POLICIES AND THE EVOLUTION OF SOCIAL ENTREPRENEURSHIP IN INDIA: TIGHT-ROPE WALK TO A POTENTIAL RUNWAY

Rajeswari S. Raina

1Principal Scientist, National Institute of Science, Technology and Development Studies (CSIR-NISTADS), New Delhi
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1. INTRODUCTION:

Many cases and contexts of social and economic exclusion have been converted into opportunities for social entrepreneurship. Social enterprises (SEs) may not solve all the development problems in India. But given the right ecosystem and support from the state, SEs can transform the economic, social and ecological systems for millions of Indians, excluded from mainstream public and private sector growth, livelihoods and income opportunities. This paper argues that this transformative potential of the SEs not only needs the support of the state, but also ways to mobilize the support. The latter demands appropriate articulation and advocacy efforts from the social entrepreneurs themselves. Today’s tight-rope walk where many promising social innovations and enterprises fall on the wayside and are not given the space for experimentation, learning and evolution, can become a potential runway for social entrepreneurship to take-off to achieve wider and deeper economic and social impacts. Needed are the policy and institutional changes within the state and within a range of related actors in the private and civic space. Perhaps a tall order; but attainable!

The opportunities for social entrepreneurship and innovation therein, emerge in the Hegelian civic space, with a conscious social purpose. Social enterprises (SE) represent a fundamental innovation; in their strategies, structures, norms and values they are distinct from the conventional non-profit organizations (Dart, 2004) and from the conventional for-profit agencies (Intellecap, 2010; ADB, 2012). In this study we include two kinds of organizations in our definition of SE; businesses with a well articulated social objective (Mother Earth or Bhuira) and social organizations that have adopted or shifted to business approaches (Udyogini, Snehadeep). Some of the hybrids which keep two arms- the business and the social arms, ensure engagement of both in the SE, and do not demand social values or mobilization capacities from the former and profits or business strategies from the latter. But many SEs have a mixed or muddled strategy using their social and business skills to advantage wherever possible, and in many of these cases, failing to achieve both business goals and social impacts because of this mixed strategy.

There is widespread acknowledgement that the social enterprise (SE) is here to stay, and will not be afraid to take on fundamental challenges of poverty and profit, inclusion and sustainability, diversity and new entrepreneurial challenges (CSM, 2011; ADB, 2012). Yet, the SEs is essentially small, operate in niche socio-technological spaces, and many fail to sustain themselves and evolve over time. Given the massive magnitudes, historically and socially embedded development problems that have in many ways co-evolved with the existing socially, economically and politically powerful actors, especially the state, the central theme of this paper is about the engagements of the state with SEs.

The emergence of SE, in spaces and processes that lie somewhere between and partake in many significant and some small ways, of the state and the market, is an area that is least studied in India. While explanations of how some path-breaking support for social entrepreneurs came about (say Ashoka, 2008; Leadbetter, 1997) have helped, extrapolations or abstractions from other contexts may not serve Indian social entrepreneurship well. The two most compelling reasons to look for an institutional understanding of the emergence and growth of the social enterprise in India are (i) the undeniable and overarching presence and role of the state in the social sector and (ii) the massive informal workforce in the country, of which over two-thirds are poor and are mainly located in rural areas (World Bank, 2010). The pervasive informality of the workforce and the problem space, is the breeding ground for rules and norms – that become institutionalized with experimentation and each episode of value-addition. This is the messy context, the sacred space of SEs, the space that gives the opportunity for support from and reform of the (overarching presence) state.
Entrepreneurship, in any form or sector, for any segment of the population or market, is a relatively un-researched phenomenon in the Indian economy. There are (somewhat apparent) phases of emergence of social entrepreneurship in India, that roughly correspond with the industrial and service sector growth phases in the country – with a clear sprouting of the social enterprise (addressing livelihoods or employment, resource conservation, health and family welfare, education, transport and other services) during the early 2000s – following the 1990s phase of increasing disjuncture between industrial and agricultural growth, when the pain of structural unemployment, regional inequalities, and unattended social needs (especially primary education and health care) became more evident. In the wake of these SEs came new actors and some new regulations or policy instruments like mandatory priority sector lending, skill development norms, etc., and the consequent social and political mobilization that led to the national Right to Education Act (RTE) which came into effect as of 1st April 2010.

The objective of this study is to analyse and explain how this mutual shaping of larger policies and social entrepreneurship can help devise ways in which the state and other actors enable favourable policy goals and instruments and implementation mechanisms to foster the social enterprise and its role in modern India. More specifically, the paper analyses how the state engages with opportunities for social innovators and entrepreneurs, to ensure the deepening and up-scaling of SEs? What is the meaning and policy implication of scale and value in a SE? How can the state create a supportive ecosystem to ensure the emergence, continuous innovation and learning, and sustainability of the SE? While there is some literature emerging on social entrepreneurship in India, there is little published material available on the role of or expectations from the state, on questions of scale and ecosystems that support social innovation and learning. The methodology for this paper therefore, begins with exploration of the available published material – including secondary data, and web pages, and primary information (interviews, diaries, office notes) from a range of social enterprises, their ecosystem actors, partners and competitors. These also involved two Focus Group Discussions (FGDs) and some market survey using a pre-set question template. In cases where some triangulation of information or data was necessary, this was done using secondary sources or phone/skype interviews with experts.

The next section (section 2) presents an overview of the state’s role and nature of knowledge, policy and investment support that is on offer today for SEs. A brief overview that highlights the supply driven centralized engagements of the state, leads us to three cases of social entrepreneurship (Section 3-with Annexure 1) that deal with emerging problems/opportunities and confront persistent inefficiencies and problems in the system. It presents the principles that seem to cut-across several SEs- a triple bottom-line, where the social entrepreneur’s capacity to question existing norms, rules and ways of working, and find alternative norms that ensure social value and prosperity becomes the game changer. These norms that sprout in the civic space need a nurturing ecosystem. This leads us to (section 4) ask what scale means to the SE, and whether and how the Indian state can enable the appropriate ecosystem for up-scaling SEs. Given the ubiquitous diversity that characterises communities and businesses in India, especially the different meanings of scale and social values in the informal civic space, it is apparent that the state cannot on its own, formulate or implement a policy for promoting and up-scaling SEs. That area-specific decentralized social innovation capacities are needed become apparent. However, for a coalition of actors including the state and the SEs, the paper presents a policy tool kit or check-list that can be useful. In conclusion (section 5) the larger questions about public-private dichotomies and the epistemology of SEs, as well as the role of the ‘entrepreneurial state’ as the risk taker that demand further enquiry. While acknowledging the need for conscious policy design by the state to deepen and scale-up the opportunities for social entrepreneurship, there is an equally strong need for articulation of the same from within the SEs, especially the more articulate SE accelerators.
2. ENGAGEMENTS WITH THE STATE

A brief overview of what the state and its public services do in the social sector today lays the foundation for us to understand how the SE (largely informal, multifarious, and unquantifiable) can fulfil its potential impact on economic growth and social transformation. Today there is some scepticism and concern about the future, nature, and roles of the SE, and worries about ‘philanthropic trickles’ that may allow the growth of an enterprise but ‘will neither build skills nor provide livelihoods opportunities for the poor’ and alarm at the misuse of major platforms for investment in or with the poor as in priority sector lending and the ‘unintended’ transformation of the micro-finance industry. But even the sceptics agree that with the right ecosystem and support, the SE does deliver what the overarching development policy fails to deliver in India.

A. SE In Context: The State And Development Governance

The structural features of the Indian economy indicate the need for the state to engage with social entrepreneurship. In India, the theoretically expected shrinking of the primary sector in the economy has happened – from 50 percent of GDP in 1950-51 to 13.8 percent in 2012-13. But the share of agriculture in national GDP and in employment (about –50 percent and –12 percent during the same period) reveals that a large section of the national workforce is still dependent on this sector. In the context of (i) the nature of and relative increase in share of national income and employment in the secondary and tertiary sectors, and (ii) the increasing number of young unemployed people in rural areas, especially the increasingly marginal and small operational holdings (86 percent of the total) in agriculture that often survive on family labour on and off-farm, the structural change and rural employment questions are rather intimidating. The tertiary sector seems to have done better in employment growth rates and share in the national GDP. Yet, urban areas that produce 80 percent of service sector GDP account for minimal employment in the service sector, for want of skilled labour, investments (almost all of it) in high-tech services, globalization and trade oriented services, and poor domestic service sector market development. With a significant share of the GDP still coming from the massive unorganized sector (over 60 percent) and the share of the public sector and corporate sector still stagnating at around 20 percent each, the employment opportunities (if any) seem to be emerging in the unorganized and massive informal economy.

