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RESEARCH EXPLORER-International Journal on Economic and Business Management

ISSN: 2250-1940 (P) 2349-1647 (O)

Impact Factor: 3.655(CIF), 2.78(IRJIF), 2.77(NAAS)

Volume XIV, Issue 48 (2)

July - September 2025

Formally UGC Approved Journal (63185), © Author

SOCIAL ENTREPRENEURSHIP IN INDIA: DRIVING INNOVATION, ENCOURAGING IMPACT FUNDING AND SUPPORTING INCLUSIVE DEVELOPMENT

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ABSTRACT

Social entrepreneurship in India is rapidly evolving as a powerful tool for social change, combining business innovation with a focus on public welfare. This paper examines the rise of social enterprises addressing key issues like education, healthcare, and rural development through sustainable, scalable solutions. It emphasizes the role of impact investing, supportive policies, and technology in driving this sector. While transitioning from non-profit to for-profit models has spurred inclusive growth, challenges such as limited financing and market access remain. Overall, the study highlights how social entrepreneurship is reshaping India's development landscape by promoting equity and economic progress.

KEYWORDS: Social Entrepreneurship, SocialChange, Education, Healthcare, Unemployment.

INTRODUCTION

Social entrepreneurship is emerging as a key driver of sustainable and inclusive development, addressing social, cultural, and environmental challenges through innovative solutions. Unlike traditional businesses focused solely on profit, social entrepreneurs aim to create lasting social impact while ensuring financial sustainability. Operating through various models—non-profits, social enterprises, or hybrids—they work to fill critical gaps in areas such as education, healthcare, and rural development. By empowering marginalized communities and promoting self-reliance, these ventures contribute to broader economic growth. The success of this approach depends on collaboration, innovation, and a supportive ecosystem that enables long-term impact.

INDIA'S GROWTH TOWARDS SOCIAL ENTREPREURSHIP

India's approach to social entrepreneurship has shifted significantly, moving from traditional non-profit models to innovative, for-profit ventures aimed at solving key social and economic issues. This shift is supported by impact investing, favourable policies, and tech-driven solutions. Social enterprises are making notable strides in sectors like education,

healthcare, and financial inclusion, attracting more private investment and partnerships. However, challenges—especially for women entrepreneurs—such as limited funding, social barriers, and lack of support networks, still remain. With initiatives like the Social Stock Exchange and rising corporate interest in sustainability, India's social entrepreneurship landscape is growing stronger. A holistic, inclusive approach is essential to address complex societal problems and ensure lasting impact.

ACHIEVEMENTS OF THE SOCIAL ENTREPRENEURSHIP IN INDIA

Social entrepreneurship in India has progressed beyond traditional charity-based or low-profit models to embrace for-profit ventures that combine financial sustainability with social impact. This evolution mirrors the broader changes in India's development landscape, where entrepreneurs are using technology, partnerships, and innovative approaches to tackle key issues like healthcare, education, and environmental conservation. Government-led digital initiatives and the widespread use of the internet and smartphones have further empowered social enterprises to serve underserved communities across rural and urban areas.

Global recognition has played a crucial role in this growth, with organizations like the World Economic Forum providing visibility, skills training, and a network of 384 advanced social innovators across more than 190 countries. Within India, social entrepreneurs are increasingly seen as vital contributors to national development, drawing significant attention from investors and policymakers. The Impact Investors Council (IIC) reports that over USD 9 billion has been invested in more than 600 social enterprises, positively impacting around 500 million people. These ventures have enhanced education for 226 million youth, reduced 192 million tonnes of CO₂ emissions, improved social inclusion for 25 million individuals, and expanded electricity access to over 100 million people. Overall, social entrepreneurship in India has attracted over USD 6.7 billion for projects that improve livelihoods in areas such as clean energy, healthcare, and education.

GOVERNMENT SCHEMES FOR PROMOTING ENTREPRENEURSHIP IN INDIA

India's government has taken a proactive stance in encouraging entrepreneurship by launching various schemes aimed at promoting innovation and inclusive economic development. Programs such as the Mudra Yojana, Stand-Up India Scheme, and Mahila Coir Yojana have made significant strides in offering collateral-free loans and skill-building support, particularly benefiting women and underrepresented communities. In addition, initiatives like the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE), Udyam Shakti Portal, Economic Empowerment of Women Enterprises and Start-up by Women, TREAD, and the Women Entrepreneurship Platform (WEP) have collectively fostered a strong support system for new businesses through mentorship, incubation, and market access. These efforts highlight the government's dedication to cultivating a vibrant, inclusive entrepreneurial ecosystem that contributes to India's broader socio-economic progress.

