

SOCIAL ENTERPRISE

AN OVERVIEW OF THE POLICY FRAMEWORK IN INDIA

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The study was conducted by lead researcher
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Overseas Development Institute (ODI) and
Social Enterprise UK (SE UK)

FOREWORD

Our work supporting social enterprise collaboration between the UK and India is an important emerging area for us. The UK has over 70,000 registered social enterprises, which contribute £24 billion annually to the UK economy. The sector is protected and supported by government policy and they range from the Big Issue magazine, to the environmental Eden Project in Cornwall to a Jamie Oliver restaurant.

India has seen a rapid expansion of social enterprise activity over the last decade. The ecosystem is relatively well developed with social enterprises activity working across all major sectors of the economy. However, there is currently no formal social enterprise policy at the national or state level.

In consultation with social enterprise stakeholders in India, we agreed it would be useful to better understand the existing enabling environment, and in particular the role that government can play to encourage the growth of this sector in India. We commissioned this research, with the objective to document what enabling policy frameworks currently exist, with a view to providing a clear baseline landscape for our future work with the Government of India in this area. In formulating the report and policy recommendations, this study has incorporated lessons learnt from 15 years of government support to social enterprise activity in the UK as well as a literature review and interviews of key stakeholders.

We hope this study is useful, both as a reference guide of the current policy environment and to open a dialogue in how any future national policy might be structured.



A handwritten signature in black ink, appearing to read 'R C Lynes'.

Rob Lynes
Director
British Council India

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ACRONYMS AND ABBREVIATIONS

CIC	Community Interest Company
CSR	Corporate Social Responsibility
FICCI	Federation of India Chambers of Commerce and Industry
GDP	Gross Domestic Product
IIC	Indian Impact Investors Council
LLP	Limited Liability Partnership
MFI	Micro Finance Institution
MSME	Micro, Small and Medium Enterprise
NABARD	National Bank for Agriculture and Rural Development
NASE	National Association of Social Enterprises
NSTEDB	National Science and Technology Entrepreneurship Development Board
NGO	Non-governmental organisation
RBI	Reserve Bank of India
SEBI	Securities and Exchange Board of India
SIDBI	Small Industries Development Bank of India
SME	Small and Medium Enterprises
TSEO	Thai Social Enterprise Office

EXECUTIVE SUMMARY

India has seen a rapid expansion of social enterprise activity over the last decade*. The ecosystem in India is relatively well developed with social enterprises active across all major sectors of the economy. In order to facilitate its engagement with government agencies in India on social enterprise, the British Council commissioned a short research study on the enabling environment for social enterprises in India, with a specific focus on the role that government could play in support of the sector.

This study did not use a prescriptive definition of social enterprise for the purposes of either identifying stakeholders or asking about existing and potential government support. Rather, the team sought to establish how the Indian social enterprise sector is understood in India by asking stakeholders how they understood, characterised or defined social enterprise.

Where stakeholders were unclear about what social enterprise was, the UK government's definition was offered as a starting point for discussion. The UK Business, Innovation and Skills Department's definition of social enterprise, which is also used by other government and non-governmental stakeholders, states that a social enterprise is: *'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'*.

Since 2005, India has seen considerable growth in social enterprise activity (GIZ, 2012). This has happened in a context of minimal direct government involvement. There has also been significant growth in the availability of social investment due to increasing awareness of its potential value and programmes which blend grants with investments to make them more accessible and affordable. There are a growing number of support organisations – incubators, accelerators and academic, donor and

government programmes – providing direct and indirect assistance to social enterprise, as well as social enterprise workshops and events.

In broad terms, there are three main areas of policy that help to understand the current context for social enterprise development:

- NGO and civil society policy
- Financial inclusion and microfinance development and regulation
- Private sector development, in particular support to Micro, Small and Medium Enterprises (MSMEs).

Livelihoods programming and social service programming are also relevant. A very wide range of national and state-level policy and programmes influence social enterprise activity in India. The main points at which social enterprises are influenced are:

- Organisation registration
- Finance and investment
- Incentives – taxation and subsidies
- Programmes of support – in terms of skills development, access to markets and to finance, support to social innovation and programmes targeted at supporting disadvantaged groups
- Sector-level policies, for example in health, education and water and sanitation.

There are numerous schemes under various ministries of the Government of India which have direct or indirect implications for social enterprises. These include schemes related to education, health, fellowships, savings and credit, financial inclusion, subsidies of various kinds, environment and cleanliness, toilets, agriculture finance, housing loans, skills development, target-based schemes for scheduled castes and tribes, minorities and women, and child development.

There is no formal reference to social enterprise in policy or programme currently implemented at the national or state level at the time of writing, as far as authors are

aware. However, there is a draft Enterprise Policy, formulated by the Ministry of Skills Development and Entrepreneurship, which provides a brief definition of social enterprise and sets out forms of support for it, including higher education courses, fiscal incentives for social investment, incubation, grassroots technology hubs and engagement on innovation with existing entities such as the National Innovation Foundation.

Stakeholders interviewed for the study suggested the following are key areas for engagement:

- Legal status and definition: how social enterprises register and how they are recognised and defined by the state, in part to raise awareness of the concept and increase its perceived validity
- Finance and access to investment
- Incubation and support: mentoring, sharing best practice, and ensuring social enterprise concepts are included in national education curricula at secondary and tertiary levels
- Access to markets, including access to government procurement opportunities
- Support from the state and local (*panchayat*) level as well as from national government

Table 1 summarises broad perceptions by government and non-government actors in terms of the potential for different forms of government support

In formulating policy recommendations, the study builds on lessons from 15 years of government support to social enterprise activity in the UK, as well as from the literature and interviews for this study:

Government can play a leading role in bringing together key stakeholders to build consensus around a definition of social enterprise.

Situating responsibility for social enterprise within government is important. Responsibility for social enterprise policy

* GIZ, 2012; ADB, 2012; Sonne and Jamal, 2013)

could sit within a department responsible for business more widely or within one responsible for civil society and charities.

The level at which policy engagement takes place is important in India, given that state governments have significant policy-making authority and the ability to initiate and pilot activities.

The social enterprise sector has a growing base of support organisations but there is still considerable capacity to increase support and infrastructure. Government can play a vital role in raising awareness of social enterprise.

For non-government stakeholders with an interest in social enterprise, developing a policy network of organisations to influence and advise government could also be useful.

It will be useful to build on the wealth of existing legislation and programming by seeking to have the social enterprise activity within this recognised, rather than pushing for specific new legislation. It will also be useful for policy engagement to consider sector-level policy shifts and programming to support social enterprise, for example the role social enterprises can play in social service provision.

There is considerable energy around 'social innovation' and 'social entrepreneurship' in India that can be capitalised upon. Rather than seeking to prioritise one area over another, these wider concepts should be included in discussions about social enterprise.

TABLE 1: FORMS OF GOVERNMENT SUPPORT AND RELEVANCE TO SOCIAL ENTERPRISE IN INDIA

Activity/regulation area	Existing provisions/alternatives	Non-government stakeholder interest	Government stakeholder interest
A specific legal status for social enterprise	None	GREEN	AMBER
Social value or social enterprise privilege in government goods and services procurement (local and national government)	Privilege for MSMEs and MSMEs owned by people from Scheduled Castes and Tribes	AMBER	RED
Financial support – direct financing or support to access investment	Considerable support to MSMEs and disadvantaged groups through livelihoods programmes and investment support	GREEN	AMBER
Social enterprises education support – curriculum requirements at secondary and tertiary level, finance for schools, colleges and universities and/or for students	Institution-led increase in social enterprise education, no inclusion in national or state curriculum	GREEN	AMBER
Social enterprise awareness raising and promotion	Plans to include reference to social enterprise in legislation/strategy documents	GREEN	GREEN
Tax concessions including tax holidays and subsidies	None specific to social enterprise	AMBER	RED
Social enterprise specific business development skills and technical skills support	MSME provisions, none specific to social enterprise	GREEN	AMBER

INTRODUCTION

STUDY PURPOSE

British Council India and social enterprise stakeholders identified a need to better understand the existing enabling environment for social enterprises in India and in particular to focus on the role that government can play in encouraging the sectors growth. The following areas were looked at:

1. The role that social enterprise and related concepts such as social innovation, social entrepreneurship and social investment currently play in government priorities at national and state level. We consider how well articulated these ideas are in existing policy documents and where the potential intervention points are for supporting their further development.
2. The current legislative framework for social enterprise and potential opportunities and barriers to growth.
3. Existing programmes that provide support for social enterprises, recognising that such schemes might not obviously be designed with social enterprises in mind, but that social enterprises may be eligible to receive support (e.g. Small and Medium Enterprise and growth policies, financial inclusion, urban and rural policies).

4. Perspectives from social enterprises, with a focus on the role that government could play in supporting them to prosper.
5. The external support that is being offered to the Indian government, for example donor funding for social enterprise programmes.

METHODOLOGY

In order to answer the above questions and issues, a three-part research approach was undertaken. First we conducted a brief survey of national and state policies and plans relevant to social enterprise and of best policy practice from elsewhere. This review systematically explored a range of material on policy approaches that can impact on the success and scale of social enterprises. This included consideration of (1) policies aimed specifically at social enterprises as well as more widely towards social entrepreneurship, social innovation and related fields such as Small and Medium Enterprise (SME) policy, and (2) policy intentions and successes/failures.

Second, the national and international evidence of social enterprise policy and government programming and engagement

best practice was reviewed. The policy survey consisted of desk-based searches of national and state-level policies, followed by stakeholder interview questions to supplement online findings. For the desk-based work, Google searches were used to track down national strategies, policies and programmes using search terms such as 'enterprise development India', 'MSME development India', and 'youth entrepreneurship India'. From each search, several pages of results were scanned for relevant documentation and websites. The same three search terms were used for every state: '[state] enterprise development policy,' '[state] MSME schemes,' and '[state] social entrepreneurship.' From these search terms, any related webpage or document was collected and logged in a table. Policies at state level which merely reflected to national policy or quoted national policy without any additional amendments or changes was not included. Documents or websites that included information about policies for several states, or that provided an overview comparing social entrepreneurship across states, were categorised as state documents. Details of the state-level findings are provided in Annex 2. National policy level findings are

discussed throughout the report.

The third part of the research involved consultation with stakeholders. Interviews were conducted with a range of stakeholders from government agencies and departments at national and state levels, including the Ministry of Finance, representatives of private industry, chambers of commerce, social investors, social enterprise networks and advocacy leads. These interviews took place in Delhi, Mumbai and Ahmedabad, with additional interviews conducted in Chennai, Delhi and Mumbai by phone. A total of 40 stakeholders were consulted through interviews and focus group discussions. A full list of their names and organisations is provided in Annex 1.

DEFINING SOCIAL ENTERPRISE

This study did not use a prescriptive definition of social enterprise for the purposes of either identifying stakeholders or asking about existing and potential government support. Rather, the team sought to establish how the Indian social enterprise sector is understood in India by asking stakeholders how they understood, characterised or defined social enterprise.

Where stakeholders were unclear about what social enterprise was, the UK government's definition was offered as a starting point for discussion. The Business, Innovation and Skills Department's definition of social enterprise, which is also used by other government and non-governmental stakeholders, states that a social enterprise is: *'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'*.

This definition was used as a basis for considering the relevance of policies, including policies potentially impacting on for-profit and non-profit social enterprise models. Although there is no nationally

recognised definition of social enterprise in India at the time of writing, the Securities and Exchange Board of India (SEBI) defines a 'social venture', for the purposes of its Alternate Investment Funds Regulation, as: 'a trust, society or company or venture capital undertaking or limited liability partnership formed with the purpose of promoting social welfare or solving social problems or providing social benefits' (SEBI: 2012).

Stakeholders interviewed for the study define social enterprise across a wide spectrum. Some associate it closely with NGO activity or government activity, while others classified any business working with poor customers, producers or suppliers as a social enterprise. The combination of both social and commercial components to the model were frequently articulated, while use of surplus or profit was not typically mentioned prior to prompting. Reference to Muhammad Yunus's *social business* definition¹ was made in a few instances.

Overall, social enterprise in India seems to be broadly understood as a commercial form addressing poverty and engaging the poor; as such, it is often closely associated with livelihood approaches (such as micro-level income generation and micro entrepreneurship) and less often with other innovative solutions to tackle social problems. There also seems to be a tendency to sometimes conflate social enterprise with micro enterprise, artisan and handicraft livelihoods programmes and any form of rural enterprise.

Country context

ECONOMIC, POLITICAL AND SOCIAL OVERVIEW

India is home to around 40% of the world's poor, with just under 30% of the population living below the poverty line. Despite its economic transformation and growth in the last few years, there remain deep social inequalities and problems which the nation is yet to overcome. Of the population of 1.3 billion people, almost 65% are under 35 years old. There is a workforce of 502.2 million. India's gross domestic product (GDP) grew at an impressive 7.4% in 2014/15, and is predicted to grow at 8% in 2015/16. India is a middle-income country and average per capita GDP is \$5,800 (PPP). Agriculture represents 17.6% of GDP and employs 49% of the working population. The industrial sector contributes 29.7% of GDP and 20% of employment, while services are responsible for 52.7% of GDP and 31% of employment.

Poverty and unemployment are major political and economic issues. An unstable currency also remains major concern, along with infrastructural bottlenecks, a plethora of unwieldy rules and regulations that impede business, weak law enforcement, and the population's high dependence on agriculture – itself highly dependent on the vagaries of nature. Other issues include relatively low productivity, the deep rural-urban divide and caste divisions. Despite its impressive growth, the dent on poverty has been marginal. Lack of access to quality education holds back youth employability and hardly 5% of young people have any access to formal skills training. Almost 95% of young people enter the market without adequate skill sets. This is a major stumbling block in realising the potential which India's young population offers.

1. www.muhammadyunus.org/index.php/social-business/social-business.

TABLE 2: QUICK FACTS ON INDIA'S ECONOMIC AND SOCIAL STRUCTURE

Area and Population	3,287,263 sq. km. Over 1.2 billion people: 623.7 million males and 586.5 million females*
Labour force	502.2 million: agriculture (48.9%), industry (24.3%) and services (26.8%)*
Main economic sectors (% GDP)	Agriculture (17.6%), industry (29.7%) and services (52.7%)*
Population aged under 24	46.15%* (Economically active population between the age of 15 to 59 years is 63.3 %)
Population below poverty line	350 million (29.8%) **
Major cities	Delhi (capital), Mumbai, Kolkata, Chennai, Bangalore, Hyderabad and Ahmedabad are the top seven major cities
GDP, annual real growth rates, %	\$204 trillion, growing at 7.4% during 2014/15 and projected to grow at about 8% in 2015/16***
Government budget	Rs 17,77,477 crore (\$277.73 billion)
ODA	Rs 764.2 crore in the year 2012-13+
MSMEs as proportion of GDP etc.	36.1 million MSMEs contribute 37.5% of manufacturing sector contribution to GDP***
Religions	Hinduism, Islam, Christianity, Jainism, Buddhism are the five major religions in India.
Literacy rate	74.04%*

Sources: * Population Census of India, 2011² ** Government of India (2011: 5.) *** Government of India (2015a) + Government of India (2015b: 117).

TABLE 3: QUICK FACTS ON INDIA'S POLITICAL STRUCTURE

National Executive	Head of State is the President Pranab Mukherjee (since July 2012).
National Legislative	Bicameral Parliament or Sansad consists of the Council of States or Rajya Sabha (245 seats; 233 members indirectly elected by state and territorial assemblies by proportional representation vote, and 12 members appointed by the president; members serve 6-year terms) and the People's Assembly or Lok Sabha (545 seats; 543 members directly elected in single-seat constituencies by simple majority vote and 2 appointed by the president; members serve five-year terms). Head of the government is the Prime Minister (currently Narendra Modi since May 2014, five-year term), who presides over the Council of Ministers.
National Judiciary	India has an independent judiciary known as Supreme Court of India. It is headed by the Chief justice of India. At state level, there are High Courts headed by the Chief justice of the High court. It continues down to the district level, headed by the District judge.
Political Parties	There are six national political parties, 36 state-level parties and 657 regional political parties in India. Prominent national parties are: Bhartiya Janata Party (BJP, with 281 seats in Parliament); Indian National Congress (INC, 44); All India Anna Dravid Munetra Kazhagam (AIADMK, 37); All India Trinamul Congress (AITC, 34); Biju Janata Dal (BJD, 20); Shiv Sena (SS, 18); Telugu Desam Party (TDP, 16); Telangana Rashtra Samiliti (TRS, 11); Communist Party of India - Marxist (CPI(M), 9); Yuva Jana, Shramika, Rythu Congress Party (YSRC, 9); Lok Janashakti Party (LJP, 6); Nationalist Congress Party (NCP, 6); Samajwadi Party (SP, 5); Aam Admi Party (AAP, 4); Rashtriya Janta Dal (RJD, 4); Shiromani Akali Dal (SAD, 4); independents 3, other 31.
Local government	Local political structure comprises of Zila Parishad at the District level and Village Panchayat or Gram Sabha at village level. There is also a parallel system of Municipal Corporations (large town agglomerates) and Municipalities and Town Area Samitis which cover urban small and medium towns.

