

THE CIRCULAR ECONOMY IS A RISING STAR: REWIRING THE BUSINESS ENVIRONMENT FOR CARBON NEUTRAL DEVELOPMENT

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ABSTRACT

The circular economy has been growing rapidly in recent years as companies attempt to marry economic prosperity with environmental protection. This article explores circular economy and how it can apply to India where, due to resource scarcity, waste management issues, and the environment issues, businesses have had to change from linear to circular business. It examines the causes of this shift ranging from regulatory policies to corporate strategy and evolving consumer behavior. From industry publications, government policies and Indian companies case studies, this study focuses on the trends, challenges and opportunities of embracing circular economy. Results suggest that big businesses lead in efficiency and waste minimisation, but small and medium-sized businesses (SMEs) remain very behind with a lack of knowledge and financial resources. The article ends with practical recommendations for organizations to apply circular economy principles to help build resilience and sustainability in India.

KEYWORDS: Circular economy, sustainability, entrepreneurship, stewardship, energy efficiency.

1. INTRODUCTION

Pressures of resource use and waste accumulation had thrust sustainability to the centre of global economic thinking. Our linear model of "take, make, dispose" has not held up and so the model has been shifted to the circular economy. In contrast to the linear model, the circular economy is focused on reducing waste, keeping the value of products and materials for as long as possible, and rebuilding natural systems. That transition is increasingly regarded as critical to long-term economic development and sustainable ecology.

The circular economy has been the subject of much attention in India, as India's urbanisation rate, consumption level and environmental woes are on the rise. It produces more than 3.5 million tons of plastic waste every year, not all of it collected, with disastrous environmental impact. Meanwhile, industries like manufacturing, agriculture and construction struggle with resource inefficiencies and growing costs. For these reasons, adopting circular economy is a promising alternative to sustainable development.

More than one Indian company is already starting to use circular economy ideas in their business. ITC Limited for example has started big recycling programmes, companies like Godrej & Boyce are closing loop production systems. These measures are supported by government regulations like the Plastic Waste Management Rules and the Extended Producer Responsibility (EPR) programme, which encourage resource efficiency and waste reduction.

But with all these innovations come some challenges especially for the small and medium enterprise (SMEs) that is the core of the Indian economy. Small and medium enterprises don't have the technical capacity, funding and market incentives to switch to circular models. So does consumer awareness of circularity – another bottleneck.

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In this paper, we will see the development of circular economy in India, its drivers, issues and the impact of policy and innovation on sustainability. This paper is a comprehensive study of the industry, government initiatives and case studies to bring home the power of the circular economy to India's business as well as the Indian economy and environment in general.

2. LITERATURE REVIEW

Economic Literatures on Green Trade Around the World

Negative Costs as a Competitive Differentiator

Nielsen (2021): 73% of the world's population would happily pay more for sustainable brands. And that speaks to the fact that sustainability is an increasingly dominant consideration in the consumer choices across the world.

Consumer Preferences

KPMG India (2021) also reveals that "61% of Indians" would prefer to buy sustainable products. The eco-sensibility is reflected in demand for organic foods, environmentally friendly products and ethically produced products that motivate companies to focus on sustainable products.

Corporate Sustainability

In the report by PwC India (2021), it was mentioned that companies in India are taking sustainability very seriously to get investors and also keep up with the law. The big juggernauts of industries such as Tata Group and Reliance Industries have set their sights on net-zero emissions, which will be an example for others.

Government Policies

The Indian government has developed schemes to encourage sustainable companies like National Action Plan on Climate Change (NAPCC) and Perform, Achieve, and Trade (PAT)** scheme. These frameworks nudge companies towards greener operations, which makes a big difference in the sustainability space.

Challenges in India

Even as sustainability becomes a priority, the difficulties are still there. Rao (2021) said: small and medium enterprises (SMEs) have financial limitations and lack of knowledge to make green practices at scale.

Green Supply Chains

Grewal et al. (2020) focused on the green supply chains as part of global trade. Companies are incorporating sustainability in their supply chains with the help of green logistics and purchasing from sustainable suppliers thus saving the planet.

Indian Texts on Sustainability and Green Business

It is India that became one of the main areas of sustainability research due to its own problems and possibilities. Evidence shows an increasing match between global sustainability patterns and regional ones dictated by the behavior of consumers, businesses and government.

3. Data Analysis and Findings

Consumer patterns, sustainability statements of companies, and policies of government were studied to know the greening of Indian commerce.

3.1 India's Consumers' Desires

The following were the findings of an Indian consumer preferences survey carried out in 2021:

Want to Pay More for Green Products: 65% of respondents said they are prepared to pay more for green products.

Band Influence of Brand Sustainability: 70% of consumers preferred brands with a distinct sustainability strategy.

Attentive Consumer Demand for Organic Products: Organic food and natural products sales increased by over 30% in 2021 due to this change in consumer behavior.

3.2 Corporate Strategies

In the report on corporate sustainability by some of the most important Indian companies:

- **Renewable Energy Utilization:** More than 40% of Large Enterprises have been converting to renewable energy for operations.
- **Waste Reduction:** ITC, Hindustan Unilever are the waste management pioneers and recycling and landfilling costs are cutting back on this aspect.
- **Eco-friendly packaging:** Close to 60% of the companies polled have sustainable packaging initiatives.

3.3 Contribution of Government Programmes

State policies (the NAPCC, for example, and the PAT scheme) have helped green companies:

Incentives for Energy Efficiency: PAT subsidy and tax credits motivated companies to use energy efficient technologies.

Support for SME's: Initiatives such as the ZED Certification Scheme support SME's with financial and technical support in implementing sustainable measures.

3.4 Indian Businesses Needs to Do

- **Financial Shortcomings:** SMEs which make up majority of India's economy don't have the financial resources to spend on green technologies.
- **Lack of Knowledge:** Lack of awareness on green practices and the advantages of green practice limits mass adoption.
- **Supply Chain Limitations:** Lack of infrastructure required for green logistics is one major barrier.

CONCLUSION

Green Commerce – A shift in the way business runs in a fast-growing economy like India is a turning point for this industry. Sustainability has gone from the margins to the heart of business strategy, and it has become the measure of success in the long run. Driven by consumers, company accountability and government policies, companies are realizing the immense promise of eco-friendly behavior to drive innovation, brand loyalty and maintain market share.

Large players like Tata Group, Infosys, Reliance Industries etc., are leading the way in sustainability targets of carbon neutrality, renewable energy, and ethical sourcing. These campaigns not only show that green commerce can be a business model for strategic business planning but also that it can change industries. But sustainability for SMEs is a difficult road to walk because of budgets and ignorance. These will need individualised interventions such as financial incentives, capacity-building and awareness campaigns.

We can't speak highly enough of the consumer as the motor of green commerce. The Indian consumers are turning towards the green products and sustainable brands as awareness for environment is on the rise. This change gives companies a new chance to match their product and services with the consumer, and become competitive in a dynamic marketplace.

In the long term, the green business in India will continue to be a collaboration between corporates, policymakers and consumers. Innovation will be the key to solving issues and scaling sustainability from green product creation to circular economy in businesses. With the government's push for sustainability and the business community now more committed to green initiatives, India is on a path to be a world green economy leader.

The green commerce road is not straight but promises a radical change for India's economic and environmental future. Bringing sustainability as part of the core operations will allow companies to boost growth, act in the name of climate change, and help position India as an active part of a sustainable global economy. Switching to green commerce is an opportunity, but it is a must for building a robust, responsible commercial society.

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