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<td>Population (in million)</td>
<td>1232.4</td>
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<td>1267.6</td>
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<td>Labour Force (in million)</td>
<td>505.3</td>
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<td>Per ‘000 population</td>
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Source: Estimated by EPWRF

Source: Planning Commission, 2011, Table 3, pg.11.
The projected increase in labour force in the next five years is likely to be unemployed or find its way into informal and casual work force at best (Table 1 above); today over 91 percent of the workforce is in the informal sector and will remain there. What is more alarming is that with agriculture slated to fall to less than 10 percent of the national GDP over the XII Five Year Plan (2012-17) and little scope for manufacturing growth, the additional 20 million plus youth coming into the workforce during this period may not find jobs even in the informal sector.

The state's engagement is mainly with employment generation and lesser with social or ecological values. The Swarnajayanti Gram Swarozgar Yojna (SGSY), which promotes rural self employment, and investments and skills for the same, is in itself an innovation within the Central Government, meant to create and sustain micro-enterprises in rural India. State support is made available for organization of the rural poor into SHGs, training and capacity building, planning of activity clusters, credit, technology, infrastructure and marketing (MoRD, Guidelines, SGSY, 2004). But there are several criticisms and concerns about the lack of linkages between the various enterprise activities and actors that are involved in the micro-enterprise. Being a scheme that is designed to be a credit-cum-subsidy scheme, where the credit component is offered by local banks and markets dominated by local traders, the SGSY faces constraints in promoting entrepreneurship. To overcome some of these constraints, some like Sahaj- a corporate venture, Peepal Tree, an NGO, have established partnerships between public, private and civil society groups, to deliver services, develop skills among rural youth and enable e-governance, in collaboration with the government’s National Rural Livelihoods Mission (NRLM). It is important to note that invariably, all these endeavours are either entirely Central Government initiatives, or have some private sector collaborations or State level (with directives from the centre) schemes, and all are about supplying skills, raw materials, technologies, and even trade opportunities and market designs.

Development sector funding and scheme design, as well as the generation of knowledge and technologies for the same are highly centralized in India. In addition, solutions to development problems are often formulated as a production target (be it rice/wheat or graduates or drugs or hospital beds or number of days of employment) and consequently, specific policy instruments to address the development problem specified. For instance, hunger and poverty are accepted as the development problem (explicitly from the Fourth Five Year Plan onwards), but it is food production that becomes the policy goal – for agriculture, with irrigation and production and distribution of other inputs through public sector schemes coming in as ‘selected policy instruments’ (Raina, 2011). When it comes to industrial employment generation and entrepreneurship in the informal sector, the state concentrates on measures to improve the competitive strength of the small producer (Das 2010). In the post-1991 liberalization phase, export driven industrial development, external orientation of small firms and enhancing firm competitiveness received attention with limited attention to local demand assessment, production decisions, resource mobilisation, access to credit, and market development that posed major hurdles for small and micro-enterprises. The three pillars of development policy making- techno-centrism, selective perception and faith in target and control mechanisms (Rondinelli, 1983) define the ways in which the state perceives development problems and formulates solutions for them.

Recent public investment in innovation as well as new organisations and institutional arrangements (be it patenting, insurance, legal guarantees, etc.) have gone into high-tech industries specifically in IT, biotechnology, chemical, and electronics (Raina, 2014). The emergence of new institutions and new private sector actors
B. The State Through a SE Accelerator’s Lens:

Though socially and ecologically sustainable and equitable growth (Planning Commission, 2012) is the intention of planned development during the next few years, it is far from the reality of what is implemented by the administrative apparatus of the state. The ways of implementation of development and social sector projects by the state has innumerable weaknesses, ranging from limited understanding of location specific needs, social and political contexts, gender and caste relationships, direct siphoning off of resources, misallocation, linear delivery models, and uniform target and control mechanisms; innumerable recommendations have been made to ensure better research support and contextual understanding or community participation.

Sattva, a SE that enables or facilitates business for SEs, corporate and other social clients, estimates that there are over 500 SEs in India (www.sattva.co.in). Using this indicator of the magnitude of for-profit ventures that work towards social and ecological outcomes, we now ask how these SEs have engaged with the state, and vice versa. When the Ashoka Future Forum asks if ‘we can create a new business-social ecosystem without any walls between the business and social sector?’ and the Skoll Foundation presents “system-change” as the way forward (Ashoka, 2012; Cheng, 2013), they make a demand for changes not just from the investors or donors (like the World Bank, Rockefeller Foundation or Deshpande Foundation), they demand deeper and lasting changes in the all-pervasive state, its roles in the business and social sectors. For instance, the state is used to supporting NGOs or co-operatives tail-end delivery of schemes or social services through grants, loans and specific incentives. What happens when these organizations add or convert to an entrepreneurial mode and develop their own business strategies? This is where the accelerators like Ashoka, Villgro, Dasra, Intellecap, Sattva and others come in. Irrespective of their ideologies or sectors of work (expertise and experience) the accelerators provide more or less a fixed menu of services to the SEs – incubation, mentorship, talent search and recruitment, business development services – including financial management, and networking support. And it is this menu or template that makes a useful lens for us to explore what the state provides today, as well as how the SE engages with the state- or what it does for the business and social sectors”⁶. Accelerators like Sattva, based in Bangalore³, who are aware of the nature of the state’s techno-centric problem solving, help social organizations negotiate their new businesses with the state’s rules and norms (licences, duties, welfare schemes, etc.) and to develop business skills needed, find and retain the right people and funds, generate, access and use knowledge and technologies. What does the state do that provides these supports to SEs?
1. Business Development Services:

The state has always made investments and concessions to encourage entrepreneurship and industrialization. Despite the risk averse behavior of the public sector, limited information and technological constraints, many new ideas have either been seeded by or actively promoted by positive deviants in the bureaucracy, the state and visionary politicians, which have revolutionized the SE scene – the mid-day meal scheme introduced by Sri K Kamaraj in Tamil Nadu, and expanded by Akhshayatpatra into a SE is perhaps the best illustration. Rural industrialization is limited to the ‘subsistence industrialization’ (Das, 2010) promoted by the state; it provides technology supply and some access to credit – but limited information about production and distribution contexts, processes, markets and networks. Though there is awareness that employment and incomes to ensure the recovery of domestic demand is the need of the hour (Office of Advisor to the Prime Minister, 2011), the public sector agencies with a mandate for business development however, seem unaware of the key values that define entrepreneurship (autonomy, innovation, risk taking, pro-activeness and competitive aggression – Bernier and Hafsi, 2007). This is partly because the institutional articulation of entrepreneurship within the state is as a self-appointed supplier (often with incentives and subsidies) of technology, investment, infrastructure and even markets for manufacturing. Besides the state’s role in enabling transfer of surpluses (labour and capital) from rural to urban (often with a neat distinction between agriculture and industry), and its hierarchy of knowledge (which deny key interactions and linkages with other actors) limits its capacities to enable business skills other than reducing an existing license load or providing concessional storage or aggregation space, etc.

2. People And Finances:

These are two resources that are not only scarce within the state, but also present within the state in a highly redundant form for social entrepreneurship. We know today that the many skill development and vocational education courses offered by India’s education system covers less than 10 percent of the age group of 15-29 years and is mainly handled by the informal sector (the formal ITIs and VETs cover less than 2 percent). The Entrepreneurship Development Institute (EDI) and IIMs do offer business and management skill development options, though the inclusion of SEs is recent and the kind of courses (market based mechanisms to deliver sustainable social, economic and environmental prosperity) offered by INSEAD’s Social Innovation Centre are missing (Interview, Krishna, Sattva). Despite the massive amounts spent and priority sector allocations, financial resources are the least developed in state support for entrepreneurship (conventional or social). However, recent developments include a few innovative financial products (from SIDBI, IDBI, IFC, and Sahaj and others in a public-private mode), besides the conventional grants (DST’s National S&T and Entrepreneurship Development Board (NSTEDB) and Science for Equity, Empowerment and Development (SEED), Department of Bio Technology (DBT), National Research and Development Corporation (NRDC) and loans (National Bank for Agriculture And Rural Development (NABARD) and all banks with priority sector lending).
3. Knowledge And Skills:

The fact that public sector science and technology (S&T) has contributed little to civilian use or development ends in general, and that little of the public sector S&T and university research outputs are taken up by industry is increasingly a matter of concern (Mani 2010). That centralization of S&T and the hierarchy and separation of technological knowhow from social and business knowledge might be key causes, is rarely discussed. The National S&T Management Information Systems (NSTMIS) survey estimates that in 2006-07, the Central S&T agencies account for 62 percent share of total national S&T, with the state governments, higher education and public sector units accounting for 8.5, 4.2 and 5 percent, respectively, and the rest, about 20 percent, coming from private and civil society organizations (DST 2009). More than the magnitude of centralization, it is the agenda-setting presence of formal S&T that defines the gap between the state’s model of centralized knowledge generation and technology supply model and the SE’s decentralized local knowledge creation and use. Three scientists interviewed and over twenty research projects evaluated by the author (in 2012-13) maintain the ‘supply of knowledge and technologies’ worldview. This is in keeping with the linear pipeline model that they have been tuned to, where even where the technologies are relevant to production problems in some of the poorest regions (drylands, mountain ecosystems, tribal areas, etc.), the location-specific knowledge and market information to offer support services are missing. None of them can claim that they “leverage the combined experience of our on-ground teams, process and network” with their in-house expertise to “generate high quality research deliverables in the knowledge space.”(Sattva – www.sattva.co.in).

