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The Role of Circular Business Models in Promoting Green Economic Growth in India : A Commerce Perspective

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Abstract: The increasing pressure on natural resources, rapid industrialization, and environmental degradation have compelled economies to shift from the traditional linear model of production and consumption to a more sustainable circular economy. Circular Business Models (**CBMs**) focus on minimizing waste by promoting the reuse, repair, refurbishment, remanufacturing, and recycling of products and materials. In India, the adoption of circular business models has gained momentum due to supportive government initiatives, growing environmental awareness, and corporate sustainability commitments. This paper examines the role of circular business models in promoting green economic growth from a commerce perspective. It explores how businesses create economic value while reducing environmental impacts through resource efficiency and sustainable production practices. The study also discusses India's policy initiatives, corporate examples, challenges, and opportunities associated with the transition towards a circular economy. The paper concludes that circular business models can significantly contribute to sustainable economic development by improving competitiveness, generating employment, reducing production costs, and fostering responsible consumption.

Keywords: Circular Economy, Circular Business Models, Green Growth, Sustainability, Commerce, India.

Introduction - Economic development has traditionally followed a linear model of "take, make, use, and dispose," which relies heavily on extracting natural resources and generating large amounts of waste. While this model has contributed to industrial growth, it has also resulted in resource depletion, pollution, and climate change. As environmental concerns continue to grow, businesses are increasingly adopting sustainable practices that balance profitability with environmental responsibility.

A circular economy offers an alternative approach by keeping products, materials, and resources in use for as long as possible through reuse, repair, recycling, and remanufacturing. Circular Business Models (CBMs) enable firms to implement these principles while creating economic value. Unlike conventional business models that focus primarily on product sales, CBMs emphasize resource efficiency, product life extension, and waste reduction.

For India, which is one of the world's fastest-growing economies, adopting circular business models presents an opportunity to achieve economic growth without placing excessive pressure on natural resources. From a commerce perspective, CBMs not only improve environmental sustainability but also enhance operational efficiency, reduce costs, create new markets, and generate employment opportunities.

Research Objective: The study aims to:

1. Examine the concept of Circular Business Models.
2. Analyse the role of CBMs in promoting green economic growth in India.
3. Evaluate the importance of CBMs from a commerce perspective.
4. Identify the challenges and opportunities associated with implementing circular business models.
5. Suggest measures to strengthen the adoption of circular business practices in India.

Circular Business Models and Green Economic Growth: Circular Business Models are business strategies designed to maximize the value of products and materials by extending their lifecycle. Instead of treating waste as an inevitable outcome of production, CBMs view waste as a valuable resource that can be reused within the production cycle.

Common circular business models include:

1. Product life extension through repair and refurbishment.
2. Product-as-a-Service (leasing instead of ownership).
3. Recycling and remanufacturing.
4. Resource recovery from industrial waste.
5. Sharing platforms that maximize product utilization.

Green economic growth refers to economic development that promotes environmental sustainability while ensuring social welfare and efficient resource

utilization. Circular business models support green growth by reducing resource extraction, minimizing waste generation, lowering carbon emissions, and encouraging innovation.

Circular Business Models from a Commerce Perspective: From the perspective of commerce and business management, circular business models provide several economic advantages.

1. First, they reduce production costs by minimizing raw material consumption and promoting efficient resource utilization. Recycled materials often cost less than newly extracted resources, allowing firms to improve profitability.
2. Second, CBMs create new revenue streams. Businesses can generate income through repair services, recycling operations, remanufacturing activities, product leasing, and resale of refurbished goods.
3. Third, circular practices enhance supply chain resilience. By reducing dependence on imported raw materials and utilizing locally available recyclable resources, businesses become less vulnerable to price fluctuations and supply disruptions.
4. Fourth, consumers increasingly prefer environmentally responsible brands. Companies adopting circular practices improve their corporate image, strengthen customer loyalty, and gain a competitive advantage in domestic and international markets.
5. Finally, circular business models encourage innovation by promoting eco-design, sustainable packaging, and resource-efficient technologies. Such innovation enhances long-term business sustainability while contributing to national economic development.

