



in collaboration with



The India Impact Investing Story

Assessing a Decade of *Capital plus Innovation* for Impact (2010-2019)

JUNE 2020

Supported By



Table of Contents

○	Foreword	04
	IIC Chair and Asha Impact Founders	
○	Introduction	06
	IIC CEO and Asha Impact Executive Director	
○	Chapter 1: Evaluating a Decade of Investment	09
	Capital Plus Innovation for Impact	
○	Chapter 2: Aggregating and Assessing Impact	17
	SDGs and Impact Measurement	
○	Chapter 3: Impact Investing: Sector Analysis	23
	○ Financial Services	
	○ Agriculture	
	○ Healthcare	
	○ Education	
	○ Technology for Development	
○	Chapter 4: Summary and Road Ahead	39
○	Appendix 1: Case Studies (Other Sectors)	43
	○ Affordable Housing	
	○ Energy Access	
	○ Waste Management	
	○ Water & Sanitation	
	○ Logistics	
	○ Mobility	
	○ Livelihoods	
○	Appendix 2	51
	○ Methodology	
	○ References	
	○ Key Contributors	

The page features abstract geometric shapes in shades of blue and orange, primarily located in the top-left and top-right corners, creating a modern, fragmented background.

Foreword

As we entered the new decade six months ago, we did not know humanity would soon be facing an unprecedented global health crisis and its grave socio-economic implications, particularly in low-income countries like India. While the world figures out how to respond to Covid-19, the criticality of accelerating our development trajectory and fostering more inclusive growth has never been more relevant. To achieve our socio-economic goals we need to (i) improve public sector service delivery and provide social safety nets to the neediest citizens, (ii) reform major social sectors to unlock market forces that drive innovation, and (iii) figure out ways to substantially scale up impact investment to finance our development goals.

While there has been considerable research on the first two areas which are core to economic policymaking and investment decisions, meaningful data and analysis on the state of the impact investment sector in India has been lacking, partly because of definitional reasons. Impact investment – defined as return seeking investment in for-profit social enterprises serving low income clients – has been around since early 2000, but really picked up pace later in the decade on the success of financial inclusion. In October 2010 the industry faced a severe test with the microfinance crisis, but since then it has grown 8.3x in terms of annual deployment, with total impact investment of \$2.7 billion in 2019, 7% going to MFIs versus 64% of \$323 million in 2010.

This first of its kind study by the Impact Investors Council and Asha Impact summarizes a decade of data on how the industry has evolved in India from 2010 to 2019 and is based on a bottom-up database of venture deals in social enterprises across all major social sectors. Where has the capital come from? Where has it flowed? And most importantly, what impact has it had in terms of seeding and scaling up financially viable innovations that provide enormous benefit to the masses? The report highlights not just capital flows into impact investment – in areas like agriculture, education, healthcare and financial inclusion – but examples of innovation it has created, and the aggregation of its impact on underserved citizens.

Policymakers, practitioners as well as the public want to better understand impact investing. What has it achieved till now and, more importantly, how can it help India achieve its SDGs over the coming ten years? Impact investing has the potential to affect a paradigm shift in our development trajectory and thus becomes even more critical in the 'new normal' where it is impossible for the government to tackle massive socio-economic challenges without support from the private sector and civil society. In this new era of cooperation, impact investing holds out the unique promise of helping us deliver on our national development imperatives of (i) providing access to quality services and meaningful jobs to low-income and underserved populations, and (ii) driving economic growth through greater private investment, entrepreneurship and innovation focused on India's developmental needs.

We hope this report is a useful guide for those working to make this happen, and to all who are keen to understand, the story of impact investing in India so far, and its truly, incredible potential.



Siddharth Nautiyal

Chair, Impact Investors Council
Investment Partner, Omidyar Network India



Vikram Gandhi and Pramod Bhasin

Founders, Asha Impact



Introduction

This study jointly conducted by IIC and Asha Impact is the first such exercise to present a comprehensive analysis of the impact investment landscape in India. Based on a grounds up database of all equity investments in for-profit social enterprises made over the last decade (please refer Appendix-2 for methodology and inclusion/exclusion criteria), this report provides an evidence-based assessment of the meaningful contribution that impact investing has made to India's development journey both in terms of capital and as importantly, innovation to transform the lives of those living at the base of the economic pyramid.

The overall lessons from the analysis can be summarized as follows:

- **Strong & consistent capital flows** – Both deal volumes and sizes have increased over the last decade, with an acceleration in the last few years driven by larger cheque sizes and crowding in of significant commercial capital based on the early success of inclusion focused business models seeded by pioneering impact investors.
- **Innovation is at the heart of impact investing** – Developing new products for customer segments that have been ignored by traditional businesses, creating new delivery models to lower costs while maintaining product quality, and using technology for value chain disruption has enabled impact investment to have a multiplier effect on development.
- **Contribution to the nation's development goals** – Impact investing is almost perfectly aligned with national development priorities and can help India achieve its SDGs by focusing attention on the collaboration required between the public sector, private capital, and social service providers to achieve the best possible socio-economic outcomes.

The report starts with an overall narrative of the Indian impact investing landscape (Chapter 1): total capital flows, their sources, and deployment by sector and stage as well as the business model innovations supported by impact seeking capital. Chapter 2 presents the cumulative impact created by social enterprises funded by this capital, the contribution of impact investment towards achieving our SDG targets and discusses the challenge of impact measurement. Then in Chapter 3, we dive into the five major sectors which represent the bulk of impact investment – from financial inclusion to agriculture, education, and healthcare, to technologically enabled business models for the masses. For each sector, we have assessed the capital flow and the impact it has created. We have broken down the value chain into the segments where impact investors have been active, with examples of innovations in each industry and case studies that try to bring to life the on-ground work done by social enterprises and complement the data in the report.

We would like to acknowledge the efforts of the teams at the Impact Investors Council and Asha Impact specifically Swasti Saraogi (Research Manager, IIC) and Shriya Nene (Research Associate, IIC) who led the preparation of the industry database, data tables and charts used for the report; and Aparna Dua (Senior Manager, Asha Impact Trust) and Sanchi Khurana (Associate, Asha Impact Trust) who led the analytical design, qualitative research and writing of the report; as well as the board members of both our organisations and all IIC members for generously sharing their time and data.

As we adjust to the post-Covid world and enter a decade of new uncertainties and risks, but also new possibilities and behaviors, it is becoming evident to many that impact investing is poised to play a much larger role in addressing our common challenges as a people. How can we best leverage this tool to apply vast pools of global capital towards their highest purpose? How can the government play a more proactive role in manifesting India's potential as the impact hub of the world? How can entrepreneurs build more viable and more inclusive business models at the same time?

As more people begin to ponder these questions and impact investing gains relevance in the development agenda, we hope this report helps create a unified narrative of Indian impact investing and an evidence-based approach to inform discussions on the journey ahead.



Ramraj Pai

(CEO, Impact Investors Council)



Kartik Desai

(ED, Asha Impact; Board Member, IIC)



01

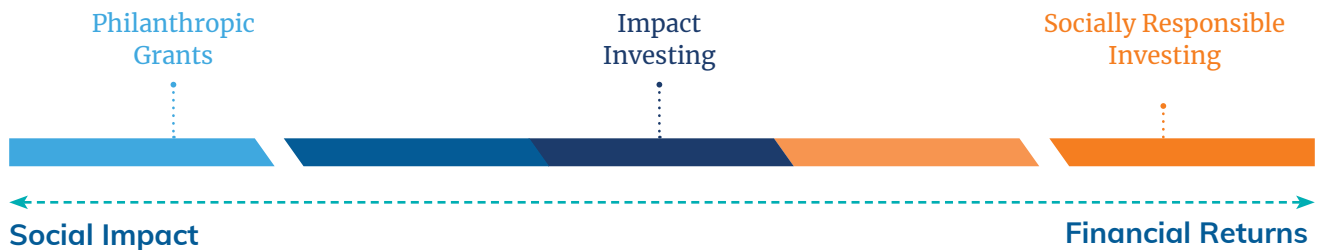
Evaluating a Decade of Investment –

Capital and Innovation for Impact



Introduction

Impact investing refers to investments made into companies, organisations or funds with the intention to generate a beneficial and measurable social or environmental impact, alongside a financial return. While the term is familiar to many, and there is increasing awareness that impact investments provide capital to address social and/or environmental issues, the term can cause confusion or struggle to classify as an asset class because of the fact that impact investing falls on a continuum, extending from strategic philanthropy at one end (impact first) to socially responsible or ESG commercial investing (returns first) on the other end.



‘Core’ impact investing – which lies at the center of the spectrum – is the definition of impact investing generally used in India and for the purpose of this report (excluding philanthropy, blended finance, ESG and SRI, CSR etc.). Impact investing is neither impact-first nor returns-first, but rather focused on both simultaneously. Its core focus is on a venture building approach to growing scalable business models that addresses core challenges of poverty, access, affordability and livelihoods by leveraging market principles and funneling commercial capital into social enterprises providing solutions for the masses.

Snapshot of a decade of impact investing in India

\$10.8 Billion
mobilized over the last decade

586
impact enterprises

490 Million
people impacted

Impact enterprises in India have collectively raised \$10.8 billion over the last decade (2010-2019) into 550+ for-profit social enterprises impacting 490 million beneficiaries, mostly low income communities who are underserved by traditional businesses as well as public sector social service delivery.

While this is a relatively small amount of capital, these impact investments have had an outsized effect on socio-economic development because of the direct targeting of underserved customers and the high level of business and technology innovation that has been seeded and scaled by impact investors to address the most important development challenges facing our nation.

