the social value generated in relation to the social costs incurred. These initiatives seek to improve nutrition, education, and healthcare for disadvantaged populations affected by poverty, unemployment, and illiteracy, while also promoting environmental sustainability and better living conditions.

Through the production and distribution of socially beneficial goods and the delivery of innovative services, social enterprises use business models that can generate both shareholders' value and social value for poorer sections of society. Their significance is particularly evident in India, where achieving a balance between economic expansion and inclusive development remains essential. Social entrepreneurship can contribute to this process while addressing concerns relating to education, energy efficiency, and climate change.

The assessment of conventional businesses generally emphasizes profitability and shareholders' value, whereas the success of social enterprises is primarily evaluated through their positive contribution to society. Accordingly, social entrepreneurship seeks to address social, cultural, and environmental concerns while generating adequate financial returns to sustain business operations. Although social entrepreneurs are frequently associated with voluntary and non-profit ventures focused on social change, profit generation is not excluded from their activities.

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Although social entrepreneurship is not a new concept, it has attracted renewed attention in recent years. Its evolution reflects a gradual transition from corporate philanthropy to non-profit initiatives and, subsequently, towards financial self-sustainability. As societal needs continue to change, entrepreneurship is increasingly being applied to social problem-solving. The business community is recognising the importance of developing effective and sustainable solutions to social challenges and supporting governments in promoting social welfare and overall well-being. Such efforts require the application of successful business innovation to social objectives while maintaining wealth creation. Consequently, social entrepreneurship has become an important instrument for India in pursuing economic growth, inclusive development, and solutions to challenges associated with education, energy efficiency, and climate change.

This study examines the relationship between social entrepreneurship and sustainable development and explores the opportunities available for social enterprises to promote sustainable development in India. It also considers selected cases of social entrepreneurship that have made significant contributions to sustainable development in the country and analyses the challenges faced by social entrepreneurs in advancing this objective.

REVIEW OF LITERATURE

Johnson (2000) explained that social entrepreneurship contributes to sustainable development by promoting respect for human rights and encouraging the efficient and responsible utilization of scarce economic resources. It also helps address complex social problems, including unemployment, crime, drug addiction, poverty, and social exclusion.

London and Hart (2004) and Prahalad (2006) observed that private-sector businesses are increasingly adopting market-based approaches to poverty alleviation. These businesses mobilize resources to provide products and services to disadvantaged populations, with the aim of generating social value. Alvord et al. (2004) stated that social entrepreneurship offers new ways to address social problems by bringing together ideas, capabilities, financial resources, and social arrangements required to achieve sustainable social transformation.

Elkington and Hartigan (2008) identified sustainability as a key characteristic of social entrepreneurship. Social entrepreneurs develop solutions that address immediate social needs while contributing to long-term sustainability. Through environmentally responsible practices, ethical business models, and inclusive economic growth, they seek to establish ventures that generate social benefits while protecting the environment. This approach supports sustainable development by balancing economic progress, environmental protection, and social equity. Social entrepreneurship

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also contributes to a country's sustainable development by encouraging positive changes across different economic sectors. Through innovative approaches and community-oriented initiatives, social entrepreneurs support the achievement of the Sustainable Development Goals (SDGs) established by international organizations such as the United Nations (United Nations, 2015).

The Asian Development Bank (2012) highlighted the potential of social enterprises to address unmet development needs through innovative business models and financially sustainable operations. This perspective emphasizes poverty reduction through the development of productive capabilities rather than viewing poverty solely as a condition requiring financial assistance.

Sivathanu (2013) examined the concept and meaning of social entrepreneurship and the challenges encountered by social entrepreneurs in India. The study was conducted in Pune city, involving 30 social entrepreneurs selected through simple random sampling. The findings indicated that social entrepreneurship had emerged as an important entrepreneurial tool for generating greater social and economic benefits for people at the bottom of the pyramid. The study also identified several challenges and opportunities associated with social entrepreneurship in India.

Research by Goyal et al. (2016), Goyal and Sergi (2015b), Luke and Chu (2013), and Zahra et al. (2009) highlighted the growing involvement of for-profit social enterprises in developing and implementing innovative business models. These models combine the market efficiencies of commercial enterprises with the last-mile promotional and delivery capabilities of non-governmental organizations (NGOs), enabling the development of value offerings and networks for value creation and delivery to people at the bottom of the pyramid.