Our concern is that the norms of supply driven development and the powerful technocratic vision of science-based development interventions for poverty reduction (Mody, 2005) that they subscribe to, will make it impossible for S&T, education (both higher education and vocational education), and even incubation facilities to engage with, analyze and solve problems that are not central to ‘supply’. For instance, DST’s business incubation models are still firmly rooted in this approach of S&T, where technology and knowledge must be delivered down to the ‘bottom of the pyramid’ (NSTEDB, 2011). Several flaws of implementation, even in the most well intentioned schemes for rural entrepreneurship and employment generation, have their origin in their lack of research and limited awareness of the knowledge space inhabited by the SE. The state’s engagement with SEs is thus a vicious circle of supply driven centralized knowledge generation and supply.
3. SEs AND THE TRIPLE BOTTOM-LINE IN SOCIAL AND BUSINESS ENGAGEMENT

In this section we analyse the ‘how’ questions that make the social entrepreneur different from the conventional Schumpeterian entrepreneur who has the capacity (creative-destruction) to transform or revolutionize production patterns, but may add unintended impacts like pollution, social disruption, etc. That the ideal enterprise or the good business will always keep a clear social and ecological record while making its profits, is often mentioned (as in the interviews with Sattva, CSM and Akshayakalpa). But historical debates about markets and the state (Polanyi, 1944), public sector and private sector roles and boundaries (Bozeman, 1987) and the nature of public entrepreneurship (Bernier and Hafsi, 2007) tell us that the creation of wealth by exclusively private (markets alone) actors does go hand in hand with and causes poverty and several other social problems, if the state does not play a supportive role to avoid unsolicited or poorly incentivised outcomes, or a punitive role to disincentives such outcome.

Box 1:
Spreading wealth

‘It is not just about creating wealth but about spreading wealth’. This statement from the founder owner of Bhuira jams and chutneys speaks volumes about how this enterprise works and its impact in the local economy in a remote village (Bhuira) in Himachal Pradesh. The state government has been a pioneer in the fruit production and processing; with a wide range of wild fruits and cultivated orchards of apples, apricots, plums and several other exotic fruits, the state accounts for nearly 20 percent of the national gross value added in fruit and vegetable processing (author estimates from ASI, 2011), with a rough estimate of nearly 15 percent of the total fruit production being processed (the national average ranges between 2-4 percent per annum). So agri-business in the fruit processing sector is nothing new to Himachal Pradesh. Yet, an agri-business that is owned and operated by women, structured as a cottage industry using (almost entirely) manual labour, churning out nearly 100 tonnes of jams and jellies per year, and maintaining its social and ecological values, is news in this state!

The social, ecological and economic values added are often evoked in the oft quoted triple bottom-line –the CSM one on “People, Planet and Prosperity” being the most cited one in India (see www.csmworld.org). But CSM’s own transition within this bottom-line, shifting out of Profits and moving into Prosperity points to an engagement with and essential framing of the economic value within the overarching social value. The SE seeks profits for the enterprise, but also the overall prosperity for all actors involved in the local network and its social market (CSM, 2011, and Box 1 here). CSM made a strategic decision to foster social entrepreneurship, raise resources (right people more than mere funding) and produce well researched advocacy material for support of SEs. This is shaped by the
emerging challenges of climate variability and change, and the inability of the poor, especially women and labour in remote coffee plantations, coastal populations, small and marginal farmers and livestock owners, to comprehend what it entails. CSM uses this advocacy material to help them articulate what to do about it, and to find market-based and sustainable ways of using it to their advantage.

Debates within CSM and among the social market agents (the Coffee Growers Association for instance) it works with, point to the norms or agenda setting institutions that the SEs seem to seek and design for themselves. Similar, is the decision made by another SE that has achieved scale, sustainable profits and market efficiencies – the ID Special company. ID special produces and sells batter for traditional dishes – idli and dosa, providing employment and incomes to scores of unskilled women in urban and peri-urban areas (See www.idspecial.com), to ensure that it does retain its social objective of positive impacts on its local community. A whopping profit from sale of the firm to Nestle and other corporate giants in the food industry has been on the anvil ever since the IDSPECIAL group achieved its first success. But the legitimate concern that a corporate may not ensure local employment to unskilled peri-urban or rural women, energy efficient transport, eco-friendly production systems, and most of all opportunities for community engagement with immense social spin-offs like hygienic homes and kitchens, education, lower morbidity rates, etc. keeps the corporate take-over at bay. Unemployment in the informal sector and prosperity in the local community as well as for the enterprise, are results of conscious decisions – norms created and nurtured by the SE.

Similarly, the ways of working of informal workers in the garbage system becomes a social norm (that dignity and equity must be ensured) that transforms a problem statement. Here, the state realizes that garbage is no longer a ‘transport problem’ but a lifestyle and sustainability problem (Sattva’s work with community based waste management for Bangalore Municipal Corporation (BMC). Problem transformation brings other issues; there are several instances where an entrepreneur or team in a SE have to make choices about enhancing the profits or about enhancing social value. While some (Mother Earth for instance) have struggled to find the right business model that will not allow the norms of local rooted ownership of the firm (a trust that is vested with thousands of skilled artisans and producers) and local incomes to be compromised, some simply draw a line on the profit margin (no more than 6 percentage, says Narayana Hridayalaya).

Many analyses of social enterprises have pointed out the ways in which they are exceedingly context specific. The CSR-led SE, the Titan-Myrada collaboration (creating women’s employment and livelihoods around a new factory), the individual ecological commitment driven Era Organics (a response to growing demand for safe pesticide free food in urban markets) are both SEs with extremely specific contexts. Though they differ in their organizational format, customers, and social relationships, they are responses that cater to key segments of the population (informal workforce, differently abled youth) or production systems and services (tribal foods and Non Timber Forest Produce (NTFPs), preventive health care) excluded or left untouched by the state and the private market. The third feature that cuts across SEs is that in the absence of rules or laws to engage with these opportunities often create their own rules or norms (a subscription based business model, a small fee or levy for community use for every rupee earned, a non-hierarchical 3600 evaluation). The key principles that cut across and unite all of them in a common framework of entrepreneurially virtuous behaviour - the triple bottom-line of SEs are:
A. Innovation And Social Entrepreneurship – The How Question:

Three case studies on SEs in health and organic-food systems (See Annexure 1 here) reveal that (i) the processes of norm making are central to the emergence and evolution of the SE, and (ii) this norm questioning and norm making capacity of the entrepreneur precedes the innovation. Two of the case studies here show how the state’s problem perception of health care as “illness” and not as “well-being” led to the emergence of social innovation and entrepreneurship. Similarly in the third case- on organic foods, the state’s inability to perceive that its self-assumed technology and input supplier (with massive subsidies and support to the corporate sector) is inimical to local, nutritious, chemical free foods and ecosystems, enabled the SE that is based on an alternative set of norms.

