



Social Business - Redesigning Our Economies

What is the issue?

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- Grameen Bank in Bangladesh made capital available to the poor - especially women.
- Its micro-credit program enabled millions to lift themselves out of dire poverty.
- Its work also exposed the shortcomings of our traditional banking systems thereby flagging the need for large scale systemic reforms.

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What are the flaws in our economic system?

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- **The Crux** - Our reactions to poverty, unemployment and environmental destruction have been largely muted thus far.
- These are either perceived as natural calamities completely out of human control or as unavoidable costs of economic growth.

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- **Profit Maximisation** - The central problem with the current form of capitalism is that it prioritises pursuit of individual profit.
- As a result, only businesses designed around this goal are recognised and supported.

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- **Greater Aspirations** - Goals like the elimination of poverty & unemployment are currently being neglected.
- These can be corrected if we replace the existing with a new system that more accurately reflects human nature, needs and desires.
- Social business models are a beginning in this regard.

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What is social business?

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- Freedom from profit pressures is primary to any social business.
- It is different from charity as it is designed to generate revenues and thereby become self-sustaining.
- It therefore does not need to constantly attract new streams of donor funding to stay afloat - which drains the time and energy of so many in the non-profit arena.
- Social business offers advantages that are available neither to profit-maximising companies nor to traditional charities.
- The simple economics and sustainability of social business is already being illustrated by successful experiments worldwide.

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Source: The Hindu

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