The British Council (2016) documented women's participation as leaders of social enterprises and identified women as one of the principal beneficiary groups served by these organizations. The survey provides an empirical basis for examining gender inclusion within India's social enterprise ecosystem. Social enterprises can promote women's economic participation through self-help groups, producer collectives, vocational training, digital services, financial inclusion, and women-led businesses.

Alavizadeh (2017) emphasized that social entrepreneurship addresses the social dimension of sustainable development, which represents one of its most significant aspects. This dimension can be regarded as the central foundation of other development dimensions, aligning their efforts to strengthen social development.

Agrawal (2018) argued that social enterprises should view people at the bottom of the pyramid (BoP) not merely as beneficiaries but also as consumers, producers, micro-entrepreneurs, value co-creators,

last-mile employees, and partners.

Sinha and Sheth (2018) and Shukla and Bairiganjan (2011) found that, despite considerable opportunities, many for-profit enterprises either fail to serve or choose not to target the BoP segment. Unlike developed economies, businesses targeting this segment in developing economies encounter various challenges known as institutional voids. These refer to situations in which markets, society, and intermediaries operate without adequate rules, institutional mechanisms, and property rights. Mair and Marti (2009) and Agrawal and Hockerts (2019) also found that institutional voids are highly prevalent in BoP markets in developing countries.

Méndez-Picazo et al. (2021) examined how social entrepreneurship activities contribute to stimulating sustainable development across 15 OECD countries.

Al-Qudah, A.A. et al. (2022) reported findings consistent with previous research, demonstrating a positive relationship between social entrepreneurship and sustainable development. Their study also identified a positive relationship between innovation and sustainable development. However, they observed that earlier research on social entrepreneurship and sustainable development was largely restricted to particular regions or institutional settings, highlighting the need for comprehensive analysis across different periods and geographical contexts.

Earlier studies by Moya-Clemente et al. (2021), Raman et al. (2022), and Shabbir (2023) employed bibliometric analysis to examine the relationship between entrepreneurship and sustainable development. However, these studies did not specifically focus on the critical relationship between social entrepreneurship and sustainable development.

OBJECTIVES OF THE STUDY

The present study aims to achieve the following objectives:

1. To tender a general picture about relationship between social entrepreneurship and sustainable development and investigate into opportunities those are available for social entrepreneurship in achieving the objective of sustainable development in India.
2. To take some cases of social entrepreneurship in which they have been found making significant contribution towards sustainable development in the India.
3. To focus on various challenges faced by social entrepreneurship in contributing towards the cause of sustainable development in India.

DATA AND RESEARCH METHODOLOGY

The study adopts a qualitative, exploratory, and descriptive approach in analysis. It analyses social

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entrepreneurship as a mechanism for sustainable development in the Indian context. The study is conceptual and based primarily on secondary sources of data.

CONCEPT OF SOCIAL ENTREPRENEURSHIP (SE)

In this sense, the social purpose shapes both the enterprise's choices and the way it uses its resources. Innovation is not limited to a new product; it can also involve a different way of organizing work, reaching communities, or responding to a need. Accountability keeps the social mission visible, while sustainability helps the enterprise continue its work over time.

Social entrepreneurship is a business process that combines resources in innovative ways to identify opportunities, respond to social needs, and bring about change. Such enterprises pursue a clear social purpose and reinvest surpluses to advance important social objectives. They remain accountable for their actions instead of focusing only on profit for owners and stakeholders. Their mission may involve reducing poverty, improving education, expanding healthcare access, protecting the environment, or addressing another concern affecting society. They seek lasting solutions through new approaches that can improve social conditions. Research has not reached a single accepted definition of social entrepreneurship. Choi and Majumdar (2014) attribute this difficulty to its multidimensional nature and identify five connected concepts: social value creation, the social entrepreneur, the organization, market orientation, and social innovation. Social enterprises respond innovatively to unmet community needs, especially where resources are scarce and institutions face limitations. A review of the literature also points to three central elements: social innovation, accountability, and sustainability. Together, these show a commitment to social value and wider change rather than economic returns alone. The social entrepreneurial process often begins with a desire to address urgent problems using limited resources. It may also challenge unfair or ineffective structures.