The norm making capacities and innovations do not come easy. The social commitment and business sense pose a steep and arduous learning curve that many SEs find difficult – and work through with their mentors and accelerators (Sattva, Villgro) in iterative learning processes. Swasth India draws from the commitment of two founders and the lessons they learnt about how to make a social impact. The learning phase explored some key US non-profits like “Kaiser Permanente” and hands on work with LabourNet, a Haryana based SE which was providing health services for the construction workers in the Gurgaon-Manesar area as these regions witnessed the construction boom. Lessons about social mobilization interface with stakeholder groups, and resource raising (financial, physical, personnel) came from work with SSP (Swayam Shikshan Prayog) in villages in Maharashtra. While the Government of Haryana and ILO supported these two learning experiences through their support for LabourNet and SSP, the founders of Swasth India also did the data base design for the Government of Tamil Nadu in its ICTPH work in rural TN, and developed the insurance delivery mechanisms for the USAID supported initiative with the Government of Delhi. These were valuable engagements with the state and international donors; lessons that gave them handy rules and norms about their service delivery model, what to mobilize and how, and most importantly what to avoid.

The norm that no family should slip into poverty because of morbidity, led to articulation of the problem statement and the choice of location for Swasth India. It had to be slums, with huge numbers of customers, high incidence of almost entirely preventable diseases, and access to ready cash. At the Deshpande Foundation, norms of locally owned and nurtured social mobilization (within a specific location- Hubli) and a ‘bottom-up approach’ to building scalable and sustainable solutions form the basis of expansion and diversification (DeshInet) decisions. CSM’s “Made in Bangalore” is more than a call for rooted capital that is locally accountable (CSM, 2011); it evokes a sense of ownership and pride.

(i) Context specific problem statements,
(ii) Excluded or untouched population or production segments, and
(iii) Norm or rule making capacities.

Many local and global networks, especially some of the strong global service sector and financial networks that many young social entrepreneurs belong to, may have offered opportunities for SEs to learn from each other. The accelerators (like Villgro, Sattva, etc.) have also immensely helped to develop their business skills and motivation. But the three bottom-lines that are shared by all SEs seem to draw from a moral-social-entrepreneurial behavioural framework.
among the SEs and their communities in the context of social isolation and alienation in a rapidly growing city. Unlike the conventional entrepreneur the interactions of the social entrepreneur with the specific space and context are governed by the norms and values that the SE decides on.

The entrepreneurs in Swasth India, with high human capital (IIT Mumbai), well networked, armed with English speaking and articulation capacities, could have mobilized funding from several international and domestic donors. But they chose the subscription model, highlighting the local social mobilization advantages that the enterprise would build on. Every Swasth Parivar (healthy family) registered with them is way more than a customer, and plays a critical role in the expansion of the Health Centres across the slums in Mumbai. The other sources of revenue come from pharmaceutical companies, hospitals, and their negotiations with them to make health services available to the Swasth Parivar members (when needed) – the norm being least expenditure by the family itself. By adding cost savings with their own clinic design, staff recruitment and training, drug distribution and diagnostics, they have built a sustainable revenue model and service delivery system ideal for the slum dweller families. Similar is the story of resource mobilization and norms to that end, in the Pristine Organics case. The portfolio of sales revenue, fees or subscription payments, business enhancement receipts, goodwill inflows, business associateships, etc. are governed by the norms that the entrepreneurs have chosen. Likewise, certain norms govern the activity and investment decisions, as in the establishment of Pristine Organics (with its own fair price networks with organic farmers, NGOs and other local suppliers) or Shine Retail which maximizes employment by putting shoe shine youth in the right places with the right accoutrements, supported by ISF (the norm was to expect a low rate of return (15-18%) compared to what VCs expect ((25-30%))).

The norm making capacity seems to be a critical part of the package that the entrepreneur brings into the SE. As the SE gets established, several other norms or rules fall in place, like Aharam’s (a community based organic agri-food enterprise in Madurai) decision to raise 10-20 times the initial seed capital invested by the community based enterprise, or Pristine Organics decision to invest in the knowledge space – or active in-house R&D, with specific skills deployed for scientific research. At Pristine Organics, a central question that bothers the founder, Raghu, is that thus far “there is no attempt to deconstruct the science of food, agriculture and health” (interview, Raghu, Bangalore). As a normative order or moral quest, the firm’s decision to invest in knowledge is because there are few S&T organizations in the country asking such questions about the systemic relationships between food, agriculture and health. The need to generate the evidence in-house, is part of the firm’s rule that we need to unlearn in order to learn. The initial norms and values gives the entrepreneur the opportunity to identify a product or delivery mechanism with social and ecological impact and take the necessary risk. It helps us understand the ‘how’ question.

It is the questioning of existing norms or values and formulation of alternative norms and rules that makes the SE different. Features of discovery, evaluation and utilization of future or potential goods and services are germane to the SEs as for any enterprise (Venkataraman, 1997). The SE uses its norms for mobilization of social and financial resources and space or location, and timing of the structure, resources and evolution of the entrepreneurial format, to create the social and economic value (also see, Murphy and Coombes, 2009). For us, to understand the nature of state engagement and the possible up-scaling of SEs, this evidence of norm making or rule formation is critical.
4. POLICIES AND POLICY INSTRUMENTS FOR SCALING-UP THE SE

The evidence thus far points to the emergence of social entrepreneurship as (i) a response to emerging needs with new population groups or stakeholders coming into the labor market or new technologies, or (ii) an effort to correct or modify historical and deeply embedded inequities or inefficiencies in society. In analyzing and explaining the role of the state and policies in nurturing and up-scaling the SE, this understanding is useful on at least two counts. The first is the state’s own efforts to identify, keep track of and possibly report on long standing problems (caste and gender discrimination, maternal mortality and morbidity, unemployment among youth, industrial effluents and pollution, etc.) in society or development mechanisms. Many government reports, public research programmes, etc., constitute a basic set of information and awareness generation that lead to ideas for social entrepreneurship. The second is the state’s engagement with and roles in new or emerging needs – as a regulator, planner or investor, or enabler of select actors or processes. In India, many new needs have emerged in health care with increasing number of young women employees and senior citizens, incidence of lifestyle diseases (like diabetes), use of mobile phones in emerging markets, and increasing awareness of pollutants or toxins – especially in agriculture and natural resources. Despite these roles, the state’s inability to comprehend the context and get the right problem statement is confronted by the norms of the SE. The state is entrenched in norms of “supply to the social sector”, and cannot ensure demand driven service delivery and social value. For instance, the state’s assumption that every technology needs to be subsidized to get households or farmers or small industries to adopt it, has been replaced by the SE’s norm to create a demand for the technology, through social mobilization, awareness, and business opportunities. A painful confrontation between the norms of supply driven subsidized development and demand led context specific market based development is being enacted today in the solar energy arena (interview, Harish Hande; Harish et al, 2012).

Box 2:
Toxic b(y)t(e)s?

The use of information to access opportunities for networking, employment and incomes is one of the key tools used by Indian SEs, and amply supported by the IT industry. NASSCOM Foundation’s quip on their webpage is a case in point; “Changing India…Bit by bit”. The vision … “to harness information and communication technologies to transform lives of the underserved…” does make a strong statement about millions of rural Indian’s being underserved by communication technologies and their need for livelihoods opportunities.

In two interviews on social enterprises supported by CSR or industrial associations (like NASSCOM Foundation), the question of corporate behaviour in a system that is fundamentally flawed came up
strongly. Shouldn’t the Foundation in question address toxic e-waste management and occupational health hazards among the urban poor too? While the size of the informal e-waste industry is growing in leaps and bounds in India and the state looks away (as it does with many other ecological consequences) it is ‘social fraud’ and not ‘social entrepreneurship’ to support awards for rural entrepreneurs who take electronic junk to rural schools and BPOs. Many of this Foundation’s SEs is into recycling and re-using business. Yet, the question of how they can enable internal organizational change within the corporate for sustainable low e-waste businesses is left hanging in the air! More critically, though, the state’s roles as facilitator and regulator of corporate growth is questionable if it continues to turn a blind eye to toxic e-waste or indulges in soft CSR options to cover-up pollution.

Many interviews refer to dignity of labour and the need to acknowledge the nature deficit by making people pay for eco-friendly products and services. This is perhaps the most problematic engagement that SEs has with the state and the corporate sector. With the new Corporate Social Responsibility Rules under the Companies Act 2013, the small SEs (the ones that operate with direct client or customer support and local VC equity or donations) express the concern that the new Act may actually dry up state support for SEs. By passing the buck through the Companies Act, the state may be encouraging corporate investments in clean-up or refurbishing operations, without ensuring that lasting valuation errors (say valuation of ecosystems services of coffee plantations, or the real inter-generational costs of fertilizer subsidies, or cumulative e-wastes generated by the IT industry- see Box 2 here) are addressed and rectified.