2. <http://censusindia.gov.in/2011-prov-results/indiaatglance.html>

POLICY FORMULATION PROCESS

India has a federal structure comprising central government, state governments and local government bodies. It has 29 states (see Annex 2) and four Union territories. There are three domains in which policy is formulated – centrally, at state level and concurrently. Accordingly, jurisdiction of authority is defined across these three domains. The central list has 100 items including defence, foreign, currency, internal and external security, national infrastructure projects, income tax, custom duties, banking and insurance, navigation, air transport and railways, among others. The state list has 61 items including land revenue, water and sanitation, health, agriculture, urban development, police and state administration, election of local bodies, state infrastructure and welfare schemes. The concurrent list has 47 items including higher education, sales tax/VAT, stamp duties, newspapers, electricity and labour unions.

National policies on the central list are formulated by ministries of the central government. Draft policies are developed and published on government websites for wider public consultation for about three months. Responses are assessed and incorporated into the draft policy which is then submitted to the Cabinet Committee

chaired by the Prime Minister for approval. Once approved, the policy is either announced or, where required, put up for consideration by parliament first. Schemes for implementation are formulated at the national level.

The policies on concurrent list are, by and large, formulated by the central government but are followed by the state governments who implement them. These policies primarily are of the type that defines various aspects of a particular area like agriculture, forests and the environment. For example, though MSMEs are state subjects, the definition of MSMEs is given by the central government. Similarly, the Land Acquisition Act, once passed by parliament, will be uniformly implemented by state governments. Sometimes there is conflict between the state and the centre. For example, the central government is trying to pass the Land Acquisition Bill but there is a lot of opposition from major opposition parties over its contents. At one point, the government was contemplating letting the state governments formulate land acquisition policies consistent with their needs and local conditions without intervention from the centre.

Public consultation is an important part of policy formulation. This is the phase when pressure groups and lobbies actively participate to influence the policies. Some

industry associations and chambers of commerce and industry are far more proactive than others, lobbying with the party in power as well as the main opposition parties and influential politicians to get favourable policies. However, the same does not happen when policies affecting the poor are formulated: in such cases is confined to a few concerned NGOs and civil society organisations. Therefore, if a policy for social entrepreneurship is to be pushed, sustained lobbying with broad stakeholder participation would be needed.

SOCIAL ENTERPRISE EMERGENCE AND EXISTING ECOSYSTEM OF SUPPORT

Since 2005, India has seen considerable growth in social enterprise activity (GIZ, 2012). This has happened in a context of minimal direct government involvement. One stakeholder who founded a social enterprise incubator 15 years ago said that he has noticed particular changes in the ecosystem since then: the quality of ideas and business plans has improved dramatically due to training, workshops and other forms of skills support and because professionals are leaving their well-paid jobs to set up social enterprises, bringing their business acumen. There has also been significant growth in the availability of social investment available due to increasing awareness of the potential value of social investment and programmes which blend grants with investments to make them more accessible and affordable.



There is also a growing number of support organisations – incubators, accelerators and academic, donor and government programmes – providing direct and indirect assistance as well as social enterprise workshops and events. There is perceived to be a lack of social enterprise incubators in the east of India, with the largest cluster of incubators being found in Maharashtra and the second largest in Delhi and Tamil Nadu (GIZ, 2012). In terms of investment, Maharashtra, Delhi, Uttar Pradesh and Rajasthan are the focus areas for impact investment³ with eastern and central states receiving less investor attention (GIZ, 2012).

However stakeholders stressed that an ‘ideal’ ecosystem does not yet exist in India. Confusion about the definition of social enterprise, registration formalities and procedures, access to finance and other government support continues to impinge upon the growth and development of social enterprises. Capacity building of social entrepreneurs, access to skilled professionals and a well-trained human resource pool and training facilities are gaps which need to be filled.

EXAMPLES OF SOCIAL ENTERPRISE SUPPORT

The **Sankalp Forum**, which is held annually in Mumbai, is an initiative of Intellectap, an advisory firm focused on building the ecosystem to support enterprises working in under-served markets and populations. Sankalp provides a platform to support socially relevant SMEs, by showcasing them to investors and providing mentoring support. The annual Sankalp summit includes plenary and panel discussions on relevant themes, an award to showcase social enterprises and an online platform to facilitate networking and peer-learning among participants (GIZ, 2012).

Villgro is a non-profit social enterprise incubator which uses grant funding to support social enterprise growth through the early stages of the idea to pre-scale by

creating profitable, scalable, sustainable companies that are innovation based and have an impact on poor and marginalised people. Villgro funds these social enterprises, mentors them and networks for them. It has been operating for 15 years and has funded almost 110 enterprises, of which half have failed and half are still running. These social enterprises employ around 4,000 people.

The **Indian Impact Investors Council (IIC)** is an industry body established to strengthen impact investing in India by support impact investors to access opportunities. Members of the IIC executive council include Acumen Fund and Omidyar Network, international impact investors.

Founded in 2012, the **National Association of Social Enterprises (NASE)** is India’s first industry association for social enterprises. Its primary objectives are to reach out to potential private capital and government stakeholders, setting standards for social enterprises, and educating entrepreneurs in running ventures that can be scaled quickly and can hence provide returns. However, very few stakeholders mentioned NASE, and those that did indicated that the organisation has struggled to become fully operational and engage social enterprises nationally.

Sweccha is an NGO focused on education, environment and enterprise which has incubated several social enterprises, the most prominent being the **Sweccha Store** and **Lunchbox 17** and the **Million Kitchen** app. Sweccha Store produces high-quality clothing, bags and other merchandise from scrap fabrics. **Lunchbox 17** is an enterprise helping connect domestic food producers with the demand for take-away food, providing incomes for home-based women. It receives 60-100 orders per day and launched an app, **Million Kitchen**, in June 2015 which already has 15,000 downloads.

EXAMPLES OF SOCIAL ENTERPRISES

Ziqitza Health Care Limited (ZHL) was founded in 2005 by a group of young

professionals who witnessed the disparity between emergency services in India and the USA. ZHL operates 24/7 call centres with ambulance tracking systems and equips ambulances with personnel trained in basic and advanced life support. In Mumbai, ZHL uses a sliding price scale that depends on a customer’s ability to pay – the fee is determined by the hospital type selected by the patient. All accident victims, disaster victims and unaccompanied victims are transported free of charge. In other locations, calls are subsidised by the government and in some cases patients pay a small fee.⁴

Claro Energy uses solar energy to meet irrigation and drinking water needs in rural India, partnering with and supporting self-help groups and NGOs and other organisations in rural India to make solar solutions to irrigation and drinking water more accessible to the underserved. It is a for-profit business – registered as a private limited company - focusing on the needs of small-scale and marginalised farmers.

Udyogini is a women’s empowerment non-profit social enterprise. It focuses on the poorest tribal women in four northern states to improve their livelihoods through value chain upgrading, improving enabling ecosystems and providing social development support to allow women entrepreneurs to work, such as crèches for their children.

Tara is part of Development Alternatives, a large social enterprise which provides sustainable development solutions through research, technology innovation, environmental management and enterprise solutions. Tara (*Technology and Action for Rural Advancement*) is a non-profit technology incubator mandated to ‘*build capacity, incubate business models and manage processes to create economic, social and environmental value on at a large scale*’.

3. Broadly understood to mean investment seeking both financial and social/environmental returns.

4. See <http://acumen.org/investment/zhl>.

POLICY SURVEY FINDINGS

This section begins with an overview of the policy areas influencing social enterprise before examining in more detail the findings from the desk-based review and stakeholder interviews.

There is an enormous volume of legislation in India, so this research focused on key national policies and programmes most likely to have an impact on social enterprise. The following assumptions were made about what policy is potentially relevant to social enterprises:

- Any policy or programme affecting or targeting MSMEs has the potential to include some social enterprises
- Any policy influencing organisation registration and governance of organisations and enterprises has the potential to influence social enterprise, given that they register in multiple forms
- Any policy or programme targeting low income and disadvantaged groups in terms of improving their livelihoods and/or access to social services has the potential to influence some social enterprises
- Any policy or strategy discussing economic growth, industrial development,

sector-level development or social development has the potential to affect social enterprises.

POLICY AREAS INFLUENCING SOCIAL ENTERPRISE

In broad terms, there are three main areas of policy that help to understand the current context for social enterprise development:

- NGO and civil society policy
- Financial inclusion and microfinance development and regulation
- Private sector development, in particular support to MSMEs.

Livelihoods programming and social service programming are also relevant. The sections below present initial issues for each of these three policy areas, intended as introductions – not comprehensive analyses.

NGOs, self-help groups and civil society


India has an enormous and long-standing presence of non-profit, non-state organisations including NGOs, civil society groups and self-help groups – often rural and commonly run by and for women. There are estimated to be around 2 million NGOs in the country (*Times of India*, 2014) and a similar number of self-help groups (Isern et al., 2007). India has a very strong and vibrant civil society culture, drawing for example from Gandhian traditions of volunteerism

and activism, with ongoing prominence given to the tradition of rural handloom cooperatives (*Awashti*, 2012).

The new Modi government is seen by some stakeholders as sceptical about NGO activity. In May 2015, almost 9,000 NGOs had their licences to operate cancelled by the Ministry of Home Affairs due to late registration. The government has increasingly expressed concern about foreign funding to NGOs (*Al Jazeera*, 2015).

Financial inclusion and microfinance

India's commitment to financial inclusion goes back several decades, led by the Reserve Bank of India (RBI), and through policies focused on expanding access to formal financial services, especially banking services, in rural areas and among poorer people using initiatives such as branchless banking, microcredit through self-help groups and microfinance institutions and electronic social welfare payments. Financial inclusion more generally has been given considerable attention in India and includes support to micro and small enterprises. In order to improve access to finance in India, the RBI has made financial inclusion an integral part of its future banking outreach strategy. It has instituted a number of policy measures to promote financial inclusion initiatives, the key ones being the Self-Help-Group Bank Linkage Program, microfinance, and branchless banking through a business



correspondent model. Regulatory provisions are also one of the key enablers for financial inclusion in India. Some of key policy initiatives of the RBI include priority sector lending, no-frills accounts, branchless banking and mobile ATMs (ADB, 2012).

Microfinance institutions have extensive reach across India in spite of a recent severe dip which followed a crisis in Andhra Pradesh (which had 30% of the national loan portfolio) where the government ordered a halt to collection of outstanding loans due to the high number of suicides among heavily indebted borrowers. Since the crisis, the RBI has introduced a set of industry rules that include a cap on multiple loans to individual borrowers and the creation of a new Microfinance Credit Bureau. The microfinance institution (MFI) model in India is characterised by diverse institutional and legal forms. MFIs in India exist in a variety of forms, such as: trusts registered under the Indian Trust Act, 1882/ Public Trust Act, 1920; societies registered under the Societies Registration Act, 1860; cooperatives registered under the Mutually Aided Cooperative Societies Acts of the States; and non-banking financial companies – MFIs which are registered under Section 25 of the Companies Act, 1956 or with the Reserve Bank.

In addition, the Ministry of MSME has been operating a Scheme of Micro Finance Programme since 2003/04 which is connected to the existing Micro Credit Scheme run by the Small Industries Development Bank of India (SIDBI), and provides funds to SIDBI under a Portfolio Risk Fund which is used for security deposit requirements for loans to MFIs and NGOs (Ministry of MSME, 2014).

Private sector development and MSMEs

The MSME sector is recognised in India as an ‘engine of growth’, a view put into law by government in the form of the 2006 MSME Development Act. Based on 2008 Ministry of MSME figures, the sector contributes 8% of national GDP, 50% of total manufactured exports, 45% of total industrial employment and 95% of all industrial units (Ravi, 2009). There has been steady growth in

the sector since the early 1990s, with growth accelerating from 2000 onwards – influenced in part by legislation introduced in 1999 to consolidate administrative support by creating the Ministry of MSME which subsumed the Ministry of Small-Scale Industries and the Ministry of Agro and Rural Industries and introduced a unified policy for credit, infrastructure, technology and marketing (Ravi, 2009).

There has been growing government focus on MSME development and financial inclusion, but given how recent much of this is, it remains to be seen if programmes of support will be effective in achieving their wider economic and social goals. India has a relatively statist tradition and historic suspicion of letting the market

develop its own solutions. The current government is seen to be more pro-business, an assumption based partly on its fairly right-wing ideology. However, some stakeholders indicated that there has been no noticeable change in terms of practical support to their enterprises, with some noting that subsidy payments – and higher-level coordination of MSME support – seem to have slowed rather than improved. Work by Ravi (2009) indicates that state policy to support MSME development has not had a significant impact. One of the reasons for this is that although MSME policies may help, wider government policies have a much bigger impact – for example, improved infrastructure and general availability of finance (Ravi, 2009).

MSME DEVELOPMENT ACT (2006)

The MSME Development Act (2006) brought significant changes to the sector: it set out clear definitions of micro, small and medium enterprise and provided for wide-ranging support. The Act mandated the composition of the National Board of MSME to regulate MSMEs, manage industrial cluster development, train entrepreneurs, develop infrastructure and promote financial access to the sector. The Act makes provisions to overcome known constraints – for example, it imposes conditions such as penalties for late payment to smooth cash flow and working capital for smaller companies and has mandated for the creation of MSE Facilitation Centres in every state to provide conciliation and alternative dispute resolution services to fast-track financial settlements. Registration in the MSME sector is voluntary and unregistered firms are a significant proportion of all MSMEs, partly because of the regulatory complexity that the 2006 Act sought to simplify. The 2006 Act also set an agenda for specific future policies, including a proposed Procurement Preference Policy to guide government bodies on how much to purchase from MSMEs and an Exit Policy or Close of Business Policy to regulate liquidation of failing MSMEs.

The 2006 MSME Act has been criticised for not addressing the difficulties smaller and earlier stage firms face in accessing finance. For example, banks and financial institutions are required to lend 40% of their portfolio to ‘priority sectors’, of which the MSME sector is one, but to meet this target they pick the largest, safest borrowers and crowd out smaller firms. The MSME Act has expanded the firms which fit the priority sector criteria and as such is seen to have aggravated the problem. Another concern is the lack of effective bargaining power of MSMEs in credit markets because enterprises with a net worth of less than 100 million rupees can’t access stock markets and have limited ability to bargain with banks on rates. The Act is also silent on the subject of women entrepreneurs; suggestions to address this include amending the procurement preference policy to make provisions for women-run enterprises and to create facilities like child day-care services.

Source: Ravi (2009)

A very wide range of policy and programme exist at both the national and state level which influences social enterprise activity in India. The main points at which social enterprises are influenced are:

- Registration

- Investment
- Incentives – taxation and subsidies
- Programmes of support – in terms of skills development, access to markets and to finance.

