

## For the empowerment of social entrepreneurs, a five-point agenda

The second Covid-19 wave has brought to fore the remarkable role of social entrepreneurs as last-mile responders. They mobilised resources, generated awareness, distributed necessities, provided counselling, dispelled myths, ensured home care services, built community service centres, facilitated testing, and supported the vaccination drive. They are also playing a pivotal role in inclusive recovery and rebuilding of communities at the grassroots level.

Covid-19 brought about a massive collaboration between civil society organisations, including social entrepreneurs. Recently, the World Economic Forum published a list of India's Top 50 Covid-19 last-mile responders, which sheds light on their unique solutions and response mechanisms.

Social enterprises, as distinct from non-governmental organisations (NGOs), operate in an open marketplace. They could be for-profit, not-for-profit or have a hybrid model.

While their numbers have grown, social entrepreneurs need urgent help from the government in the following ways.

One, permit social entrepreneurs with less than three years of experience, as well as for-profit social entrepreneurs, to receive financial support through corporate social responsibility (CSR) funding. The ministry of corporate affairs guidelines do not allow this at the moment. Since Covid-19 has had a disproportionate impact on marginalised communities, social entrepreneurs stretched their resources to serve these communities. They need capital to sustain their work and scale-up to expedite rebuilding and recovering efforts.

Two, define social enterprise. The lack of an official definition acts as a hurdle. For example, the United Kingdom's department of trade and industries defines them as "a business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximise profit for shareholders and owners". In India, a definition will bring clarity.

With no specific ministry or department that addresses their issues, social entrepreneurs are unable to get focused support. They need a point of reference in the government.

Niti Aayog can potentially nurture this sector. The Start-up India initiative has addressed for-profit startup social enterprises, but does not cover not-for-profits. Its inclusion could be an important step in this direction.

Three, ease the Foreign Contribution (Regulation) Act (FCRA) provision for social enterprises, which can receive funds through international donors. Unlocking the potential of large global capital, and a more inclusive, flexible and time-bound clearance approach in FCRA guidelines can help bring relief for fund-starved social enterprises, especially those who are involved in pure social and business activities.



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Four, fast-track work on the Social Stock Exchange, announced in the 2019-20 budget. Investment in social bonds as an eligibility criterion for investors who intend to access the Indian market can help fund projects. It will also open the platform for many micro, small, and medium enterprises (MSMEs) and service sector companies to buy social bonds and comply with the CSR law.

Five, ease the bidding process for social projects. Social entrepreneurs, especially small and micro organisations that run projects at the grassroots level and innovators who bring new solutions, are often unable to participate in the bidding process for government-sponsored schemes and programmes.

The need of the hour is a nourishing ecosystem for social entrepreneurs to take up programmes, bridge pandemic-induced gaps, scale-up existing initiatives, and be part of the mainstream response system.

For over a decade, the Schwab Foundation for Social Entrepreneurship and the Jubilant Bhartia Foundation have nurtured social entrepreneurship through an annual Social Entrepreneur of the Year (SEYO) India Award. This year is the 12th edition where over 100 applications were received. The award will be presented next month at a virtual event.

Social entrepreneurs face many challenges. By supporting their responses, we can significantly scale-up their on-the-ground relief efforts and help in India's inclusive recovery.

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