



# Unlocking Investor Action for a Just Transition in India's Fashion Sector

Case Study Feature



With insights from



## About the Programme and Case Study

India's textile and apparel sector sits at the intersection of global supply chains, domestic industrial growth, and climate transition. Within this sector, the textile waste and recycling segment represents one of the most complex just transition challenges, where environmental goals, community livelihoods, and systems infrastructure must evolve together. Yet capital flows into this segment remain limited, coordination across the value chain is fragmented, and the communities at the centre of material recovery continue to operate without adequate recognition or financial support.

Understanding what it takes to address these gaps and how investment can be better structured and deployed was central to the programme, and this case study explores one such initiative working to do exactly that.

Over the past year, the Impact Investing Institute and Impact Investors Council jointly implemented the programme ***“Unlocking Investor Action for a Just Transition in India's Fashion Sector.”***

The programme adopted a value-chain approach, examining transition challenges across production, manufacturing, consumption, and recycling to identify where climate and community outcomes converge and where investment opportunities may emerge.

The programme engaged over 100 stakeholders across four major convenings in India and the UK, alongside more than 25 in-depth interviews with investors, financial institutions, brands, policymakers and entrepreneurs. A consistent finding emerged throughout the programme - ***‘The constraint is not a lack of capital, nor a lack of solutions, but how both are structured, aligned, and deployed.’***

As part of this programme, we wanted to document impactful initiatives across the value chain - identifying practitioners who are actively working to address these gaps and capturing their experiences in a format that is beneficial to investors, entrepreneurs, and ecosystem actors. These case studies are the result of that effort. Each features an initiative or fund that is doing meaningful work at a specific point in the value chain, and each of the case studies was developed through direct engagement with the practitioners behind it.

### Each case study is structured in two parts:

1. The first provides a snapshot of the fund or initiative, covering its overview, financing structure, funding amounts, partners involved, and the impact measurement frameworks in use.
2. The second part presents practitioner insights, structured as an interview, in which they share their on-ground experiences, the emerging pathways, the challenges they have encountered, and the lessons that have emerged from working in this sector.

The first section is intended to give readers a clear understanding of what the initiative is and how it is structured; the second is designed to surface the on-ground nuances.

This case study features **Saamuhika Shakti**, a collective impact initiative initiated & funded by **H&M Foundation**, active in Bengaluru since 2020. This case study focuses specifically on the initiative's **Textile Recovery Facility** model, a hub-and-spoke system for post-consumer textile waste built around the agency and livelihoods of informal waste picker communities. It explores the role of philanthropic capital in enabling system-level change, the community-led design principles that underpin the model, and what the Bengaluru experience reveals about how inclusive circular textile recovery systems can be structured and replicated.

This case study is part of a series accompanying the learning report Unlocking Investor Action for a Just Transition in India's Fashion Sector. The report will be published in May 2026. Visit [Impact Investing Institute Publications](#) to access the full report.

To explore other impactful case studies from this programme, visit [Impact Investing Institute](#). We continue to add to this collection as part of our ongoing effort to showcase what is working on the ground and what the ecosystem needs to build further momentum toward a just transition.



## Saamuhika Shakti - A Collective Impact Initiative (Initiated & Funded by H&M Foundation)

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Source: Vinod Sebastian, Saamuhika Shakti

## Saamuhika Shakti - A Collective Impact Initiative (Initiated & Funded by H&M Foundation)



### Initiative Snapshot

#### Brief about the Initiative

- In 2020, the H&M Foundation launched this first-of-its-kind collective impact initiative, aiming to enable informal waste pickers to have greater agency to lead secure and dignified lives, with a specific focus on gender and equity.
- The initiative brought together local partners working closely to support the waste picker community in aspects that the waste pickers themselves identified, such as safe working conditions, access to social services and good quality education, water and sanitation, up-skilling or access to alternate jobs, innovations in waste management streams, and increasing economic opportunities.