Core Characteristics of Impact Investing in India

Impact investing as it has evolved over the last 15 or so years has become a powerful and uniquely Indian model of supporting inclusive growth, with social enterprises playing a critical role in delivering high quality yet affordable services (education, healthcare, financial inclusion) and providing employment (agriculture, handicrafts, logistics) to low-income and excluded populations to fulfill their basic needs. There are six core characteristics to what define impact investing and its role in the Indian context:

What does Impact Investing Involve

- Venture building and early-stage derisking
- Driving innovation and efficiency in delivery
- Leveraging philanthropic and blended capital

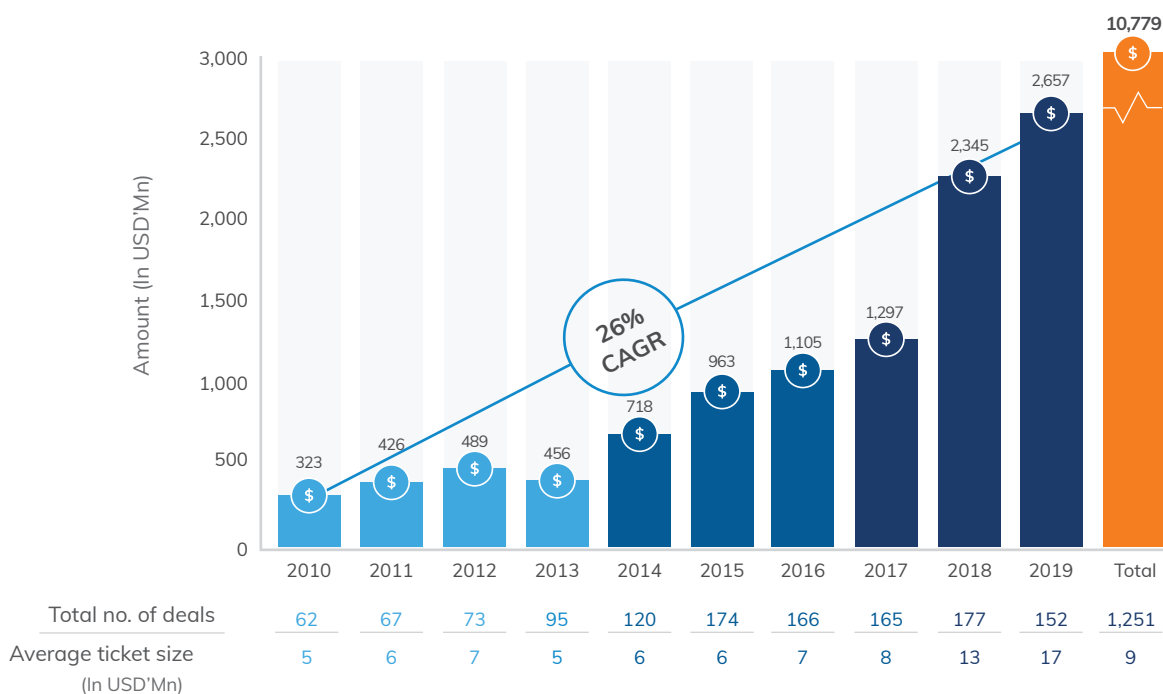


What Impact Investing Enables

- Catalyzing commercial capital for success stories
- Service delivery to BOP across multiple sectors
- Driving development outcomes of SDG goals

\$10.8 Billion deployed in 586 social enterprises (2010-19)

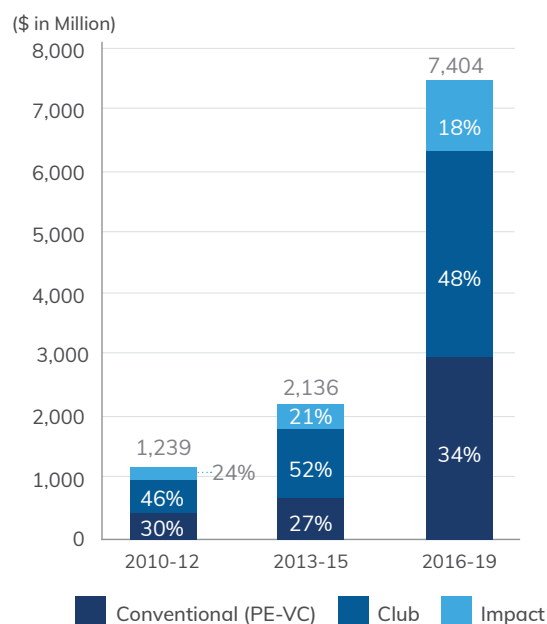
Exhibit 1: Annual investments over the last decade



Impact investments in India have grown at a 26% CAGR over the last decade (CY 2010-2019), from \$323 million in 2010 to \$2.7 billion in 2019, bringing in \$10.8 billion cumulatively into 550+ enterprises. This has been driven by a tripling of average deal size, from \$5 million in 2010 to \$17 million in 2019, a jump seen especially in the last two years (2018 and 2019) with the entry of commercial capital and larger, follow-on rounds raised by companies initially funded by impact investors. The last five years on average have consistently seen 160 to 170 deals per year (3-4 deals per week), driven by a larger pool of impact investors with a focus on different sectors and stages, and improved pipeline of high quality entrepreneurs and social start-ups.

Impact Investors have de-risked business models and crowded in substantial commercial capital

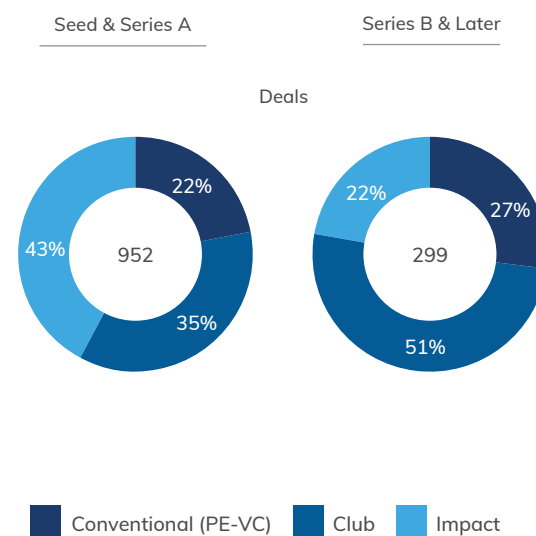
Exhibit 2: Funding mix by type of investor



Of the \$10.8 billion invested over the last decade, approximately \$3.5 billion of the total has come from mainstream VC and PE investors (who may not have any impact criteria), mostly in the last few years, demonstrating the success of impact investment in crowding in commercial capital.

The amount of funding coming from impact investors (including club deals) has also increased dramatically from \$860 million in 2010-12 to \$4.9 billion in 2016-19, showing a commitment by impact investors with increasingly larger fund sizes to invest in follow-on rounds through early-stages and growth stages, and a much greater degree of collaboration in dealmaking between impact investors and commercial venture funds.

Exhibit 3: Volume of deals by investor and stage



Seed

Impact investors play a critical role in seeding innovation by identifying the best entrepreneurs and scalable, business models for inclusion.



Series A

Significant de-risking of business models is provided by Series-A capital, allowing the company to replicate the model in multiple geographies and improve its governance capacity.

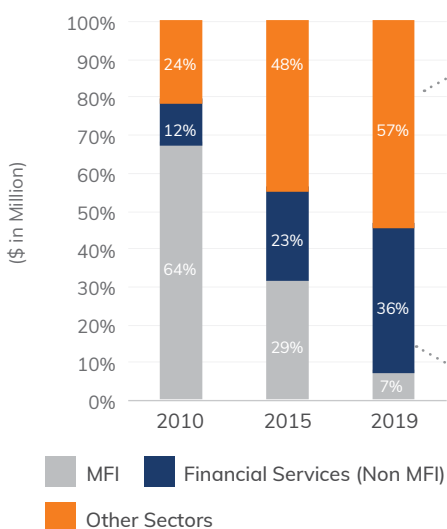


Series B+

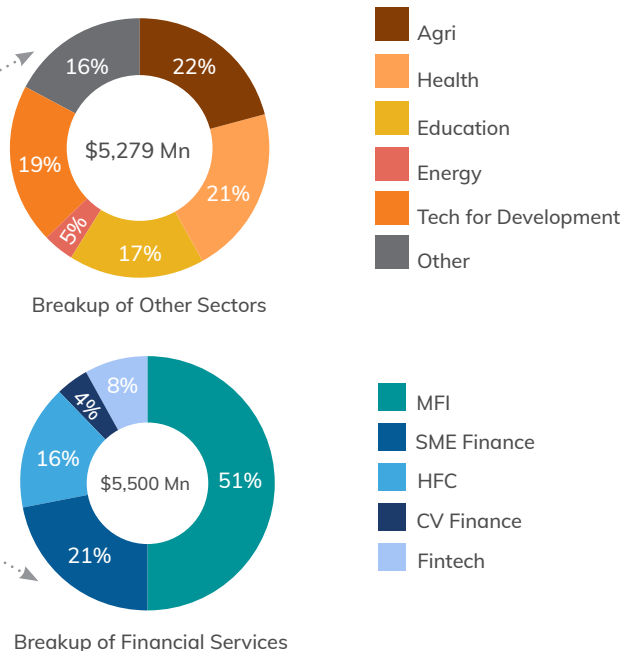
Impact start-ups that demonstrate business model scalability and strong traction are able to attract commercial capital and follow-on capital from larger impact funds (who also help maintain mission).