MEANING OF SUSTAINABLE DEVELOPMENT

The World Commission on Environment and Development (1987) defines sustainable development through the principle of meeting present needs without undermining future generations' ability to meet their own needs.

This concept is commonly understood through three interconnected dimensions:

- **Economic sustainability:** It commonly encompasses productive employment, stable livelihoods, innovation, and financial resilience.
- **Social sustainability:** It includes dimension of equity, inclusion, health, education, dignity, and access to essential services.
- **Environmental sustainability:** It involves conservation of resources, reduced pollution, climate resilience, and protection of ecosystems.

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The three dimensions are interdependent. Economic growth that degrades natural resources may undermine future livelihoods, while environmental programmes that exclude poorer communities may reproduce existing inequalities. Social entrepreneurship can connect these dimensions by developing enterprises that address social needs while maintaining viable operations and reducing environmental harm.

Relationship between Social Entrepreneurship and Sustainable Development

Social entrepreneurship and sustainable development share a concern with long-term welfare, although they operate at different levels. Sustainable development provides a broad societal objective, while social entrepreneurship offers one possible mechanism for achieving selected development outcomes. Sustainable development seeks economic growth to achieve social progress without harming the environment through the principal support of institutions (Diaz-Sarachaga, 2022). Sustainable development encompasses meeting the needs of the present without compromising the ability of future generations to meet their own needs (World Commission on Economic Development, 1987). The social dimension of sustainable development is among the most noteworthy dimensions of development, which can be considered as the axis of other dimensions of development. It aligns the effort of other dimensions in order to strengthen it (Alavizadeh, 2017). Sustainable development has become a buzzword now-a-days that guides businesses to adopt business strategies that addresses both social and environmental concerns faced during contemporary times. It advocates for designing a righteous business model that meets the needs of individuals and communities/societies as group during present times without compromising the ability to meet needs of future generations. Social entrepreneurship (SE) also attempts to provide products and services to meet all three levels of needs mentioned above. SE also contributes towards the purpose of achieving the goal of sustainable development through targeted efforts aimed at meeting needs at three distinct levels: individuals, large communities or whole societies and future generations. These needs met by SE range from basic social needs of individuals and societies, creation of desirable structures and capacities to build sustainable communities for fulfilling needs of future generations through inheritance of minimum constraints such as inequality, rampant poverty, polluted environment and natural catastrophes due to climate change. The multidimensional approach of social entrepreneurship helps to incorporate business activities into the road map towards sustainability. Social entrepreneurship also aims the joint creation of value in social and environmental terms beyond the mere profit maximization that enables to address some key issues, inter alia, poverty, unemployment, gender inequalities, social exclusion, and environmental protection. Normally, it has been considered that SE are a residual expression of business but now it is gradually realized that SE is a crucial component of business activities towards achievement of sustainable development. The UN General Assembly acknowledged in its resolution 73/225 the outstanding role of entrepreneurship and more specifically, social entrepreneurship as a driver of sustainable development and the 2030 Agenda by fostering inclusive growth, increasing

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employment, combating social inequalities and facing major social and environmental issues (UN, United Nations, 2020b). The sustainability in SE may be understand as a process, that includes: the identification of a specific social problem and a specific solution (or a set of solutions) to address it; the evaluation of the social impact, the business model and the sustainability of the venture; and the creation of a social mission oriented for profit or a business-oriented non-profit entity that pursues the double (or triple) bottom line. A double bottom line, for example, has been used to describe the desire for both financial performance and social impact. A triple bottom line adds environmental concerns to the basket of measurement indicators of an organization's performance. A quadruple bottom line, which has emerged relatively recently, refers to enterprises that attempt to measure their success in creating value in each of the financial, social, environmental and cultural realms

Opportunities for Social Entrepreneurship in Sustainable Development of India

The opportunities are especially relevant where public services, market activity, and community resources do not fully meet local needs. Social enterprises can work with communities to identify priorities and adapt their services to local conditions. Their value lies not only in offering a service, but also in developing a way to sustain that service while keeping its intended beneficiaries and social objectives central.