**Year Launched:** 2020 || Phase 1 (2020 - 2023) || Phase 2 (2024 - 2026)

*(Pilot operations began in early 2023 to test the feasibility of a circular textile waste management (CTWM) model in Bengaluru, and the Bengaluru Textile Recovery Facility opened in August 2024)*

**Value Chain Segment:** Post-consumer textile waste collection & sorting

**Geographic Focus:** Bengaluru, Karnataka, India

#### Overview of the Two Phases

##### Phase 1 (2020 to 2023)

- Phase 1 covered both economic aspects such as livelihoods, as well as social aspects such as education, health, housing, water and sanitation. It had a specific focus on ensuring that women, girls and other vulnerable groups have equitable access to outcomes, and also focused on bringing

more recognition to informal waste pickers. It reached more than 35,000 waste pickers and their families.

- In Phase 1, The/Nudge Institute served as the independent backbone organisation, coordinating across partners to ensure alignment and accountability.

##### Phase 2 (2024 to 2026)

- In Phase 2, Saamuhika Shakti moved from delivering project-level interventions to adopting an integrated, systems-oriented approach. To reflect this evolution, Saamuhika Shakti organised its work around three key impact pathways, with each pathway enabling convergence and coordinated action among partners to drive transformative change around *sustainable and inclusive livelihoods, access to essential services, and ecosystem engagement*.

Building on Phase 1 learnings, the program deepened its efforts across all three impact pathways - it expanded livelihoods work by strengthening skills within the waste value chain and scaling nano-entrepreneurship models; essential services were broadened to include mental health, gender-based violence, and de-addiction support through community-led approaches; additionally, the program sharpened its focus on business and process innovation, particularly within the textile waste management value chain.

- Across all pathways, a continued and foundational focus has been on ensuring that women, girls, and other vulnerable groups have equitable access to opportunities and outcomes. These principles remain central to the design and implementation of Phase 2, shaping both the direction and depth of impact.
- In Phase 2, Sattva Consulting took over as the independent backbone organisation for this phase, enabling deeper collaboration and system strengthening towards impact sustainability.

## Financial Support<sup>1</sup>

By H&M Foundation

- Phase 1: SEK 111 million (Approx USD 10.4 million)
- Phase 2: SEK 121 million (Approx USD 11 million)

## Type of Funding

- Pure grant-based model (philanthropic funding) with catalytic intent. Funds are provided without expectation of financial return, but with targets for social and environmental impact. The Saamuhika Shakti initiative is initiated and funded by H&M Foundation.

## Scope of this Case Study Feature

- Saamuhika Shakti's work spans a wide range of domains. This case study focuses on one specific intervention within **Phase 2: the Textile Recovery Facility (TRF) model**, which represents one of the most concrete examples of how inclusive circularity can be operationalised within India's textiles sector and why it holds significant relevance for investors seeking to align capital with just transition outcomes.
- Saamuhika Shakti's Bengaluru pilot aims to build an inclusive circular textile waste model by enabling informal waste pickers to unlock value from textile waste by connecting them to diverse market channels. In August 2024, the pilot launched a Textile Recovery Facility (TRF) in Bengaluru, started by a waste-picker entrepreneur (Indumathi) with support from Saamuhika Shakti partners - Circular Apparel Innovation Factory (an Intellectap initiative) and Hasiru Dala.
- The TRF aggregates post-consumer textile waste collected through a network of local Dry Waste Collection Centres (DWCCs) and community drives, then sorts and sells it through different channels (thrifting, resale, upcycling, recycling and downcycling). The goal is dual: divert textile waste from landfills and create dignified livelihoods for waste-picking communities.
- This initiative is funded via grants as part of the H&M Foundation's strategy to empower waste pickers and catalyse circular value chains.



