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# Circular Economy, Supply Chain Transparency and Inclusive Value Creation in a B2b Denim Venture an Msme Outlook

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**ABSTRACT**
Indian micro, small and medium enterprises (MSMEs) need to expand their markets while limiting waste and giving smaller businesses and workers a fair chance to benefit. This paper studies these concerns at Blue Hunt Jeans, a young business-to-business (B2B) denim venture run by Anju Fashion Hub in Ahmedabad. It examines how business growth, circular use of resources and inclusion can work together. The paper is based on a 12-week on-the-job study that included workplace observation, work in sales and dispatch, conversations with employees and dealers, and a review of inventory, billing and daily work practices. The study found a production cycle of 4–5 weeks, dealer credit of 30–60 days, scattered digital records, and no company-level baseline for environmental or social performance. Sample testing, e-barcodes, digital catalogues, nearby suppliers and flexible decisions by the founder offer a starting point for improvement. Four issues shape the company's growth: keeping products available without building excess stock, supporting green sourcing with evidence, helping dealers without creating cash-flow problems, and responding quickly while keeping responsibilities clear. The paper proposes a step-by-step plan covering production based on demand, supplier checks, clear job-work arrangements, controlled dealer credit, and a small take-back and remanufacturing trial. This exploratory case suggests that sustainability can guide everyday operating decisions as well as product choices. The proposed framework and research propositions still need further testing.
**Keywords**: MSMEs; circular economy; sustainable supply chains; inclusive growth; B2B denim; responsible growth

## 1 INTRODUCTION

How a business uses resources, manages its supply chain, and treats people shapes both its ability to keep operating and its ability to retain trust. For MSMEs, these sustainability concerns sit alongside immediate needs such as managing cash flow, maintaining quality, serving customers and expanding the business. Limited record-keeping can make environmental and social performance difficult to assess. This can remain a problem even in industrial clusters where suppliers and new technologies are nearby.

The textile and apparel industry offers a useful setting for studying these issues. Research on the circular economy in this sector focuses on three areas: the drivers and barriers to change, the practices businesses can adopt, and the indicators used to measure performance. It also shows how difficult it can be to put circular supply chains into practice (Jia et al., 2020). More recent research finds that technology, the structure of the supply chain and the size of a business affect both the adoption of circular practices and their results (De Felice et al., 2025). However, supply-chain studies do not always consider business risks together with environmental and social risks. Social conditions may also receive less attention than environmental performance (Sustainability, Risk and Performance in Textile and Apparel Supply Chains, 2022).

This paper looks at Blue Hunt Jeans, a young B2B denim venture operated by Anju Fashion Hub in Ahmedabad. The company supplies dealers and retailers across four Indian states and wants to reach more markets. Its business depends on having stock available, coordinating suppliers and job-work partners, and offering credit to dealers. A decision in any one of these areas can affect the others.

The main research question is how an Indian MSME can plan its growth while bringing circular practices and inclusion into its daily operations. The study identifies the business tensions that affect responsible growth, examines the company's strengths and gaps, and proposes a plan that managers can introduce in stages. It uses field evidence to develop an exploratory explanation and ideas for future research. It does not measure or claim verified sustainability results.

## 2 LITERATURE REVIEW AND CONCEPTUAL LENS

Circular economy (CE) thinking challenges the practice of making, using and discarding products. It focuses on keeping products and materials useful for longer, using fewer resources, and recovering value through reuse or recycling. These approaches are often described as slowing, narrowing and closing resource loops (Bocken et al., 2016; Geissdoerfer et al., 2017). In apparel, they can guide material choices, production quantities, longer product



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use, repair, reuse and recovery. Preventing unnecessary production and retaining the value of products and materials are also part of circularity.

Jia et al. (2020) review circular-economy research in textiles and apparel, covering drivers, barriers, practices and sustainability indicators. De Felice et al. (2025) also show that technology, the scope of an initiative and supply-chain structure affect implementation and performance. Together, these reviews suggest that a business needs coordination across different stages and a way to assess practices in its own operating conditions. Choosing one greener input alone is unlikely to be enough.

For an MSME, this coordination may involve managing suppliers, processors, dealers and information rather than owning production facilities. A small brand may not own a fabric mill or washing unit, but it can still influence product specifications, supplier choices, production timing and documentation. Having suppliers nearby can make coordination easier. It does not, by itself, show that those suppliers have good environmental practices. Claims need records that allow materials and processes to be traced, along with evidence to support them.