Around the world, government bodies, nongovernmental organizations (NGOs), and market institutions have often been unable to respond adequately or efficiently to pressing social needs. Social entrepreneurs can help fill this gap, as several Indian examples demonstrate. They identify problems and develop innovative responses supported by new business models (Choi and Majumdar, 2014). In a developing country such as India, social entrepreneurship can address specific social and economic challenges and create value, benefits, and change suited to the Indian context. Social enterprises apply entrepreneurial skills and professional methods to social causes while seeking to maintain economic viability. They may develop socially useful products or services and generate deeper effects through sustainability and environmental protection. Entrepreneurs identify problems in their surroundings, design responses, and create value. Many concerns require a humane approach and cannot be adequately addressed by businesses guided only by profit. Social entrepreneurs therefore have an important role in pursuing fundamental changes through social innovation, often with limited resources. Social entrepreneurship and sustainable development have consequently received growing attention. In India, business practices are increasingly being linked with social goals as concern grows over complex social and environmental problems. Social enterprises can generate economic, social, and environmental value together and contribute to Sustainable Development Goals (SDGs), including poverty reduction, quality education, gender equality, decent work, responsible consumption, and climate action.

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Table 1: Major Areas of Relationship between Social Entrepreneurship and Sustainable Development

Social Entrepreneurship	Contribution to Sustainable Development
Poverty reduction (SDG 1: No Poverty)	Creates employment and income opportunities for disadvantaged communities
Employment generation (SDG-8: Decent Work and Economic Growth)	Promotes decent work and inclusive economic growth
Education (SDG-4: Quality Education)	Provides affordable and innovative educational services
Healthcare (SDG 3: Good Health and Well-being)	Makes healthcare more accessible and affordable
Environmental protection (SDG 13: Climate Action)	Encourages recycling, renewable energy and sustainable production
Women empowerment (SDG 5: Gender Equality)	Creates entrepreneurial and employment opportunities for women
Rural development	Promotes local enterprises and improves rural livelihoods
Financial inclusion	Provides financial services to underserved groups
Responsible consumption (SDG-12: Responsible Consumption and Production)	Develops products and business models that reduce waste and resource use
Community development	Addresses local social problems through sustainable business solutions

Poverty Reduction and Livelihood Creation

Poverty involves more than low income; it also includes restricted access to healthcare, education, sanitation, nutrition, and productive opportunities. Social enterprises can respond through affordable services and activities that generate income. Examples include rural service centres, low-cost housing, vocational training businesses, community food-processing units, and platforms connecting small producers with markets. Their contribution can extend beyond hiring workers.

Agricultural Development and Rural Entrepreneurship

Agriculture supports the livelihoods of many Indian households, but small farmers often face fragmented landholdings, uncertain prices, inadequate storage, climate variation, and limited market access. These conditions offer scope for social enterprises to provide affordable agricultural advice

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and soil testing; shared machinery, storage, and processing; digital market information and buyer links; water-efficient irrigation and climate-resilient farming; and local processing of crops and by-products. Producer-owned enterprises and cooperatives can be valuable because farmers take part in decisions and share collective benefits.

Affordable Healthcare and Public Health

Affordable healthcare is another area for social innovation. Enterprises may offer low-cost diagnostics, mobile facilities, telehealth, assistive devices, preventive-care programmes, and networks of local health workers. Technology can ease geographical and administrative barriers where specialist care is hard to reach. However, digital services cannot fully replace physical facilities, trained staff, medicines, or emergency care.

Education and Skill Development

Unequal educational opportunities and limited access to relevant skills create space for affordable learning and employability enterprises. Social enterprises can provide locally appropriate materials, digital learning, vocational courses, career guidance, remedial teaching, and training connected with jobs. Their contribution is strongest when programmes reflect learner and employer needs instead of treating enrolment as the main measure.

Women's Empowerment and Inclusive Entrepreneurship

Women-led social enterprises can support financial independence, employment, leadership, and participation in community life. Opportunities include food processing, textiles, handicrafts, healthcare, renewable energy, education, and digital services. Self-help groups and producer collectives can support enterprise development by pooling resources, sharing knowledge, and negotiating with buyers. Credit by itself, however, may not be enough.

Renewable Energy and Environmental Sustainability

Environmental concerns create opportunities for enterprises that combine ecological protection and economic value. Activities may include decentralised solar power, efficient appliances, waste sorting, recycling, composting, repair, water conservation, and circular production. In rural and underserved areas, decentralized energy can improve electricity access and support productive work. Waste enterprises can provide livelihoods while reducing landfill disposal. Environmental claims nevertheless need evidence.