Source: Vinod Sebastian, Saamuhika Shakti

<sup>1</sup><https://hmfoundation.com/project/in-solidarity-with-waste-pickers/>



Source: Vinod Sebastian, Saamuhika Shakti

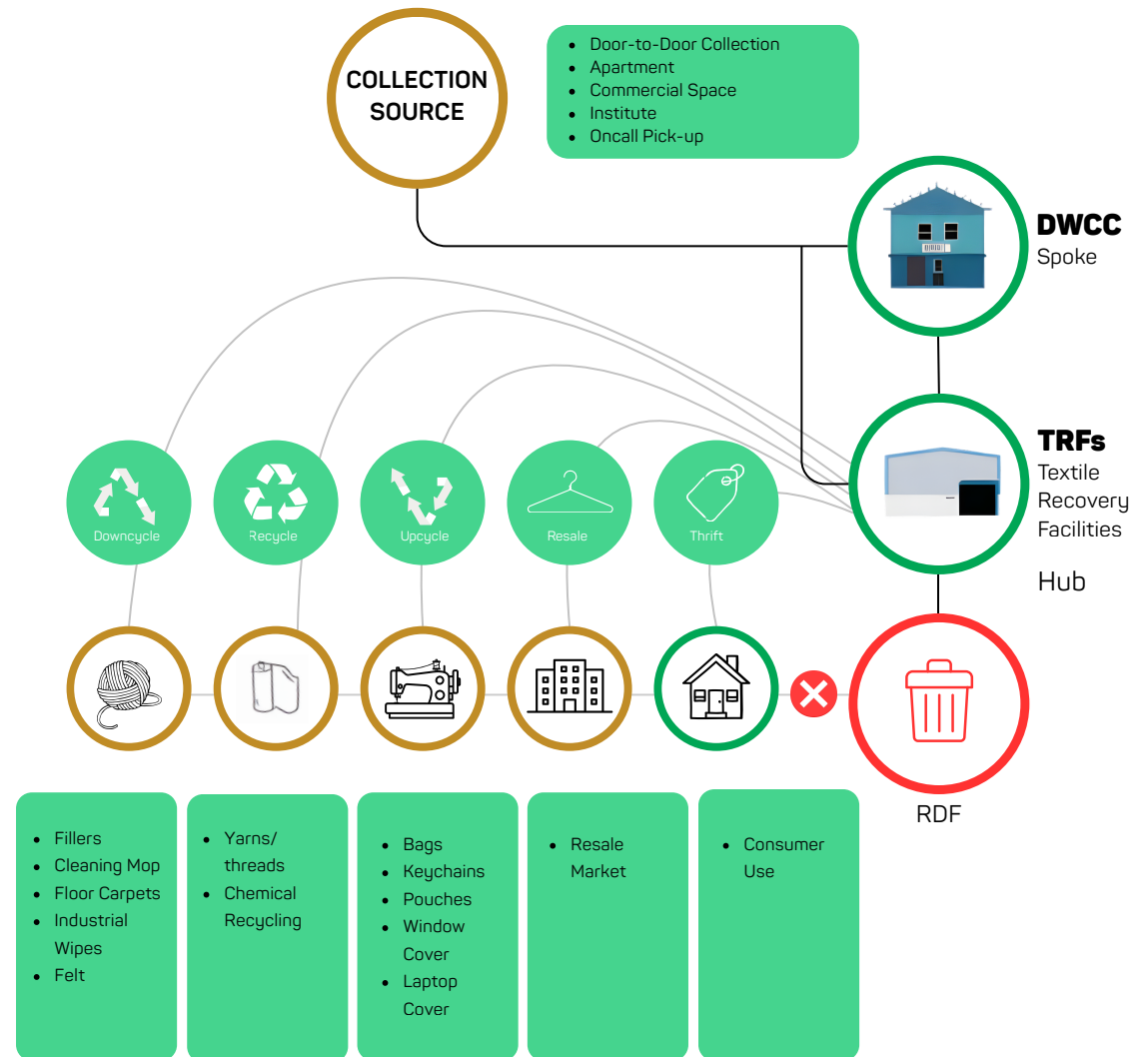
## Partners for the TRF

- Circular Apparel Innovation Factory (CAIF), an Intellectap initiative:** Contributed towards designing the Hub & Spoke model of the Circular Textile Waste Management: the TRF being the Hub (established by CAIF) and DWCCs being the spokes (already in existence), building textile waste sorting capacity at DWCCs and mentoring waste entrepreneurs working at the DWCCs as well as the TRF to strengthen the value chain. CAIF also worked on building markets for post-consumer cloth waste, especially through upcycling, reuse and recycling. This is part of CAIF's pan-India textile circularity initiative named 'Closing the Loop on Textile Waste (CTL) Program.
- Hasiru Dala:** As CAIF's on-ground implementation partner for setting up and operationalising the Hub & Spoke model, mobilising workers, DWCC's, local resources and markets along with building capacity of more than 622 free roaming waste pickers to appropriately collect post-consumer cloth waste. Hasiru Dala enabled the successful integration of the spokes with the hub coupled with localised awareness generation programs for citizens, enabling consistent flows of textile waste.
- Local government:** The city's investment in DWCCs, operated by waste pickers, has become a powerful backbone for decentralised waste management. By building on an already functional, segregated dry waste collection system, these centres have been strategically leveraged as "spokes" in the hub-and-spoke model, significantly strengthening last-mile collection, improving material recovery, and enhancing the efficiency and inclusivity of the city's waste ecosystem.
- Other Saamuhika Shakti partners:** In the process of ensuring meaningful value addition/valorisation of textile waste, other collective partners such as **Sambhav Foundation, BBC Media Action and Enviu** play a critical role; Sambhav trains women from waste picking families to create upcycled products using the textile waste, while Enviu contributes towards piloting and validating different use cases for post industrial and consumer textile waste, creating sources for offtake of textile waste. BBC Media Action developed and anchored an online & offline awareness campaign to encourage Bengaluru to responsibly discard their "old clothes."

## Operating Model

The TRF operates on a hub-and-spoke model for post-consumer textile waste management:

- **Collection (Spokes):** Textile waste is collected door-to-door across Bengaluru's 14 residential wards, in collaboration with Residential Welfare Associations (RWA) in community collection spaces and individual street waste pickers. It is aggregated at 14 DWCCs and then moved to the TRF.
- **Sorting & Recovery (Hub):** Waste is transported to the 3,800 sqft. TRF, where it is sorted by condition, fibre type, and colour into distinct value streams.
- **The different value streams:**
  - Clothing that is still in good condition is channelled into second-hand resale markets and sold through on-site thrift store, as well as pop-up thrift events held across the city during festive and special occasions.