Evolution of business models has helped move capital away from MFI to other sectors

Exhibit 4: Investment by sector

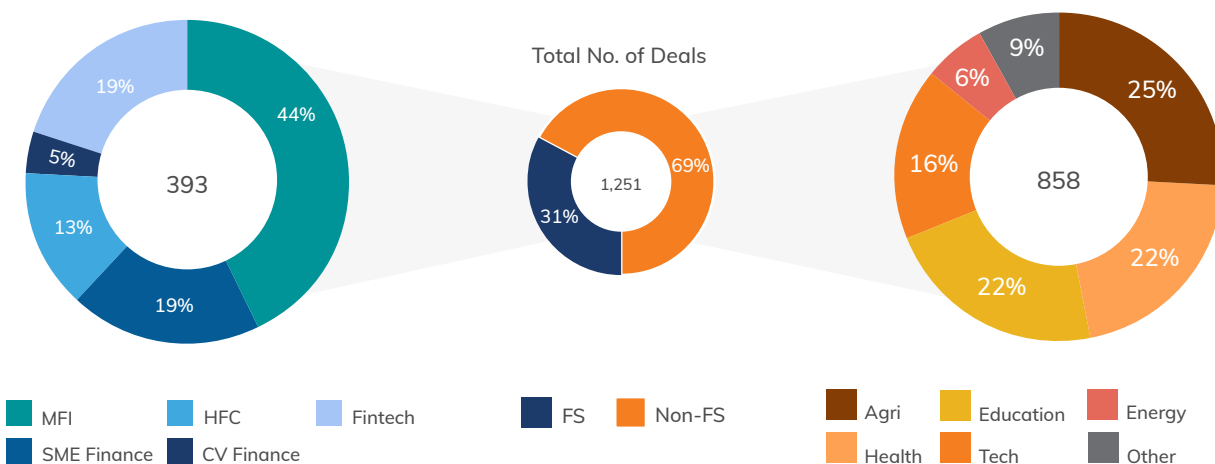


Cumulative Investment by sector (2010-19)



Initially focused on microfinance and then broader financial inclusion, the contribution of other (non financial-services) sectors has steadily increased over the decade. Cumulatively, approximately half the total capital deployed (\$5.3 billion) and two thirds of total deals occurred in real economy sectors, with lower average ticket size, and mostly in agriculture, healthcare, education, energy and technology for development. The contribution of MFIs has reduced from 64% in 2010 to 7% in 2019 while non-financial companies increased their share of total capital raised from 24% in 2010 to over 57% in 2019.

Exhibit 5: Volume of deals by sectors



Impact investment has funded mass-market focused Innovations to solve critical development challenges

As important as the capital catalyzed, is the innovation focused on inclusion fostered by impact investment. Social enterprises across sectors from microfinance to affordable education and healthcare to agriculture and technology for development have used impact capital to drive deep, customer-focused innovation – both business model (product and process) and deep-technology enabled.

The Three Axes Of Innovation



Critically, as distinct from purely philanthropic models of service delivery or income support, the impact created by social enterprises is financially sustainable and thus conducive to scaling with market forces that reward growth, profitability and most importantly, genuine innovation. As the case studies shared in this report highlight, each sector where impact investment has helped bring commercial capital, it has also found new ways to improve quality of service delivery to the poor while making it affordable with business model and technology-based innovation for serving the masses.

Examples Of Innovation Across Sectors

Agriculture



Cropin: Using big-data analytics, artificial intelligence and remote sensing, to build an agri-information dataset to detect patterns and predict the quantity and quality of yield.

Cropin

Health



Niramai: Low-cost diagnostic solution using thermography to increase accessibility of breast cancer screening with a device that enables no-touch, no-pain and private breast cancer screening.

Niramai

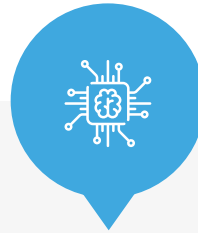
Education



Vedantu: Proprietary technology to match teachers to learning capabilities of students to improve learning outcomes and feedback to teachers.

Vedantu
LIVE ONLINE TUTORING

Tech. for Development



Reverie: Full stack multi-lingual tools to help engage new local language internet users in India including content localization, transliteration, Indic keypads and speech-to-text technology.

REVERIE
Language Technologies

Financial Services



Kinara: Providing access to mid-sized loans for small and medium sized enterprises with poor financial documentation by leveraging technology for client underwriting and collections.

KINARA
CAPITAL





02

Aggregating and Assessing Impact –















SDGs and Impact Measurement





200 million BOP beneficiaries of basic service delivery and 300 million impacted by tech-enabled inclusion

Adding up the unique outreach of all social enterprises in the five largest sectors (client data was available in approximately 75% of cases so the total number will be larger), impact investors have helped provide direct access to basic services and livelihoods to over 190 million beneficiaries, and tech-enabled impact inclusion to a further 300 million. Due to its high degree of innovation and market-based scalability, with a relatively modest amount of total investment of \$11 billion, impact investment has a vastly outsized impact in terms of human lives at the scale that is needed for India.

Sector	Financial Services	Agriculture	Healthcare	Education	Technology for Development
Cumulative Impact	96 million	18 million	34 million	43 million	299 million
Client-level Impact	Access to financial inclusion	Higher income for farmers	Access to affordable healthcare	Access to affordable education	Multiple
SDGs Impacted	 No poverty  Gender Equality  Jobs & econ. growth  Industry, Innovation and Infrastructure	 Zero Hunger  Responsible Consumption and Production	 Zero Hunger  Good Health and Well being  Gender Equality	 Quality Education  Gender Equality	 Gender Equality  Industry, Innovation and Infrastructure  Sustainable cities and communities

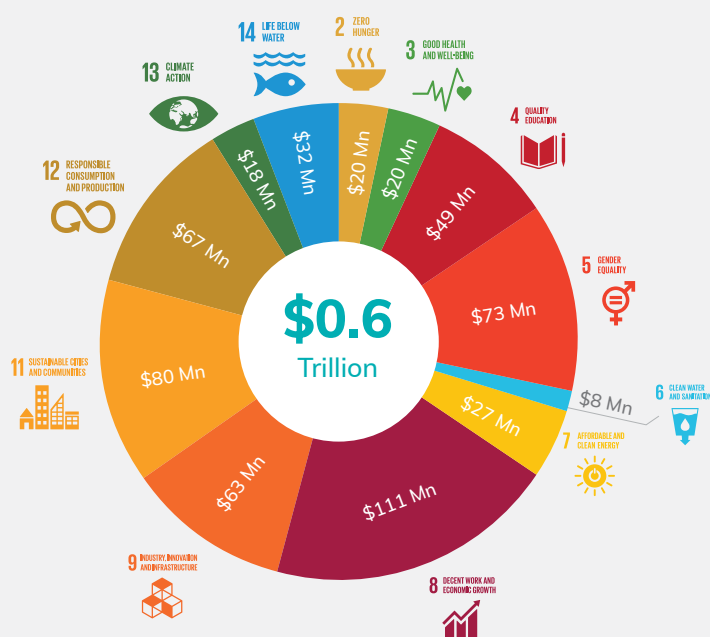
The cumulative impact of ~500 million beneficiaries represents 450 social enterprises covered in the IIC-Asha Impact study. It does not include the outreach of 50 enterprises in core sectors where data was not available in terms of number of individual or retail customers (e.g. in the case of B2B companies), nor does it include the impact created by 86 enterprises in the other sectors – energy access, waste management, affordable housing, water & sanitation, livelihoods, logistics and mobility. The data may be double counting beneficiaries who have availed services from multiple providers.

Impact Investing is well aligned to the Sustainable Development Goals

The Sustainable Development Goals (SDGs), launched in 2015 by the United Nations, address the major development challenges facing the world in the form of 17 goals to achieve by 2030. The SDGs are useful to enable convergence of effort in capital mobilisation for creating large-scale impact and benchmark country-level progress and contributions from governments, private sector and philanthropy.

To achieve the goals by 2030 requires mobilisation of \$5-7 trillion annually at a global level of which approximately \$4 trillion is the need in developing countries¹. India's financing gap – after accounting for government spending – is estimated at \$565 billion annually². Approximately 50% of this need stems from 3 SDGs – SDG 8 (jobs and economic growth), SDG 11 (sustainable cities) and SDG 5 (gender equality). Impact investing is particularly well suited to help mobilise this much needed private capital as it is extremely well aligned with the SDG priorities.

India needs
\$0.6 Trillion
annually to meet its SDG targets



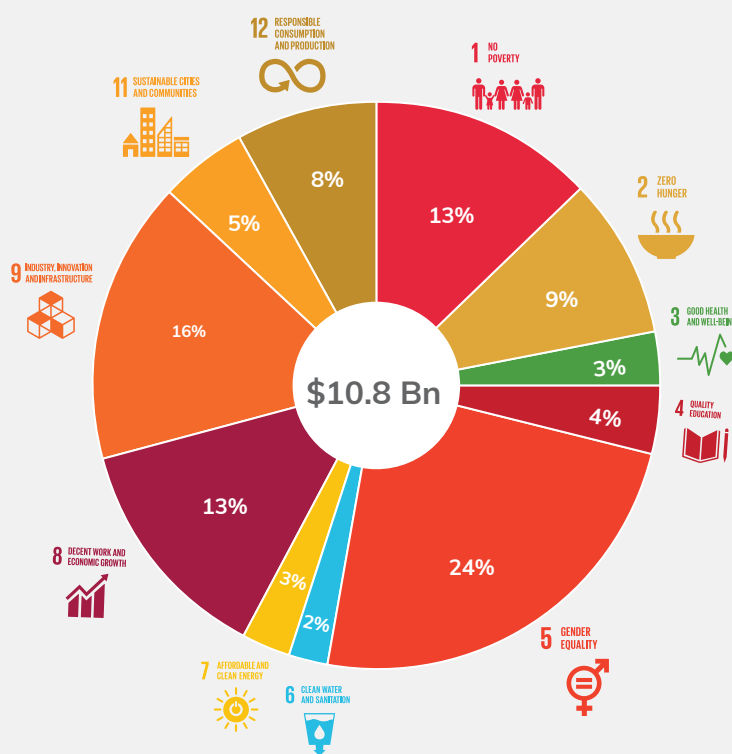
With an overall rank of 115 out of 193 countries on the SDG index, India has recently improved its relative performance in five SDGs – SDG 3 (good health and well being), SDG 6 (clean water and sanitation), SDG 7 (affordable and clean energy), SDG 9 (industry, innovation, and infrastructure), and SDG 11 (sustainable cities)³. However it has lagged in other areas including on the first two critical SDGs – SDG 1 (no poverty) and SDG 2 (zero hunger), as well as on SDG 5 (gender equality).