Digital Technology and Market Access

India’s growing digital ecosystem allows social enterprises to connect underserved groups with services, markets, information, and financial tools. Platforms can help artisans find customers, farmers

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access price information, small businesses manage accounts, and learners use educational resources. Digitalization also brings risks: unequal connectivity, limited digital literacy, misuse of data, cybercrime, and reliance on private platforms.

Social Finance and Institutional Support

Social-purpose finance can reduce dependence on occasional donations. Sources may include grants, philanthropic capital, patient equity, concessional loans, impact investment, corporate partnerships, and income from commercial activity. India's Social Stock Exchange framework is an important institutional development. SEBI rules allow eligible social enterprises and nonprofit organizations to register and, where applicable, raise funds subject to specified conditions. Disclosure and reporting requirements aim to strengthen transparency (SEBI, 2025).

Some Evidence on contribution of Social Entrepreneurship to Sustainable Development in the Indian context

1. **SELCO India – Sustainable Energy**

Founded by Harish Hande, SELCO India has helped provide affordable solar power to low-income, mainly rural communities. It supplies decentralized solar solutions to households, small businesses, schools, and institutions in several Indian states where reliable electricity is limited. Its main areas of activity include Karnataka, Keralam, Tamilnadu, Odisha, and Bihar. Its model combines social impact with financial sustainability.

2. **Aravind Eye Care – Affordable Healthcare through innovation**

Founded by Dr. G. Venkataswamy, Aravind Eye Care provides affordable eye treatment to people across income groups. It developed a high-volume, low-cost model, particularly serving economically disadvantaged patients. Those who can pay help subsidise treatment for poorer patients. The model shows how innovation, operational efficiency, and cross-subsidisation can deliver quality eye care.

3. **Jaipur Rugs – Rural Employment and Artisan Empowerment**

Founded by Nand Kishore Chaudhary, Jaipur Rugs empowers rural carpet weavers by connecting them with national and international markets. It has helped turn a 2,500-year-old craft into a sustainable livelihood and become one of the world's largest hand-knotted rug manufacturers, with thousands of looms across several Indian states.

4. **Goonj – Turning Waste into a Social Resource**

Goonj, founded by Anshu Gupta, converts urban surplus such as used clothing, household goods, and other discarded materials into resources for rural development. It emphasises dignity rather than charity and responds to community needs through material contributions. Its Cloth for Work initiative encourages rural development activities in exchange for essential materials.

5. **Amul – Cooperative Social Entrepreneurship**

Amul is a major example of cooperative social entrepreneurship. Established in Gujarat in 1946, it

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changed the dairy sector by organizing milk-producing farmers through a cooperative model. It links millions of dairy farmers with consumers, supporting fair prices, regular income, and improved rural livelihoods. By involving farmers directly in milk procurement, processing, and marketing, it removes unnecessary intermediaries. The cooperative also advances women's empowerment, employment, and rural development.

6. eKutir – Digital Technology for Small Farmers, Odisha

eKutir is a social enterprise in Odisha that uses digital tools to support small and marginal farmers. Through digital platforms, it connects them with agricultural information, market opportunities, and affordable farming solutions. It seeks to raise productivity, reduce reliance on intermediaries, and improve farmer incomes. By promoting sustainable farming and access to knowledge and resources, it encourages rural entrepreneurship and inclusive development.

7. Frontier Markets – WhatsApp and AI for Rural Women

Frontier Markets supports rural women by expanding access to digital technology, financial services, and livelihood opportunities. Its Saral Jeevan platform uses WhatsApp and artificial intelligence (AI) to connect women entrepreneurs with information, products, and services. The women-led Saral Jeevan Sahelis network helps distribute essential goods and solutions to rural households. The initiative encourages digital inclusion, entrepreneurship, and financial independence.

Major Challenges Facing Social Entrepreneurship in India

Limited Access to Appropriate Finance

Finance remains a major challenge for social enterprises. Conventional lenders may see them as risky when they lack collateral, have irregular earnings, or possess limited credit histories. Commercial investors may hesitate when social goals limit short-term returns. Grants can also be uncertain or restricted to particular activities and periods. Research on Indian social enterprises points to difficult financing choices when commercial and social aims overlap (Shahi & Parekh, 2022). The issue is not only a lack of capital but also a mismatch between funding instruments and enterprise needs.