A. The State And Up-Scaling The SE:

Scaling-up of SEs brings us to the Durkheimian convergence of social value and the economic business. The ways in which each SE weaves its moral and value premise into its economic model, based on its peripheral support systems (within and outside the communities or stakeholder groups that the SE works with) and its core functions or community, are key to the question of policy support for scaling-up. The state can play a very effective role in strengthening the peripheral support system and in monitoring the delivery of social services.

The scale questions in a SE (Annexure 1) that caters to middle class urban clients (Mycare Health Solutions) will continue, even if the enterprise nets a decent return of 15-20 percent, and expands beyond the 50,000 members target set for the first year. Systemic challenges posed by the prevalent medical education and practice, health sector governance systems – especially the turf wars between agencies, pharmaceutical industry interests ranging from drug pricing and control to intellectual property rights, and so on will pose hurdles to expansion plans. In the health services, the public-private dichotomies are least relevant, because the fundamental model of healthcare and the policy goal and policy instruments used are similar given that both public and private norms of health care are about incidence of ill-health and curative care. Taking this SE to the next level needs systemic changes.


Scaling up the above health care SE also entails a different role of the state within its core business community. What value-addition does the state enable when it ‘provides’ primary health care? This SE demonstrates that the state will create more and lasting, sustainable social value if it enables the community and enterprises therein, to provide the services necessary to stay healthy. The state can articulate larger questions about healthy societies and workforces (estimates of productivity lost due to morbidity that is entirely preventable), systemic understanding of wellbeing, people’s participation in socially accountable services, and monitoring and evaluation of service delivery and quality.

Given the diverse sectors and skills as well as the magnitude of and different meanings of scale in different SEs, a single policy for promoting SEs appears untenable. An overarching policy framework with a portfolio of options and a conducive innovation ecosystem, is desirable and do-able though the state cannot on its own, formulate or implement a policy for promoting and up-scaling SEs. A coalition of actors willing to ensure the effective communication and information in each development sector and social context, and capable of articulating the institutional reform within the peripheral and core activities associated with the SE or its problem context is necessary. At best, a policy tool-kit or check-list for scaling-up the social enterprise can be used to support this articulation.

### Table 2:

**Capacities needed within the state and public sector organizations for a favourable SE ecosystem**

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Phases where favourable ecosystem matters</th>
<th>What exists</th>
<th>What is needed</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Social mobilization</td>
<td>1250.1</td>
<td>1267.6</td>
</tr>
<tr>
<td></td>
<td>- Data</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Problem statement</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Awareness</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Business or Generation of value</td>
<td>516.7 (413)</td>
<td>528.2 (417)</td>
</tr>
<tr>
<td></td>
<td>- appropriate social valuations</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- appropriate ecological valuations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Adequate financial resources</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Appropriate timing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Appropriate structures</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Networks</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Value chains</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Evaluation</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- framework</td>
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<td>- tools</td>
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<td></td>
<td>- impacts</td>
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</table>
The creation of a favourable ecosystem for social innovation and entrepreneurship demands that the state possess capacities to check and facilitate support systems across seven phases of emergence and evolution of the SE (Table 2 above). The context specificity and local ownership of the SE brings the onus of this engagement and ecosystem building on to the local government – the Municipal Corporation, the Grama Panchayat, Block Development Office or District Collector’s Office, with overarching legal or institutional changes at the State or Central Government.

Scale is one among several key concerns for the SE, where the state can play a role (Table 2). Though the ecosystem issues and up-scaling issues were discussed as two separate issues in focussed group discussions, when it came to what was expected of the state, what actions or investments were desirable, there was a ‘merging and mixing’ of sorts. State support for up-scaling depends on the meaning of scale, which is different for different SEs (is it as turnover volumes? profits? number of customers, employees? enhancing the social values? area covered? any other?), and for different phases of evolution of the business model. The chicken-and-egg question in this context is whether creating a favourable ecosystem is enough to scale-up SEs or whether scaling-up and demonstration of a few SEs at scale*, is necessary to ensure pro-active engagement of the state in a SE ecosystem.

The need for a coalition of actors, involving the state and entrepreneurs, is obvious. A suggestion that came up strongly during discussions was the need for a legal-political entity to create and sustain the SE ecosystem (from G S N Reddy of Akshayakalpa). But there are serious fears that a uniform model say a state sponsored accelerator, may not be ideal for all problem contexts - different regions and kinds of SEs. Moreover, it might become difficult to roll back, once legalised and ‘schematized’, and as the current SEs evolves, they might become ossified burdens (as do the state departments today) with limited options to reform their own norms and evolve. The modification to this suggestion, of the state as a risk taker for SEs, with quasi-public-private norms (in other words, sharing in the gains too) and specific forms of public investment in the SE ecosystem found a much greater response. But this state, participating in and providing public investment and facilities for the SE has to come in a decentralized area specific form, governed by overarching State or Central level social sector norms.

With the mutual shaping of the SE ecosystem concerns and scale issues, the norm questioning and norm-making capacities, context specific problem statements and social mobilization, as well as the area approach emerging as

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Phases where favourable ecosystem matters</th>
<th>What exists</th>
<th>What is needed</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>Scaling-up</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- meanings</td>
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<td></td>
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<td></td>
<td>- options</td>
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</tr>
<tr>
<td></td>
<td>- opportunities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Macro-framework</td>
<td></td>
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</tbody>
</table>

* Scale refers to the state of full-fledged demonstration and commercial viability.
central to all SEs, there are two fundamental issues that become clear to the state willing to support SEs. These are, (i) that it has to move out of the centralized supply driven mode, and into decentralized enabling mode; (ii) that investments in people (capacities), physical and financial infrastructure (not subsidies) are critical for the enabling state that enhances social and economic value.

The fact that the SE’s themselves have to articulate (as a consistent strategy and advocacy plan, and not as one-off events) what they need from the state, is clear. To sum up, this section emphasises how the state’s engagement ought to be with questions of SE ecosystem development (perhaps in the order that has emerged in Table 2 above) and the state can facilitate up-scaling.

5. A TALL ORDER – STRATEGIC ENGAGEMENT IN THE CIVIC SPACE

We began this paper by lamenting the dominant development narrative and innovation investments or capacities with the state, which are highly centralized and designed for provisioning or supply. With time, state policies for employment and income generation among the massive informal and unorganized workforce have converged along the contours of middle class aspirations and technological skills. In the light of labour intensive production systems and service delivery, ecological value-addition, lifestyle changes etc. which many SEs are addressing effectively, the state’s responses point to the persistence of institutions (Robinson, 2010), of the same norms and values that were held in the past. The structures of the SE being super-imposed on or granted a subordinate inclusion into the state’s organizations and norms (of linear supply driven development schemes or other policy instruments and of centralized S&T) is not enough. Replacing or co-opting the current SEs into the state’s own institutional frameworks will prove disastrous. The state and its public sector need to learn to enable more and widespread social innovation and entrepreneurship from and with SEs. In this concluding section, we briefly discuss some of the larger public-private sector concerns about sustainable development, some of the ecosystem and scale issues – especially data and pedagogical issues that apply to the state and to SEs.

A. Persistence Of Institutions Or Ways Of Working:

Countries with abundant rural labour (CARL) may have a different trajectory for their economic take-off (Tomich et al, 1995). It has been stated before, as G S N Reddy (Akshayakalpa) or Muthu Velayudham (Aharam) or Viva Keramani and Pushpanath (CSM) would articulate in their own contexts about ‘fair enterprise towns’ (to borrow Pushpanath’s conceptualization). Innovation is now proclaimed a key driver of economic development and the future of emerging India. But this national imagination about innovation is set in a context with over half the population dependent on agriculture, no new jobs being created in manufacturing and a booming service sector absorbing some skilled workforce focused on meeting the growing demands of a burgeoning middle class as well as global markets. Recent concerns about the middle income growth trap (see, Agenor and Canuto, 2012), India’s ability to push its economy into an innovation led high growth phase, do come up with recommendations for institutional change for generation of employment and domestic demand. Yet, what we witness today is a willingness of the ruling classes and the
middle class professionals in particular, to legitimize innovation, technological investments and interventions that engage with global capital, multinational production, and highly skilled jobs.

Few in the middle class even acknowledge that foreign investments account for less than 2 percent of domestic GDP, and that domestic savings—household savings mainly, account for 35 percent of the national GDP (World Bank, WDI). That domestic investment can be financed with domestic savings may sound incredulous to many middle class professionals—even those who acknowledge that domestic institutional change is necessary to propel a more egalitarian growth, with equal opportunities available to all to participate in production, distribution and consumption activities.