Inclusive growth also asks who benefits and who carries the risks. Delayed collections can strain cash flow across the supply chain, hurting suppliers and job workers, even though dealer credit helps smaller retailers gain access to formal supply networks. Research on textile supply chains points to the need to examine financial, environmental and social risks together (Sustainability, Risk and Performance in Textile and Apparel Supply Chains, 2022).

This paper brings circular-economy ideas and inclusive value-chain thinking together through the idea of responsible growth. Here, responsible growth means expanding the business while considering material efficiency, sourcing claims backed by evidence, and fairer commercial relationships. This perspective helps interpret the case; it has not been validated as a formal research construct.

## 3 METHODOLOGY

The study uses an exploratory qualitative approach focused on one business. A case study is useful for understanding current business processes in their real setting, especially when the business and its surrounding environment are closely connected (Yin, 2018). Blue Hunt Jeans was chosen because its dealer-led sales model, plans for growth and developing operating systems provide a relevant case for studying responsible growth in an MSME.

The evidence comes from a 12-week on-the-job study carried out in 2026. It includes observation and participation in sales and dispatch, interactions with employees and dealers, and a review of inventory, billing and workflow practices. The material was grouped into four areas: production and stock, materials and processing, dealer finance, and work organisation. Each area was then examined using circular-economy and inclusive value-chain ideas.

The study has important limits. It does not contain audited data on water use, carbon emissions, chemicals, waste, wages or worker demographics. The evidence cannot confirm environmental improvements or show that a particular practice caused a change in performance. The findings are interpretations of this case. They identify business tensions and conditions needed for improvement, rather than measured sustainability results. Future studies should compare these observations with individual transaction records, supplier documents, workers' views and performance data collected over time.

## 4 CASE CONTEXT AND FINDINGS

Anju Fashion Hub was established in Ahmedabad in 2022 and sells men's denim under the Blue Hunt Jeans Co. brand. Its range includes slim-fit, regular-fit, stretch and washed jeans. Operating across four states, it supplies dealers and retailers rather than selling directly to consumers. Ahmedabad's textile and garment network gives the company access to nearby fabric suppliers, job workers, washing units and logistics services.

The field report describes trials with recycled fibres and processing methods with a lower environmental impact within the local industry cluster. These could offer future sourcing options, but they do not show that Blue Hunt currently uses those methods. The washing factory that processes Blue Hunt Jeans products filters the wastewater generated when the jeans are washed. The study did not independently check how well the filtration system performs.

According to the study, net profit rose from approximately INR 2.5 lakh in 2022–2023 to INR 5 lakh. More recently, growth had slowed. The founder therefore faces a choice between expanding the existing dealer-led business, introducing a green-premium product line, or changing the operating system to support responsible growth.

Availability versus overstock

Retailers want quick access to the styles and sizes they need. At the same time, stock can lose value quickly as fashion preferences change. Blue Hunt has a production cycle of 4–5 weeks and uses Excel and e-barcodes to



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monitor stock. These tools give the company some visibility, but a total stock figure may hide slow-selling combinations of fit, wash and size.

The company needs data for each stock-keeping unit (SKU), including how long it has been held, how much has sold, returns and price reductions. Without this detail, it cannot reliably tell which stock is needed to serve customers and which is becoming deadstock. Production planning and stock control therefore also affect how efficiently materials and other resources are used.

Green sourcing versus traceability

Nearby suppliers and access to newer processing methods may make sourcing with a lower environmental impact possible. Claims about recycled content, water use or washing processes still need records and checks for each batch. A small green product line could help the company learn. Without reliable evidence, however, its environmental claims could become marketing statements with little connection to actual operations.

Dealer inclusion versus liquidity risk

Bulk discounts, digital catalogues and credit of 30–60 days can help smaller retailers participate in the market. The company may have to pay suppliers before it receives money from dealers, which puts pressure on working capital. The benefit to retailers can come at the expense of suppliers and job workers if the company covers the shortage by delaying their payments.

Agility versus accountability

Decisions made directly by the founder and communication through WhatsApp help the business respond quickly. Scattered records make it harder to link product decisions with the age of stock, payment behaviour, supplier evidence and responsibility for each process. At this stage, a basic system of connected records may suit the company better than an expensive environmental, social and governance (ESG) platform.