Impact investment can make a significant contribution in helping India achieve its 2030 SDG targets

Impact investing, which has mobilized \$10.8 billion over the last decade and catalyzed several highly innovative delivery models across sectors, is particularly well suited to help achieve the SDGs related to the three core social sectors – agriculture, healthcare and education. Cumulatively SDGs 2, 3 and 4 require ~\$100 million in additional annual funding focused specifically on addressing inequality and exclusion, which is at the core of what impact investment supported social enterprise models in these sectors focus on. In financial inclusion, the major success story of impact investment over the last decade and accounting for over 50% of total capital, the social impact and SDG contribution are manifold with 4 major SDGs impacted: SDG 1 (no poverty), SDG 5 (gender), SDG 8 (jobs and growth) and SDG 9 (market infrastructure). Finally, as can be seen in the chart below that maps the total impact investment from 2010-2019 to the major SDGs, impact investing also helps in contribution towards SDG 7 (clean energy).

Investment into different SDGs by Impact Investing

Impact Investing can
Unlock Billions
Towards the SDGs



With a fifth of the planet's population, India will play a major role in how close or far the world is able to come to SDG achievement in the decade ahead. Impact investing, in turn will play a critical role in determining India's success, in improving its own performance in providing inclusive growth and poverty alleviation in a manner that is environmentally sustainable. It will also allow India to export its successful social enterprise models to other developing economies which are equally or more challenged and stand to benefit from the innovative solutions to social challenges that can be scaled across regions.

More progress is needed on impact assessment and standardization among impact investors

Impact measurement has become even more critical today as the line between commercial and impact investing is blurring, placing greater demands on companies and investment managers to better compare the effectiveness of impact strategies. There is a need to adopt transparent, consistent, comparable, and standardised social and environmental impact measurement and reporting that enables organisations to demonstrate their impact more credibly. A common language, basic standards and best practices are important to accelerate the deployment of capital seeking impact and ideally to enable comparisons across social enterprises and non-profit/philanthropically funded organisations as well as government programs.

The key challenges in impact measurement and reporting are:



Measurement mostly comprises of outreach metrics as these are easier to measure while depth of impact is harder to capture and standardize



Impact attribution to the social enterprise is hard to ascertain in the absence of rigorous measurement or a control group comparison



Lack of a common impact reporting framework with most organisations choosing to report using proprietary metrics and global frameworks not contextualized for local use

Recent years have seen the emergence of various global standards to align stakeholders on impact measurement in addition to the SDGs themselves. Globally, the Global Impact Investing Network's Impact Investing and Reporting Standards (IRIS) are widely used in the investment community, and the global consortium known as the Impact Management Project (IMP) launched in 2016 has seen over 2,000 organisations create consensus on a common conceptual framework for thinking about impact^{4,5}.



WHAT

What outcomes does the effect relate to, and how important are they to the people (or planet) experiencing it?



HOW MUCH

How much of the effect occurs in the time period?



WHO

Who experiences the effect and how underserved are they in relation to the outcome?



CONTRIBUTION

How does the effect compare and contribute to what is likely to occur anyway?






RISK

Which risk factors are significant and how likely is it that the outcome is different from the expectation?

Contextual and simplified sector-specific minimum impact reporting standards for India (MIRS)

While the global framework and reporting metrics are useful, their use in India is not standardized and many fund managers continue to use a combination of tools and their own proprietary standards, resulting in a lack of comparability and ability to aggregate impact across enterprises and investors. What is needed is contextualisation specific to the practice of impact investment in India – focused on service delivery to low income users in specific social sectors by for-profit enterprises optimising growth, profitability and client satisfaction. Such Minimum Impact Reporting Standards – two to three common metrics per sector focused on the key issues of outreach and depth (e.g. number of students and achievement of learning outcomes in the case of education) – could leverage IRIS and IMP tools to create a simple, India-specific taxonomy that impact investors can use to consistently report impact with a common understanding on (i) Who is the intended beneficiary and (ii) What is the intended impact to agree on a set of commonly measured metrics calculating (iii) How much impact is created. These can also form the basis of impact reporting on the government's recently announced Social Stock Exchange.

Impact reporting also has to be simplified from its technical complexities into a format that is intuitive yet analytically robust, and enables efficient impact filtering – to determine what qualifies as an impact investment or not, before going to the next step on quantifying the impact or giving it a rating. The most basic definition of impact involves two core areas an enterprise can measure its output – impact on people (customers or suppliers) and the planet (environment) – and a binary yes/no filter for purpose, defined as a clearly stated impact intentionality (e.g. in charter documents) and regular impact reporting.

 People	 Planet	 Purpose
Impact on a specific group of people	Impact on the planet	Clearly stated commitment to and regular reporting of impact
-----	-----	-----
e.g. by income, geography, other underserved communities etc.	eg. CO2 emissions mitigated, energy or water saved, reduction in toxic substances	e.g. charter documents, impact reports, impact-linked incentivization

03

Impact Investing: Sector Analysis






Sector landscape: Financial Services

Financial inclusion, undoubtedly the biggest success story of impact investing in India so far, saw cumulative investments of \$5.5 billion over the last decade across 156 enterprises. The sector impacted ~100 million low-income citizens, through microfinance companies providing last-mile access to small ticket lending and various specialized NBFCs providing SME finance, secured (vehicle and housing) or unsecured personal lending. While Fintech has seen lower capital inflows than traditional underwriting models, it has seen the highest amount of innovation in recent years, extending financial inclusion to savings, insurance, and payments and lending through tech-enabled alternative credit models.

156 Enterprises offering a range of customized financial products to the low-income have enabled financial inclusion for 96 Mn Individuals

Sub-Sectors	Microfinance	SME Finance	Vehicle Finance	Housing Finance	Fintech
Challenges	<ul style="list-style-type: none"> Micro-entrepreneurs rely on informal sources of borrowing for their ventures 	<ul style="list-style-type: none"> Small and medium entrepreneurs need to work on improving credit history to access credit 	<ul style="list-style-type: none"> Major market players provide loans with a larger ticket size which is not ideal for first-time borrowers 	<ul style="list-style-type: none"> Inability to obtain loans due to non-availability of credit history 	<ul style="list-style-type: none"> Assessment of the risk profile of borrowers using traditional metrics of credit history and associated collateral
Impact	64 Mn	22 Mn	0.32 Mn	0.44 Mn	9 Mn
Examples					
Innovation	Mass market focussed bank catering to financially underserved segments	Provides flexible collateral-free loans to small-business entrepreneurs	Niche NBFC providing customised financing for pre-owned two-wheelers	Affordable housing financier catering to informal and lower-income segment in Tier 2 and 3 cities	App based instant lending platform that uses deep tech to assess the risk profile of a borrower

Investments into Financial Services have grown at 19% CAGR and account for 50% of total capital deployed in impact investing over the last decade

Exhibit 1: Annual investment in financial services from 2010-19

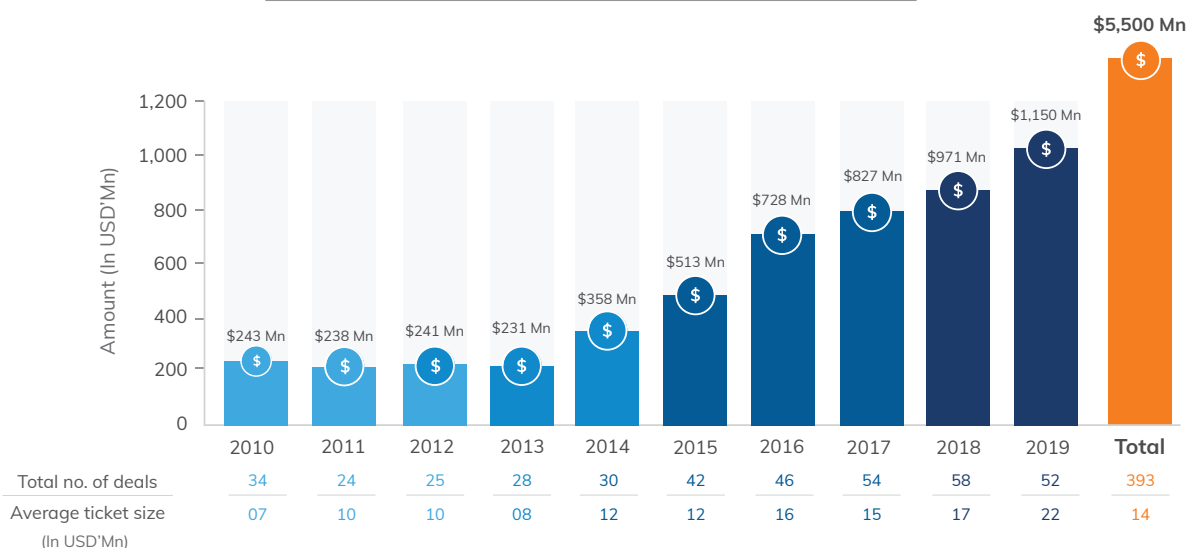
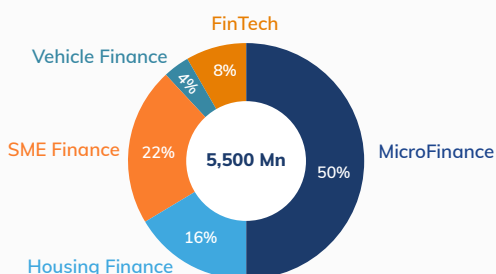


Exhibit 2: Investments into different sub-sectors



Microfinance constitutes half of the total investment in the financial services sector followed by SME Finance (22%) and Housing Finance (16%). While Fintech, which is much less capital intensive, constitutes a smaller 8%, the sector witnessed a 7x growth in 2019 and is expected to increase in contribution going forward. Housing Finance and SME Finance recorded several large (\$100 million) deals towards the end of the decade, driving their overall contribution to the sectoral mix.