SEs face this massive unwillingness within the state and its development machinery, and within ‘the great Indian middle class,’ to engage with questions of domestic institutional change. This institutional impediment we will argue needs to be overcome to allow expansion of social entrepreneurship or new forms of rural entrepreneurship; especially agrarian and rural reform for labour-intensive value-added production, fiscal decentralization for increasing resource ownership and mobilization capacities of local governments, and decentralized innovation capacities. This unwillingness of the middle class to engage with the national problem of unemployment and social/economic value addition (which the social innovation and enterprises engage with) is part of a much larger institutional legacy of public sector S&T and development channels.

### B. Pedagogy

Today, TISS, Mumbai and Deshpande Foundation, Hubli, are among organizations that offer specific degrees in social innovation and entrepreneurship. Few SEs today have people who have graduated from these programmes, and worry that these courses give the students an ‘allopathic’ tool (a ready-to-use tablet for a specific symptom). There is a need for fundamental disciplinary strengths in the social sciences—philosophy, anthropology, sociology, economics, political science, geography, ethics, to hone the SE professional. Here basic assumptions made in the economics applied to sustainable development, will change. For instance, a theory of value as evident in bio-economics, circular cumulative causation, etc. will be necessary. Fundamental disciplinary strengths are needed to formulate alternative rules and norms for SEs, to address lasting inefficiencies and emerging problems, to question the public-private dichotomies, to ensure rights and equity to those excluded from mainstream growth, bring a different ‘valuation’ (ecosystem benefits, gender parity) and systems of collaborative behaviour.

Pedagogical questions thrown open by SEs echo some of the debates that have been on since the Brundtland times (the WCED report 1987, based on over 900 days of negotiations and writing, led to the Earth Summit in 1992). They will not be addressed by the state unless there is pressure and advocacy and a new stream of thinkers and doers who articulate it with and for the state, communities and ecosystems. Many SEs that have brought in norms and different valuations in primary education can play a pro-active role in addressing higher education and pedagogy. At Pristine Organics the pedagogy question comes up at each in-house training and learning session; the fundamental questions of how today’s civilization relates to food and nature that provides all this food, is one of learning disabilities. That the scientists who should ideally be at the forefront leading these questions and the opportunities to challenge current evidence generation and policy making in agriculture and food, have refused
to engage with these fundamental questions, points to a major systemic failure. Here, a different education for sustainable development as offered by the Bhoomi College (in Karnataka) brings serious engagement with core disciplines; for instance, how is soil quality defined in the chemical sciences and biological sciences? How are concepts and criteria used in the natural sciences reformed?

C. Data and information

Today we take it for granted that there is no agency or quality database that gives us our social statistics. The Central Statistical Organization (CSO), Annual Survey of Industries (ASI) and Economic Survey Reports and many others provide data for production and consumption of a wide range of commodities and services. The NSSO and several other private and social databases do give access to some household information and some qualitative data (initiated by some psephology data sets used by election campaigns). Our fiscal and financial data and discipline of these systems maintain very high standards. Yet, a SE finds little of relevance to relate to or support their clients – even decentralized databases at the district or block level have limited information or indicators of any sort, that will tell them how farmers manage biomass addition to soil, the sense of wellbeing that a middle class household would desire and be willing to pay for (questions that Pristine Organics, Aharam, Snehadeepam, Mycare Health Solutions do ask themselves). The context specific local data sets, say a seasonal pest incidence or colds and coughs (as maintained by the NCIPM – public sector research institute, and by SwasthIndia), also have a temporal dimension which is important for planning, campaigning, investing, mobilising, intervening, monitoring and evaluating activities, whether it is crop pest control or family health. Experiments like Integrated Participatory Seasonal Observation Systems (IPSOS) (Raina, 2000), can be expanded to build location specific databases owned and operated by the community.

These are spatial-temporal data systems with assured ownership and interpretation of the data by the community, including capacities to decide who can use it and how (at what price, to achieve what impacts, etc.). But these need SEs to work with and mobilize the state’s statistical system to invest in and build these capacities, within the communities and within the state. We should note here, that the ways of working of the state ensure that technological solutions can be supplied to solve any problem it perceives. That the state does not perceive the lack of quality social statistics and has fairly straight-jacket solutions to address social and ecological problems is a major part of the problem (Section 2 here). In the absence of such decentralized location specific social database, it is easy to assume that centralized technological solutions can be generated and supplied uniformly.

D. Mobilizing state support- SE and a deepening of democracy

The take-off of decentralized innovation capacities fostered by social enterprises, adding millions of jobs, economic and social value, and enabling environmental gains, depends on their capacity to set off institutional reform within massive public and private actors that inhabit and shape their ecosystem. This in turn calls for a genuine democratic engagement in the SE arena.
Today, many assume that the SE as an economic entity will always remain a minor fraction of the overall public and private business/enterprise sectors. But this need not be the case; the analysis here, based on interviews and three case studies, reveals that the social enterprise today promises much more; a deepening and strengthening of democracy. Among the democratic values of franchise, voice and authenticity, the poor in particular, the majority of the consumption driven myopic middle class, and the powerful (not essentially rich or elite) classes are familiar with franchise. But the youth, the ordinary citizen today wants much more – there is a strong demand for enacting and partaking of the democratic values of voice and authenticity. What is tomorrow’s enterprise willing to deliver? (Asks Pushpanath of CSM, Bangalore). The only platform available to these actors seeking a different and more egalitarian future, where shared prosperity becomes the norm for sustainable development, comes from the SEs.

The sociological and political dimensions of the social enterprise and the potential for transformation that it offers existing public and private actors remain a key interest. The acknowledgement and awareness of lasting inefficiencies that many SE’s have reformed, though in small niche ecosystems, is a beginning. How do public sector actors – say a research organization or a capital goods industry or resource management organizations (a medical research institute, heavy electricals industry, forest departments, etc.) acknowledge and work with SEs that address some of the ‘social exclusions’ created by or ignored by their own ‘officially approved’ mandates? We must ask what the HPCL or Goa Shipyard or the DBS group learn from the SEs they support. The Directorate of Public Enterprises (DPE) guidelines for CSR and sustainability given to CPSEs do provide interesting insights into the uptake of some lessons (like inclusion of women, or tribals) and the persistence of norms (subsidised supply) when it comes to some other aspects of the SE (interview with Dr. Guha, TISS). The norm-making capacity of a SE brings lessons for decentralized locally accountable development or sustainable corporate strategies; they are political problems involving power relationships and must be addressed as such.

We conclude here by acknowledging (and hoping) that the state will not do to SEs what it did to co-operatives. The space and respect for the institutions and norms of co-operation, of collective thinking, decision-making and bargaining capacities with the others (non-members, other social and economic actors), the location specific ecological and social values created along with shared prosperity, and the immutable area-specific sense of belonging and ownership that social mobilization confers on these SEs, will ward off the co-option of the SEs into the state’s norms and structures. It is painfully evident today that the state and its development departments lack the capacities to engage with the triple bottom-line and norms deployed by SEs. Yet, to scale-up, to create and sustain a favourable SE ecosystem, the social entrepreneurs have to work with the state, playing along where possible, reforming from within where there is space, demanding and campaigning for reform from outside where needed. This paper has but scratched the surface of the state-SE engagement questions. A more serious and deeper enquiry is needed.
ANNEXURE I

A few illustrations: The State and Social Enterprises

Many analyses of social enterprises have pointed out the ways in which they are exceedingly context specific, cater to some of the key segments of the population (informal) or production systems left untouched by the state and the private market, and in the absence of rules or laws to engage with these opportunities often create their own rules or norms. The three cases presented here and interviews with policy makers and other ecosystem actors conducted as part of this study are about social enterprises in health care and agri-business. The social, economic and ecological spaces and conversion into value-addition opportunities for society and for the enterprise is what we highlight in these brief case descriptions here. To avoid repetition, the case analyses have been incorporated thematically in the text, along with insights from interviews and focus group discussions. This annexure presents a minimal description of three cases.

Health Care (case 1):

Why do the state and the public and private sector health services it supports address health care as services during illness? The state's perception of health care as illness and not as well-being is a problem statement that needs to be studied carefully. This observation comes from a social entrepreneur Mr. Rajan Mehta, whose initiative Mycare Health Solutions which is ushering in much more than a new business model for health care. This SE carries a key message on the legacy of state intervention and support for health care and demands an alternative epistemology of health care. The current ‘fee for service’ model of health care is tied to a curative approach; it is approached by people during times of illness, and forgotten till the next episode of illness. While there are several positive features like capacities to deal with communicable and infectious diseases, the public and private service providers have limited capacities for and accountability to enable wellbeing. Mehta's concern as a social entrepreneur is to devise a business model that would make money and provide support or guidance in times of wellbeing.