Circular Economy Initiatives in India: India has recognized the importance of transitioning towards a circular economy. Various government initiatives encourage sustainable production and responsible consumption.

The **National Resource Efficiency Policy** aims to improve resource productivity and reduce waste across industries.

The **Extended Producer Responsibility (EPR)** framework requires producers of electronic waste, plastic waste, batteries, and tyres to take responsibility for collecting and recycling products after their use.

The Government has also launched **Mission LiFE (Lifestyle for Environment)** to encourage sustainable consumer behaviour and promote environmentally responsible lifestyles.

In addition, the **Business Responsibility and Sustainability Reporting (BRSR)** framework introduced by the Securities and Exchange Board of India (SEBI) requires large listed companies to disclose their environmental, social, and governance (ESG) performance, encouraging businesses to adopt sustainable practices.

These initiatives demonstrate India's commitment to integrating sustainability into economic development and commercial activities.

Indian Business Examples: Several Indian companies have successfully adopted circular business models.

1. **Tata Steel** utilizes industrial waste such as slag for cement manufacturing and road construction, reducing waste disposal while generating additional revenue.
2. **ITC Limited** has implemented sustainable packaging, waste recycling, and renewable energy initiatives, making several of its manufacturing units water-positive and carbon-positive.
3. **Mahindra & Mahindra** promotes remanufacturing of automobile components, extending product life while reducing manufacturing costs and environmental impacts.
4. **Attero Recycling**, an Indian clean-technology company, specializes in recycling electronic waste and recovering valuable metals such as lithium, cobalt, and gold. Its business model demonstrates how waste can become an economically valuable resource.

These examples show that circular business models can help achieve environmental sustainability and commercial success.

Challenges in Implementing Circular Business Models: Despite their benefits, the adoption of circular business models in India faces several challenges.

1. Many businesses, particularly small and medium enterprises (SMEs), lack awareness regarding circular economy principles. High initial investment requirements for recycling infrastructure and clean technologies discourage adoption.
2. India also faces inadequate waste segregation and collection systems, reducing the availability of quality recyclable materials. Consumer preference for low-cost new products over refurbished goods further limits market demand.
3. Additionally, fragmented regulatory implementation and limited collaboration among industries, government agencies, and consumers slow the transition toward a circular economy.

Addressing these challenges requires coordinated efforts from policymakers, businesses, educational institutions, and civil society.

Recommendations: To accelerate the adoption of circular business models in India, the following measures are recommended:

1. The government should provide tax incentives, subsidies, and low-interest financing for businesses investing in circular technologies.
2. Awareness programmes should educate businesses and consumers about the economic and environmental benefits of circular practices.
3. Educational institutions should incorporate circular economy and sustainability into commerce and management curricula.
4. Public-private partnerships should strengthen waste collection, recycling infrastructure, and reverse logistics

systems.

5. Companies should integrate circular principles into product design, supply chain management, and ESG reporting.
6. Digital technologies such as Artificial Intelligence (AI), the Internet of Things (IoT), and blockchain should be used to improve resource tracking, waste management, and supply chain transparency.

Conclusion: Circular Business Models have emerged as an effective strategy for achieving green economic growth while maintaining business profitability. From a commerce perspective, these models enable firms to reduce production costs, improve operational efficiency, create new business opportunities, and enhance competitiveness through sustainable innovation.

India's growing policy support, increasing corporate sustainability initiatives, and expanding consumer awareness provide a favourable environment for the adoption of circular business practices. Nevertheless, challenges relating to infrastructure, awareness, investment, and regulatory implementation continue to hinder widespread adoption.

A collaborative approach involving government, industry, academia, and consumers is essential for building a robust circular economy. By integrating circular business models into mainstream commercial activities, India can achieve inclusive economic growth while protecting the environment and ensuring sustainable development for future generations.

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