~40% of deals are late-stage, with ~60% led jointly by impact and commercial investors

Exhibit 3: Cumulative deals from 2010-19

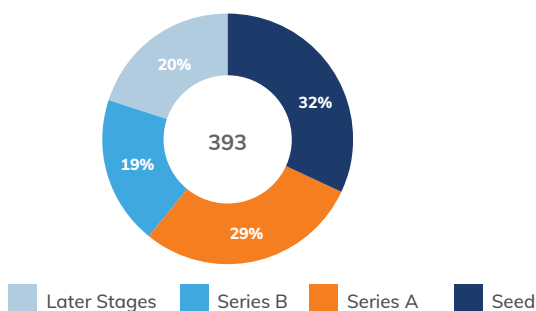
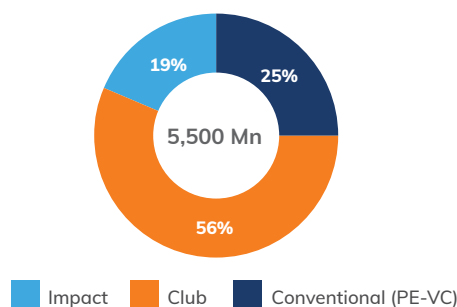
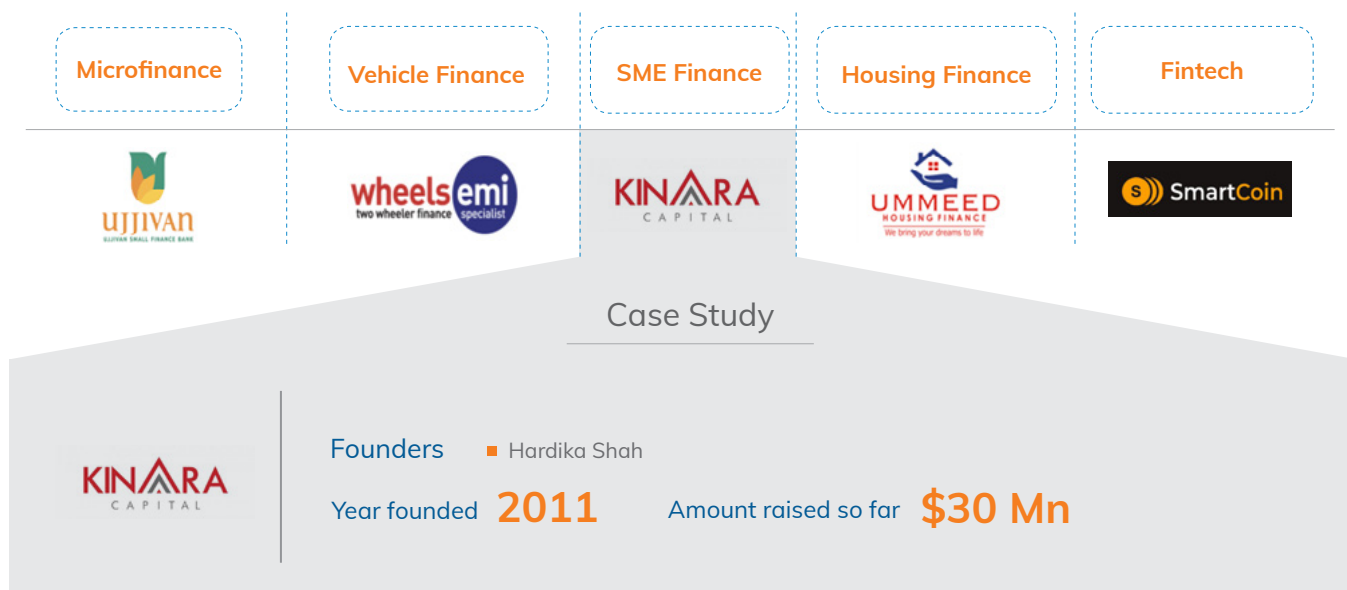


Exhibit 4: Cumulative investment from 2010-19



75% of the cumulative investment was in Series-B and later stages, showing the maturity of the sector, with 56% of total funding coming from club deals and ~20% in deals without any commercial investors participating.



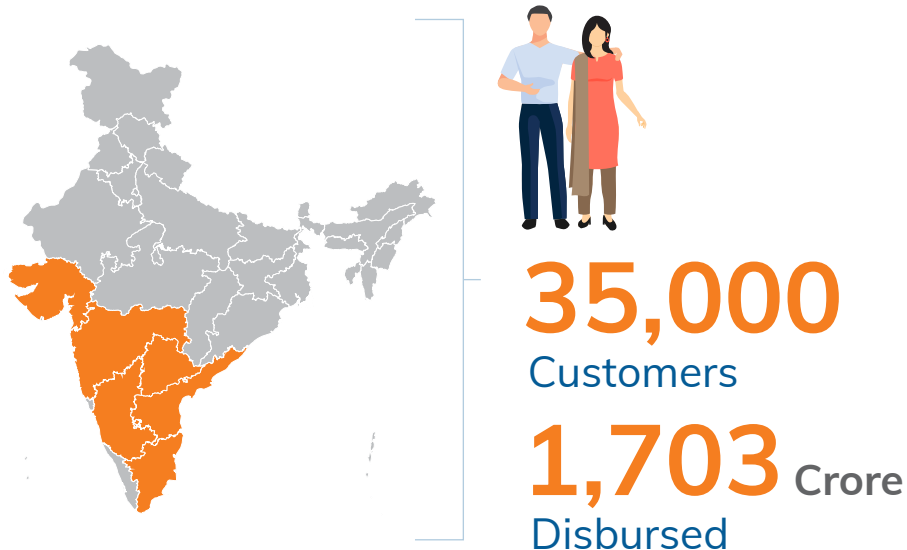
Business Model

Non banking finance company which provides fast, flexible and collateral free loans in the range of INR 2 -25 lakh to micro, small, medium enterprises.

Innovation

They provide access to mid-sized loans, fulfilling the gap between microfinance and commercial lending, for small and medium sized enterprises with poor financial documentation. The company leverages machine learning to improve its alternate credit scoring algorithm and fast track decisions on lending.

Impact













Sector landscape: Agriculture

Agriculture, which employs close to 70% of the country's rural households, of which 80% are small and marginal farmers, is the second sector where impact investment has driven innovation and entry of commercial capital, creating sustainable business models working with marginal farmers to reduce their input costs, improve yields and increase realizations through better market linkages^{6,7}. \$1.2 billion of investment has flowed into 101 agri-startups which have impacted over 18 million farmers through one or more interventions across the agri value chain or in specific verticals such as dairy and financing. With a large number of early-stage transactions and crowding in of matching commercial capital (50% of total inflow), the agri supply chain has become a hotbed of innovation and entrepreneurship.

101 Agri enterprises innovating across the value chain are driving income and productivity increases for **18 Mn Farmers**

	Pre-Production	Production		Post-Production			Dairy	Agri Finance
Sub-Sectors	Agri Inputs & Advisory	Agri Equipments Farm Data Management		Market Linkage Storage & Warehousing Food Processing			-	-
Challenges	<ul style="list-style-type: none">• Small land holdings and degrading soil quality• Limited access to quality seeds, fertilizers and pesticides• Limited market information and knowledge	<ul style="list-style-type: none">• Low mechanisation rate of 40%• High dependence on monsoons for irrigation		<ul style="list-style-type: none">• Lack of post harvest infrastructure including storage and transportation facilities• Lack of direct access to markets			<ul style="list-style-type: none">• Low productivity of cattle due to poor quality feed• Lack of access to timely information such as vaccinations• Post production loss due to lack of hygienic storage infrastructure	<ul style="list-style-type: none">• Lack of satisfactory collateral due to fragmented land holdings• Priority Sector Lending schemes are geared towards middle and large holder farmers
Impact	2.2 Mn	2.3 Mn	8.4 Mn	2.2 Mn	0.1 Mn	0.04 Mn	0.4 Mn	2 Mn
Examples								
Innovation	Actionable agronomic insights coupled with last mile delivery of quality inputs	Offers solar powered irrigation and cold chain facilities for farmers growing perishables	Leverages machine learning to provide weather based input advisory	Tech-based supply chain platform to source fresh produce from small-holder farmers	Warehousing services for small-holder farmers and FPOs	Manufactures and retails ready to eat cereals	Provides better feed, advisory and post production handling of milk helping raise productivity and farmer income	Niche collateral-free financing across the agri value chain leveraging farmer collectives

Agri investments started to take off in 2015 and jumped 110% in 2019

Exhibit 1: Annual investment in agriculture from 2010-19

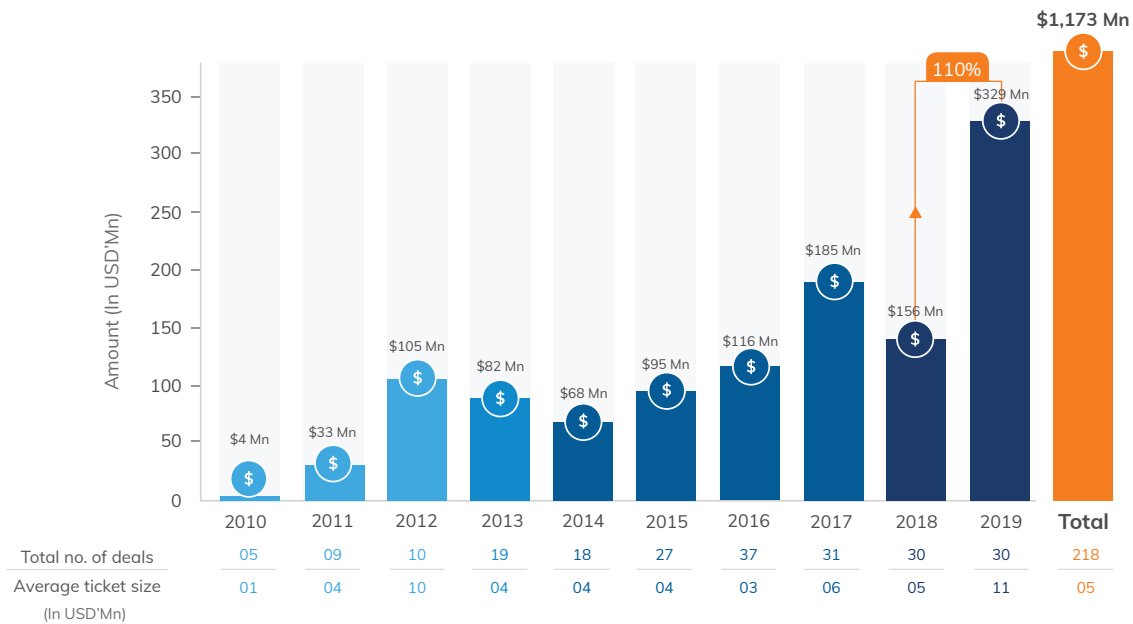
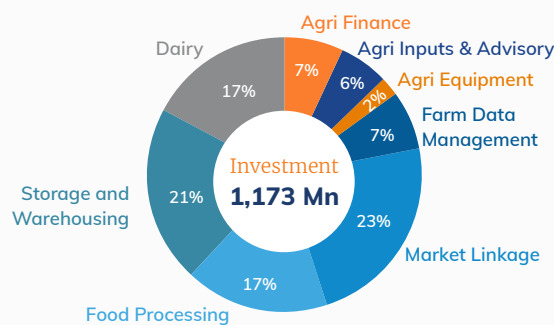


Exhibit 2: Investments into different sub-sectors



With increasing traction, tech adoption, and business model innovation, agri-businesses have seen growing investor interest. 2019 saw a 110% increase in capital inflow because of a doubling of deal size from \$5 to \$10 million with the announcement of several large deals. Over the course of the decade, in terms of total capital invested Market Linkage has been the top sub-sector (23%) followed by Warehousing and Storage (21%), Dairy (17%), Food Processing (17%), Farm Data Management and Agri Finance (7% each).