Based on a profile of illness and people's desire for wellbeing, Mehta conducted a survey of several business models, including the Health Maintenance Organization (HMO model). What he wanted was a model that would sustain wellbeing; in other words generate a sustainable income for all based on wellness. While the HMO model where a gatekeeper physician would monitor and control the health status of members, ensure their access to the best medical facilities and would be paid by the insurance firms, he found the Accountable Care Organization model more suitable to Indian middle class populations, covering a massive range of incomes and lifestyles. He decided on a subscription based and accountable system, where a SE would create and sustain integrated health (IH) which neither the state nor the private sector provide. When the economics worked out to a minimal subscription of Rs. 350 per person per month, and a sustainable scale of 25,000 members to start with, Mr. Mehta pulled in some of his own investments from the financial/stock exchange business he had just wound up, found a few well meaning investors (friends and colleagues), and started the SE – Mycare Health Solutions in Mumbai in 2012. This SE – a business model for integrated health care, gives a clear message of personal care, wellbeing, and accountability between the firm, its doctors and individual members. A team of doctors, recruited from the best public and private hospitals, with a proven commitment to providing preventive healthcare, revive the past medical practice of general practitioner (GP) based preventive care and health advise. When the SE guarantees neighbourhood access, regular health indicator monitoring, and appropriate payment options, the role of insurance based delivery of health services during illness is transformed from illness financing to an insured system of maintaining wellness.
Health care (case 2):
The systemic inadequacies that Mr. Mehta mentions are shared by the founders of Swasth India – Mr. Sandeep Kapila and Mr. Ankur Pegu, from IIT Mumbai. Their conceptualization of problems and problem statement however, stems from the fact that every year over 32 million people move from above poverty line to below poverty line levels because of morbidity in the family (this WHO finding is quoted in their webpage – www.swasthindia.in). How can a business model, a social enterprise, support wellbeing of the poor- especially the urban poor. Swasth India presents a model that provides affordable, easily accessible and quality healthcare to low income households, so that ill-health leading to impoverishment and further vicious cycles is avoided.

Having seeded the idea that healthcare services for the urban poor needed a different approach, the social enterprise model for Swasth India was tried out in 2011. The business model drew significantly from the context – basically four lessons that the team learnt over three years, providing technical backstopping for some donor driven and state supported health, insurance and social mobilization projects. For the poor (i) Out Patient (OP) matters- villagers in locations where doctors or medical networks for OP care is limited end up with hospitalization (3 times more than villagers with doctors or medical networks); (ii) Water borne diseases are the root cause of 95 percent of infant and child morbidity, (iii) Upper respiratory tract infections cause nearly 25 percent of total medical expenditure of the family, and (iv) a very small fraction of the unwell need surgery and hospitalization. The business was provision of primary health care and preventive health care for the urban poor, with about 20,000 families enlisted as customers, paying Rs.700-1000 per family annually to access regular and quality OP care. Besides regular OP care which reduces annual medical bills by 30 percent, the model also ensured that when needed, the family gets Rs.30,000 worth cashless hospitalization. But this model had problems – not every urban poor family is willing to pay for preventive health care. The strategy soon evolved to go beyond the micro-insurance based OP care model.

The renewed business had to own the customer, reach out and promote the idea of wellbeing and preventive care, and needed social mobilization of a range of actors (besides the customer). The three pillars of this business are (i) preventive health care and primary health services, (ii) integrated approach to well being, (iii) technology as an enabler – in linking, monitoring, learning. The brand equity is promoting “good health” and the core physical entities are ten Swasth India health care centres.

June 2011 onwards the team opened Swasth India health care centres in urban slums – the three pronged approach includes (i) 10 Health Centres located in the community – in the slums of Mumbai, with each centre with its own doctor, a practicing General Physician, drugs, diagnostics, day care facility (a bed, IV, etc.), dental and ophthalmic care; (ii) Health education workers – with regular training and seasonal updates on what to check or control, testing anaemic women, hypertension, pregnant women, infants, and checking follow-up or compliance (the tendency to stop medication or irregular medication is very high), (iii) School Health, with children getting regular health check-ups, especially anaemic, vision, dental care, etc., with health care link-up with parents too. The Health Education Workers are mostly women in the community, need a basic middle-school qualification, and must have no young children to care for (homes with school going or older children). They go through 2 hours of training every week; the benchmark of atleast 8 hours of training and learning is ensured within the enterprise for all workers. This not only ensures learning but keeps them together – very few leave the organization, all of them articulate new problems,
aspirations, and living conditions in their respective areas/contact families, and all of them build a rapport with the doctors (currently retired Doctors from public and private hospitals – which will change as the enterprise grows and bring in more young medical professionals).

As of May 2013, 30,000 families are enrolled as Swasth India families, with their own family health card, digitized health information, assured secondary and tertiary health care (if needed), and regular visits to primary health care centre and health worker contacts in the neighbourhood. The Swasth India team has approached high-end specialized hospitals and government hospitals in the local area to facilitate secondary or tertiary care when needed, with an assurance that each doctor in these specialized centres gets Rs. 80 per patient visit. Expansion plans include active linkages with government hospitals, where assured care can be made available to the poor; the Swasth India Health centres will ideally be the PHC delivering primary and preventive care. The state, in this case the Municipal Corporation of Mumbai had to designate these as community based primary care centres; this can lead to an efficient and effective public private partnership with lasting social impacts. The association with the technical and social capital that the Swasth Centres bring with them, will also help streamline the functioning and processes within government hospitals. The urban health monitoring in place now within these Swasth India centres, and their database are powerful inputs that can transform the health, medical expenses, livelihoods and skill-base of the workforce in the city. The business model ensures that every rupee invested results in savings to the customer. No urban poor family must suffer economic and social deterioration because of morbidity.

Healthy consumption (Case 3):
Systemic fault-lines are abundant in the food we consume and the impacts it has on health – our bodies and our ecosystems. Using the market and social fabric - to address these fault lines, Pristine Organics is a firm that produces a range of organic foods and nutritional supplements. K.C. Raghu, founder director of the firm, embodies the by-line on the firm’s webpage, always willing to unlearn so as to enable learning. In separate interviews with the founder and individual employees (Uma, who handles marketing and brand equity, and Akshatha, a nutritionist who works with the NGOs, services and support system), drive to ensure ‘organic linkages’ that comes across as the key to addressing the evident fault-lines in our food production, distribution and consumption systems. That ownership with accountability is built into each of the units or partners that the firm works with, or more specifically, that a Gandhian trusteeship is evident in its dealings and does have an oxymoronic ring about it. But that is what Pristine Organics is about; it has no qualms about running a business with Rs. 15 crores turnover annually, and is happy about the impacts that its products and services have on immunologically challenged people, farmers, NGOs, government schemes or programmes, other private enterprises, and on the organic movement in India.

Starting off in 1992 with a small food testing lab, with a bank loan and some personal finance, Pristine focused on two segments in the food industry, neutraceuticals and animal nutrition products. Having gained a reasonable market, business clientele and reputation, within a decade, Pristine was thinking about the food system (soil, water, biodiversity, cultural and culinary diversity, etc.) and the need to bring traditional knowledge and diversity, organic wholesome, healthy, tasty, lively essence of food back to the table.

In 2004 the firm went organic – in its products and processes. The Bangalore market had a responsive audience that made the track change easier. For instance, some NGOs like World Vision India, Accept, Yuvalok, etc., who were...
trained by the firm to produce and enable nutritious meals to children through the mid-day meal scheme, came to Pristine through word of mouth contacts. The same is the case with SIRI, Dharmasthala (trained by Pristine's social arm) which runs a massive meal programme and produces feed and food supplements for rural children, pre and post natal care. Pristine gets great satisfaction from one product, Pushti, nutritional supplement to support the malnourished (with high RDA), sold to end users at the surrounding community. The social arm of Pristine trains and supports NGOs who provide tail-end delivery support with the Integrated Child Development Scheme (ICDS) of the Government of India, provides space and market development services for products like Bananti Soppu (a traditional local meal for pre and post natal care), and market development services and social network linkages for several NGOs and small entrepreneurs. That the authenticity and local support adds to its business arm is no secret.