There are numerous schemes under various ministries which have direct or indirect implications for social enterprises. These include schemes related to education, health, fellowships, savings and credit, financial inclusion, subsidies of various

TABLE 4: NATIONAL-LEVEL POLICIES AND PROGRAMMES RELEVANT TO SOCIAL ENTERPRISE

POLICY	CONTENT
MSME Development Act 2006, Ministry of MSME	Act establishing legal definitions for MSMEs and providing both a range of national support programmes and a requirement that states do the same.
National Manufacturing Competitiveness Programme, 2008, Ministry of MSME	To build the capacity of manufacturing MSMEs through support and tax preferences. The 'Support for entrepreneurial development of SMEs through Incubators' programme has been operation since April 2008 and is a component of the NMCP (Ministry of MSME, 2014).
Public Procurement Bill 2012, Ministry of Finance	National requirement of 20% procurement from MSMEs, 4% for MSMEs owned by scheduled castes and scheduled tribes
India Inclusive Innovation Fund 2014, Ministry of Micro, Small and Medium Enterprises	Investment to social solutions with commercial returns (social enterprises) operating at the BOP Domain
Venture Capital Fund for Scheduled Castes 2015, Ministry of Social Justice and Empowerment	Concessional finance scheme to provide financial support to entrepreneurs from scheduled castes
Companies Act, 2013 and Companies Amendment Act 2015, Ministry of Corporate Affairs	The Companies Act 2013 came in force in August 2013. It replaced the old Companies Act 1956. The Act focuses the rules, procedures and formalities of incorporating, operating and closure of a company in India. ⁵
Credit Enhancement Guarantee Scheme for Scheduled Castes 2015, Ministry of Social Justice and Empowerment	Credit guarantee scheme to provide financial support to entrepreneurs from scheduled castes
Kisan Credit Card Scheme 1998-99, Ministry of Finance, Government of India, Reserve Bank of India and NABARD	Provides affordable and easy-to-access credit to farmers, run by the Reserve Bank of India and National Bank for Agriculture and Rural Development (NABARD)
Enterprise Policy (forthcoming), Ministry of Skills Development and Entrepreneurship	Outlines government approach to support enterprise development, includes small section on social enterprise outlining very briefly what a social enterprise is and detailing planned forms of support
Alternate Investment Funds Regulation, 2012, SEBI	Regulation which sets out a definition of social venture, for the purposes of social impact investment
Societies Registration Act 1860, Ministry of Corporate Affairs	Sets out the registration process for on-profit, literary, scientific and charitable societies
Companies Act, 1956, revised in 2013, Ministry of Corporate Affairs	Sets registration process and legal requirements for enterprise forms
12th Five Year Plan 2012	With inclusive growth in the title, the plan refers explicitly to focus on innovation
Samridhi Fund, DFID and SIDBI	A social venture capital fund providing capital specifically to social enterprises India's eight poorest states ⁶ in specific target sectors ⁷ in order to help scale enterprises which provide economic, social or environmental benefits to the poor

5. There are two sections which are more relevant from the point of view of social entrepreneurship. The Section 8 specifies the provisions for registration of a non-profit entity as a company and Section 135 delineates the contours of Corporate Social Responsibility under which companies of certain size/profits/turnover have to spend 2% their profits on social sector development (corporate social responsibility). Schedule VII has specified the activities that are eligible under CSR. Except under health wherein it talks about social business, the other social businesses are not eligible under the CSR expenses. Therefore, there is a need to revisit and suitably modify the Schedule VII to include CSR expenditure on promotion and funding of social businesses as well.

kinds, environment and cleanliness, toilets, agriculture finance, housing loans, skills development, target based schemes for schedule castes and schedule tribes, socially and economically backward communities/ classes, minorities, women and child development, etc. Table 4 sets out some examples of the programmes and legislation affecting social enterprise and indicates the ministries most aligned to social enterprise activity.

SOCIAL ENTERPRISE IN ENTERPRISE AND INDUSTRIAL POLICY

There is no formal reference to social enterprise in policy or programme currently implemented at the national or state level at the time of writing, as far as authors are aware. However, there is a draft Enterprise Policy, formulated by the Ministry of Skills Development and Entrepreneurship, which provides a brief definition of social enterprise and sets out forms of support for it, including higher education courses, fiscal incentives for social investment, incubation, grassroots technology hubs and engagement on innovation with existing entities such as the National Innovation Foundation.⁶

There is also draft legislation in Maharashtra: the New Industrial Policy.⁷ As far as the authors are aware, there is no other specific reference to social enterprise in existing Government of India policy, strategy and programming document drafts. However, as the above examples illustrate, that is beginning to change.

EXISTING POLICY AREAS FOR GOVERNMENT

This section sets out the nature of the government's engagement with social enterprise overall and then provides a brief overview in key policy areas. While the primary focus of the section is on Government of India programmes, there is

NATIONAL SKILL AND ENTREPRENEURSHIP POLICY ANNOUNCED ON 15 JULY 2015 BY MINISTRY OF SKILL AND ENTREPRENEURSHIP, GOVERNMENT OF INDIA: SECTION ON SOCIAL ENTERPRISES

Foster social entrepreneurship and grassroots innovations

Social enterprises have emerged as important business instruments to address the issues of poverty, unemployment and inequity in society, through socially oriented business innovations. Social innovation seeks to answer these social problems by offering new products and services which allow the poor to interact with markets as active participants rather than passive recipients. Considering the need to encourage such social enterprises, the following will be undertaken:

Encourage universities and academic institutions to launch a course on 'Social Entrepreneurship', including through online distance education, to actively promote social entrepreneurship in the country.

Foster a social capital market place by offering fiscal incentives to attract investors and make provision for funding support under a separate scheme(s) like social venture fund, to facilitate social entrepreneurs' access to credit.

Facilitate creation of Social Enterprises even with a modest capital base, through social incubates across the country.

Encourage innovators, universities and institutions to patent innovative entrepreneurship ideas and technologies by promoting and strengthening Intellectual Property Rights.

Create grass-root technology innovation hubs to harness the innovation potential of grass-roots innovators.

Promote and encourage grass-root innovations and assist innovators to commercialise and up-scale their products and services.

To encourage innovation, collaborate with organisations such as the National Innovation Foundation to encourage grassroots technological innovation and integrate with the national research and innovation ecosystem. Using the national network of E-Hubs and other platforms, assist entrepreneurs in commercializing and scaling up their products and services.

6. Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Orissa, Rajasthan, Uttar Pradesh and West Bengal.

7. Water and sanitation, health, agriculture, clean energy and green technology, financial inclusion, education and skills development and livelihoods.

8. Draft wording provided by Ministry of Skills Development and Entrepreneurship, written with inputs from a co-author of this report, Professor Awasthi.

9. The co-author of this report, Professor Awasthi, has been asked to draft a section on social enterprise policy for inclusion in this legislation.

brief mention of inputs from donor agencies and a final section on the nature and influence of donor activity.

There is increasing recognition across national and state government of the value of engaging the private sector to help address economic and social development issues in India (ADB, 2012) and the Government of India has been increasingly engaged in social enterprise related activity – support to MSMEs, inclusive private sector development and sustainable social development – even if it is yet to formally refer to social enterprise in legislation, strategy and programming.

For example, in 2014, a National Seminar on Social Entrepreneurship focusing on disability was held by the National Institute for Entrepreneurship and Small Business Development, while the Secretary for the Department of Disability Affairs at the Ministry of Social Justice and Empowerment launched a Resource Manual on Social Entrepreneurship with information about setting up social ventures by or for disabled people (Ministry of MSME, 2014). The government is also formulating policies and regulations affecting the social enterprise space; for example, the Securities and Exchange Board of India (SEBI), the national financial market regulator, produced a policy paper recommending separate recognition and regulation of Social Venture Funds (ADB, 2012).

Furthermore, although the main focus of schemes and programmes undertaken by the Ministry of MSMEs and their related organisations is to provide and facilitate a range of services to accelerate MSME development (see the section above), there are programmes oriented to specific beneficiary groups, such as women entrepreneurs (Ministry of MSME, 2014).

Social enterprises in India are not typically reliant on government funding, but their interaction with government agencies is often important to their success. The state has a role as a commissioner, enabler, regulator, partner and patron to social enterprise (Singh et al., 2012). According to Singh et al., the government should

provide an enabling environment for social enterprise, as well as exploring whether the provision of certain subsidies can support social enterprise activity – carbon credits, for instance, or other subsidies for renewable energy. The state can act as a patron for social initiatives, buying into and even adopting models. The government can create demand for social enterprise – for example, the creation of the government-sponsored *Rashtriya Swasthya Bima Yojana* health insurance scheme has created a market for social enterprises to deliver health services to millions of poor customers. Governments can outsource service delivery to social enterprises by paying for outcomes and they can provide subsidies to social enterprise in other areas (Singh et al., 2012).

INNOVATION AND TECHNOLOGY

There is considerable public policy activity around innovation, technology and skills for entrepreneurship and some overlap with the activities of social enterprise, even if they do not explicitly refer to them. In the 12th Five Year Plan, the Planning Commission calls for a 'new paradigm of innovation, focussed on producing "frugal" cost solutions with "frugal" costs of innovation in which India may be emerging as a global leader' (Government of India, 2011). Social enterprise solutions may offer cost effective

uses of technology as well as wider social innovation.

As part of its 'Decade of Innovation', the Government of India has prioritised establishing an ecosystem of support around enterprises and entrepreneurship assisting low-income and marginalised communities. For example, it has created a new fund, the India Inclusive Innovation Fund, to focus on investing in innovative enterprises engaged in providing solutions for the 'bottom of the pyramid' (see box).

In terms of support to innovation, other initiatives include the Federation of Indian Chambers of Commerce and Industry (FICCI) and the Government of India Department of Science and Technology/Technology Development Board partnering with USAID on an initiative called the Millennium Alliance, which was launched in 2012 to provide a 'platform to leverage Indian creativity, expertise, and resources to source and scale innovations being developed and tested in India that will benefit vulnerable populations across the world' (GIZ, 2012).

In 2010, the Prime Minister set up the National Innovation Council under the Office of Advisor to the Prime Minister on Public Information, Infrastructure and Innovations, with a mandate to formulate a Roadmap for *Innovations Promotion 2010-2020*, with a focus on inclusive growth (GIZ, 2012). The

INDIA INCLUSIVE INNOVATION FUND (IIIF)

In January 2014, the launch of the Indian Inclusive Innovation Fund was announced by the National Innovation Council and the Ministry of MSMEs. The fund was due to become operational at the start of the 2015 financial year.

The IIIF is a for-profit entity with a social investment focus and will invest and provide funding to social enterprises with the aim of maximising social impact with modest financial returns. The total fund will initially be Rs 500 crore (£50 million), and will have a maximum limit of Rs 5,000 crore (£500 million). The Government of India will contribute Rs 100 crore (£10 million) in the first year of operations. The Fund will later on seek capital from a range of different sources, such as public sector banks, public sector enterprises, multilateral agencies, corporates, private equity investors and investment firms. The IIIF is anticipated to source 20% of its capital from government and the remaining 80% from private investors, philanthropists, bilateral and multilateral organisations – and to invest in funds as well as directly in innovative enterprises, who may receive an investment of between R. 20 lakh (approx. £20,000) and Rs 5 crore (approx. £506,000) each.

Sources: Cahalane (2013), GIZ (2012)

National Innovation Council was closed, however, by the new Modi government, stalling the plans it had for establishing State Innovation Councils to deepen state-level support for innovation through mapping opportunities for innovation, holding workshops, and developing state-level portals to facilitate collaboration opportunities (GIZ, 2012).

However, the Department of Science and Technology has a National Science and Technology Entrepreneurship Development Board (NSTEDB) which provides incubation and seed funding, and a Science for Equity, Empowerment and Development Division, which supports the interface between technology and commercialisation – field-testing technology which is then scaled up by the NSTEDB. Stakeholders from the Department of Science and Technology said that while there is no specific focus on social enterprise, they will often choose to support enterprises with a bigger social impact and they work with incubators that support social enterprise.

At the state level, examples include the Bihar government's sponsorship of the Bihar State Innovation Forum, which is run with the help of the World Bank by the Bihar State Innovation Council (an autonomous body set up by the Government of Bihar) in collaboration with the Bihar Rural Livelihoods Promotion Society (Sonne and Jamal, 2013). In 2014, the forum awarded cash prizes to social innovators with the winners getting an opportunity to partner with the Bihar Rural Livelihoods Promotion Society to replicate and scale up their innovations.¹⁰

FINANCE AND INVESTMENT

Finance demand for the MSME sector in India was estimated at Rs 32.5 trillion rupees (£329 billion) in 2009/2010. Finance is a major constraint to MSME growth and a recognised barrier to the development of social enterprise (GIZ, 2012). There is a significant number of state programmes and

initiatives to provide capital to enterprises, including programmes which provide investments via state banks, sometimes with funding from donors, and initiatives to facilitate capital flow (for example through credit guarantee schemes). Several stakeholders suggested that social enterprises benefit from these schemes but that it is impossible to quantify this in any way.

Examples of government programmes to provide finance or support access to it include the Rs 5,000 crore India Opportunities Venture Fund with the Small Industries Development Bank (SIDBI) in the 2012-2013 budget. SIDBI itself has established a risk capital fund called the Growth Capital and Equity Assistance for MSMEs (GIZ, 2012). DFID has set up a programme in partnership with SIDBI to help poor people get access to financial services – the Poorest States Inclusive Growth Programme. One component of the programme is the PSIG Samridhi Fund (see box). There is also a GIZ-SIDBI collaboration for a Responsible Enterprise Finance Programme to strengthen financial institutions as multipliers for responsible

business behaviour of MSMEs, providing investment, banking and regulation, and support services for MSMEs (GIZ, 2012), which began operating in 2014.

Government interventions to support access to finance for entrepreneurs and businesses are not seen to have delivered the outcomes anticipated. For example, government legislation requires that all banks lend to agriculture and to MSMEs, regardless of their location and investment expertise. This is perceived to have led to considerable problems with non-performing assets, as well as strong preference from the banks to lend repeatedly to the same – known – borrowers. They do not want to take further risks by investing further in agriculture and/or providing MSME loans to individuals or organisations with little or no collateral or credit history.

In relation to credit guarantee schemes, the Credit Guarantee Fund Trust for Micro and Small Enterprises was set up by SIDBI and the Government of India to facilitate collateral-free loans to MSMEs. A 2010 working group found that banks did not encourage collateral free loans (Intellectap, 2014).

SAMRIDHI FUND

The Small Industries Development Bank of India (SIDBI) has a subsidiary called SIDBI Venture Capital Ltd which manages funds including the £35 million DFID-supported Samridhi Fund, which is a social venture capital fund providing capital specifically to social enterprises India's eight poorest states in order to help scale enterprises which provide economic, social or environmental benefits to the poor.

The Fund provides risk-adjusted returns to innovative businesses which have the potential to achieve considerable scale.

10. <http://www.worldbank.org/en/news/press-release/2014/02/03/government-bihar-honors-social-innovators-entrepreneurs-innovation-forum>

REGISTRATION

There are a range of legal registration options available to social enterprises in India (see Table 5).

PROGRAMMES TO SUPPORT DISADVANTAGED GROUPS


Partly overlapping with finance and investment programmes, there are a number of government programmes and entities run by different ministries to support socially or economically disadvantaged groups, most notably scheduled tribes and scheduled castes. Much of this support is for micro, rural enterprise development – making small loans and grants and providing forms of business development services and skills development. Several stakeholders suggested that some social enterprises would be eligible for support through these programmes, although no social enterprises interviewed provided specific examples of this.

The Ministry of Social Justice and Empowerment operates a number of programmes targeted at improving livelihoods of disadvantaged groups, such as the National Scheduled Castes Finance and Development Corporation, which provides credit for income-generating activities to people belonging to scheduled castes and living below the poverty line. Similarly, the National Safai Karamcharis Finance and Development Corporation provides credit to safai karamcharis (people who must 'scavenge' to get by) and their dependents, again for income-generating activities. The Ministry also set up a venture capital fund for scheduled castes in 2015 to promote entrepreneurship by providing concessional finance.