MUDRA YOJANA

The Mudra Yojana is a key government initiative in India focused on encouraging entrepreneurship by offering financial assistance to micro and small enterprises. Prioritizing support for women entrepreneurs, the scheme provides collateral-free loans of up to ₹10 lakhs with preferential interest rates. This financial relief enables women to launch or grow their businesses, promoting empowerment and self-reliance. By supporting grassroots ventures, the Mudra scheme plays a crucial role in advancing inclusive economic development and nurturing local innovation.

STAND-UP INDIA SCHEME

The Stand-Up India Scheme is specifically designed to encourage entrepreneurship among women and marginalized groups, including Scheduled Castes (SC) and Scheduled Tribes (ST). Under this initiative, each bank branch is required to provide loans to at least one SC/ST applicant and one-woman entrepreneur for establishing new (greenfield) enterprises. In the case of non-individual businesses, the scheme requires that the SC/ST or woman

entrepreneur holds at least 51% ownership. Offering loans between ₹10 lakh and ₹1 crore, the program empowers recipients to start or grow their businesses, supporting inclusive economic progress.

MAHILA COIR YOJANA

The Mahila Coir Yojana (MCY) is focused on empowering rural women artisans by improving their access to coir processing technology. Through this scheme, eligible women are provided with subsidies covering up to 75% of machinery and equipment costs, along with an additional margin money subsidy of up to 25% of the total project cost. To be eligible, women must be at least 18 years old and have completed certified training in coir yarn spinning from a Coir Board training institute. This initiative supports entrepreneurship, enhances skill development, and generates employment opportunities in rural regions.

CREDIT GUARANTEE FUND TRUST FOR MICRO AND SMALL ENTERPRISES (CGTMSE)

The Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE), launched by SIDBI in collaboration with the Ministry of MSME, provides collateral-free loans to both new and existing micro and small businesses. It offers credit up to ₹200 lakh per eligible applicant, based solely on the viability of the project, without the need for collateral or third-party guarantees. Women-led enterprises benefit from an enhanced guarantee cover of 85%, compared to 75% for others. This scheme plays a vital role in minimizing lending risks, promoting financial inclusion, and fostering the growth of small-scale enterprises.

UDYAM SHAKTI PORTAL

The Udyam Shakti Portal, introduced by the Ministry of MSME, is a comprehensive digital platform designed to foster social entrepreneurship by encouraging the creation of affordable, high-impact products and services. It provides a wide range of support services such as business planning, incubation, training, mentorship, and market research to assist entrepreneurs in building successful ventures. The portal supports projects with a total cost of up to ₹25 lakhs, including ₹10 lakhs specifically earmarked for service-based initiatives. This initiative has been instrumental in empowering women entrepreneurs by expanding their access to resources and opportunities beyond conventional sectors.

ECONOMIC EMPOWERMENT OF WOMEN ENTERPRISES AND START-UP BY WOMEN

Implemented by the Ministry of Skill Development and Entrepreneurship, this scheme offers focused incubation and acceleration support for female micro-entrepreneurs. Aimed at helping women start new businesses or expand existing ones, it provides mentorship, skill enhancement, and access to markets. Active in states such as Assam, Rajasthan, and Telangana, the initiative highlights the government's dedication to building a strong and supportive environment for women-led enterprises.

TRADE RELATED ENTREPRENEURSHIP ASSISTANCE AND DEVELOPMENT (TREAD)

The TREAD (Trade-Related Entrepreneurship Assistance and Development) scheme focuses on the economic empowerment of women by combining financial aid with training and advisory support in trade, goods, and services sectors. Under this program, non-governmental organizations receive government grants covering up to 30% of the project cost, while the remaining 70% is funded through loans provided by financial institutions. This integrated funding approach bridges both capital and skill gaps, helping women entrepreneurs effectively start and grow their businesses.

WOMEN ENTREPRENEURSHIP PLATFORM

Launched by NITI Aayog, the Women Entrepreneurship Platform (WEP) serves as an all-encompassing support framework to promote and empower women entrepreneurs across India. It provides a range of services, including access to funding, mentorship, skill-building initiatives, and marketing support. By cultivating a collaborative environment, WEP connects

aspiring women entrepreneurs, encouraging networking, knowledge sharing, and joint ventures. The platform not only bridges the gap to essential resources but also enhances women's participation in the entrepreneurial landscape, contributing to broader economic inclusion.

These government-led initiatives reflect India's strong dedication to building an inclusive startup ecosystem. Through focused financial aid, capacity-building programs, and strategic support, they empower women and underrepresented groups while fostering innovation and long-term development. As these schemes continue to expand, they are set to reshape the socio-economic fabric of the country, ensuring that entrepreneurship thrives in even the most remote regions.

