

Despite ESG growth, social enterprises struggle for supply chain access



Representational Image



Arun Sivaramakrishnan & Arya Raj

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After two years of working to integrate social enterprises into corporate supply chains, one thing is clear that the problem was never discovery. It was readiness on both sides. A founder running a gifting enterprise that works with artisan groups across three states recently shared an experience that is becoming increasingly common. Her products were handcrafted, environmentally responsible, and built around the livelihoods of marginalised women. When she secured a meeting with a large corporation's procurement team, the conversation lasted fifteen minutes and focused almost entirely on price, margins, and discounts. The livelihoods embedded in her supply chain barely entered the discussion. They approached us exactly as they would any industrial vendor, she said.

This reflects a deeper structural disconnect. Corporate procurement systems and social enterprises operate in the same marketplace, but through entirely different logics. For years, ecosystem efforts have focused on increasing visibility by building supplier databases, matchmaking platforms, and curated introductions. The assumption was simple: once enterprises were discovered, transactions would follow.

They haven't.

Procurement systems are designed to manage risk, not evaluate intent. Suppliers are assessed on price competitiveness, reliability, quality assurance, and compliance readiness. These are structural features of procurement, not barriers that can be addressed through awareness alone. When social enterprises enter this system, they are evaluated against the same criteria as any other vendor.

For many enterprises working with marginalised producer communities, meeting these requirements immediately is difficult. Working capital constraints limit buffer stock, compliance systems may still be evolving, and pricing often reflects livelihood premiums. As a result, even where there is interest, transactions stall.

Two patterns consistently emerge. The first is the CSR redirect. Social enterprises are often routed to CSR teams instead of procurement functions. While well-intentioned, this changes the nature of engagement. CSR budgets are finite and episodic; procurement budgets are embedded in core operations. Founders are clear, they do not want to be positioned as beneficiaries, but as suppliers.

The second is the disconnect between sustainability commitments and procurement decisions. India's Business Responsibility and Sustainability Reporting (BRSR) framework has expanded corporate focus on supply-chain sustainability. Reports now reference responsible sourcing and Scope 3 emissions, but procurement scorecards rarely reflect these priorities. Sustainability and procurement often operate in silos, resulting in a gap between what companies say and how they buy.

This leads to a critical insight: procurement teams are not struggling to discover social enterprises; they are struggling to make decisions on them.

Addressing this requires a shift in how social enterprises engage. Instead of positioning themselves primarily through their mission, they must present clearly defined products that are standardised and ready to fit within procurement systems. Enterprises are not procurement categories; products are. This distinction aligns with how procurement decisions are made and reduces friction.

Equally important is translating impact into metrics that corporate systems recognise. This includes contributions to supply-chain sustainability, relevance to Scope 3 emissions, and alignment with BRSR disclosures. Impact that cannot be expressed in these terms often remains invisible.

At the same time, readiness is not only an enterprise challenge. Corporates also need to adapt. Some are beginning to pilot new vendors in lower-risk categories, design phased onboarding pathways, and incorporate sustainability-linked criteria into supplier evaluations. These are modest adjustments, but they create space for suppliers who may require time to meet full procurement standards.

Between these systems sits a critical but under-recognised actor: the intermediary. The real work of intermediaries is not matchmaking, but translation – helping enterprises build procurement-grade systems, reframing their value in procurement terms, and identifying where corporate processes can adapt without increasing risk. It is technical, often invisible work, but it is what turns introductions into transactions.

India's ESG architecture is advancing rapidly. BRSR disclosures are deepening, and expectations around supply-chain accountability are becoming more granular. As this pressure grows, companies will increasingly need to demonstrate that sustainability commitments are reflected in operational decisions, not just reporting.

That accountability will eventually reach procurement.

The question is whether the ecosystem prepares for that shift now or waits for regulatory pressure to force alignment. Social enterprises are no longer asking for access; they are asking for legitimacy, to be evaluated as suppliers rather than celebrated as beneficiaries.

If India's ESG ambitions are to translate into real economic inclusion, procurement systems must evolve to recognise that distinction. Impact procurement will scale when social enterprises can speak the language of procurement, when corporates design systems that can respond to it, and when intermediaries bridge the two.

(The article has been authored by Arun Sivaramakrishnan, Head, Action Research and Implementation, Vrutti – Livelihood Impact Partners, and Arya Raj, Program Manager, Vrutti – Livelihood Impact Partners)

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