

Chapter 7

Visualising the Prospective Circular Economy: Closing the Economic Loop – The Case of India

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ABSTRACT

In contrast to the traditional linear economic model, which is primarily based on the ‘take-make-consume-throw away’ pattern, the concept of circular economy is based on the principles of sharing, leasing, reuse, repair, refurbishment, and recycling, revolving in a closed-loop, where the value focus is on products and the materials which these products contain. In simple words, it focuses on waste reduction to a minimum level. From an Indian perspective, the idea has immense potential as it could deliver numerous opportunities like less pressure on the environment, a higher level of competitiveness, better security in terms of supply of raw materials, more innovation, higher growth, and more jobs. At the same time, this shift also brings along certain challenges like financing issues, the need for key economic enablers, skill requirements, consumer behaviour and business models, and the need for multi-level governance.

Background of Circular Economy Concept

The concept of Circular Economy (hereafter CE) is usually defined as the one in which the products and materials contained in these products are highly valued. This is in complete contrast to the linear economic model followed traditionally which is based on a ‘take-make-consume-throw away’ philosophy. CE concept is primarily a production and consumption model which finds its base in two complementary

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loops drawing inspiration from biological cycles. One of these loops is identified as existing for ‘biological’ materials (that can be decomposed by living organisms) and the other one containing ‘technical’ materials (that cannot be decomposed by living organisms). CE aims at minimizing the resource usage in each of the loop.

In practical sense, CE concept follows the approach of waste reduction to the minimum. CE works towards keeping the materials/ resources in circulation even when the products are approaching the final stage in their life cycle. Hence, these resources can be re-used productively and contribute in creation of value, yet again. The measures which lead towards CE concept work on the pattern of reusing, repairing, refurbishing and recycling existing materials and products. The CE philosophy rests on the strong fundamental that what is considered as *waste* in linear economy has the potential to be converted into a *valuable resource* using the CE framework.

Various examples can be seen where companies across the globe have implemented CE concept in various sectors for their own specific products. In CE approach, different types of indicators can be used for resource use. One of most commonly used indicator is Resource Productivity. Productivity of a resource at the country level involves two parameters- gross domestic product (GDP) and domestic material consumption (Blomsma and Brennan, 2017). Few other indicators employed by researchers and practitioners (MacArthur, 2013) for monitoring CE implementation and its progress are resource efficiency, recycling rates, the amount of waste per GDP output, the amount of municipal waste per capita and eco-innovation index.

Figure 1.



The Upsurge of Circular Economy Concept

Since the idea of waste reduction and full resource utilization has been the priority for various governments for decades, conceptualisation of CE, though in another forms, has been always there. Thus it becomes relevant to understand the emergence of CE concept and its gaining importance in recent scenario. The present section brings forth the main drivers of CE.

- **Rapid Changes in the Pattern of Consumer Demand**

Off late, it has been observed that sustainability practices pursued by businesses have gained importance in purchase decision of consumers (Coderoni & Perito, 2020). Products made using environment friendly/ socially sustainable materials are in demand. What catches buyers’ attention these days is not the catchy advertising slogans or campaigns but the sustainable practices pursued by companies leading to environmental benefits and the enhanced product life, leading to its use over a longer duration

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