  - Materials that can be segregated and processed as per recycling requirements are sent to textile recyclers.
  - Polyester-heavy textiles that cannot be easily recycled are transformed into industrial felt by Enviu's venture, The Good Felt, and sent to chemical recyclers.
  - Some portion of the waste is upcycled into utility products by women waste pickers, trained by Sambhav Foundation, in collaboration with sustainable brands such as Twirl and Jaggery.
- Proceeds from the different value streams are returned to the community (e.g. paying waste entrepreneurs), helping sustain the model. This ground-level mechanism, supported by grants, closes the loop on post-consumer textiles and creates stable incomes and skills for waste-picker entrepreneurs.



### Collection Streams Feeding the Hub:

- DWCCs and waste picker networks
- Commercial areas (shops, markets, tailors, small industries)
- Institutions and gated communities
- Local textile sources and donation channels

## Practitioner Insights

### QE 1: Community-Led Design and Evolution of the TRF Model

The Saamuhika Shakti initiative was designed around priorities identified directly by waste picker communities. As the program evolved into Phase 2 and expanded into textile waste through the Textile Recovery Facility (TRF), how did that community-led design process actually work in practice?

In particular, how did inputs from waste picker communities shape the decision to focus on textile waste as a new livelihood opportunity?

Saamuhika Shakti supported the Closing the Loop (CTL) on Textile Waste Program in Bengaluru to address a key gap at the intersection of sustainability and waste picker livelihoods. By building a circular system for textile recovery, sorting, and market linkages, the initiative aimed to unlock the value of discarded textiles while creating more stable and improved income opportunities. This aligned with its core focus on strengthening urban systems through community-led, inclusive, circular economy models.

The CTL program by CAIF, implemented in Bengaluru in partnership with Hasiru Dala, and Enviu, adopts a Place-Based Circular Economy (PBCE) approach, that places waste pickers at the center of design and decision-making.

In Phase 1 of the Saamuhika Shakti initiative, extensive and ongoing consultations with waste pickers and waste entrepreneurs generated two critical insights.

1. Post consumer textile waste was emerging as a significant and growing component of urban waste streams with no structured systems for recovery or value extraction. As a result, large volumes of textiles were being sent to landfills simply due to the absence of recovery systems, highlighting a clear opportunity to create livelihood opportunities while addressing environmental challenges.

2. Dry Waste Collection Centers (DWCCs) were operating under structural constraints, including limited space, challenges in storing and aggregating sufficient volumes for bulk buyers, and regulatory restrictions on sourcing waste beyond designated catchment areas. These factors directly limited the income potential of waste pickers. Waste pickers also emphasised that a substantial share of discarded textiles still retained value but was often lost due to being mixed with other waste.