Sources: www.ngosindia.com/resources/ngo_registration.php; www.indianentrepreneur.com/resources/the-different-types-of-business-entities-in-india; ADB (2012)

TABLE 5: OPTIONS FOR SOCIAL ENTERPRISE REGISTRATION

LEGAL STATUS	DETAIL
Trust	A public charitable trust is usually floated when there is property involved, especially in terms of land and building.
Society	According to section 20 of the Societies Registration Act, 1860, the following societies can be registered under the Act: 'charitable societies, military orphan funds or societies established at the several presidencies of India, societies established for the promotion of science, literature, or the fine arts, for instruction, the diffusion of useful knowledge, the diffusion of political education, the foundation or maintenance of libraries or reading rooms for general use among the members or open to the public, or public museums and galleries of paintings and other works of art, collection of natural history, mechanical and philosophical inventions, instruments or designs.'
Section 8 non-profit company (formerly Section 25)	According to section 25(1)(a) and (b) of the Indian Companies Act, 1956, a section-25 company can be established 'for promoting commerce, art, science, religion, charity or any other useful object', provided the profits, if any, or other income is applied for promoting only the objects of the company and no dividend is paid to its members.
Private Limited Company	A Private Limited Company in India is similar to a C-Corporation in the US. Private Limited Company allows owners to subscribe to its shares by paying share capital fees. On subscribing to shares, the owners/members become shareholders on the company. A Private Limited Company is a separate legal entity both in terms of taxation as well as liability. The personal liability of the shareholders is limited to their share capital. A private limited company can be formed by registering the company name with appropriate Registrar of Companies (ROC).
Sole Proprietorship	This is the easiest business entity to establish in India. It doesn't need its own Permanent Account Number (PAN) and the PAN of the owner (Proprietor) acts as the PAN for the Sole Proprietorship firm.
Partnership	Partnership firm is governed by The Partnership Act, 1932. Two or more people can form a Partnership subject to maximum of 20 partners. A partnership deed is prepared that details the amount of capital each partner will contribute to the partnership. It also details how much profit/loss each partner will share. Working partners of the partnership are also allowed to draw a salary in accordance with The Indian Partnership Act.
Limited Liability Partnership	Limited Liability Partnership (LLP) firm is a new form of business entity established by an Act of the Parliament. LLP allows members to retain flexibility of ownership (similar to Partnership Firm) but provides a liability protection. The maximum liability of each partner in an LLP is limited to the extent of his/her investment in the firm. An LLP has its owner Permanent Account Number (PAN) and legal status.
Public Limited Company	A Public Limited Company is similar to a Private Limited Company with the difference that the number of shareholders in a Public Limited Company can be unlimited (minimum of seven). It is generally very difficult to establish a Public Limited Company. A Public Limited Company can be either listed in a stock exchange or not.
Producer Company	A recently created legal form for agricultural companies and cooperatives.



Women were seen by many stakeholders as a 'disadvantaged group' in their own right, and several livelihoods and microenterprise programmes make specific reference to supporting female entrepreneurs.

PROCUREMENT

Under recent procurement legislation (see Table 4), all government procurement is required to ensure 20% allocation to MSMEs, of which 4% should be MSMEs owned by people from scheduled castes and tribes. In response to this legislation, the Ministry of MSME has created an MSME product database to facilitate procurement requirements. The legal provision also includes a price preference scheme for MSMEs where they are given a 15% budget margin for preferential treatment on government procurement tenders. No specific provisions are made for social enterprises as a component of MSMEs.

CORPORATE SOCIAL RESPONSIBILITY

India revised corporate law in 2013 to make it mandatory for firms over a certain size to donate 2% of their profits to corporate social responsibility (CSR).¹¹ According to one stakeholder, companies are setting up their own CSR trusts and corpus in response to the CSR legislation and some are even setting up venture capital funds for impact investing initiatives. Several stakeholders suggested that there is a lot of potential funding from CSR for social enterprise, if social enterprises (including for-profit registered ones) can be formally recognised as legitimate recipients of the funds.

An outcome of the CSR legislation is that it has created a whole 'compliance industry', with lawyers and consultants helping firms decide about their CSR spending, even though there are no penalties defined for non-compliance.

SECTOR-LEVEL POLICY ENABLERS AND BARRIERS

Although much attention is given to non-sectoral policies influencing social enterprises, on a day-to-day basis regulation, strategies and programming within the operational and impact sectors for social enterprise seem to have the most noticeable impact, according to stakeholders. Table 6 provides an overview of policy considerations by sector that influence investment and engagement with social enterprise (as well as influencing the behaviour of non-social enterprises).

DONORS AND NON-GOVERNMENT ACTORS

India's middle-income status and fast-growing economy mean that several donors are reducing their activities in the country, intending to pull out altogether over the coming years. DFID, for example, now only works in the seven poorest states of the country. Several donors fund programmes which support enterprise development and social innovation: DFID, as mentioned above; USAID through its education, innovation and partnerships work (e.g. the Millennium Alliance);¹² the German government has funded a range of work on social enterprise and MSME development; several donor agencies fund the activities of Intellectap and its Sankalp forum; and there are a growing number of cross-country programmes supporting social enterprise like activities, such as Sida's Innovations Against Poverty, and USAID and DFID's Global Development Initiatives and Global Innovation Fund.

A number of international foundations are also providing considerable support, often less aligned to Government of India activity. For example, the Gates Foundation funds support to private healthcare work and community organisations promoting good healthcare in Bihar, niches in which

social enterprises may be able to add value. Indian industry giant Tata also funds social enterprise activity through a social internship programme in sustainability projects.¹³

There are also non-government social investment funds, such as the Incube Connect Fund which is aimed at entrepreneurs at the 'bottom of the pyramid' to provide capital and mentoring to make them ready for commercial investment.

STATE-LEVEL POLICY FINDINGS

The findings from a survey of state-level policies relevant to social enterprise are detailed in Annex 2. They show that implementation of state-level MSME policies varies across states, with some following the national lead and adopting a wide range of programmes of support whereas others have done very little. Most states make explicit mention of MSMEs in industrial and macroeconomic policy strategies. There is currently no evidence at the state level of specific reference to social enterprise in programming and legislation, although there are government-led investment and financing programmes with specific focus on social innovation through commercial models, for example the Samridhi Fund in eight low-income states.

11. Net worth of Rs 5 billion (around £50 million), turnover of Rs 10 billion (around £100 million) or net profit that exceeds Rs 50 million (around £500,000).

12. www.usaid.gov/india/education

13. www.tatasocial-in.com

TABLE 6: AN OVERVIEW OF POLICY ISSUES FOR SOCIAL ENTERPRISE IN INDIA BY SECTOR

SECTOR	POLICY ENABLERS AND BARRIERS
Health	Government generally encourages enterprises in affordable healthcare – e.g. publicly funded healthcare micro-insurance initiatives, such as Rashtriya Swasthya and Bima Yojana – and creates incentive for enterprises to deliver healthcare to the poor. However, licensing requirements for all hospitals are cumbersome; hospitals require about 18 licenses prior to commencing operations. Government is also promoting Ayurveda (an Indian medicinal system) and other alternative medicines for which it has created a separate Ministry (Ministry of Ayush).
Affordable housing	To address the gap in housing supply, government has instituted various incentive schemes like slum re-development initiatives that attract private capital. However, to make affordable housing projects financially attractive, government needs to provide additional benefits such as tax incentives for developers.
Agriculture	Government has instituted several schemes, such as a capital subsidy scheme, to promote investment post-harvest. One of the key challenges facing social enterprises operating in post-harvest processing and selling is the high level of market regulation, especially in the procurement and pricing of agricultural commodities. The flow of equity capital to the sector is limited to micro-venture capital and impact investments. However, mature companies in the organic agriculture space are able to attract investor interest. Recently, a new legal form, the 'producer company', was instituted to promote for-profit models which bring together groups of producers. However, response to the new legal structure has been limited as the structure is not flexible enough to accept external equity, thus limiting growth through external equity.
Education	Formal schools are highly regulated; long-standing rules require all formal educational institutes to operate as not-for-profit institutions. In contrast, the private coaching and education content space is unregulated. The flow of equity capital to the formal education space is limited as not-for-profit structures offer limited financial return to investors. Since formal schools require substantial access to capital this creates constraints for social enterprise. To attract equity capital, many affordable schools operate a hybrid joint-registration structure, in which the school is a not-for-profit entity but the school management company is a for-profit entity able to take equity investments. In order to leverage the infrastructure of mainstream private schools to benefit the poor, the government has instituted the Right for Education Act that requires private schools to provide 25% of their seats to low-income households, with expenses for these seats covered by the government. However, this policy is yet to be implemented as its facing stiff opposition from school managements, parents, and even some politicians who have stakes in schools.
Clean and off-grid energy	<p>The government is encouraging the participation of private suppliers across all sectors of energy through progressive policies and schemes. Some of key regulatory enablers in the energy sector are:</p> <ul style="list-style-type: none">• No approval required for setting up mini-grids delivering power within a 3 km radius• Capital subsidies for mini-grid technologies and solar products• Budgetary allocation of \$6.2 billion for rural electrification• A \$688 million fund for clean energy. <p>Regulations in the energy sector act both as enablers and inhibitors of growth. For example, although government has removed the need to obtain approvals for mini-grids, getting a commencement approval is time-consuming and requires communicating with several departments. Some of the other key regulations that negatively impact the sector are the high import duty on solar products, hardware compliance tests necessary to acquire subsidies, and subsidies for competitive products such as kerosene. Despite some regulatory inhibitors, the sector has witnessed a significant flow of capital as private equity investments in clean energy grew from \$851 million in 2005 to \$2.1 billion in 2008. However, the potential untapped opportunity for investors in clean energy sources for rural consumers is about \$2.1 billion per annum.</p>
Water and sanitation	Policies and regulations in the water management space are handled by multiple government agencies, and this negatively impacts the participation of the private sector. The government is trying to overcome this by forging transparent public-private partnerships. The sanitation services sector is unregulated; government assistance is required to integrate new private sanitation projects with existing sewage network. Very few successful business models have scaled enough to attract large amounts of equity capital. Most current models require high investment and the potential revenue generation is low. Projects in water and sanitation are often subsidised by the government (provided in the form of land, assured water uptake tariff, etc.). Given the demand for water and sanitation services, it is expected that innovative business models will develop to serve the under-served market.

Source: ADB (2012)

STAKEHOLDER PERCEPTIONS

SOCIAL ENTERPRISES – THEIR PERCEPTIONS AND PRIORITIES

India has a great deal of legislation and national and state-level government programming and its regulatory landscape is perceived by stakeholders to be more hierarchical and bureaucratic than in most other countries. While national and state government recognition of social enterprise offers the advantages of formalisation, careful consideration needs to be given to the implications of engaging government on social enterprise, given that social enterprise activity has already begun to flourish without government leadership. It is important to assess the need to regulate social enterprise as distinct from soliciting support from the state for its development.

It's not that social enterprise won't take place if you don't have a policy or definition – they've existed in our ecosystem despite government!

(Stakeholder)

'Because India is so bureaucratic, there is often a knee-jerk reaction to want to define and regulate new sectors: however that is not necessarily the best outcome.'

(Stakeholder)

This section sets out perspectives of stakeholders (particularly non-government stakeholders) interviewed for the study in terms of their preferences and priorities for government support to social enterprise. Overall, stakeholders suggested numerous ways that government could provide support, but expressed considerable scepticism about both its willingness and capacity to do so. Social enterprises said that engaging with government was necessary to achieve scale and success, but was also deeply frustrating due to the layers of bureaucracy and corruption.

In order to engage government officials, stakeholders suggested that better understanding of social enterprise is key. In a context where donor support is declining and there is growing pressure on government to provide social services such as education and healthcare, the opportunities for social enterprises to assist government provision should be recognised. There needs to be a shift from 'storytelling to number throwing' by social enterprises if they want to be taken seriously, said one stakeholder. In other words, if government is able to quantify the economic and social contribution of social enterprises, they may be more inclined to support their development – for example, if the job creation potential of social enterprise is understood in quantitative terms.

Several stakeholders suggested that an industry body of some sort could facilitate general awareness raising with government and more widely as well as lobbying and policy engagement for bespoke government support. There seemed to be limited awareness of NASE across all stakeholders interviewed for the study.

LEGAL STATUS AND DEFINITION

A legal definition for social enterprise was a popular demand among stakeholders in spite of the lack of clear consensus around what it should be. It would offer clarity to help raise awareness of what social enterprise is and would pave the way for government concessions and support.

Section 8 registration (as a non-profit company – see Table 5) is not seen by all

as a useful solution for social enterprises because it does not offer any tax exemptions, for instance. Some stakeholders would prefer certification schemes (overseen by independent bodies) over a government-set legal definition (such as the US-initiated b-corporation certification scheme). Section 8 registration is, however, the closest legal form that India has to the UK definition social enterprise. Given the scepticism about the possibility of establishing a specific legal form for social enterprise in the short term, consideration could be given to whether a modified Section 8 registration could make it more suitable and attractive to a wider range of social enterprises who would not otherwise choose the Section 8 option.

Stakeholders suggested that it is harder to establish a non-profit entity than it is to register a for-profit, and several suggested that while it is possible to operate under existing registration processes, a separate legal entity for social enterprise could facilitate understanding as well as diverse finance – i.e. both grants and equity.

As in other parts of the world, not all social enterprises find the 'social enterprise' label useful. This finding is also consistent with previous research in India, which found that some thought that the term 'social' draws negative perceptions of poor accountability and a less professional approach than mainstream business (Allen et al., 2012). Some said they had adopted it to illustrate the social value of their enterprise; others felt that negative public perceptions meant that the label risked undermining their client base, given its association with NGOs. Our research, together with experience from the UK and elsewhere, suggests that there needs to be a range of legal options for social enterprises as some will find the advantages of creating legal forms (e.g. tax exemptions or ability to pay dividends) more desirable than others.

There are several further issues to consider: widespread concerns about risks to the social enterprise brand if it is seen to be an extension of NGO activity; and how social enterprises can demonstrate their validity or impact.

FINANCE AND ACCESS TO INVESTMENT

Social enterprises receive financial support from a wide range of sources. Several stakeholders felt that the government could play a more effective role in facilitating investment flows to social enterprise. There was little support for extending the blanket requirements for banks to lend to agriculture and MSMEs because this is recognised to have caused problems for the banking sector in terms of high numbers of non-performing assets, and because it still leads to preference for established agriculture and SME lending rather than riskier early-stage financing, which is a major gap.

A prominent suggestion was that government could do more, through tax incentives to investors, to facilitate patient capital for social enterprise start-ups. Overall, stakeholders suggested that shortage of capital is not a problem but access to appropriate forms of capital at early stages of growth is, and that whilst impact investment is growing and ostensibly seeking to address the 'missing middle' gap where social enterprises want to graduate from grants and concessional loans, lack of social impact measurement means finance-first lending dominates.

Social venture capitalists don't exist – they are all venture capitalists! When you get round the table, their return expectations aren't very different from commercial venture capital.'

(Stakeholder)

TAX EXEMPTIONS AND SUBSIDIES

Stakeholders spoke about the difficulty of accessing subsidises just as other businesses or NGOs might – as they are often paid in arrears, not deducted in advance – and expressed concern that concessions specific to social enterprise would lead to exploitation of the social enterprise concept, particularly in the absence of a tightly controlled definition.

Another area where it was felt government could provide support is in recognising that the hybrid nature and double or triple bottom line of social enterprises means that they may be slower to grow and become sustainable than mainstream businesses. Recognition of this could be in the form of tax holidays for a certain number of years post start-up or up until a certain level of turnover or profit.

INCUBATION, SKILLS DEVELOPMENT AND EDUCATION

Stakeholders suggested that government could fund and establish centres to support social enterprise incubation in order to support start-up ideas and provide best practice sharing, mentoring and skills development. In addition, the role of social enterprise in secondary and tertiary education curricula was seen as an important part of driving not only social enterprise understanding, but wider understanding amongst educated and wealthier Indians of their more disadvantaged compatriots. Given that support to social enterprise activity exists through tertiary education centres, there seems to be a gap in awareness as well as a potential gap in provision.

ACCESS TO MARKET AND TO LOW-INCOME PRODUCERS AND SUPPLIERS

Stakeholders thought that government could facilitate access to market for social enterprises – markets in poor and rural communities as well wealthier urban consumer and international markets. Government, particularly at the local level, is also seen as able to play a role in linking social entrepreneurs to low-income

communities, particularly in rural areas, to pilot and scale innovative solutions to social problems and for livelihood development.

One stakeholder said that many social entrepreneurs come from educated, urban middle-class backgrounds and are not only cut off from village life, but do not have access to or deep understanding of low-income communities and the problems they face. Making goods and services financially viable to low-income, disadvantaged consumers is a key challenge for social enterprises, particularly in India where there is a huge population of poor and under-served people. Access for social entrepreneurs needs to include not only downstream outlets for the products and services they sell (e.g. to reach the last mile), but ensure that upstream the intended beneficiaries of the enterprise are engaged in ways that empower them socially and financially (Dacanay, 2013).

PROCUREMENT AND SOCIAL ENTERPRISE PROVISION OF GOVERNMENT PROGRAMMES

Stakeholders suggested that government could best support social enterprise by outsourcing programmes and initiatives to them, similar to the way that some government schemes are run by NGOs. This was generally seen as better than modifying procurement legislation (e.g. as with the requirement that government contract a proportion of MSMEs), although some stakeholders thought extending this approach to social enterprise could be useful. The fact that one Ministry has created a registry of MSMEs in response to the legislation indicates that it could drive increased knowledge of social enterprise activity across government.