## 5 DISCUSSION AND A RESPONSIBLE GROWTH FRAMEWORK

The findings suggest that sustainability in a small B2B apparel business depends on coordinating demand, materials, cash and work. The proposed framework has four parts that support one another and can be introduced in stages.

Demand led material efficiency

Production decisions should use information for each SKU and distinguish established products from new or experimental styles. Regularly updated forecasts can guide quantities. Smaller batches for styles with uncertain demand can limit the risk of overproduction while keeping proven products available. This makes circularity part of routine inventory decisions.

Evidence based sourcing

Supplier checks should cover relevant environmental controls, consistent quality, evidence of recycled content where it is claimed, and whether the purchase makes commercial sense. Batch-level documentation can improve traceability. It also helps reduce unsupported claims. Materials with a lower environmental impact still need to be assessed carefully before the business decides whether they are practical to use.

Inclusive value chain governance

Dealer credit can be offered in tiers based on payment reliability and the costs and returns associated with each order. Smaller retailers should receive clear credit conditions. Job-work partners should have written specifications, agreed payment dates and quality feedback that helps them improve their skills. Inclusion depends on how risks and value are shared across the business network, as well as on the number of dealers served.

Staged circular experimentation

The company could test a limited fabric line with a lower environmental impact and run a small recovery trial for unsold or returned jeans. Recovered products could be assessed for repair, redesign or material reuse, depending on feasibility and quality requirements. These trials can help the business learn before expanding them. They would not, on their own, prove that circular practices work at a larger scale.

Further expansion should depend on what the operating evidence shows. A 180-day pilot could start with baseline measurements and a master list of SKUs. The next steps could introduce demand forecasting, supplier checks and payment safeguards, followed by a limited lower-impact line and recovery activity.

Monthly monitoring could cover the share of stock sold, stock held for more than 90 days, fabric utilisation, the verified share of lower-impact materials, overdue receivables and on-time payments to job-work partners. Expansion into another state should be considered only if serving customers does not lead to more aged stock or weaker payment discipline.

The study proposes three ideas for future empirical testing:

P1: Better visibility at SKU level is associated with stronger inventory control and less avoidable overproduction in small apparel businesses.

P2: Supplier traceability makes sustainability claims more credible and more useful in operating decisions.

P3: Clear credit terms and job-work payment practices support inclusive growth by reducing the transfer of cash-flow risk between partners in the value chain.



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These propositions come from the case and have not been tested statistically. The framework connects circular use of resources with commercial decisions and social responsibilities across the value chain. It gives the company a way to consider sustainability throughout its operations.

## 6 MANAGERIAL AND POLICY IMPLICATIONS

For MSME managers, the case suggests starting with baseline information before making broad sustainability commitments. A small set of connected records may be more useful than an expensive reporting system that the business cannot maintain. Managers can bring sustainability into supplier purchases, decisions to begin production, dealer-credit reviews and payment routines.

Industrial clusters and business-support organisations could help by sharing resources for supplier verification, offering practical support for traceability, and training smaller brands and job-work partners. This could make responsible sourcing less costly and improve accountability across production networks made up of many separate businesses.

The proposed plan is conceptually aligned with SDG 8, decent work and economic growth; SDG 9, industry, innovation and infrastructure; and SDG 12, responsible consumption and production (United Nations, 2015). The case does not measure the company's contribution to these goals.

## 7 CONCLUSION LIMITATIONS AND FUTURE RESEARCH

This exploratory study examines how a young B2B denim business can grow while improving circularity and inclusion. For Blue Hunt Jeans, each stage of expansion needs to be considered alongside better information about materials, credible sourcing, controlled dealer credit and fairer relationships with business partners. The proposed framework focuses on production based on demand, supplier verification, clear payment practices and small trials of circular activities.

The study proposes a framework for further investigation, along with a set of business tensions drawn from field evidence. Its findings come from one company and one field-study source, and there is no audited environmental or social data. These limits mean the findings cannot be widely generalised. Future research could compare MSMEs in different apparel clusters, follow pilot results over time, and examine the experiences of dealers and workers. It could also test whether better digital visibility and clearer value-chain management are associated with business resilience and improved sustainability performance...

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