These insights were grounded in the lived experience of waste picker communities. Hasiru Dala's long-standing engagement enabled continuous feedback loops, through which waste pickers actively shaped the identification of new opportunities. They highlighted that unlike materials such as plastic or metal, textiles did not have clear systems for sorting or selling. This gap was further underscored through community voices, including waste pickers who brought attention to the issue in global forums such as the CoP Assembly in Canada.

Early pilot efforts reinforced these insights, demonstrating that with the right infrastructure and market linkages, post consumer textiles could be effectively segregated and channelled toward reuse, recycling, or downcycling. Together, these inputs highlighted textile waste as a viable livelihood opportunity while addressing a growing environmental issue.



Source: Vinod Sebastian, Saamuhika Shakti

Building on the community-led insights, Phase 2 of the Saamuhika Shakti program introduced the Textile Recovery Facility (TRF) model, designed as a Hub-and-Spoke system. In this model, DWCCs function as decentralised spokes where primary sorting of post consumer textile waste takes place, while TRFs serve as centralised hubs for aggregation and advanced sorting, based on material type and colour. The TRFs then channel the sorted textile waste to diverse end-markets, including resellers, upcyclers, recyclers, and downcyclers.

In the process of ensuring meaningful value addition and valorisation, other collective partners such as Sambhav Foundation and Enviu play a significant role; Sambhav trains women from waste picking families to create upcycled products using the textile waste, while Enviu contributes towards piloting and validating different use cases for post industrial and consumer textile waste, creating sources for offtake of textile waste.

This approach builds on the existing role of waste pickers and strengthens their ability to earn from textile recovery.

### QE 2: Building Ownership Within the Waste Picker Community

Indumathi's journey from waste picker to operator of the Textile Recovery Facility is often highlighted as a key example of the initiative's impact.

From your perspective, how representative is this journey, and what did it take for the broader waste picker community to see the TRF as a genuine livelihood opportunity rather than just another programme?

Indumathi's journey is a compelling example of the initiative's impact, but it is best understood as part of a broader, community-led shift. At its core, the model has consistently placed waste pickers at the center of design and decision-making, ensuring that new opportunities are shaped by their realities, aspirations, and insights.

The evolution of post consumer textile waste as a livelihood opportunity began as early as 2019 when **Krishna**, a waste picker supported by Hasiru Dala, began a collection of post consumer textile waste, recognising its potential value. His efforts, though constrained by systemic limitations, laid the groundwork for more structured interventions.

In early 2022, Krishna and Kumuda were among the first micro-entrepreneurs engaged under CAIF's Closing the Loop (CTL) pilot in Bengaluru, supported independently by IKEA Foundation, a standalone pilot focused on testing collection and recovery systems. As the work later evolved, CTL activities were integrated into the Saamuhika Shakti program, with Krishna and Kumuda continuing as early adopters as the model transitioned into a larger ecosystem initiative.

**Kumuda** further built on these efforts with a more structured approach with Hasiru Dala's support. Her leadership and persistence were recognised at Bharat Tex 2024, where she was awarded the ["Most Inspiring Women Entrepreneur – Circular Textiles."](#) Together, these early adopters played a critical role in demonstrating both the potential of textile waste as a livelihood stream and the systemic gaps that needed to be addressed to make it sustainable at scale.

Indumathi entered this evolving space in 2022, bringing with her the experience of managing two DWCCs and a strong entrepreneurial drive. Having been associated with Hasiru Dala since 2016, she had already transitioned from an informal waste picker to a leader within organised waste management systems, building both operational expertise and community trust. Through CAIF's Closing the Loop on Textile Waste (CTL) program, she gained the technical knowledge and market linkages required to scale textile recovery efforts.

In 2024, she led the establishment of a Textile Recovery Facility (TRF) in Bengaluru under the Saamuhika Shakti program. She now manages a dry waste aggregation centre with a team of 98 workers, alongside TRF operations. Today, Indumathi currently stands as the **FIRST waste picker-turned-entrepreneur managing a TRF in the country, and not just Bengaluru - an important milestone for the sector.** Her leadership has driven multiple outcomes:

- The TRF has created a steady revenue stream for DWCCs, strengthening their financial resilience without adding operational costs. It has also enabled the diversion of over 683 metric tonnes of textile waste from landfills, demonstrating both environmental impact and business viability.
- The TRF has generated employment, with eight staff members engaged in its operations, providing livelihoods for individuals from vulnerable backgrounds.