Stakeholders also suggested that government could identify the programmes or products that social enterprises are best placed to supply and give them preference for these. In terms of relevant areas of government activity, one stakeholder gave the example of midday meal programmes in schools in Gujarat, saying that social enterprises and self-help groups could

supply spices to these initiatives, giving them a dual social and economic outcome.

STATE AND LOCAL (PANCHAYAT) GOVERNMENT SUPPORT

Stakeholders expressed concern about the difficulties of navigating the spectrum of national ministries and layers of state and municipal government. However, one social enterprise found a solution when they managed to obtain a headed letter from a national ministry about their work, which facilitated their subsequent activities when shown to officials at the state and panchayat level.

Designing, implementing and enforcing national level policy in India can be very challenging, but raising awareness and reducing scepticism about social enterprise across all layers of state bureaucracy is a viable pursuit, and one which stakeholders

felt would help reduce barriers to social enterprise development.

Another factor stakeholders mentioned was that initiatives do not have to start at the national level but can begin at state level and be replicated elsewhere. Indeed, the authors were given several examples of failures in national policy implementation at state level, indicating that state and even local engagement are more significant success factors.

GOVERNMENT STAKEHOLDER PERCEPTIONS OF SOCIAL ENTERPRISES AND SUPPORT TO THEM

Several government stakeholders interviewed did not feel India has reached a stage where it can set a national definition of social enterprise. They did,

however, articulate understandings of social enterprise broadly in line with the UK definition – unlike the majority of government stakeholders in similar studies in Bangladesh, the Philippines and Ghana, where there was far more limited understanding of the concept of social enterprise (Darko and Sultana, 2015; Darko and Quijano, 2015; Darko and Koranteng, 2015).

In general, government stakeholders did not express a clear interest in supporting social enterprise through bespoke programmes or legislation but did explain ways in which social enterprise, as they perceived it, was already covered in some government initiatives, and recognised that there could be value in providing more targeted support.

To facilitate this, according to Joint Secretary Jyotsna Sitling of the Ministry of

TABLE 7: FORMS OF GOVERNMENT SUPPORT AND RELEVANCE TO SOCIAL ENTERPRISE IN INDIA

ACTIVITY/REGULATION AREA	EXISTING PROVISIONS/ALTERNATIVES	NON-GOVERNMENT STAKEHOLDER INTEREST	GOVERNMENT STAKEHOLDER INTEREST
A specific legal status for social enterprise	None	GREEN	AMBER
Social value or social enterprise privilege in government goods and services procurement (local and national government)	Privilege for MSMEs and MSMEs owned by people from Scheduled Castes and Tribes	AMBER	RED
Financial support – direct financing or support to access investment	Considerable support to MSMEs and disadvantaged groups through livelihoods programmes and investment support	GREEN	AMBER
Social enterprise education support – curriculum requirements at secondary and tertiary level, finance for schools, colleges and universities and/or for students	Institution-led increase in social enterprise education, no inclusion in national or state curriculum	GREEN	AMBER
Social enterprise awareness raising and promotion	Plans to include reference to social enterprise in legislation/strategy documents	GREEN	GREEN
Tax concessions including tax holidays and subsidies	None specific to social enterprise	AMBER	RED
Social enterprise specific business development skills and technical skills support	MSME provisions, none specific to social enterprise	GREEN	AMBER

Skills Development and Entrepreneurship, there is a major need for research data on social enterprise to explain it to government, to understand how business models operate, and to quantify the number of social enterprises, their contribution to GDP and their job creation impact. The government needs to better understand the requirements of social enterprise within particular value chains and sectors to be able to target support.

Some government stakeholders mentioned

social impact investing, and one said that there is currently limited capacity within government to understand and facilitate this, in spite of interest in doing so. Based on the findings from government and non-government stakeholders during interviews for this study, Table 7 sets out – using a traffic light system – rough estimations of the degree of interest in particular forms of government support.

There is a wide range of national ministries with the potential to support

social enterprise in India. Evidence from the UK shows that finding a 'home' for social enterprise in government can be a challenge, and that engagement across ministries is important to support. Table 8 sets out ministries identified as significant to social enterprise development, indicating their existing indirect support and potential for future support. The section below indicates the ministries able to support social enterprise at a sectoral level.

TABLE 8: NATIONAL GOVERNMENT MINISTRIES AND THEIR INFLUENCE ON SOCIAL ENTERPRISE DEVELOPMENT

NAME	EXISTING LEGISLATION, PROGRAMMES AND ACTIVITIES INFLUENCING SOCIAL ENTERPRISE	POTENTIAL FUTURE ROLE SUPPORTING SOCIAL ENTERPRISE DEVELOPMENT
Ministry of Skills Development and Entrepreneurship*	Finalising Enterprise Law which contains reference to social enterprise	Explicit reference to social enterprise in Enterprise Law paves the way for bespoke programming and support by this new ministry
Ministry of Small and Medium Enterprises**	Oversees MSME legislation and programming, covering social enterprise as MSMEs	Potential to include specific reference to social enterprise in subsequent iterations of the MSME Law, to provide bespoke programmes at national or state level and to capture data about social enterprise as an MSME sub-set
Ministry of Social Justice and Empowerment*	Supports disadvantaged groups, provision of finance, technical support and skills development for livelihood and microenterprise	Potential to both provide specific support to social enterprise and to source programme delivery by social enterprises
Ministry of Education	Oversees public education and private education facilities, setting public education curricula	Require social enterprise and entrepreneurship concepts to be taught at secondary level and encourage social enterprise programmes at tertiary level
Ministry of Science and Technology*	Support to innovation and commercialisation of pro-poor technologies	Explicit recognition of social enterprises supported through existing programmes to provide bespoke support and/or raise awareness, as well as potentially compare impact with mainstream commercial solutions
Ministry of Corporate Affairs	Responsible for enterprise regulation and administration of the 2013 Companies Act	Potential role in formalising a definition and legal status for social enterprise
Ministry of Women and Children	Apex body for formulation and regulation of laws and programmes relating to women and children	Potential to source programme delivery from social enterprises
Ministry of Finance	Decides budgets and could allocate resource to social enterprise	Potential to provide specific budgetary support to social enterprise
National Institution of Transforming India - Aayog	Policy think tank that replaced the Planning Commission, aims to involve states in economic policy making using bottom up approach	Potential to incorporate best practices at state level on social enterprise in future
Ministry of Rural Development	Leads socio-economic development of rural India, focusing on health, education, drinking water, housing and roads	Potential to source programme delivery from social enterprises

*Ministry interviewed for the study.

Social enterprises can also be supported through bespoke policies and programmes at the sector level, through sector-specific ministries. The following ministries have been identified as key to social enterprises and of potential value to supporting social enterprise development:

- Ministry of Tourism
- Ministry of Non-Conventional Energy
- Ministry of Health
- Ministry of Housing and Urban Poverty.

SOCIAL ENTERPRISE DEVELOPMENT WITHOUT GOVERNMENT?

An important finding from this research is that social enterprise activity has expanded considerably in India in the last ten years without specific input from government. As the report indicates, there are areas in which stakeholders think government can usefully intervene. There were also numerous suggestions of other ways in which social enterprise can be developed and encouraged to grow. A brief summary is provided here.

India has a long-standing culture of civil society activism, with self-help groups and NGOs speaking for and providing for poor and disadvantaged groups. Many of these organisations are exploring the use of social enterprise models to make their activities sustainable; they are doing this in response to both limited grant funding and a desire to ensure the longevity of their work. They often lack the business acumen necessary to set up and run a successful social enterprise, but the growing number of incubators, accelerators and equity-like investors offering mentoring and technical assistance can help address this skill gap.

There is considerable interest to support social enterprise activity from domestic companies through their compulsory CSR spending, to global foundations and impact investing funds. There is also a recognised gap between how these investors seek to invest and what small and start-up social enterprises need by way of funding. Patient capital and grants may be more useful than the government trying to incentivise or compel investors to lend to high-risk borrowers.

Education and skills development will play an important role in both awareness and understanding of social enterprise, as well as interest in and ability to establish and run social enterprises. Business schools are able to develop programmes teaching potential entrepreneurs how to found social enterprises, but wider education at both tertiary and secondary level on empathy, social values, community engagement as well as economic development, social science skills and practical vocational skills will help to increase the number of people capable of conceiving, running and supporting social enterprises to scale.

GLOBAL EXPERIENCES

Policymakers and advocates of social enterprise seeking to encourage government to administer policy levers in support of social enterprise can learn much from the experience of other countries around the world. This section has a particular focus on the UK policy experience but also considers the policy context in other areas, such as East and South-East Asia, where applicable. It seeks to reflect upon good practice and policy successes, as well as drawing lessons from more challenging and less successful policies and programmes. Some of the following is based on first-hand experience of policy development and implementation from both inside and outside central government as well as drawing on other primary and academic sources.

The UK has a strong recent tradition of policy support for social enterprise. Within the EU, seven other countries (Bulgaria, Greece, France, Italy, Luxembourg, Slovenia, Sweden, and United Kingdom) have a recognised policy framework in place to encourage and support the development of social enterprises (European Commission, 2014).

POLICY INTERVENTIONS

Government policy with regard to social enterprise can be categorised into the following forms or types of intervention:

1. Regulatory and programmes

In the UK, such policy interventions have included:

- The creation of the Community Interest Company legal structure in 2004, the first new legal form for over 100 years. This model was designed specifically with social enterprise in mind, enabling organisations to adopt a unique set of characteristics, including a duty to act in the community interest, an asset lock and a dividend cap.
- The creation of dozens of new public sector social enterprise 'spin-outs' through giving public sector staff a formal *Right to Request* the opportunity to set-up new and independent social enterprises within which to continue to deliver public

services on behalf of the National Health Service (NHS).

- Legislation which specified that new local Healthwatch organisations, which represent patients in the NHS, had to take an independent social enterprise form, while funded by the state.

Five countries in the EU have created new legal forms for social enterprise by tailoring the cooperative legal form (Croatia, Czech Republic, Hungary, Portugal and Spain) while only the UK has developed an entirely new legal form for use by social enterprises.

This is distinct from recognising social enterprise status. Seven EU countries have introduced 'transversal' legal statuses that 'cut across the boundaries of various legal forms and can be adopted by different types of organisations provided they meet pre-defined criteria' (European Commission, 2014). These countries are Belgium, Denmark, Italy, Finland, Slovakia, Slovenia and Lithuania. Other countries planning to create social enterprise legal statuses include Latvia, Luxembourg, Malta and Poland, while the Czech Government is considering introducing a legal status for social enterprise.

2. Spending and investment

In the UK, such interventions have included a mix of near commercial-style investment funds as well as grants and technical support. Since around 2006, a number of government funds have been set up specifically to help finance social enterprise. Since 2010, there has been increased focus on social investment, with the launch of a formal Government vision and strategy in 2011 and the establishment in 2012 of 'Big Society Capital', an independent social investment wholesale institution that aims to support and develop social investment. Initiatives include:

- A £10 million Social Incubator Fund set up in 2012 which specifically funds social incubators to help them provide investment and support to early stage social ventures
- A £10 million Investment and Contract

Readiness Fund established in 2012 to help social enterprises access social investment (of at least £500,000)

- A multi-million pound risk capital fund for social enterprise, channelled through Bridges Community Ventures
- Regional Development Agency funding for regional social enterprise support bodies and business support
- A Department of Health Social Enterprise Investment Fund (SEIF) set up in 2007, which invested over £110 million in health and social care social enterprises.
- Strategic financial support for key social enterprise support bodies, such as Social Enterprise UK and the School for Social Entrepreneurs and the creation of new funding intermediaries, such as UnLtd, the Power to Change, and the Access Foundation, for instance.

Meanwhile, thousands of social enterprises in the UK continue to earn a very significant proportion of their income from winning contracts to deliver public services worth many hundreds of millions of pounds every year. However, until recently the public bodies have been unable by law to discriminate in favour of social enterprises in public service markets, leaving it to market forces and individual competitions to determine whether profit-motivated or socially-motivated businesses win the opportunity to deliver contracts. Most recently though, in 2015, the 'mutuals reservation' in the new EU procurement rules means that commissioning authorities are able to restrict certain competitions to businesses which meet a number of ownership and governance characteristics, effectively enabling them, for the first time, to discriminate in favour of certain social enterprises.

Other countries in the EU have adopted business development services and support schemes specifically designed for social enterprises, including Belgium, Croatia, Denmark, Germany, France, Italy, Luxembourg, Poland, Portugal, Slovenia, Spain, Sweden and Switzerland.

3. Tax relief

While less significant than spending, fiscal measures via the tax code in the UK have also been used to support social enterprises, and investment into them:

- Social Investment Tax Relief is a new 30% income tax relief for social investors, along with capital gains tax relief which is aimed to encourage investors to support social enterprise through debt-based investments, in much the same way that similar tax relief is available to equity investors in other SMEs.
- Mandatory and discretionary Business Rate relief has long been available to charities and community organisations, including many social enterprises, although the rules and discretion are applied variably across different local authorities.

In Thailand, the Thai Social Enterprise Office (TSEO) was established in 2012 to provide support and funds to social enterprise (TSEO, 2013). The TSEO is considering tax incentives for investors and for social enterprises themselves.

4. Softer levers, i.e. 'nudges' and awareness raising

As well as harder, more binding interventions, successive governments in the UK have also used softer, less direct interventions to raise awareness and promote social enterprise and to seek to influence consumer behaviour. These include:

- The Social Enterprise Ambassadors programme from 2007, under which a number of high profile social entrepreneurs were formally engaged to promote the concept of social enterprise and to raise awareness of the model, aiming to influence policymakers and the wider public.
- Social Enterprise Day, first established in 2002, which similarly aims to raise awareness of model through a loosely coordinated set of actions and events with the backing of government but largely led by social enterprises themselves and support bodies.

EXPLICIT, RELATED OR IMPLICIT POLICY SUPPORT FOR SOCIAL ENTERPRISE

Some government programmes in the UK and elsewhere have been very specifically aimed at social enterprises. However, on other occasions, programmes have had a different, if related, focus. Variations include a focus on:

- Social entrepreneurship and individual entrepreneurs as opposed to formally constituted enterprises i.e. UnLtd, the Foundation for social entrepreneurs.
- Social innovation has more recently gained popularity as a policy end in itself, rather than the focus on the form of the enterprise delivering. A number of social innovation incubators of social investment programmes are more focused on the activity of the supported organisation than its legal form or ownership.
- The social economy, which, under many interpretations, reaches much wider than social enterprise, has been the focus of some initiatives and legislation, particularly in continental Europe. In France the Social and Solidarity Economy Act was passed in July 2014 and includes legislation to update previous cooperative legislation and a framework for moving more easily between different organisational forms. New laws are also being introduced in Quebec, Canada and in Spain.
- In the UK, the public service mutuals agenda promotes the development of further public sector spin-outs. While the government is open about the governance and ownership models which these spin-outs take, in practice, the majority have adopted social enterprise forms.
- Social value was the focus of the UK's Public Services (Social Value) Act in 2012, which requires public bodies in England and Wales 'to have regard to economic, social and environmental well-being in connection with public services contracts; and for connected purposes'. While this is not explicitly about social enterprise, it is often understood to be significant in shifting the public service playing field towards social enterprise by encouraging commissioning authorities to consider wider longer-term value and not just price or narrower short-term value for money.
- Social investment and Social Impact Bonds are, by some definitions, not tied to social enterprises but to a wider family of charities and social purpose businesses, or even private businesses which happen to deliver significant social impact.
- In the UK and elsewhere, many governmental bodies offer funding and support programmes for wider civil society organisations, whether they are trading and earning income or pursuing business models based more on grants and donations. These programmes are often open by design to social enterprises, if not explicitly aimed at them. Indeed, a charity which earns the bulk of its income through trading will meet the UK government's definition of social enterprise even if it does not consider itself to be one. The Department of Health's longstanding Innovation, Excellence and Strategic Innovation Fund, or Section 64 grants as they were previously known, operate in this way, having supported many charities and social enterprises over a number of years.

Beyond these programmes lie a vast array of other business support programmes open to businesses and SMEs more widely, often led in the UK by the Department for Business, Innovation and Skills. These include SME access to finance programmes, interventions to stimulate bank lending, exports or skills development. These are generally open to social enterprises which qualify as any other businesses. However, social enterprises may sometimes struggle to access these schemes as easily if, for example, they are designed with more common private ownership and capital structures in mind.

- Under the UK's Chairmanship of the G8 in 2013, a specific focus was placed on Social/Impact Investment with the aim of encouraging all member states to accelerate their support for investment in social enterprise and to bring greater attention on the potential of social investment.

