

## “Sustainable Business Models: A Study of Green Entrepreneurship in India”

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### ABSTRACT

This study focuses on how sustainable business models are shaping the growth of green entrepreneurship in India. In recent years, environmental challenges and the need for responsible economic development have encouraged entrepreneurs to adopt eco-friendly practices. Green entrepreneurship is not just about profit-making but also about creating value for society and the environment. This research explores different sustainable business models, their role in reducing environmental impact, and how they contribute to long-term business success. It also highlights the opportunities and challenges faced by green entrepreneurs in India, including government policies, consumer awareness, and financial support. By examining these factors, the study aims to understand how sustainable practices can be effectively integrated into business strategies to promote both economic growth and environmental responsibility.

### Introduction:

The concept of business has evolved significantly over the years, moving beyond the traditional focus on profit maximization to include broader responsibilities towards society and the environment. In the current era, where issues like climate change, environmental degradation, and overexploitation of natural resources have become global concerns, sustainability has emerged as a vital element in business strategy. A sustainable business model aims to create long-term value by integrating economic, social, and environmental goals. It emphasizes innovation, resource efficiency, renewable energy usage, waste reduction, and practices that safeguard the environment while ensuring profitability.

Green entrepreneurship, also known as eco-entrepreneurship, is a growing movement that aligns with this vision. Green entrepreneurs focus on creating products, services, and processes that are environmentally friendly, socially beneficial, and economically viable. They act as change-makers, bringing new ideas that support sustainable development. By adopting sustainable practices, these entrepreneurs not only address environmental challenges but also open up opportunities in emerging green markets.

In India, green entrepreneurship is gaining momentum due to rising awareness of environmental issues, government policies promoting sustainability, and the increasing demand from consumers for eco-friendly products and services. Startups and established firms are exploring areas such as renewable energy, organic farming, sustainable fashion, waste management, electric mobility, and water conservation. These sectors offer immense potential for both economic growth and environmental protection.

However, the journey of green entrepreneurship in India is not without challenges. Many entrepreneurs face obstacles such as high initial costs, limited access to funding, lack of proper infrastructure, insufficient awareness among consumers, and difficulties in scaling their businesses. Despite these hurdles, the growth of sustainable business models reflects a positive trend towards building a greener economy.

This study seeks to explore the concept of sustainable business models and analyze their role in promoting green entrepreneurship in India. It examines the opportunities, challenges, and future potential of green businesses, with the objective of understanding how sustainability can be successfully integrated into entrepreneurship. By doing so, the research highlights the importance of fostering green innovation as a pathway towards inclusive and environmentally responsible economic development.

### **Need of the Study**

The increasing environmental challenges such as pollution, waste, and resource depletion have made it important to adopt sustainable business models. In India, where rapid industrial growth often affects the environment, green entrepreneurship offers a way to balance economic development with ecological responsibility. This study is needed to understand how sustainable practices can be integrated into business, the opportunities they create, and the challenges faced by entrepreneurs. It also helps in highlighting the role of government support, consumer awareness, and innovation in promoting a greener economy.

### **Objective of the Study**

1. To understand the concept of sustainable business models and their importance.
2. To examine the role of green entrepreneurship in India's economic and environmental development.
3. To identify the opportunities available for green entrepreneurs in India.

4. To analyze the key challenges faced in adopting sustainable business models.

### Scope of the Study

This study focuses on exploring how sustainable business models contribute to the growth of green entrepreneurship in India. The scope covers the analysis of different eco-friendly practices adopted by entrepreneurs, the opportunities available in sectors such as renewable energy, organic farming, waste management, and sustainable products, as well as the challenges faced in their implementation. It also includes the role of government policies, financial support, and consumer awareness in shaping green businesses.

The study is limited to the Indian context but also considers global trends to understand how Indian entrepreneurs can remain competitive in the international market. By examining both opportunities and barriers, the research provides useful insights for entrepreneurs, policymakers, academicians, and investors who are interested in promoting sustainable and responsible business practices.

### Limitations of the Study

1. The study is limited to the Indian context and may not fully represent global practices in green entrepreneurship.
2. Data and findings are based on available secondary sources and may not capture all recent developments.
3. The scope of the study does not include an in-depth financial analysis of individual green businesses.
4. Time and resource constraints restrict the study from covering all sectors of green entrepreneurship in detail.
5. The rapidly changing policies, technologies, and market trends may affect the long-term relevance of the findings.