Source: Vinod Sebastian, Saamuhika Shakti

Peer-led expansion is also visible. **Anitha**, who was previously an informal street waste picker, began collecting textile waste after learning about the TRF model. She mobilised her community to collect over 2.3 MT of textile waste during the first few months. As she began to see the income potential, she pursued it more consistently and built it into a steady livelihood stream. With continued support and external institutional backing, she has now gone on to establish her own collection and second hand cloth sale center, signalling growing ownership and replication within the community.

Beyond these tangible outcomes, Indumathi's journey has had a strong demonstration effect. As a leader managing both a large DWCC workforce and a TRF, she exemplifies how waste pickers can transition into structured, entrepreneurial roles. Her work continues to inspire others to enter and grow within the textile waste sector. More waste pickers are now motivated to engage with textile waste as a viable livelihood opportunity. **To date, over 622+ waste pickers have undergone training in textile sorting and segregation, building the capabilities required to participate in this emerging value chain.**

**Two important shifts** have enabled this transition from experimentation to a credible livelihood pathway.

- Textile waste is now widely recognised among waste pickers as a material with tangible economic value, rather than something to be discarded.
- The TRF model has demonstrated that with the right infrastructure, aggregation systems, and market linkages, this value can be consistently realised.

Ultimately, what enabled the broader community to see the TRF as a genuine livelihood opportunity was not a single success story, but the combination of early experimentation, visible income potential, peer learning, and sustained support systems. Together, these elements have built trust, credibility, and a growing sense of ownership within the waste picker community.

**QE 3: Role of Philanthropic Capital in Enabling the Model**

The Textile Recovery Facility has been supported through philanthropic funding from the H&M Foundation as part of the Saamuhika Shakti initiative.

From your experience, what role has philanthropic grant capital played in enabling the TRF model, particularly in building infrastructure, supporting worker inclusion, and testing new circular textile recovery pathways?

Philanthropic capital has been catalytic in enabling the Textile Recovery Facility (TRF) model, especially in its early stages where market and operational uncertainties are high. With material collection and recycling systems still nascent, such funding plays a critical role in supporting innovation, building ecosystem capabilities and enabling the participation of marginalised waste picker communities. It allows for experimentation, absorption of trial and error costs and the development of new pathways that would otherwise remain untested.

Importantly, this support is directed toward needs-based system building, strengthening livelihoods, improving working conditions and developing the broader ecosystem required for circular textile recovery. As these systems mature, they can lay the foundation for more financially sustainable models over time, leveraging a mix of public infrastructure, partnerships and suitable financing instruments.

At the outset, grant funding was critical in addressing the viability gap inherent in building an inclusive textile recovery and circular system. Given that it typically takes 24-30 months for a TRF to stabilise operationally, this phase is not suited to commercial capital that seeks predictable returns. Philanthropic support enabled the model to absorb this gestation period, allowing systems and operations to take shape while ensuring inclusion, fair working conditions and livelihood security remained central to the model.

Equally important was the role of philanthropic capital in enabling experimentation and ecosystem development. Textile waste management is still an emerging segment, with limited clarity on material flows, sorting

protocols and end markets. Early-stage support made it possible to test and refine sorting systems, pilot diverse recovery pathways, and build market linkages, without the pressure of immediate financial performance. This ability to absorb risk and support iterative learning has been essential in developing a model that is both operationally sustainable and socially inclusive over time.

Philanthropic funding has also enabled stronger convergence with public infrastructure which is critical to improving working conditions and formal recognition for waste picker communities. By strengthening access to DWCCs and dedicated sorting spaces, waste pickers have been able to move from informal, street-based work into more organised environments. This has contributed not only to improved material handling and quality, but more importantly to enhanced dignity, stability of livelihoods, and integration into formal urban waste management systems.