POLICY ARCHITECTURE

In the UK, various arrangements in the policy architecture for social enterprise have played a significant part in its shape and success. Variables include:

OVERALL SOCIAL ENTERPRISE POLICIES AND STRATEGIES

One of the first activities of the UK government on social enterprise was to create the 2002 Social Enterprise Strategy, which provided an initial overview of government understanding of social enterprise and intended activities.

Similarly, in 2014 Vietnam included in a new Enterprise Law a legal definition of social enterprise and that government will 'encourage, support and promote the development of social enterprises', including providing 'preferential conditions or be considered for special treatment' in the granting of licences and certificates and requiring government to provide detailed business registration procedures and other measures to promote the development of social enterprises (British Council, 2014).

MINISTERIAL RESPONSIBILITY FOR SOCIAL ENTERPRISE

In the UK, ministerial responsibility for social enterprise used to lay in the (then) Department for Trade and Industry. Its transfer to the Cabinet Office has had both advantages and disadvantages with policy now lying at the heart of government but with the business department feeling less obligation to ensure its programmes are working effectively for social enterprises.

CREATION OF DISTINCT SOCIAL ENTERPRISE UNITS IN DEPARTMENTS

Social Enterprise Units or individual staff posts have existed at various times in the

business and health departments, the Cabinet Office and the Treasury. These posts have also been accompanied by financial resources, formal action plans or strategies, ministerial access, influence across other departments (most notably in the Treasury) and access to other resources, such as influencing the government's Small Business Survey, which has made it easier to collect good quality data on the sector. In Thailand, the TSEO was established in 2010 as the 'executive authority to deliver the Thai Social Enterprises Master Plan. Its priority is to stimulate cooperation among social enterprises and develop their networks in Thailand.

SUB-NATIONAL FUNDING AND SUPPORT

In the UK, the Regional Development Agencies played a significant role in supporting social enterprise infrastructure for some years. With their demise, regional support bodies have suffered or collapsed and the new Local Economic Partnerships have a mixed track record of engaging successfully with social enterprise.

AD HOC LOCAL AUTHORITY POLICIES AND PROCUREMENT SPEND

Various local government bodies have from time to time developed plans and applied resources in support of social enterprise, although this is largely uncoordinated, ad hoc and subject to local political variations. Some authorities have invested directly into local social enterprises and others have instigated programmes to support a network of local social enterprises.

GLOBAL POLICY LESSONS FOR CONSIDERATION IN INDIA

Some potential lessons which could be important for Indian policymakers to consider include:

- Social enterprise is usefully considered within the wider context of inclusive growth and social service provision and it helps for social enterprise support to form part of wider strategies on economic and social development and sector-level development – such as in health and education. Table 9 sets out

concepts related to, but wider than, social enterprise.

- If emphasis is placed on access to finance as a key enabler of social enterprise development and potential area for government to support, then the funding and financing needs of social enterprises should be considered across their life cycle. Gaps in finance are more about the finance appropriate to a stage of development rather than overall lack of capital. While investment can be a significant factor in driving sectoral growth, other enabling factors should not be forgotten, such as credit history, collateral and capacity to borrow.
- Finance from non-government sources can be facilitated, for example, through amendments to CSR legislation or by exploring access to dormant bank accounts.
- The role of high profile political champions and influencers can be significant in determining the shape and effectiveness of policy. Social enterprise may need one or two committed champions within the corridors of power for support to be sustained and well resourced. Equally, however, cross-political-party support can be a significant factor in mitigating the risk that social enterprise can be seen as a partisan flavour of the month and deprioritised by successive administrations.
- It should not be forgotten how large-scale support for businesses and SMEs more widely can be harnessed to support social enterprise development. While explicit support for social enterprise can be powerful, it is often dwarfed by the sheer scale of resources directed towards businesses more widely. Social enterprise supporters should not be distracted from working to ensure that potentially powerful broader policy levers are open to social enterprise. For example, in India's case, foreign direct investment could be channelled towards more socially useful and environmentally responsible enterprise.
- The UK experience also suggests

government can play an enabling role in bringing clarity to understanding of social enterprises, conceptions and definitions, but it is unlikely to ever fully resolve tensions and misunderstandings about the sector, some of which are fundamentally ideological.

- The issue of social enterprise recognition should be seen as distinct from that of the question of new legal forms for social enterprise. While the UK's Community Interest Company (CIC) legal form, for example, has been useful for social enterprises in the UK, not all social enterprises will be CICs and creating new legal forms will not resolve questions of how to recognise social enterprise which choose to adopt other legal forms, such as charitable or co-operative forms.
- Situating discussion about social enterprise in the wider context of inclusive and sustainable growth delivered through social value, social innovation, social investment or the social economy, and seeking policy alignment in order to reach strategy visions for inclusive growth, have been important in the UK.

Table 9 provides an overview of terms commonly linked to, and confused with, social enterprise. As mentioned above, recognising the wider context of inclusive and sustainable economic and social development is an important part of embedding social enterprise within policy making.

TABLE 9: SOCIAL ENTERPRISE RELATED TERMS

Social entrepreneur	A person engaged in social entrepreneurship activity – could be a social enterprise or other innovative activities to promote positive social change
Social entrepreneurship	Social entrepreneurship is the establishment of social enterprises or other innovative activities to promote positive social change
Social business	A social enterprise model which does not re-invest profits/revenue back into the business
Impact business	US term for social enterprise, due to negative/ideological perceptions around the word 'social'. Often does not include profit re-investment component
Inclusive business	Businesses which include low-income people as producers, suppliers and/or consumers but that do not have social/environmental impact as a primary objective of the business
CSR	Corporate Social Responsibility – refers to big companies and their engagement beyond their core work, for example funding community projects. Criticised for distracting people from the more important need to address the impacts of their core business activities
Social venture	An entity promoting social welfare or solving social problems, not necessarily a business or sustainable model

CONCLUSIONS AND POLICY RECOMMENDATIONS

The social enterprise context in India is diverse and growing in size and capacity. It has done so largely without specific government support, but most stakeholders recognise that there is value in identifying bottlenecks which government could help address through policies, strategy documents and dialogue as well as through practical activities and programmes at state and local level.

Understanding and defining social enterprise is key. Social enterprise is not understood consistently in India and thus is very broadly defined. Depending on the circumstances, it can vary to meet a range of stakeholder requirements in terms of funding and ideology. The absence of a clear and consistent understanding may be a major limitation to the potential provision of government support in any form. Without a recognised definition of social enterprise, there is considerable risk that government programmes and policies, which are just beginning to mention social enterprise explicitly, may not reach their potential.

The policy context in India is widely recognised to be very bureaucratic with significant amounts of relevant legislation but limited implementation or coordination capacity. Social enterprises have considerable difficulties navigating existing government provisions and making the most of them. Policy relevant to social enterprise is extensive, and there is soon likely to be legislation which explicitly refers to social enterprise in addition to a wide range of programmes and initiatives that provide support to MSMEs and social innovation that by their nature already cover social enterprise. This does not, however, automatically imply that social enterprises will be supported effectively by government. There are considerable issues in terms of unexpected side effects and opportunities for corruption through the state-centric nature of India, and as much as social-enterprise-specific programmes have the potential to help address this, there is a risk that they may create new problems as well. In addition, there is a vast array of policy and programming in areas of potential use to social enterprise which could be

amended to include specific mention of social enterprise, and adapted as necessary to take into account the specific needs of social enterprises.

In terms of policy engagement and potential government support, the following recommendations are made based on findings from the literature and interviews for this study, the outcomes of a British Council workshop in August 2015, and recommendations based on experience from the UK.

- Government can play a leading role in bringing together key stakeholders to build consensus around a definition of social enterprise. Stakeholders are keen to have a definition to work with, so it could work to use the UK definition as a starting point for discussion, and review whether and how it needs to be modified to be acceptable in the Indian context.
- Situating responsibility for social enterprise within government is important. Responsibility for social enterprise policy could sit within a department responsible for business more widely or within one responsible for civil society and charities. Alternatively, policy leadership could lie with a more overarching central department such as the Ministry of Finance or the Prime Minister's Office. Each has implications for the policy levers available to support social enterprise; for example, the Ministry of Corporate Affairs is responsible for regulation and business registration, whereas the Ministry of Skills Development and Entrepreneurship has a mandate more closely aligned to social enterprise activity.
- The level at which policy engagement takes place is important in India, given that state governments have significant policy-making authority and the ability to initiate and pilot activities. In order to increase the profile of social enterprise, national-level government support will be important. However, there are a number of states with both growing capacity to support entrepreneurship and significant social issues for which state-level policy engagement with social enterprise activity could be relevant. In terms of focus, states with higher levels of entrepreneurial activity and support (e.g. Gujarat, Maharashtra, Karnataka, Tamil Nadu) and states with high levels of social need and interest from government to engage on innovation and entrepreneurship (e.g. Bihar) may prove useful starting points for state-level engagement.
- The social enterprise sector has a growing base of support organisations but there is still considerable capacity to increase support and infrastructure. Government can play a vital role in raising awareness of social enterprise and may be best able to do this through political champions – officials and politicians who are interested in and able to promote social enterprise. For non-government stakeholders with an interest in social enterprise, developing a policy network of organisations to influence and advise government could also be useful. Such a network may be well-placed to support the government in considering whether existing company registration options in India are sufficient for social enterprise.
- In terms of policy-making, social enterprise in India is not yet at the stage where specific policies are likely or necessary. It will be useful to build on the wealth of existing legislation and programming by seeking to have the social enterprise activity within this recognised, rather than pushing for specific new legislation. It will also be useful for policy engagement to consider sector-level policy shifts and programming to support social enterprise, for example the role social enterprises can play in social service provision.
- There is considerable energy around 'social innovation' and 'social entrepreneurship' in India that can be capitalised upon. Rather than seeking to prioritise one area over another, these wider concepts should be included in discussions about social enterprise. Further, considering social enterprise in the wider context of inclusive and sustainable economic and social development will help to embed it in longer-term government planning.

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ANNEX 1

List of interviewees

Interviewee Name	Organisations
1. Anant P Sarma	CEO, SIDBI Venture Capital Ltd., Mumbai
2. Ms Aparajita Agrawal	Intellectap, Mumbai
3. Arun Kumar Jha	CEO & Development Commissioner Khadi & Village Industries Commission, New Delhi
4. Ashwanth G	Desi Crew Solutions
5. Balasubramanian Munuswamy	Department for International Development (DFID), UK Government
6. Babu Lal Meena	Joint Secretary, Ministry of Social Justice and Empowerment, New Delhi
7. B H Anil Kumar	Joint Secretary, Agro and Rural Division, Ministry of MSME, New Delhi
8. Dr Archana Singh	Faculty, Centre for Social Entrepreneurship, Tata Institute of Social Sciences, Mumbai
9. Claire Tynte-Irvine	British High Commission, Delhi
10. Dr E M Reji	Faculty, Centre for Social Entrepreneurship, Tata Institute of Social Sciences, Mumbai
11. G K Dwivedi	Director, Ministry of Social Justice and Empowerment, New Delhi
12. Harkesh Mittal	Head, National Science and Technology Entrepreneurship Development Board (NSTEDB Division), Department of Science and Technology, New Delhi
13. J Jaynanth	Sampurn(e)arth Environmental Solutions Pvt. Ltd.
14. Dr Jayanti Ravi	Commissioner & Secretary, Commissionerate of Rural Development, Government of Gujarat, Gandhinagar
15. Ms Jyotsna Sitling	Joint secretary, Ministry of Skill Development and Entrepreneurship, New Delhi
16. Kartik Wahi	Claro Energy
17. Ms Leena Bansod	CEO, Maharashtra State Rural Livelihood Mission, Mumbai
18. Ms Lina Somme	Okapi Research
19. Ms Mamta Verma	Commissioner & Secretary, Commissionerate of Industries, Government of Gujarat, Gandhinagar
20. Mani Iyer	In3 VenturesPvt Ltd.
21. Mohit Verma	Threat Craft India
22. Paul Basil	CEO, Villgro, Chennai
23. Pawan Kumar	Udyogini, Delhi
24. Ms. Poonam Choudhary	RBC Trust (Project Stop)
25. Preeti Kumar	RBC Trust (Project Stop)
26. Raashid B Saiyad	Manager, Aashray Technology Business Incubator, Ahmedabad
27. Rajendra Joshi	Managing Director, Saath Livelihood Services, Ahmedabad
28. Rajesh J Shah	Managing Director, Saline Area Vitalisation Enterprise Ltd., Ahmedabad
29. Rajnish Patel	Maharashtra State Rural Livelihood Mission, Mumbai
30. Rakesh Khanna	Tara (Development Alternatives), Delhi

31. Ravi Raj Durwas	Manager, Social Incubator, Centre for Social Entrepreneurship, Tata Institute of Social Sciences
32. Dr R K Singh	Chairman, National Scheduled Castes Finance and Development Corporation, Ministry of Social Justice and Empowerment, Delhi
33. Rustam Sengupta	Boond Engineering and Development Limited
34. R V Dilip Kumar Sr.	Vice President, SIDBI Venture Capital Ltd., Mumbai
35. Dr S Bagade	Development Commissioner Industries, Maharashtra, Mumbai
36. Dr Samapti Guha	Associate Professor, Centre for Social Entrepreneurship, Tata Institute of Social Sciences, Mumbai
37. Samarth Gupta	Tara (Development Alternatives), Delhi
38. Santosh Dube	CSC India Private Ltd
39. Prof Satyajit Mazumdar	Professor & Head, Centre for Social Entrepreneurship, Tata Institute of Social Sciences, Mumbai
40. Dr Surendra Kumar Bagade	Development Commissioner Industries, Government of Maharashtra
41. Dr Usha Dixit	Senior Scientist, National Science and Technology Entrepreneurship Development Board (NSTEDB Division), Department of Science and Technology, New Delhi
42. Usha Ganeshan	Intellectap, Mumbai
43. Vimlendu Jha	Swachha Store, New Delhi
44. Dr V Thrippugazh	Mahatma Gandhi Labour Institute, Government of Gujarat, Ahmedabad

ANNEX 2

State-level policy relevant to social enterprise

This Annex presents findings from the desk-based survey of state level policies potentially relevant to social enterprise. It is not comprehensive due to the time and resource limits of the study and due to the fact that interviews were conducted in a small subset of states. Information on social enterprise ecosystems was not explicitly sought, but has been included where it was available.