Balancing Social Mission and Commercial Viability

Social enterprises must earn enough to operate without weakening their central mission. If revenue becomes the overriding measure, they may focus on wealthier customers, withdraw from difficult areas, or raise prices beyond beneficiaries' means. On the other hand, ignoring financial health can create dependence on outside support and threaten service quality.

Regulatory Complexity and Organizational Structure

Indian social enterprises may take several legal forms, including companies, nonprofits, cooperatives, trusts, and societies. Each can have distinct governance, tax, reporting, and fundraising obligations. Because no single structure suits every enterprise, uncertainty may arise for hybrid organizations that

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combine commercial income and social programmes. Regulation supports accountability and prevents misuse, but complicated procedures can burden small organizations with limited administrative capacity.

Measuring Social Impact

Revenue, expenses, cash flow, and profit provide relatively direct measures of financial performance. Social impact is harder to assess because it may involve long-term behavioural change, stronger capabilities, reduced vulnerability, or environmental results. Beneficiary counts alone do not prove meaningful improvement. Attendance at a training course is an output; obtaining stable employment afterward is an outcome; determining whether the course caused that change is a more complex impact question. Weak measurement can encourage inflated claims, poor resource allocation, and difficulty comparing programmes.

Unequal Entrepreneurial Ecosystems

Entrepreneurial support differs across India. Access to mentors, investors, incubators, skilled employees, professional services, and networks varies by region. Metropolitan enterprises may reach specialized expertise more easily than organizations in remote rural or underserved areas.

Shortages of Skills and Management Capacity

Social entrepreneurs must often combine knowledge of a social issue with planning, accounting, marketing, technology, human-resource management, and regulatory skills. A founder may understand community needs but lack experience in cash-flow management or contract negotiation. Another may be commercially capable but unfamiliar with the social and cultural setting.

Social and Cultural Barriers

Social enterprises work in communities influenced by language, caste, gender, class, local power relations, and established institutions. A technically sound intervention may fail if it overlooks these conditions. For example, women may not access a digital financial service if they lack independent control of phones or bank accounts.

Competition, Scaling, and Market Sustainability

A model that works in one place may not transfer easily because demand, culture, infrastructure, and institutions vary. Standardization can lower costs, but too much can reduce local relevance. Fast expansion may also put growth ahead of service quality. Enterprises should distinguish organizational scale from wider impact.

Climate Risks and Environmental Trade-offs

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Climate change, water shortages, extreme weather, and ecosystem damage can threaten beneficiaries' livelihoods and enterprise operations. Agricultural ventures may experience crop losses, while infrastructure-based enterprises may face disrupted supplies or higher costs. A product with social benefits can still cause environmental damage through resource-intensive production, transport, or disposal.

CONCLUSION

Social entrepreneurship plays a significant role in promoting sustainable development in India by integrating social objectives with economic viability and environmental responsibility. It provides innovative solutions to pressing challenges such as poverty, unemployment, limited access to healthcare and education, gender inequality, rural distress, and environmental degradation. The experiences of enterprises such as SELCO India, Aravind Eye Care, Jaipur Rugs, Goonj, Amul, eKutir, and Frontier Markets demonstrate how socially oriented business models can improve livelihoods, promote inclusion, and create lasting social value.

Despite these opportunities, social enterprises face several challenges, including limited access to appropriate finance, difficulties in balancing social missions with commercial viability, regulatory complexity, inadequate impact measurement, skill shortages, and unequal access to entrepreneurial support. Social and cultural barriers, difficulties in scaling operations, and climate-related risks further complicate their development.

Addressing these challenges requires suitable financing mechanisms, effective governance, stronger institutional support, improved managerial capabilities, and meaningful community participation. Social enterprises must also assess their social and environmental outcomes alongside financial performance to ensure that their activities contribute to long-term welfare. Collaboration among government institutions, financial organizations, nonprofit organizations, businesses, and local communities can further strengthen their contribution.

Overall, social entrepreneurship represents an important approach to achieving sustainable development in India. Its long-term effectiveness depends on the ability to develop financially viable, socially inclusive, and environmentally responsible enterprises that respond to community needs while preserving resources and opportunities for future generations.

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