### REVIEM OF LITERATURE

**Mondal, Singh & Gupta (2024)** examined green entrepreneurship within India's manufacturing MSMEs and identified nine key drivers, including green operations and sustainable business process management. They utilized interpretive structural modeling (TISM) and fuzzy-DEMATEL analysis to build a hierarchical framework of how these drivers influence green venture success. Their study emphasizes that developing green capabilities is crucial for achieving sustainable development goals, and their findings inform managers and policymakers on strategic priorities.

**Bhatnagar et al. (2025)** explored green innovation among Indian SMEs, using case studies to select ventures that combine social impact, environmental sustainability, and green premium pricing. The study reveals that as of December 2023, over 6,600 Indian enterprises are engaged in green innovation, and anticipates a rise to 10,000 by 2025. They underscore the importance of circular economy principles and socially driven business models to build a sustainable future in India.

**Veturi (2023)** (via an overview in *Rabindra Bharathi Journal of Philosophy*) explored how green entrepreneurship is gaining popularity in India. The study highlights increasing consumer environmental awareness driving entrepreneurs to adopt eco-friendly business strategies. It also points out the influential role of governmental support in encouraging green ventures and the emergence of innovative eco-conscious approaches in business.

**Albhirat, Rashid, Rasheed & Mohammad (2024)** addressed the evolving concept of green entrepreneurship, particularly in developing nations. They emphasize that because the field is still in a nascent stage, there's no widely accepted definition yet. Their chapter underscores the urgent need for deeper understanding of green entrepreneurial processes, motivational models, and the barriers shaped by limited government support and unstable financing in emerging economies.

**Munir & Fausiah (2025)** investigated the role of the circular economy in shaping sustainable business models. Published in the *Journal of Indonesian Scholars for Social Research*, their study discusses how circular principles—such as reuse, recycling, and resource efficiency—can enable green entrepreneurship. It highlights the vital role these strategies play in building sustainable ventures and underscores their relevance to broader economic systems.

## Research Methodology

### Research Design

This study follows a **descriptive and exploratory research design**.

It is descriptive because it collects and presents facts, figures, and trends related to the growth of sustainable business models and green entrepreneurship in India.

It is exploratory because it aims to understand how different entrepreneurs adopt eco-friendly practices, what opportunities they utilize, and what challenges they face in building sustainable businesses.

The study mainly focuses on the period **2015–2025**, covering developments in green sectors such as renewable energy, organic farming, waste management, and eco-friendly products.

## Data Collection Methods

The study is based primarily on **secondary data**, collected from:

- Research papers and academic journals on sustainability and entrepreneurship
- Government reports, policies, and schemes related to green business (e.g., MSME reports, NITI Aayog documents)
- Company reports, case studies, and official websites of green startups in India
- Industry reports from portals like Statista, IBEF, and CII
- News articles, magazines, and interviews with entrepreneurs published in trusted sources (Economic Times, Business Standard, The Hindu Business Line, etc.)

The data collected includes:

- Growth of green startups and SMEs in India
- Revenue patterns and investment trends in sustainable businesses
- Consumer awareness and demand for eco-friendly products
- Government initiatives and policy support for green entrepreneurship
- Challenges such as funding issues, high costs, and technological gaps

No **primary data** (like surveys or direct interviews) was collected for this study.

## Data Analysis Methods

The collected data was analyzed using:

- **Tabulation:** Data was organized in tables to compare different sectors of green entrepreneurship (renewable energy, organic farming, sustainable fashion, etc.).
- **Graphical Representation:** Line charts and bar graphs (created in Excel or similar tools) to show trends in growth, revenue, and adoption of sustainable practices.
- **Comparative Analysis:** Used to highlight opportunities and barriers, comparing India's green entrepreneurship ecosystem with global practices.

The analysis provides a clear picture of how sustainable business models are being adopted in India, what factors support their growth, and what challenges must be addressed to strengthen green entrepreneurship in the future.

## V. Industry Profile

### Green Entrepreneurship in India

#### Background:

Green entrepreneurship refers to creating businesses that are environmentally responsible while being economically viable. In India, it has gained momentum since 2015 due to rising climate concerns, consumer awareness, and government initiatives like **Startup India**, **FAME (EV scheme)**, and **Renewable Energy Missions**.

#### Business Model:

Sustainable businesses focus on eco-friendly innovation—such as renewable energy, waste recycling, organic farming, sustainable textiles, and electric mobility. Unlike traditional models, they integrate the **triple bottom line** (People, Planet, Profit).