~80% of deals have been early stage, with strong commercial investor interest in the sector

Exhibit 3: Cumulative deals from 2010-19

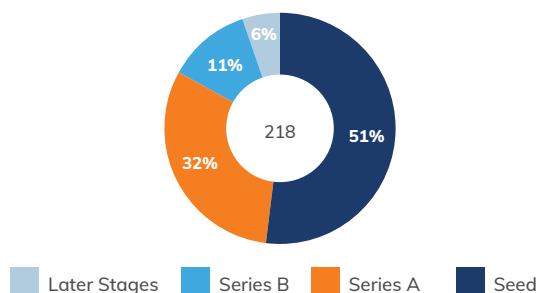
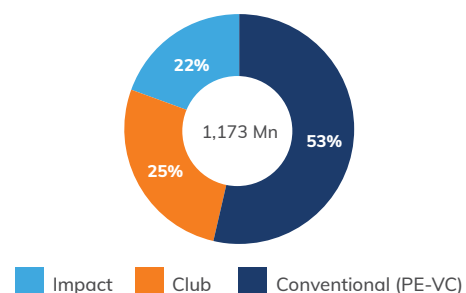
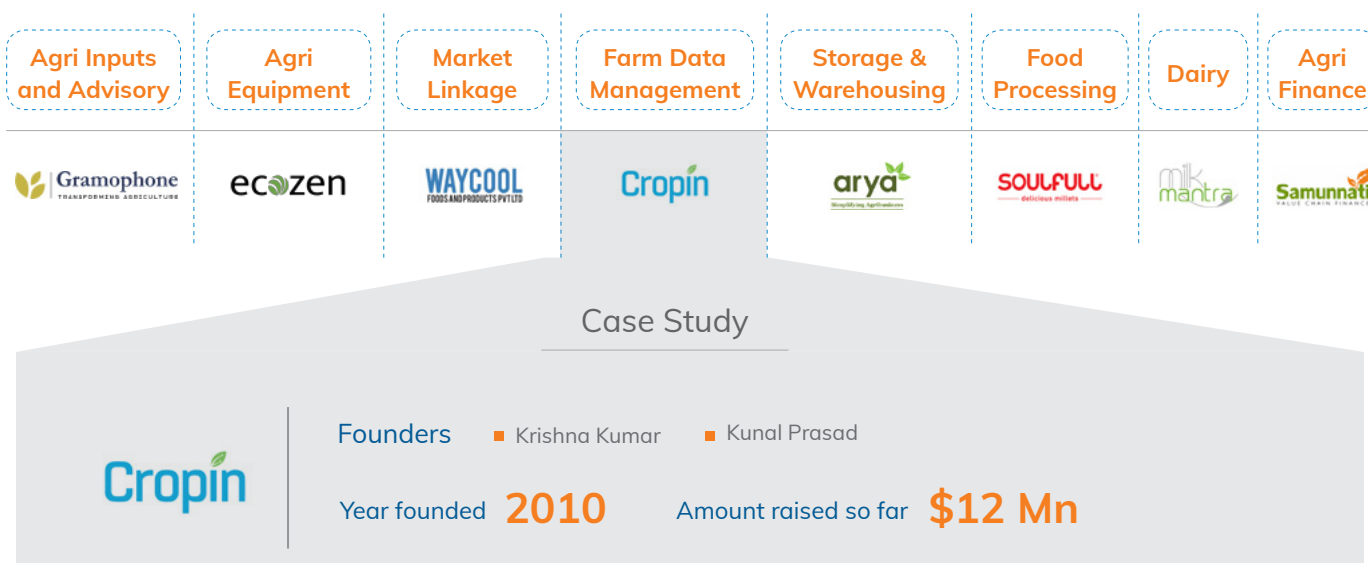


Exhibit 4: Cumulative investment from 2010-19



83% of deals in agribusiness have been Seed and Series-A, indicative of the high level of innovation in the sector. 53% of investment has been from conventional PE-VC capital, implying high commercial viability.



Business Model

Cropin is an agtech startup that provides SaaS solutions to agribusinesses globally. Its suite of products enables data-driven farming by providing real-time advisory for crops based on local weather information and high-resolution satellite imagery. It also provides offerings for yield risk mitigation and forecasting, farm to fork traceability and input channel management. It aims to make every farm traceable and increase yield by increasing efficiency and productivity.

Innovation

Using AI-ML and remote sensing, Cropin enables all stakeholders in the agri-value chain - Banks, Insurance Companies, Government, Farming Companies, Agri-input Companies, Farm Equipment Companies, Food Processors and Retailers - to analyze and interpret data to derive real-time actionable insights on the standing crop. It has digitized over 6.1 million acres of farmland, gathering data on 388 crops and 9,400 crop varieties in over 52 countries. The SaaS solutions are crop and location agnostic, and are available on the web and for mobile devices.

Impact









2.1 Million
Farmers



Sector landscape: Healthcare

India's acute challenge in inadequate public healthcare access, significantly amplified by Covid's impact, is the third major area where impact investment has played a role in driving inclusive innovation across the healthcare value chain. These businesses focus on delivery in Tier II/III cities and rural India of both primary and secondary healthcare, as well as diagnostics, medical devices, pharma and health insurance. Like agriculture, healthcare has seen cumulative investment of \$1.1 billion in 85 enterprises over the last decade, with a 173% jump in the last year (\$467 million in 2019) driven by the entry of commercial investors into segments such as online pharmacy and specialty hospital and clinics. In total, over 34 million individuals have been provided access to affordable, quality healthcare.

85 Healthcare enterprises are providing access to quality diagnostics, devices, primary and secondary care, medication and health finance to over 34 Mn People

Sub-Sectors	Primary Healthcare	Diagnostics & Decision Support	Secondary Care	Medical Devices	Pharmacies	Health Finance
Challenges	<ul style="list-style-type: none"> Lack of quality infrastructure and trained staff at primary and community health centres 	<ul style="list-style-type: none"> Hospital bed penetration in India is still low (0.55 beds for 1000 people) Poor quality care resulting from informal hospitals with low hygiene and care standards Largely informal and unregulated diagnostic services with limited rural access 			<ul style="list-style-type: none"> Retail Pharmacies often allow medical sales without prescription Poor documentation of prescription drug sales negatively impacts the drug-recall process 	<ul style="list-style-type: none"> Health insurance penetration in India is a meagre 20%
Impact	17 Mn	1 Mn	8 Mn	8 Mn	0.35 Mn	0.1 Mn
Examples						
Innovation	Providing high-quality affordable eye care through telemedicine in the underserved markets	Offers remote General Practitioners timely access to multiple cardiologists to review ECGs	Secondary care hospital chain with presence in tier 2 and tier 3 cities	AI based health-tech startup for early stage detection of breast cancer	Digital healthcare platform providing medicines, lab-tests and consultations	Provides tailored financial planning solutions to plan, save and pay for non-emergency procedure

Health investments have been low but jumped dramatically in 2019

Exhibit 1: Annual investment in healthcare from 2010-19

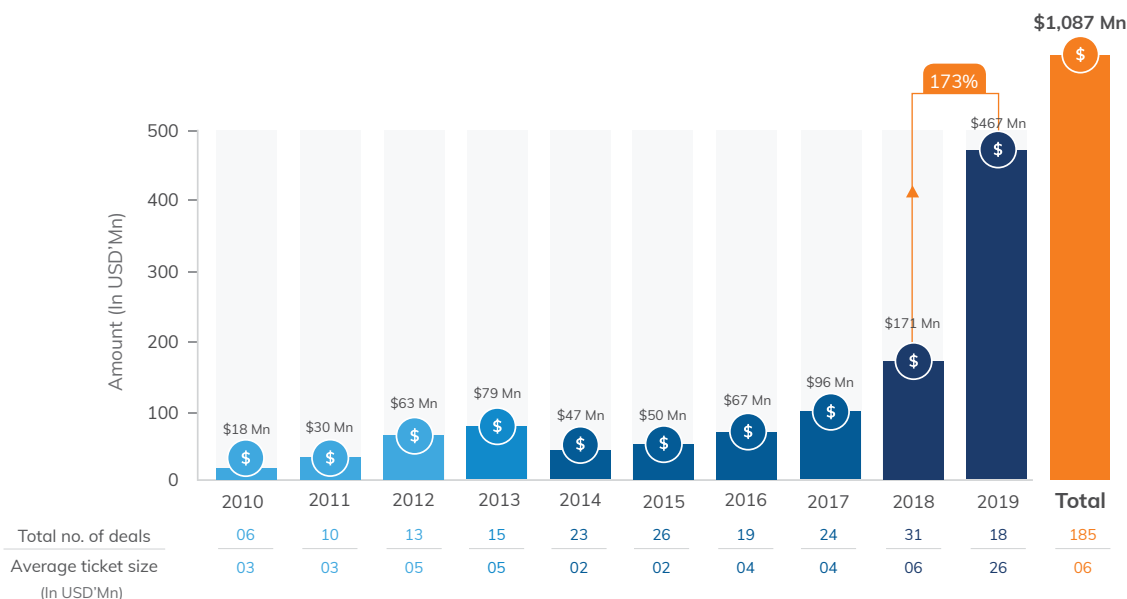
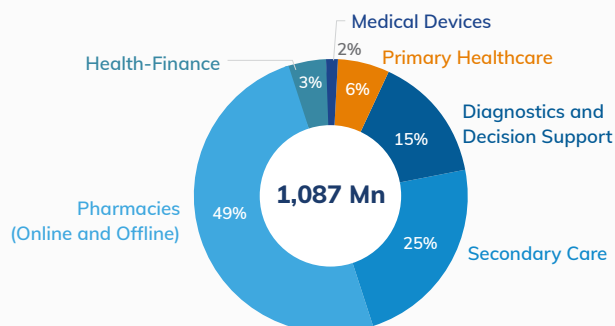