Pristine Organics, perhaps the first firm in the country to produce and commercially market organic weaning foods, reaps a good profit on several of its packaged organic food items, now available on shop shelves in the metros and several major cities. 'Certified dialogues and social networks' are just as important as certification of products and production spaces (be it factory or farm), says Raghu. That the competition from multinational firms was high, and at times unethical (though not elaborated during the interview), gave Pristine new challenges. Consumers who switched to weaning foods and breakfast cereals (especially for school going children), produced by Pristine, were initially mothers who had never thought of anything other than commercial health drinks, but noticed the new formulations and flavours (elaichi for instance) which did not add any nutritive value but appeared indigenous. Switching to organic rice based, millet based cereals and locally practiced mixtures of cereals, was not difficult (interviews Mrs. Arya and Mrs. Savitha, J P Nagar, Bangalore). The firm is aware that it does not pose a serious challenge to any multinational in the food business, and particularly not in the organic food business it wants to build on. But this is where Pristine demonstrates its philosophy of building bridges across fault-lines, by seeking business associates, producers and consumers who believe in their approach to creating healthy societies and ecosystems.

Pristine has evolved a business model, which Raghu warns will change and evolve as they learn more or unlearn some more. The first objective is to ensure that the firm's profits grow, and the second objective is to ensure that its social contexts – people, societies, ecosystems, macro-economic and political contexts stay healthy and nurtured. The firm with a little more than 100 employees, and less than a tenth of them employed in the social arm, sees the social arm as contributing to the business as well as its social and ecological causes. It has an active laboratory and scientific staff (a team of 6 – microbiologists, nutritionists, technology developers, chemists), funded entirely from its own profits. The others, about 100 employees, run the firm, producing, procuring, packing, marketing, advertising, and administering the firm's operations. Roughly 30 percent of its inputs are procured directly from farmers, and the rest sourced from trusted (and certified) suppliers and NGOs, and even multinationals like DSM.

In-house training and discussion sessions are a key entry in the business strategy, where any new reading material or news item, business data, partnerships, social networks, NGOs, the state, and so on are discussed besides preset training contents. Over a score organizations dealing with soils, organic production, energy, food, certification, capacity development, etc. are pro-active collaborators and partners in Pristine's social entrepreneurship strategy (many are listed in the firm's webpage). Among the social services Pristine also provides business skills to NGOs – for instance, to produce cost effective (Rs. 4.50 to Rs. 6 per serving) nutrition supplement, production and supply of fresh hot, mid-day meals using locally available food, fuels and workforce. At this stage in the evolution of the
Indian sustainable development market, there is a need to invest in these actors and build credible linkages with these diverse actors in the social and economic ecosystem. Once the decentralized entrepreneurship networks and their businesses are created, once the approaches to unlearning and evolution are imbibed in these networks, India's agriculture, food and nutrition systems will be organic – in its products, processes and most importantly in its linkages. There are several impediments to realizing these decentralized entrepreneurial networks that reinforce each other and rooted socially and ecologically accountable capital. At Pristine, the faith is that these impediments will be overcome with constant unlearning and new learning.
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Mr. T. Raghulal, Elite Innovations. Ahmedabad (interviews in Ahmedabad and New Delhi + email exchanges)
Mr. Rajan Mehta, MyCare Health Solutions, Mumbai (interview 8th April 2013)
Dr. Samapti Guha, TISS, Mumbai (interview, 8th April 2013)
Prof. R. Nagaraj, IGIDR, Mumbai (9th April 2013)
Prof. Milind Sohoni, CTARA, IIT- Mumbai (9th april 2013)
Dr. N. Shah, RUTAC, IIT-Mumbai (9th april 2013)
Dr. R. Shekhar, RUTAC –do --
Prof. Surinder Jodhka, School of Social Sciences, JNU (2 interviews – July & October 2013)
Mr. Sandeep Kapila and Mr. Ankur Pegu (9th April 2013)
Prof. Padmini Swaminathan, Director, TISS Hyderabad (2 interviews – over phone)
Mr. Anirban Gupta, Dhriiti, New Delhi (23 april 2013)
Visisted 7 local businesses in New Delhi, Gurgaon, Noida – with research associate (May 2013) – interviews with workers, women part-time workers, consumers.
Mr. T. Vijay Kumar, Joint Secretary, NRLM, Ministry of Rural Development, New Delhi (24th April 2013)
Dr. Rahul Goswami, freelance consultant – currently with UNICEF, Bangalore (interview in Hyderabad, 26th April 2013)
Dr. Venkat Srinivasan – English Helper – interview over phone (May 2013)
Jaipur Rugs Foundation, Mansarovar Industrial Area (visit, 4th May 2013)
Dr. Amar Nayak, XIIIM-Bhubaneswar, (discussions over phone, email – May - June 2013)
Mr. Manoj Menon and Mr. Ranjith Kumar, ICCOA, Bangalore, (several interviews, 2013 June-December)
Mr. Krishna, Sattva, Bangalore (interview, New Delhi, 10th Aug 2013)
Viva Kirmani and Pushpanath, Centre for Social Markets, Bangalore (interview, Aug 5th, 2013)
Centre for Occupational and Environmental Health, Maulana Azad Medical College (interview and discussions)
Dr. Reddy G S N., Akshayakalpa, BioFach, Bangalore, (interview, September and November 2013)
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Focus Group Discussions:
FGD 1. Social Entrepreneurship and Organic Agri-Food Systems, organized by ICCOA and NISTADS, Green Path Hotel, Seenappa Layout, Bangalore. 8th August 2013. No. of participants = 11 (Jayaram (Green Path), Manoj Menon and Ranjith Kumar (ICCOA), Aarti Mohan and Kartik Ponnappa (Sattva), Sangeeta Sharma (Annadana Seed Savers), Sujatha (organic retail store), Dr. G S N Reddy (Akshayakalpa Dairy Enterprise), Pushpanath (CSM), 2 international interns working with Green Path).
FGD 2: Policy and planned interventions for SEs – scope and limitations, Nov 19th.
NISTADS – 2 colleagues and 5 students in NISTADS, 1 from DST, 1 from TERI University, 2 from CTD, 1 from NAIP.
Another concern voiced is that in India, the Indian middle class is now moving towards the US model – faith in community based services. Let us note that the not-for-profit sector is big in the US – accounting for nearly 10 percent of the GDP. For India, this is a move from the age-old European model of state support in social sector delivery and some private services, to the US model where the state funds several community based co-operative or private companies. The question is whether we are institutionally ready for this – in a civic space where even existing rules (for waste disposal and road safety) are flaunted by all.

This is the official NAS estimates (based on extrapolations made by the RBI) but the CMIE estimates put the size of the corporate sector in national GDP at 8 percent (see Nagaraj, 2008).

The SGSY is in itself an innovation within the Central Government, meant to create and sustain micro-enterprises in rural India. State support is made available for organization of the rural poor into SHGs, training and capacity building, planning of activity clusters, credit, technology, infrastructure and marketing (MoRD, Guidelines, SGSY, 2004).

This is perhaps to be expected – though the state spends billions of Rupees to support the social sector and to develop businesses – especially entrepreneurship, the two (social services and business) are distinct worlds and do not mingle even in the most obvious support offered by DST (see Indian Angel – investors and incubators supported by DST in a PPP mode) or the Ministry of Rural Development (see Sahaj or Peepal Tree)

The difference between Sattva and many others who help incubate, develop and sustain SEs, is that they rely almost entirely on funding from and pro-active engagement with the clients – the social entrepreneurs and in some cases the corporates and communities they service. Later in this text, we will discuss issues of ownership and local accountabilities that are built into the business ecosystem with this strategic and direct partnership between the SE and the ecosystem and support services provider.

The business development services offered by the state now have new attractions like the eBiz launched as a public-private portal, as gateway to obtain licenses, approvals, clearances, etc. to launch business ventures in India (Infosys, 2013).

Let us note here that some of these principles are included albeit worded differently in Murphy and Coombes (2009) p. 330.

Durkheim’s sociology of knowledge gives us insights into how a certain moral code or norms shape the learning system and economic outcomes there from.

The same set of systemic changes are needed in agriculture, education, etc.- but the articulation of policy instruments for promotion of organic agriculture or universal education, is always based on currently prevalent norms or institutions of delivery.

Many refer to Akshayapatra as the benchmark for achieving scale. But as in rows 1 and 2 (Table 2), the articulation of the problem statement and business value by the state and the SE is what gave them the big push – the kind of push that many SEs dealing with ecological value or climate change will find difficult to achieve.

What are the dichotomies when the state gives massive support (legal and illegal) and concessions to real estate developers and land grabbers, and does not even provide tax concessions for eco-friendly packing material for safe organic food - asks Jayaram of Era Organics, Bangalore.