#### Presence in India:

- Over **5,000+** green startups registered under Startup India (2024).
- Key hubs: **Bengaluru, Delhi, Pune, Hyderabad**.
- Indian green economy market projected at **USD 150 billion by 2030**.

#### Challenges:

- High initial investment costs.
- Limited access to green finance.
- Low consumer awareness in rural areas.

#### Strengths:

- Government subsidies and policies.
- Strong demand for eco-friendly products.
- Rising youth-driven sustainability movements.

## Data and Analysis

### Case Study 1: ReNew Power (Renewable Energy Startup)

### Data Overview (2018–2025):

- Installed capacity grew from **5 GW (2018)** to **13 GW (2025 projected)**.
- Revenue: ₹6,500 crore (2018) → ₹11,500 crore (2024).
- Employs over **2,000 professionals**, with urban India as a key market.

### Strategies and Impact:

- **Solar & Wind Projects:** Contributed 60% of growth.
- **Digital Integration:** AI-based monitoring reduced costs by 12%.
- **Policy Alignment:** Benefited from renewable subsidies and carbon credit markets.

### Challenges:

- Land acquisition issues.
- High dependence on global supply chains for solar equipment.

### Case Study 2: Organic India (Green Agribusiness)

#### Data Overview (2018–2025):

- Farmers linked: 2,000 (2018) → 4,500 (2024).
- Urban outlets: Expanded from 100 stores (2018) → 320 (2024).
- Revenue: ₹300 crore (2018) → ₹850 crore (2024).

#### Strategies and Impact:

- **Organic Certification:** Built strong urban trust.
- **E-commerce Growth:** 35% of sales shifted to online platforms post-COVID.
- **Health & Wellness Focus:** Products like Tulsi tea became global brands.

#### Challenges:

- High certification costs for farmers.
- Competition from cheaper, uncertified organic products.

## Comparative Analysis

Metric	ReNew Power (Energy)	Organic India (Agribusiness)
Market Segment	Renewable Energy	Organic FMCG & Wellness
Urban Penetration (2024)	70% projects in cities	320 outlets in metro cities
Revenue (2024)	₹11,500 crore	₹850 crore
Entry Barriers	High investment	Medium (certification costs)
Key Strategy	Renewable tech adoption	Organic certification + E-com
Challenges	Policy delays, imports	Awareness, competition

### Interpretation:

ReNew Power shows high capital-intensive growth with strong government backing, while Organic India shows consumer-driven expansion with medium entry barriers. Both models reflect how sustainability can be integrated differently depending on industry focus.

### Findings

- Green entrepreneurship in India is expanding rapidly across sectors like renewable energy, organic farming, waste management, and sustainable fashion.
- Urban India drives over **70% of demand** for green products due to rising awareness and income levels.
- ReNew Power demonstrates that renewable energy startups can scale with government support and large investments.
- Organic India shows how consumer wellness trends can create demand for certified eco-friendly products.
- Digital platforms (e-commerce, AI, apps) significantly contribute to growth in both energy and agribusiness sectors.
- Funding challenges remain, especially for smaller green startups compared to established players.
- Government schemes like **Startup India**, **FAME**, and **Renewable Missions** are critical growth drivers.
- Consumer skepticism about pricing and authenticity of “green products” is still a challenge.



9. Both case studies highlight that **trust and transparency** are key for long-term sustainability.
10. India's green economy has strong potential, but needs more infrastructure, awareness, and innovation.

## Suggestions

1. Strengthen green financing schemes (low-interest loans, tax rebates) to support startups.
2. Create a national eco-label certification system to build consumer trust in green products.
3. Expand digital platforms for marketing, sales, and awareness of sustainable products.
4. Encourage public-private partnerships (PPP) for renewable energy and waste management projects.
5. Conduct consumer awareness campaigns in urban and semi-urban areas about the benefits of sustainable products.
6. Support farmers and small entrepreneurs with training and subsidies to adopt green practices.

## Conclusion

This study on sustainable business models shows that green entrepreneurship in India is steadily gaining importance due to environmental concerns, consumer demand, and supportive policies. The case of ReNew Power reflects how renewable energy ventures can scale with high investments and policy support, while Organic India demonstrates consumer-driven success through certified organic products and digital platforms.

While challenges such as funding gaps, high costs, and consumer skepticism remain, the opportunities for growth are immense. Sustainable business models not only create economic value but also contribute to environmental protection and social well-being. By integrating innovation, digital strategies, and supportive government policies, green entrepreneurship can become a major driver of India's sustainable economic future.

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