Beyond individual facilities, philanthropic capital has played a critical systems-building role, supporting ecosystem actors, enabling partnerships, and strengthening market linkages across the value chain. Intermediary organisations such as Hasiru Dala and CAIF have been central to this effort, anchoring on-ground implementation, worker mobilisation, and ecosystem coordination. Sustained philanthropic funding for these intermediaries is essential, as they enable both the functioning and the scale-up of the model. The H&M Foundation has been central to this effort through the Saamuhika Shakti initiative in Bengaluru, anchoring the development and scale-up of the TRF model.

Complementing this, support from the IKEA Foundation and Alwaleed Philanthropies has helped generate key learnings in the city and enabled the expansion of the model to other cities, contributing to the growth of a broader circular post consumer textile waste management ecosystem.

***Extending Catalytic Capital to Decentralised Systems and Last-Mile Inclusion***

As the TRF model matures, the next phase of growth will depend on strengthening decentralised systems and enabling greater participation of last-mile actors. While philanthropic capital has been essential in building the foundation through ecosystem development, skilling, and building systems and operations infrastructure, there is now a clear need for complementary forms of capital to unlock value at the community level.

Over 622 waste pickers have already been trained in textile collection and sorting in Bengaluru by Hasiru Dala, reflecting strong interest and growing capability within the community level in Bengaluru. However, most continue to operate from constrained personal spaces, limiting their ability to aggregate, store, and scale their work. As a result, a significant portion of potential value remains unrealised.

Addressing this requires access to appropriate forms of early-stage investment capital. Targeted seed capital and small-scale equity investments can enable waste pickers and nano/micro-entrepreneurs to strengthen decentralised collection and storage systems, operate more efficiently and participate meaningfully in the value chain. For instance, investments in the range of INR 50,000 to 1 lakh can support decentralised operations, while at a higher threshold, investments of INR 6-7 lakh can enable the establishment of second-hand clothing collection and retail shops, expanding value capture opportunities.

Sustained philanthropic capital remains essential to strengthening the broader ecosystem-supporting decentralised systems, building capacities, developing replicable blueprints, and ensuring that the circular textile economy remains anchored in worker inclusion. Complementing this, appropriate forms of investment capital are needed to enable enterprise development and value capture at the last mile. Together, this combination of ecosystem-building grants and enterprise-focused investments will be critical to unlocking livelihoods at scale and enabling the long-term sustainability of the model.



Source: Vinod Sebastian, Saamuhika Shakti

#### QE 4: Livelihood Outcomes for Waste Picker Communities

A central objective of the Textile Recovery Facility is to create dignified livelihood opportunities for waste picker communities through specialised textile recovery work.

From your experience so far, what kinds of livelihood changes or early outcomes have you observed among the waste workers engaged in this model?

The TRF has begun to deliver tangible livelihood improvements for waste picker communities by creating more structured, specialised, and predictable forms of work within the textile value chain.

Since its inception in 2023 by CAIF and Hasiru Dala under the Saamuhika Shakti initiative in Bengaluru, the CTL program has reached over **622 waste pickers through capacity building and the creation of green jobs**. A key shift has been from informal, mixed-waste collection, often characterised by uncertainty and low returns, to more organised systems of textile collection, sorting, and recovery, **resulting in greater income stability and improved working conditions**.

One of the most significant outcomes has been the **development of technical and market-aligned skills**. Waste pickers are now trained to identify different types of textile waste, assess their quality, and sort them based on end-market requirements such as reuse, upcycling, or recycling. This has strengthened their ability to **realise higher value from materials that were previously discarded or undervalued, while also improving overall recovery efficiency**.

The model has also expanded livelihood opportunities across the value chain. New roles have emerged at both DWCCs and TRFs, including collectors, sorters, and machine operators. **Since 2023, the initiative has enabled additional revenue of approximately INR 25 lakhs (~USD 27,000) for waste entrepreneurs, demonstrating the income potential of textile recovery when supported by structured systems and market access.**

Importantly, the model is also enabling pathways beyond traditional waste picking. Through a Skill-as-a-Service approach introduced by CAIF along with Saamuhika Shakti partner Sambhav Foundation, women from waste picker families are being trained in upcycling in collaboration with established enterprises, opening up alternate livelihood opportunities. Access to finance has further supported this transition, with around INR 4.1 lakhs unlocked for women micro-entrepreneurs through a collaboration between CAIF and Sambhav Foundation, which facilitated access to microfinance opportunities via a social investment platform.