Exhibit 2: Investments into different sub-sectors



Investments in the healthcare sector have been slow to grow over the decade but the sector saw investor optimism in 2018 and 2019 on account of strong demand and rising patient consumerism, use of technology in increasing access and delivering quality care and diagnostics, government initiatives in healthcare, and increased insurance penetration. Pharmacies continue to court the maximum interest (49%) followed by specialty hospitals and clinics (25%) and diagnostic and decision support (15%), with primary healthcare, health insurance and medical devices accounting for the balance 10%.

~80% of the deals were in early stage with commercial investors deploying a majority of the capital

Exhibit 3: Cumulative deals from 2010-19

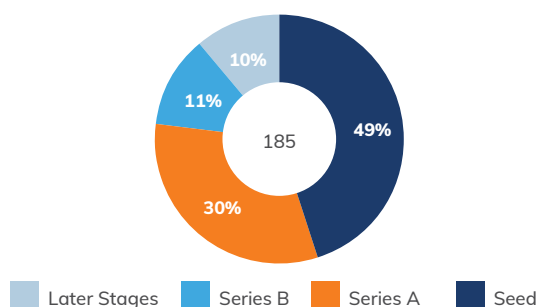
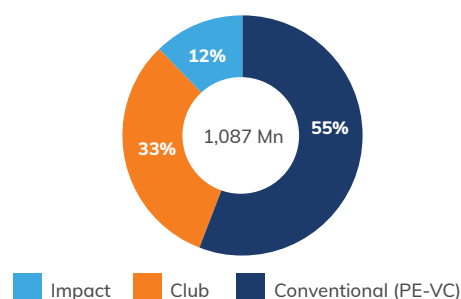
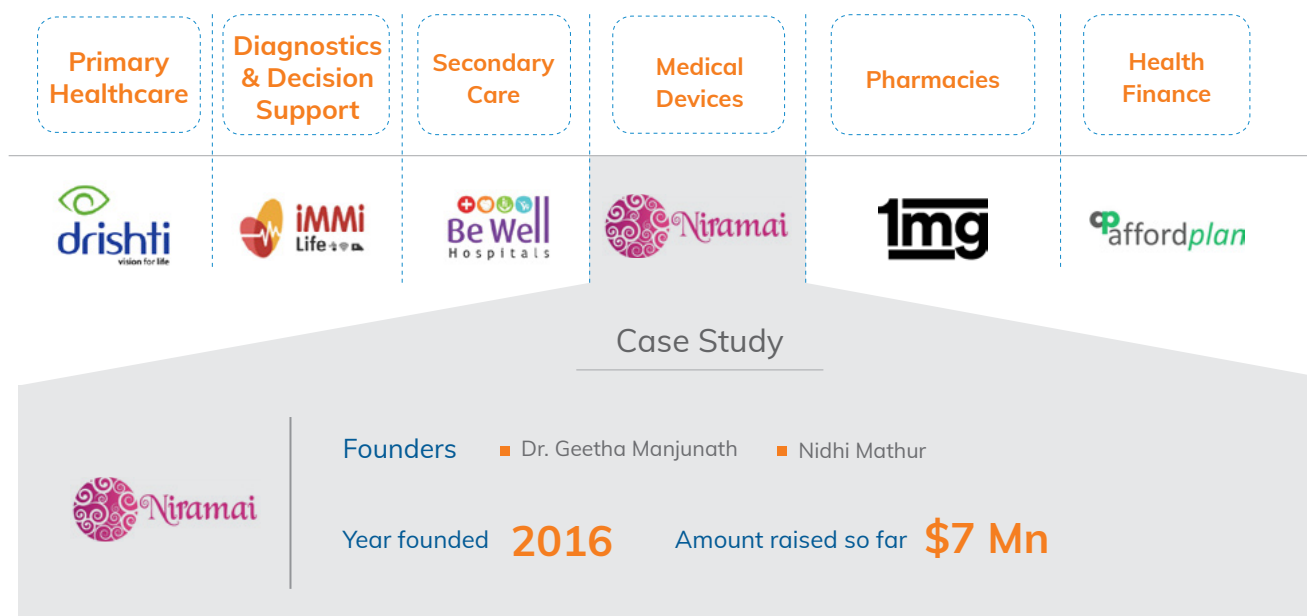


Exhibit 4: Cumulative investment from 2010-19



While Series B and later stage deals only accounted for 21% of deal volume, by value these deals contributed 75% of capital, mostly from commercial VC-PE funds (including in club deals).



Business Model

Niramai is a healthtech startup that has developed an AI-based early-stage breast cancer screening device which is portable, painless, radiation-free, non-invasive and works for women of all ages. The device has been installed in 50 hospitals and diagnostic centres.

Innovation

The low-cost diagnostic solution uses novel AI-powered Computer Aided Diagnostics over thermal images to increase accessibility and affordability of early cancer detection for those living in Tier II and III cities. It is a time efficient scan that can be performed by a simple technician, and the thermal images are captured within less than 5 minutes. The analysis takes place using Niramai's software and the results are further sent to a senior radiologist for certification.

Impact



32000
women screened
for breast cancer



Sector landscape: Education

India has the world's largest population of young people, with more than 65% below 35 years, including 260 million children enrolled in 1.5 million public and private schools^{8,9}. While access to schooling has been achieved at scale, learning outcomes have been abysmally low, and the employability gap high, providing the impetus to ~90 education and skilling enterprises to cumulatively raise ~\$1 billion in the last decade. These enterprises across the education value chain from early learning to higher education, test preparation, skilling, and education finance serve 43 million students. With 85% of deals in the early stage and the majority of capital coming from impact investors, education has seen a lot of innovation especially in test preparation and K-10 schools.

93 impact startups are providing high quality and affordable education solutions to improve learning and employment outcomes of over 43 Mn Youth

Sub-Sectors	Early Learning	K-10	Test Prep	Higher Education	Employability	Education Finance
Challenges	<ul style="list-style-type: none"> Lack of access to quality content and pre-primary schools 	<ul style="list-style-type: none"> Lack of quality content and teaching High classroom density limiting personalised attention for students 	<ul style="list-style-type: none"> Lack of access to quality affordable coaching for competitive exams 	<ul style="list-style-type: none"> Limited affordable higher education options that offer quality programs Poor placement support in most institutes 	<ul style="list-style-type: none"> A huge mismatch between education curriculum and skills required at jobs Formal sector employment requires both technical and social skills 	<ul style="list-style-type: none"> Lack of financing outside of undergraduate programs and foreign education programs Most lending not suited for low-mid income groups due to lack of adequate collateral
Impact	0.3 Mn	14 Mn	21 Mn	< 1000	2 Mn	6 Mn
Examples						
Innovation	Pre-school chain providing specialized curriculum based on international best practices	Provides blended learning through live and interactive classes for students in grades 6 to 12	Online learning platform that offers classes, on-demand video courses, mock tests, and books focused on government examinations	Platform that provides an affordable and industry relevant MBA option to low-income students	Enables sustainable livelihoods for the informal sector by increasing access to vocational skilling	Provides customised lending products for affordable private schools

Investments in education scaled rapidly at the end of the decade

Exhibit 1: Annual investment in education from 2010-19

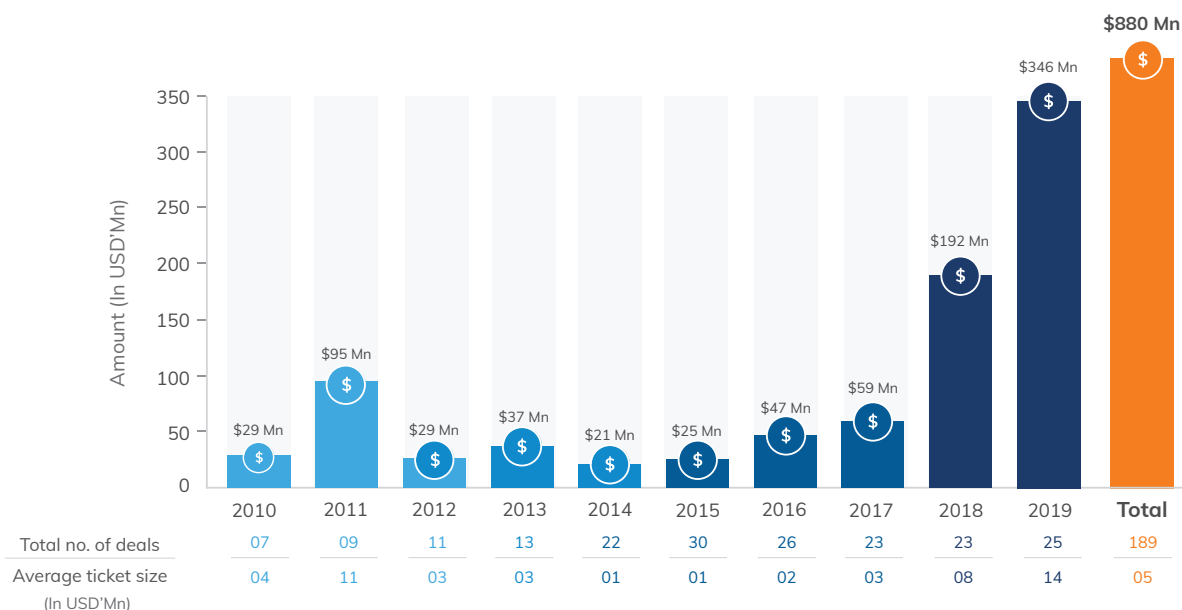
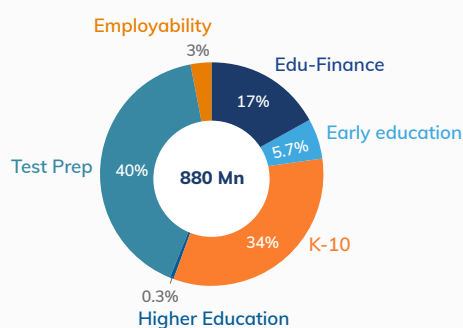