State	Information source	Overview of social enterprise ecosystem	Overview of policy
Andhra Pradesh	Government of Andhra Pradesh (2014), YourStory (2015a), <i>Business Standard</i> , (2014a)	25-30% of state employment owed to MSMEs (YourStory, 2015a).	2014 Industrial Policy provides funding for start-up incubation centres but otherwise isn't centred on MSME policy (Government of Andhra Pradesh, 2014). New MSME policy will focus on developing skills, providing more technology, and funding MSMEs with seed capital (YourStory, 2015a). Field research with entrepreneurs and bankers revealed concern that the bifurcation of Andhra Pradesh would lead to difficulty securing financing for MSMEs (<i>Business Standard</i> , 2014a).
Arunachal Pradesh	Government of India (2008), Government of India (2009), Government of India (2007a), Government of India (2007b)	Many natural resources, but has had very little development thus far (Government of India, 2007b). Much of the population (64%) belongs to Scheduled Tribes and is dependent on central assistance. The area has difficult terrain and weather conditions which has resulted in poor infrastructure and development, which further hinders economic development as well. Poor training and human development also pose challenges to further economic development (Government of India, 2007a).	State Innovation Council established (GIZ, 2012). Government of India – Arunachal Pradesh Development Report (Government of India, 2009). Government has committed Rs 49 crore for the region's MSME development, of which Rs 22.87 crore has been dispersed (Government of India, 2007b)
Assam	Sonne and Jamal (2013), Government of Assam (2014a), Government of Assam (2008), MSME Development Institute, Guwahati website, ¹⁴ Government of Assam (2014b), <i>Economic Times</i> (2014), <i>Prajanma</i> (2013)	Most industrially developed state in the North East region, with many natural resources, and favourable location for trade with neighbouring countries (Government of Assam, 2014a). Guwahati, a city in Assam, has both colleges and universities, as well as high levels of education (Sonne and Jamal, 2013). Limited social entrepreneurship activity, but there are state sponsored MSME schemes (Sonne and Jamal, 2013).	State Innovation Council established (GIZ, 2012). As much as 50% of the MSME funding has been invested in engineering units (Sonne and Jamal, 2013). There isn't much SE activity, but there are more traditional NGO models working in livelihoods, for example the Mushroom Development Foundation, Drishtee, Centre for Microfinance and Livelihood, Impulse Social Enterprises, Maitri, and Grameen Sahara (Sonne and Jamal, 2013). Financing is difficult to come by for social entrepreneurs: in interviews with Sonne and Jamal, a bank official suggested it was partly due to a poor understanding of the financial markets and expectations, and that resources that offered counselling or training for SEs could improve this in the future. TISS Masters in Social Work and TISS-Guwahati are two higher educational institutions that have specific SE-related training available (Sonne and Jamal, 2013). There are limited incubation and counselling services available, mostly for technology-related start-ups. Incubators and mentors include BYST, SELCO, and IIT-Guwahati. There are also university and state sponsored training and job creation programs offering technical skill

14. See www.msmedi-guwahati.gov.in.

			<p>creation (Sonne, and Jamal, 2013). State policies are primarily focused on job creation and skills/vocational training although NEDFI has an entrepreneurship scheme available (Sonne and Jamal, 2013). Government of Assam/Guwahati training program includes the following programs for Entrepreneurs/MSMEs: Industrial Motivation Campaigns, Entrepreneurship Development Programmes, Entrepreneurship Skill Development Programmes, Management Development Programmes, Business Skill Development Programmes. MSMEs are all eligible for support under marketing scheme with additional incentives for women and physically handicapped entrepreneurs (Government of Assam, 2008). In 2014, the Government developed a provision for an Angel fund to help finance MSMEs of first generation entrepreneurs and skilled youth (<i>Economic Times</i>, 2014). In 2013, a social entrepreneurship conference was held at IIE Guwahati with 70 people in attendance. It was supported by Villgro, a SE incubator based in the state (<i>Prajanma</i>, 2013).</p>
Bihar	<p>Sonne and Jamal (2013), World Bank (2014), <i>Times of India</i> (2012), Business Standard (2013)</p>	<p>Starting in 2013, Government of Bihar has held an Innovation Forum, helping provide access to capital, training, mentorship and support. In 2014, 32 Social Innovators were honoured, and plans to offer access to capital to over 15 million households in the coming years (World Bank, 2014). Approximately 95% of the industry in Bihar is MSMEs. These MSMEs have little access to finance, however, with less than 5% having banking access (Times of India, 2012). Bihar Innovation Forum is a platform for networking for SEs in the state, funded by BRLPS and World Bank. It also provides mentorship and business plan competitions (Sonne and Jamal, 2013). Bihar produces lots of raw materials, but human capital is low, with a literacy rate of 71% in Patna but in rural areas around 44% (Sonne and Jamal, 2013).</p>	<p>State Innovation Council established (GIZ, 2012). State government has lending schemes for MSMEs (Sonne and Jamal, 2013). State introduced SME scheme, which focuses on cluster development (Business Standard, 2013). State launched Bihar Innovation Forum, along with private partners, to encourage entrepreneurship (Sonne and Jamal, 2013). There are several funds that are investing locally including: SIDBI's Samridhi Fund, World Bank Development Market Place, Accion, Pragati India Fund, Acumen Fund, LGT Venture Philanthropy, Shell Foundation, IFC, CISIO, Bamboo Finance (Sonne and Jamal, 2013). IIT-Patna and CIMP are setting up incubators in the state, while BIF has business plan competitions (Sonne and Jamal, 2013). BIT has Entrepreneurship Development courses and other educational initiations hold E-cells or entrepreneurship related festivals, such as NIT, BIT, CIMP, IIT-Patna. Networks outside of BIF included National Entrepreneurship Network, Bihar Business Online and PHD Chamber (Sonne and Jamal, 2013).</p>
Chhattisgarh	<p><i>Times of India</i> (2015), National Innovation Foundation (2009), World Bank (2013)</p>	<p>No information identified through policy survey</p>	<p>Policy approved in 2015 to create a 'Make in Chhattisgarh' policy, which will emphasise reviving industry in the state (<i>Times of India</i>, 2015). Micro Venture Innovation Fund set up in Chhattisgarh, under 'Chhattisgarh Innovates' to encourage research, dissemination and scaling up for business (National Innovation Foundation, 2009). World bank awarded 20 SEs grants to extend their models in Chhattisgarh (along with in two other states) (World Bank, 2013).</p>

Goa	Government of Goa, (2014), Government of Goa Directory of Industries, Trade and Commerce website, ¹⁵ Goa Institute of Management website ¹⁶	No information identified through policy survey	Goa Industrial Policy to include schemes on MSME and venture capital, starting 2014 (Goa Industrial Policy, 2014). Goa DITC offers interest free loans and other incentives to entrepreneurs, a program beginning in 2003 (Goa Directory of Industries, Trade and Commerce, 2008). Goa Institute of Management has an Entrepreneurship cell, and promoted its first SE event in 2013, highlighting building Women Entrepreneurship (Goa Institute of Management, 2013).
Gujarat	Industries Commissionerate, Government of Gujarat website, ¹⁷ Gujarat Centre for Entrepreneurship Development website, ¹⁸ ISED (2013), Government of Gujarat (2015), MSME Ahmedabad website, ¹⁹ EDI (2009), Government of Gujarat (2004), <i>The Hindu Business Line</i> (2015), Government of Gujarat (2009)	Known as an enterprise and investment hub, has multitude of policies and schemes to encourage both local and international development there (Industries Commissionerate, Government of Gujarat). One of the largest states in India with over 60 million people and over 4 million MSMEs, the Annual Survey of Industry 2009-2010 ranked it most industrial developed state in terms of industrial investment (ISED, 2013).	State Innovation Council established (GIZ, 2012). Industries Commissionerate of Government of Gujarat, Policy page (Industries Commissionerate, Government of Gujarat website). Three aims of 2009 Industrial Policy are: encouraging investment, job creation, and implementing high quality standards (Gujarat Centre for Entrepreneurship Development). Developed the Twelfth Five Year Plan (2012-2017), emphasized manufacturing growth as well as 'faster and more inclusive, sustainable growth' (ISED, 2013). 2015 Government of Gujarat Industrial Policy includes policy for promotion of cluster development of MSMEs (Government of Gujarat, 2015). Government MSME Development Institute – helps develop and promote MSMEs in the state (MSME Ahmedabad website). Government pledged 23 acres to Enterprise Development Instituted of India (EDI), an NGO that provides enterprise research and training (EDI, 2009). Government developed Special Economic Zone (SEZ), which is duty-free and meant to encourage investment and economic growth in the state. In 2015, Government of Gujarat announced new Industrial policy which included several schemes aimed at MSMEs including: interest and cash assistance on loans for entrepreneurs, and incentives for women and young entrepreneurs (<i>The Hindu Business Line</i> , 2015). Government assistance to MSMEs comes in a variety of forms and includes: interest subsidies, quality certifications, venture capital assistance, technology acquisition assistance, research and development support, patent assistance, market development support, vendor development and cluster development (Government of Gujarat, 2009).
Haryana	Sonne and Jamal (2013), YourStory, (2015b), MSME Development Institute Karnal website, ²⁰ Voice of Research (2014), <i>Economic Times</i> (2015), Sahapathi and Khanna	As one of the wealthiest states in India, Haryana can boast strong infrastructure and strong industrial base (Sahapathi and Khanna, 2011). There have been successful start-ups in Chandigarh, but most industry is in light manufacturing. Although few, there are some SEs	State Innovation Council established (GIZ, 2012). Both state based and private impact/angel investors are few, although the region does benefit by being close to Delhi where there is more access to capital (Sonne and Jamal, 2013). There is some incubation support as well as higher education focus on start-ups/SE in Chandigarh, some examples are: Central Institute of Post-Harvest Engineering and Technology (CIPHET), ISB Mohali, Punjab Biotechnology Incubator,

15. <http://goaditc.gov.in>.

16. www.gim.ac.in/gim_clubs_display.php?clubid=19.

17. http://ic.gujarat.gov.in/?page_id=147.

18. <http://www.ced.gujarat.gov.in/showpage.aspx?contentid=1990&lang=English>.

19. www.msmediahmedabad.gov.in.

20. www.msmedikarnal.gov.in/programs.html.

	(2011), <i>Business Standard</i> , (2010), <i>The Economist</i> (2013)	such as: My Earth, Repatra and Let's Endorse (Sonne and Jamal, 2013).	and Chandigarh Incubation Centre. In addition, SPIC and Microsoft have developed training and technology centres at Punjab Engineering Colleges (Sonne and Jamal, 2013). Government of Haryana developed a RS 100 crore fund to provide lenders to MSMEs a guarantee to encourage bank lending. The Government also set up a Fund Trust, CGTMSE, to help MSMEs in the state (YourStory, 2015b). Variety of programmes to support entrepreneurs set up by the Karnal Ministry of MSMEs (SISI, Karnal) at the MSME Development Institute (MSME Karnal, date unknown). The 2015 Haryana Industrial Policy will focus on MSMEs and manufacturing to align with the greater India 'Make in India' campaign (<i>Economic Times</i> , 2015). In 2010, local business association Faridabad Small Industries Association (FSIA) developed a scheme, approved by Haryana government, to enhance competitiveness of MSMEs (<i>Business Standard</i> , 2010). Rural Organisation for Social Empowerment is a social entrepreneurship operating out of Haryana, whose goal is to employ at least one member of every household in the state. The SE offers computer training and conducts outreach to women, children and seniors (<i>The Economist</i> , 2013).
Himachal Pradesh	Government of Himachal Pradesh (2013), Planning Commission of India (2005)	No information identified through policy survey	State Innovation Council established (GIZ, 2012). State industrial policy (2013).
Jammu and Kashmir	Planning Commission of India (2003), Suri (2013), Jammu & Kashmir, Entrepreneurship Development Institute, website, ²¹ <i>Kashmir Times</i> (2013)	As a result of the state's location on the border of Pakistan and China, it faces many unique challenges. Its infrastructure and industry have suffered as a result and its development continues to hinder additional progress and schemes (Planning Commission of India, 2003).	Several governmental schemes have been implemented to empower and employ women entrepreneurs in the region, these include: Integrated Rural Development Program, Training of Rural Youth for Self Employment and Development of Women and Children in Rural Areas. Other state and national agencies working to provide entrepreneurial support include: NABARD (National Bank for Agricultural Research and development), SWDC (State Women's Development Corporation). To a large extent these programs and schemes have struggled due to lack of guidance, literacy skills, financial acumen and business and legal awareness (Suri, 2013). The state provides youth entrepreneurship support, notably the Seed Capital Fund Scheme-SCFS which provides seed money for youth led ventures (Jammu & Kashmir, 2014; Entrepreneurship Development Institute website). The University of Jammu provided a SE interactive event at its Business School (<i>Kashmir Times</i> , 2013).

21. <http://jkedi.org/Seed.html>.

Jharkhand	Government of Jharkhand (2012), Jharkhand State Livelihood Promotion Society website, ²² SME Times (2015), Xavier School of Management, website ²³	No information identified through policy survey	State Innovation Council established (GIZ, 2012). State procurement policy for 2007-2012, was created to encourage MSME development (Government of Jharkhand, 2012). The Rural Development Department of Government of Jharkhand (GoJ) set up a society for promotion and improvement of livelihood, 'Jharkhand State Livelihood Promotion Society,' to encourage greater growth and development (Jharkhand State Livelihood Promotion Society website). A 2015 government policy has been enacted to encourage more availability and better terms of loans and services to MSMEs in Jharkhand. As a result, the Reserve Bank of India has provided detailed advice to lending banks on improved practices (SME Times, 2015). Xavier college, a private college in Jharkhand offers a Post Graduate program in Entrepreneurship Management.
Karnataka	Dubey (2014), Vijaya (2015), <i>Business Standard</i> (2009), Government of Karnataka (2014)	No information identified through policy survey	State Innovation Council established (GIZ, 2012). New government industrial policy in Karnataka aims to especially encourage women and SC/ST entrepreneurship. The policy will provide incentives such as reservation on plots, training, and low interest loans (Dubey, 2014). In addition, the State Financial Corporation will provide subsidies and rebates for entrepreneurship development (Vijaya, 2015). Additional subsidies for housing/work sheds have been increased to 90%, and provision of free toolkits are available, a scheme promoted by Raj Kumar Khatri, commissioner for industrial development (<i>Business Standard</i> , 2009).
Kerala	Sonne and Jamal (2013), Government of Kerala (2015), Kerala State Industrial Development Corporation website, ²⁴ <i>Economic Times</i> , (2015), <i>Hindu Business Line</i> , 2015; Government of Kerala IT, 2014; <i>The Hindu</i> (2011)	The state has high literacy and physical quality of life index. Was named the Second Best State in India for Investment Friendliness and is one of the top IT/ITES destinations in India with a well developed healthcare system and many resources for tourists (Government of Kerala, 2015). The first PPP partnership, Startup Village, is in Kerala, and it highlights the amount of government effort put into entrepreneurship development. There are over 1.4 million MSMEs in the state employing over 3.3 million people. These businesses generally focus on IT, and there are few social entrepreneurs – civil society is more the purview of NGOs in the area (Sonne and Jamal, 2014).	State Innovation Council established (GIZ, 2012). Amended Industrial and Commercial Policy aims to encourage entrepreneurship in disadvantaged and/or minority groups and mobilize MSMEs particularly in rural areas, among other goals (Government of Kerala, 2015). The Kerala Financial Organization provides funding support through soft loan programs and rebates (Sonne and Jamal, 2013). The state provides many policies to support entrepreneurship and MSME in general, with agencies such as Kerala Industrial Infrastructure Development Corporation (KINFRA) providing services and perks. The policies include: Student Entrepreneurship Policy and Startup Box, Kerala State Entrepreneur Development Mission, Kerala Institute of Entrepreneurship Development, and Kinfra Film and Video Park (Infotainment Park, SEZ) (Sonne and Jamal, 2013). The Kerala State Industrial Development Corporation has created a guide to investors to help local businesses find and attract funding (Kerala State Industrial Development Corporation, 2014). The Kerala government organised meetings between private investors and local businesses including Global Investors Meet (GIM) and Emerging Kerala to help encourage investment in the state (Kerala Government Industrial and

22. www.jslps.org

23. www.xlri.ac.in/academic-prog/executive-education/pgcpem.aspx

24. www.ksidc.org.