Beyond income and skills, the TRF model is contributing to shifts in agency and aspiration. Access to dedicated workspaces has improved dignity and safety, while peer-led learning and mentorship have enabled individuals to take on leadership roles. Journeys such as Anitha's, where workers transition from informal waste picking to running their own enterprises, highlight the growing confidence within the community.

Overall, these early outcomes point to a broader transformation: textile recovery is increasingly being recognised not just as an additional income stream, but as a credible, stable, and dignified livelihood pathway within the circular economy.



Source: Vinod Sebastian, Saamuhika Shakti

### QE 5: Replicability and Scaling Inclusive Textile Recovery Systems

For investors and ecosystem actors looking at models like the TRF, an important question is how such systems can scale while preserving their community-centred design.

From your experience, what elements of the model are most critical to maintain if similar textile recovery systems are replicated elsewhere?

For investors and ecosystem actors, the scalability of the TRF depends on preserving a set of non-negotiable principles around inclusivity, system design, and financial viability that underpin both its impact and long-term sustainability.

- Waste pickers must remain central to the model:** Not just as labour, but as economic actors with ownership and decision-making roles. This is both an inclusion imperative and an operational advantage. As articulated within the ecosystem, *"inclusivity is not a favour; inclusivity is a right that everyone in this ecosystem deserves."* Waste pickers bring deep, experience-based knowledge of material flows and collection systems, which directly improves recovery rates, reduces leakage, and strengthens unit economics over time. Models that dilute this centrality risk both lower impact and weaker performance.
- Networked Systems Built on Existing Circular Markets:** The model must be designed as a networked system rather than a standalone facility. The TRF functions effectively because it is embedded within a broader ecosystem, linking decentralised collection (through DWCCs and independent waste pickers) with centralised aggregation and market-facing functions. This hub-and-spoke architecture enables aggregation at scale, improves price realisation, and reduces fragmentation in supply. For replication, investing in both central infrastructure and last-mile systems is essential.
- Market Alignment and Demand-Led Value Creation:** Strong market alignment is critical to viability. The model leverages existing recycling, reuse, and upcycling markets rather than building parallel value chains.

Training waste pickers in market-linked sorting and grading ensures materials meet demand specifications, directly impacting revenue potential. At the same time, post-consumer textile waste recycling remains an emergent segment, with market linkages for many material categories still evolving, something new entrants must account for. Demand-side interventions such as consumer campaigns and institutional partnerships, further strengthen throughput and price stability.

- **Skill Enhancement for Socio-economic Empowerment:** Human capital development is a core value driver. Investments in skill-building - from sorting and grading to higher-order capabilities like upcycling - enable waste pickers to move up the value chain, improving incomes and system productivity. Pathways such as micro-entrepreneurship and women-led enterprises further deepen impact while diversifying income streams.
- **Leveraging Public Infrastructure for Scalable Impact:** Convergence with public infrastructure significantly improves capital efficiency. Leveraging existing municipal assets such as DWCCs / Material Recovery Facilities (MRFs) reduces upfront capex and embeds the model within formal systems. Government partnerships also de-risk operations and support scale.
- **Catalytic Capital to De-Risk and Scale:** Catalytic capital remains essential in the early stages. The model typically requires 24-48 months to stabilise, during which grant or blended finance is needed to bridge viability gaps, support experimentation, and build market linkages. This also includes sustained investments in intermediary organisations such as Hasiru Dala and CAIF, which anchor implementation, worker mobilisation, and ecosystem coordination. Together, this creates a phased investment pathway, where philanthropic capital de-risks early stages, followed by more structured capital as revenues stabilise.
- **Standardised Systems, Contextual Execution:** Replication requires disciplined standardisation combined with local adaptation. Core elements such as the hub-and-spoke model, worker-centric design, and market integration can be codified into toolkits and operating frameworks. However, success in new geographies depends on adapting to local waste systems, market access, and community dynamics.

In essence, the TRF model scales not as a single asset, but as a distributed system where infrastructure, human capital, and market linkages evolve together. For investors, the opportunity lies in supporting this integrated approach, backing both the physical assets and the enabling ecosystem that drives sustained impact and financial viability.



Source: Vinod Sebastian, Saamuhika Shakti

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