DISCUSSION ON THE ANALYSIS

India's social entrepreneurship sector is undergoing a significant transformation, with for-profit social enterprises securing over USD 9 billion in investments and improving the lives of nearly 500 million people. Impact investing has supported more than 600 ventures, yielding tangible progress in areas such as education, environmental conservation, and social equity. However, women entrepreneurs continue to encounter major challenges, including a 37% lower access rate to formal credit and increased financial instability during economic downturns. To address these issues, government initiatives like the Mudra Yojana and Stand-Up India provide collateral-free loans and specialized assistance to uplift marginalized communities. These efforts highlight how a combination of innovative business approaches, strategic funding, and focused policy support is driving meaningful change in India's development landscape.

SHIFT FROM NON-PROFIT TO FOR-PROFIT SOCIAL ENTERPRISES

India's development sector has evolved significantly, shifting from traditional non-profit approaches to for-profit social enterprises. This change highlights a growing trend where businesses aim to achieve social impact alongside financial returns. According to the Impact Investors Council (IIC), the sector has attracted over USD 9 billion in investments, fueling the expansion of social enterprises. These businesses are not only tackling key developmental issues but also contributing to economic growth, showcasing the effectiveness of profit-driven models in delivering sustainable social solutions.

Table 1 Impact of Social Enterprises in India

Area	Impact	Figures
Total Investment	Amount invested in impact enterprises	USD 9 Billion
Lives Impacted	Number of lives positively affected	500 Million
Education	Children and adolescents benefiting from improved education	226 Million
CO2 Reduction	Tonnes of CO2 reduced	192 Million tonnes
Social Inclusion	Number of people promoted through social inclusion programs	25 Million
Access to Electricity	Number of people gaining access to electricity	100 Million

Table:1 Highlights the significant role of social enterprises in advancing development across India, demonstrating their wide-reaching influence in areas such as education, social inclusion, and environmental sustainability. With an investment of USD 9 billion, these enterprises have directly benefited more than 500 million individuals, underscoring the effectiveness of socially-driven business models in tackling the country's pressing developmental issues.

CHALLENGES FACED BY WOMEN ENTREPRENEURS

Women entrepreneurs in India encounter multiple obstacles that hinder their business growth. Limited access to financial resources, mentorship networks, and skill development opportunities often constrains their ability to scale operations. These challenges are further

intensified by societal norms and expectations related to family responsibilities, making it more difficult for women to fully engage in entrepreneurial activities.

Table2
Gender Disparities in Access to Finance

Factor	MaleEntrepreneurs	FemaleEntrepreneurs	Disparity
BorrowedfromFormalInstitutions	47%	10%	37%
LackofFinancialReserves(2020 Lockdown)	53%	72%	19%
Credit-to-DepositRatio	52%	27%	25%

Table 2, highlights the significant disparities in access to financial resources between male and female entrepreneurs. Women are less likely to borrow from formal institutions, withastark37%gap. Furthermore, during the 2020 lockdown, women-led businesses were disproportionately affected by a lack of financial reserves, underlining the financial vulnerability of women entrepreneurs.

GOVERNMENTSCHMESUPPORTING WOMEN ENTREPRENEURS

The Indian government has introduced arrange of schemes aimed at promoting entrepreneurship, with a special focus on supporting women. These schemes provide financial aid, skill development, and resources to empower women entrepreneurs.

Table3
Key Government Schemes for Women Entrepreneurs

Scheme	TargetGroup	Key Features
Mudra Yojana	WomenEntrepreneurs	Collateral-free loans upto ₹10 Lakhs with lower interest rates.
Stand-Up India Scheme	Women & Marginalized Communities	Loans from ₹10 Lakhs to ₹1 Crore for greenfield businesses.
Mahila Coir Yojana	Rural Women Entrepreneurs	Subsidy for coir processing machinery, skill training programs.
CGTMSE (Credit Guarantee Fund)	Micro and Small Enterprises	Collateral-free financing upto ₹2 Crore, with an 85% guarantee for women-led enterprises.
Udyam Shakti Portal	Aspiring Women Entrepreneurs	Provides training, mentorship, market research, and funding for small-scale businesses.

Table3, show the government schemes that are pivotal in levelling the playing field for women entrepreneurs in India. From offering collateral-free loans to providing targeted training and skill development, these initiatives aim to reduce the barriers to entrepreneurship that women face. Programs like Mudra Yojana and Stand-Up India are particularly instrumental in providing financial support to women without requiring substantial upfront capital.

CONCLUSION

Social entrepreneurship in India is witnessing rapid expansion, with around 2 million social enterprises actively tackling key challenges in areas such as education, healthcare, and rural development. These ventures not only empower underserved populations but also play a vital role in driving economic progress. Despite this growth, significant barriers remain—particularly for women entrepreneurs, who often struggle with unequal access to funding, professional networks, and capacity-building opportunities. Government schemes like Mudra Yojana and Stand-Up India are instrumental in offering financial aid and support to strengthen the social enterprise ecosystem. By enhancing these initiatives and addressing gender-based challenges, India can unlock the full potential of social entrepreneurship, promoting a more inclusive and resilient economy.

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