			<p>Commercial Policy, 2015). There are several women empowerment initiatives in the state. Sandesh One, a government initiative to create a 1000-plus network of women generating grassroots microenterprises launched in 2015 (<i>Economic Times</i>, 2015). The program was developed after the success of other women empowerment programmes like Kudumbashree, and She-Taxi (<i>Economic Times</i>, 2015). Similarly, the Kerala State Industrial Development Corporation developed the Women Entrepreneur Mission, which launched in May 2015 (<i>Hindu Business Line</i>, 2015). The Kerala Government Innovation and Technology group began a pilot initiative in 2006 to create Technopark TBI, a venture meant to encourage IT/ITES entrepreneurship amongst youth. A result of the growth of the program, the Department of Science and Technology of India created a public/private venture to scale the start-up ecosystem and, as a result, developed TIH-TBI start-up village to continue and growth this youth entrepreneurship venture (Government of Kerala, 2014). In a 2011 master's thesis at the London School of Economic, Pallavi Gupta studied gaps between government policies and social enterprises in Kerala. She cites lack of communication between government and social entrepreneurs, and the need for subsidies and tax breaks as limiting factors to a more vibrant SE landscape (<i>The Hindu</i>, 2011).</p>
Madhya Pradesh	Sonne and Jamal (2013), Government of Madhya Pradesh, Centre for Entrepreneurship Development website, ²⁵ <i>Hindustan Times</i> (2015)	<p>Madhya Pradesh was one of the first states to establish a State Innovation Council, but there are not specific SE policies in place (Sonne and Jamal, 2014). There is a strong NGO presence, with local government beginning to prioritize SE, but currently not a large SE footprint. Bhopal, the capital, is the administrative centre of the country, which means administration is sometimes prioritized over business activity (Sonne and Jamal, 2014). Nonetheless, there are 1.3 million registered MSMEs in the state, employing over 2 million people (Sonne and Jamal, 2014).</p>	<p>Outside World Bank Development Marketplace and Samridhi Fund have provided financial support in Madhya Pradesh, but there are no local actors providing funding. Similarly, there is little start-up support or traditional angel investing or incubation in the state (Sonne and Jamal, 2013). One exception is the Oasis Social Innovation Lab, which has mentored four SEs in the state (Sonne and Jamal, 2013). While there are some government MSME policies/schemes to enable science and technology, there has been very little thus far in developing start-ups or SEs (Sonne and Jamal, 2014). This may be changing, however: the <i>Hindustan Times</i> reports of a new investment scheme to increase local development of MSMEs including a scheme to provide plots at attractive rates (<i>Hindustan Times</i>, 2015). The Centre for Entrepreneurship Development in Madhya Pradesh is one of the original training facilities of its kind, and provides training for a variety of industries (Centre for Entrepreneurship Development website).</p>

Maharashtra	Interviews with stakeholders in Mumbai. Sonne and Jamal (2013), Yourstory (2015c), Government of Maharashtra (2001), Maharashtra Centre for Entrepreneurship Development website ²⁶	Maharashtra has a large youth population with significant start-up presence (1.5 million MSMEs registered state-wide), and existing infrastructure to support emerging businesses (Sonne and Jamal, 2014). Cities such as Pune are notorious for technology start-ups, and while there are some social entrepreneurs, there are not nearly as many as traditional start-ups and NGOs (Sonne and Jamal, 2014).	There is financial support available, primarily to traditional start-ups, but also to social entrepreneurs, ranging from investors and Angels like TiE Angels, Pune Angels and Indian Angel Network, to Aavishkaar and Lok Capital funds (Sonne and Jamal, 2014). SIDBI, a state run development bank set up a venture capital fund for financing MSMEs starting in 2015 (Yourstory, 2015c). There are a combination of government and private organisations offering startup and incubator support. Incubators and supports include local college and private sector organisations like Venture Centre, MITCON, UnLtd India, SCMHRD, Pune College of Engineering, Pune Open Coffee Club, Abhinav Farmers Club and SIMS (Sonne and Jamal, 2014). Local policies are directed at infrastructure and trade development instead of entrepreneurship schemes, but there are some subsidies provided state-wide (Sonne and Jamal, 2014). In 2013, Social Infrastructure Policy was developed with a goal of training 50,000 youths to develop self-employment each year by the Maharashtra Centre for Entrepreneurship Development (Industrial Policy of Maharashtra, 2013). The Maharashtra Centre for Entrepreneurship Development – ‘an autonomous society under Department of Industries,’ aims to provide entrepreneurship training and promote the spirit of self-employment (Maharashtra Centre for Entrepreneurship Development website).
Manipur	Government of Manipur (2012), <i>Manipur Times</i> (n.d.), MSME Development Institute (2013), Foundation for Social Transformation (2014a)	The Manipur Times suggests that part of the problem is a ‘brain drain,’ where students and professionals leave to work in other states with better HE sectors (<i>Manipur Times</i> , n.d.).	State Innovation Council established (GIZ, 2012). The industrial and investment policy of Manipur, 2012 (Government of Manipur, 2012). Detail of MSME programme delivery 2012-2013 (MSME Development Institute, 2013). A local Manipur NGO provided a workshop series with the Indian Institute of Entrepreneurship on women’s empowerment and entrepreneurship (Foundation for Social Transformation, 2014a).
Meghalaya	Meghalaya Government policy website, Meghalaya Government industry website	No information identified through policy survey	MIIPP was enacted in 2012 to provide an additional 10% subsidy to enterprises run by women or by those who may be physically handicapped (Meghalaya Government Industry website). MIE, the Meghalaya Institute of Entrepreneurship was set up to help groups in most need by providing MSME development support (Meghalaya Government policy website)
Mizoram	Government of Mizoram (2012), Government of Mizoram, Department of Industries website ²⁷	No information identified through policy survey	State Innovation Council established (GIZ, 2012). Mizoram enacts MSMED Act in 2006, meant to support and create incentives for MSMEs, and shifts priorities to enterprises over industries (Government of Mizoram, 2012). State policy LUP enacted to help provide sustainable income to farming families, provide employment through MSMEs for urban poor and synthesise programming with national schemes to avoid inefficiencies (Government of Mizoram, Department of Industries website).

26. www.mced.nic.in/map.aspx

27. <http://industries.mizoram.gov.in/page/about-nlup.html>

Nagaland	<i>Nagaland Post</i> (2013) <i>Nagaland Post</i> (2014), Foundation for Social Transformation (2014b)	No information identified through policy survey	The <i>Nagaland Post</i> announced a scheme promoted by the Development Commissioner of MSMEs, which provides a stipend to unemployed youth in the state to become QMS certified (<i>Nagaland Post</i> , 2013). The secretary of a local program, Society for Education, Empowerment & Development, was selected as one of nine social entrepreneurs to become a 'Prerak Fellow' (<i>Nagaland Post</i> , 2014). A private program by the Foundation for Social Transformation, has begun a Women's Entrepreneurship program, hosting 37 women entrepreneurs, organised with IIE (Foundation for Social Transformation, 2014b).
Odisha	Sonne and Jamal (2014); Odisha Government website, ²⁸ <i>SME Times</i> (2015), <i>Economic Times</i> , (2010), Odisha Society website ²⁹	The capital of Odisha, Bhubaneswar is traditionally a manufacturing hub, and therefore entrepreneurship is less emphasised, with 997,000 registered MSMEs state-wide. There are several colleges in the area which offer entrepreneurship cells, although these are currently not very active. State, NGO and private enterprises are beginning an entrepreneurship push (Sonne and Jamal, 2014).	The state has expressed interest in developing a VC fund and groups like Invest Bhubaneswar and TiEare are providing local startup funding (Sonne and Jamal, 2014). Industry secretary Saurabh Garg, announced a draft of the MSME Venture Capital Fund Scheme in 2010 (<i>Economic Times</i> , 2010). The state doesn't have specific SE policy yet. It does have a Youth focused policy that includes entrepreneurship and an Odisha Entrepreneurship Development Policy is being formed (Sonne and Jamal, 2014). MSMEs employ the most Odisha residents, after agriculture, so the government is looking to expand its presence (Odisha Government website). That state won an award for its rollout of the national self-employment policy: Swarna Jayanti Sahari Rojgar Yojana (SJSRY), in 2012 (Sonne and Jamal, 2014). Private funding in Odisha has been provided by investors like Acumen Fund, Samriddhi Fund and Aavishkaar (Sonne and Jamal, 2014). In 2015, the state announced a plan to improve awareness of MSME schemes and plans, and to increase oversight of government offices, which disperse those schemes, to help more Odisha residents take advantage of these opportunities (<i>SME Times</i> , 2015). SA-Odisha Development is a social business with a mission to develop social entrepreneurship, technology and other sectors for exchange with the United States (Odisha Society website).

28. www.msmeodisha.gov.in

29. www.odishasociety.org/osa-odisha-development


Punjab	Sonne and Jamal (2014), Khan (2003), <i>Business Standard</i> (2015)	SE is still developing, although there are a lot of MSMEs, particularly in engineering and ICT, as well as NGOs in the state (Sonne and Jamal, 2014; Khan, 2003). Local universities, start-up weekend events, and financing schemes support a budding entrepreneurial environment (Sonne and Jamal, 2014). There are approximately 29k MSMEs registered in the territory, with 70k employees in the state. Some SE's include My Earth, a retail SE, Repartra, a waste management company, and Let's Endorse, a crowd-sourcing organization.	State Innovation Council established (GIZ, 2012). State policy is relatively new – a state-developed Entrepreneur development centre is being set up (RGCTP), but is not fully operational yet (Sonne and Jamal, 2014). Business Standard reports, however, that the 2015-2016 budget includes items for training and funding of MSMEs. The budget also includes funding for 22 Multi-Skill Development Centres, envisioned to increase youth employment (Business Standard, 2015). There is very low level of financial support available, with some angel investors available but no local impact funds or schemes (Sonne and Jamal, 2014). SPIC and Microsoft have set up a training centre and facility at a local university providing training for students and professionals (Sonne and Jamal, 2014). There are some non-financial resources available, in the forms of prestigious universities, or in the form of incubators like Morpheus, CIPHET, Prometheus and EDC, and business plan competitions like TiE and PEC (Sonne and Jamal, 2014). Private initiatives like Startup Weekend and Startup Pirates are gaining traction in the area as well (Sonne and Jamal, 2014).
Rajasthan	Sonne and Jamal (2014), Government of Rajasthan (2014), Rajasthan Skill and Livelihoods Development Corporation website ³⁰	Several state-sponsored start-up accelerators and support groups operate in Rajasthan, including Startup Oasis (government start-up incubation centre), and Rajasthan Venture Capital Fund. Other start-up support groups such as Grassroots Innovation Augmentation Network, and IIM-A also operate in the region (Sonne and Jamal, 2014). Jaipur, capital of the state of Rajasthan, has long been a centre of business and hosts a strong SE culture, nurtured by SE groups and associations as well as student groups and university centres, providing entrepreneurship education (Sonne and Jamal, 2014). There are 968,000 MSMEs registered with 1.8M workers (Sonne and Jamal, 2014).	While the state provides financial and educational support for start-ups, there aren't many formal state-level SE policies in place (Sonne and Jamal, 2014). However, the state does provide enterprise support, specifically to Eligible women/CS/ST/PWD enterprises and to organisations from rural areas (Government of Rajasthan, 2014). While there are a variety of funding sources available for MSMEs, little is specialised for the SE sector; for example: the Rajasthan Skill and Livelihoods Development Corporation provides dedicated support to MSMEs (Rajasthan Skill and Livelihoods Development Corporation website). Non-financial support is offered through a variety of mediums including business plan competitions from the Rajasthan Financial Corporation and Jaipuria Institute of Management, and SKIIT. Startup Oasis, GIAN, RAIN all offer incubation/mentoring support (Sonne and Jamal, 2014). FICCI also promotes entrepreneurship in the state through fairs in popular sectors (Sonne and Jamal, 2014). Outside groups such as Aavishkaar, the Seed Fund, Oxygen Services and USAID have provided aid for entrepreneurship. In addition, Rajasthan is also the base for Rajasthan Angel Investor Network (Sonne and Jamal, 2014).
Sikkim	MSME Development Institute, Gangtok website ³¹	No information identified through policy survey	No information identified through policy survey

30. www.rajasthanlivelihoods.org/innovative-project-4

31. <http://sikkim.nic.in/msme-di/service.html>



Tamil Nadu	Interviews with stakeholders. GIZ (2012), Mohan (2014) Government of Tamil Nadu (2008)	Tamil Nadu has the largest number of MSMEs of any state in India, with 6.89 lakhs of registered MSMEs – 15.07% of the national total, producing over 8,000 varieties of products for a total investment of more than Rs 32,008 crores (Government of Tamil Nadu website ³²). Tamil Nadu is a well-developed state in terms of industrial development and a front-runner in attracting investment (Government of Tamil Nadu, 2008).	State Innovation Council established (GIZ, 2012). Vision Tamil Nadu 2023 sets out the following issues affecting the MSME sector: access to finance, conducive regulatory and policy environment, access to technology, market access and infrastructure availability. The Vision 2023 document sets out a combination of policy measures, skills development and infrastructure facilities including cluster development to be implemented to help make MSMEs more competitive (Mohan, 2014). The Tamil Nadu MSME Department has several major organisations under its ambit including the Commissariat of Industries and Commerce, the Tamil Nadu Small Industries Corporation Ltd, the Entrepreneurship Development Institute (EDI) and tea growing and sago cooperatives (Mohan, 2014). The state Honourable Chief Minister implemented a package of support to MSMEs in 2013 which includes subsidies for machinery and equipment, access to land close to major industrial sites to facilitate market linkages and grants to set up industrial cluster zones (Mohan, 2014). The state government is also providing a range of subsidies to support MSMEs e.g. in specific sectors and to facilitate access to energy. The state government has also created four Regional MSME Facilitation Centres in accordance with the 2006 MSME Act (Mohan, 2014). A scheme to support educated youth to become first-generation entrepreneurs was implemented in 2012/2013 – the New Entrepreneur-cum-Enterprise Development Scheme (NEEDS) – selected entrepreneurs are to be assisted to prepare business plans and linked to investors (Mohan, 2014). The Tamil Nadu Small Industries Development Corporation Ltd (SIDCO) was established in 1970 to promote MSME interests in the state (Mohan, 2014). Tamil Nadu's EDI in Chennai was created as a non-profit society in 2001 to fulfil the entrepreneurial training requirements of MSMEs (Mohan, 2014). The Director is appointed by the government. The Small Industries Department announced in 2006/7 that it would formulate an MSME policy for consultation with industry in harmony with the national 2006 MSME Act.
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Telangana	Government of Telangana (2014), <i>India Times</i> (2015) <i>Business Standard</i> (2014a), <i>Business Standard</i> (2014b); Money Control (2015), Telegana NavaNirmana Sena; (2014)	No information identified through policy survey	The Telangana State Industrial Policy, outlined in 2014, focuses on innovation as the driver of sustainable and inclusive growth in the region. It outlines a commitment to incubate industries and both local and international investment through the provision of 'graft-free and hassle-free' environments and through the promotion of benefits to marginalized or disadvantaged groups (Government of Telangana, 2014). The IDEA incentive scheme, which is scheduled to conclude at the end of 2015, includes provision for the promotion of Scheduled Caste/Scheduled Tribe entrepreneurs (Telegana NavaNirmana Sena, 2014). The State Industrial Policy will also include measures to support SMEs through financial resources and tools (Money Control, 2015). Telangana Commissioner for Industries Jayesh Ranjan highlighted policies that will provide insurance for SMEs as create a bankers committee to better address the needs of SMEs (Money Control, 2015). The government is also developing scheme (CGTMSE) to provide collateral-free loans and help protect against defaults for MSEs (Business Standard, 2014b). Other initiatives help move entrepreneurs through the business cycle, like the TS-PRIDE, a rigorous 21-day residential entrepreneurship program developed through the state and in collaboration with CII, DICCI and the Hyderabad-based National Institute for Micro, Small and Medium Enterprises (India Times, 2015).
Tripura	Government of Tripura (2012), Government of Tripura, Department of Industries & Commerce website ³³	No information identified through policy survey	An incentive scheme was introduced in 2007 to expand benefits beyond industry to include enterprise as well. Updated scheme outlined in Government of Tripura (2012).

33. <http://industries.tripura.gov.in/piit>.

Uttar Pradesh	Sonne and Jamal, (2014), Agrawal (2013), Government of Uttar Pradesh (2013)	Uttar Pradesh is the second largest Indian state by economy (Agrawal, 2013). State wide there are approximately 2.4 million registered MSMEs with 5.9 million employees (Sonne and Jamal, 2014). Industries include garments, leather, embroidery and repairing services, but there is also a proposed IT city, which has been approved by the government (Sonne and Jamal, 2014). There exist some social entrepreneurship in the area, including: InMotion (healthcare, education and finance for rickshaw drivers), Naturetech Infrastructure (renewable energy) and Suadaagar (rural, disabled, outreach) (Sonne and Jamal, 2014). Other initiatives such as Bootstraps Weekend start-up support and Yajana Business Plan Competition have been established (Sonne and Jamal, 2014).	State Innovation Council established (GIZ, 2012). State-launched 'NiveshMitra' is an online resource for social entrepreneurs (Sonne and Jamal, 2014). Other government resources include MSME schemes available (Government of Uttar Pradesh, 2013), but no start-up/SE schemes specifically (Sonne and Jamal, 2014). Funding is available through local offices of Samriddhi Fund and NABARD, although these are not reported to be very active (Sonne and Jamal, 2014). Government incentives and traditional bank lending are difficult to come by (Sonne and Jamal, 2014). NABARD, a national program providing funds to SC/ST minorities and first generation entrepreneurs is available in the state (Sonne and Jamal, 2014). Some outside support has been provided in the region. USAID has funded \$1 million grant to Gram Power to work in both Uttar Pradesh and Rajasthan (Sonne and Jamal, 2014). Other resources include many colleges in the area, although the startup course offerings and student activity are still minimal (Sonne and Jamal, 2014). IIT-Kanpur has an entrepreneurship incubator (Sonne and Jamal, 2014).
Uttarakhand	IndiaMart (2014), Lifelines India (2013)	No information identified through policy survey	New government policy will include creating a land bank to help MSMEs access land at reasonable prices, and implementing a single window processing system (IndiaMart, 2014). Collaborative processes include a roundtable discussion on the merits and promise of using social entrepreneurship to rebuild Uttarakhand (Lifelines India, 2013).
West Bengal	No sources	No information identified through policy survey	No information identified through policy survey



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