Exhibit 2: Investments into different sub-sectors



Investments in education saw a 225% jump in 2018 and 80% in 2019 driven by the growth of online models of education delivery that offer the ability to reach more students at much lower cost given rapid increase in technology adoption and ed-tech product innovation for the masses. India is the world's second largest market for e-learning and thus test prep and K-10 models in content and tutoring have received ~75% of the all the funding over the past decade. Education finance has also seen 17% of investment with multiple examples in school and student finance. Till date, Higher Education and Employability have received negligible investment on a relative basis.

~85% of the deals are in early stage. Overall investment is driven equally by impact and commercial investors

Exhibit 3: Cumulative deals from 2010-19

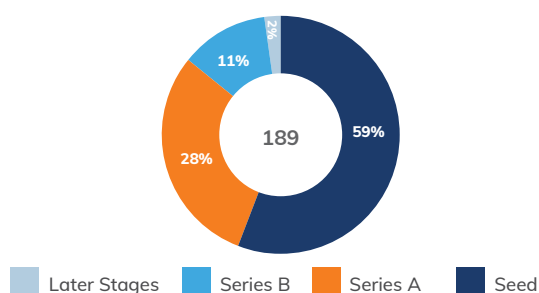
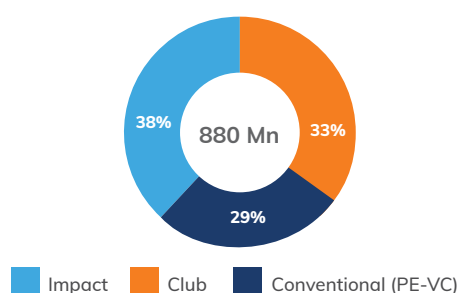
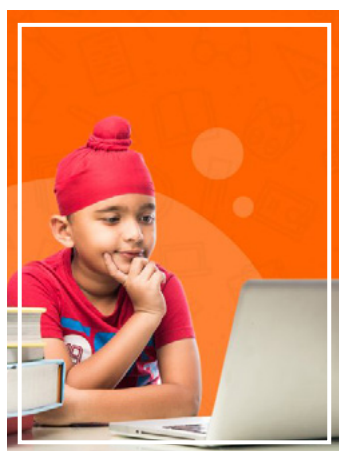
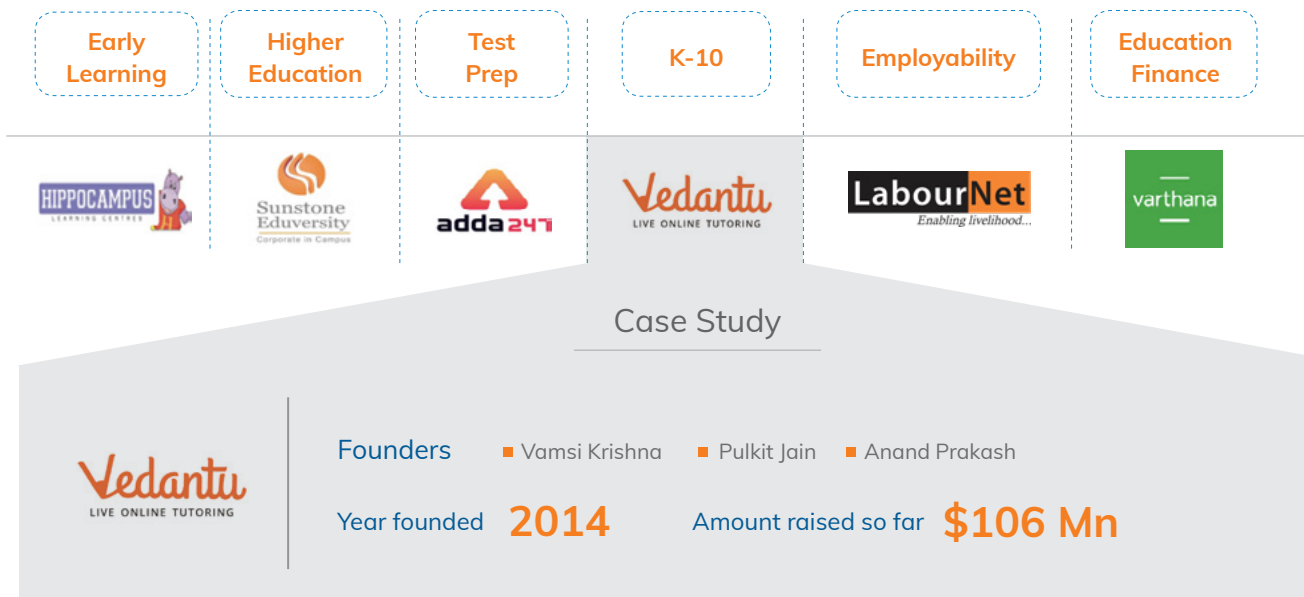


Exhibit 4: Cumulative investment from 2010-19



The huge potential of education and skilling has brought in both impact and commercial investors with a very large portion of early stage activity and only few success stories raising large follow-on funding.



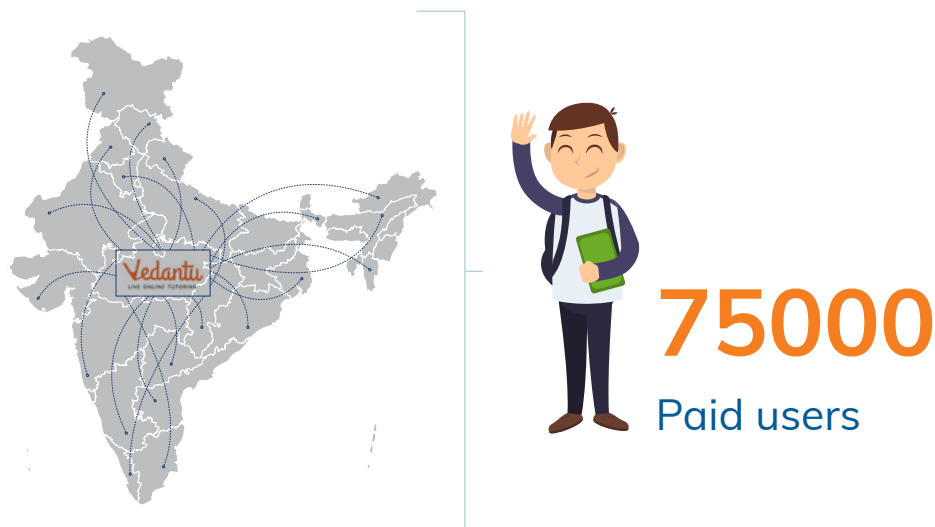
Business Model

Vedantu is an edtech startup that offers personalised and group classes, and tailor made content through live tutoring for students in grades 6 to 12. It also prepares them for competitive exams including medical and engineering entrance exams. It is a marketplace model where students can choose their teacher.

Innovation

Vedantu uses a proprietary technology that has the ability to accurately match suitable teachers for different learning capabilities of students. Vedantu has also created an algorithm to analyse the teaching styles and session quality on more than 70 parameters. The algorithm uses analytics and artificial intelligence (AI) to ensure an effective outcome for each student and provide timely feedback to teachers.

Impact










Sector landscape: Tech For Development

With ~400 million Indians accessing the internet and rapid increase in penetration (currently 40-50%) a range of dynamic 'Technology for Development' (T4D) startups have deployed solutions targeting those who are accessing digital and communication technologies for the first time¹⁰. T4D is distinct as a category from technology enablement in core social sectors (covered in previous sections). It focuses on cross-cutting use cases of technology for social impact by providing (i) access to new markets and new products (Utilitarian Products), (ii) access to new sources of income (Future of Work), (iii) access to connectivity (e.g. SME Tech) and/or (iv) access to content (Media/ Vernacular). It is the theme with the widest potential application, impacting almost 300 million Indians, and growing rapidly with deepening technology adoption among all segments of society.

65 Tech4Dev entrepreneurs are building new products and customizing services for 299 Mn consumers

Sub-Sectors	Utilitarian Products	Future of Work	SME Tech	Media and Vernacular Content	Others
Challenges	<ul style="list-style-type: none"> Lack of product quality online Lack of awareness on how to use the internet Internet penetration is at 28% and access varies widely between urban(55%) and rural (15%) and between socioeconomic groups Dearth of locally relevant solutions across content and use cases to engage first-time users and build trust 				
Impact	29 Mn	20 Mn	31 Mn	214 Mn	5 Mn
Examples					
Innovation	Social commerce platform offering deals on grocery and daily use items targeting non-metro users	Tech-enabled platform that skills and employs gig workers to fulfill tasks for Corporates across industries	Provides free internet to consumers by leveraging free retail internet bandwidth and provides customer analytics to retailers to increase revenues	Provides an end-to-end technology stack for enterprises based on local Indian languages to provide a seamless multi-lingual customer experience	Provides Corporates a platform to efficiently manage their CSR projects and measure impact

Tech4Dev solutions have garnered ~\$1 Bn in funding over the last decade

Exhibit 1: Annual investment in Tech4Dev from 2010-19

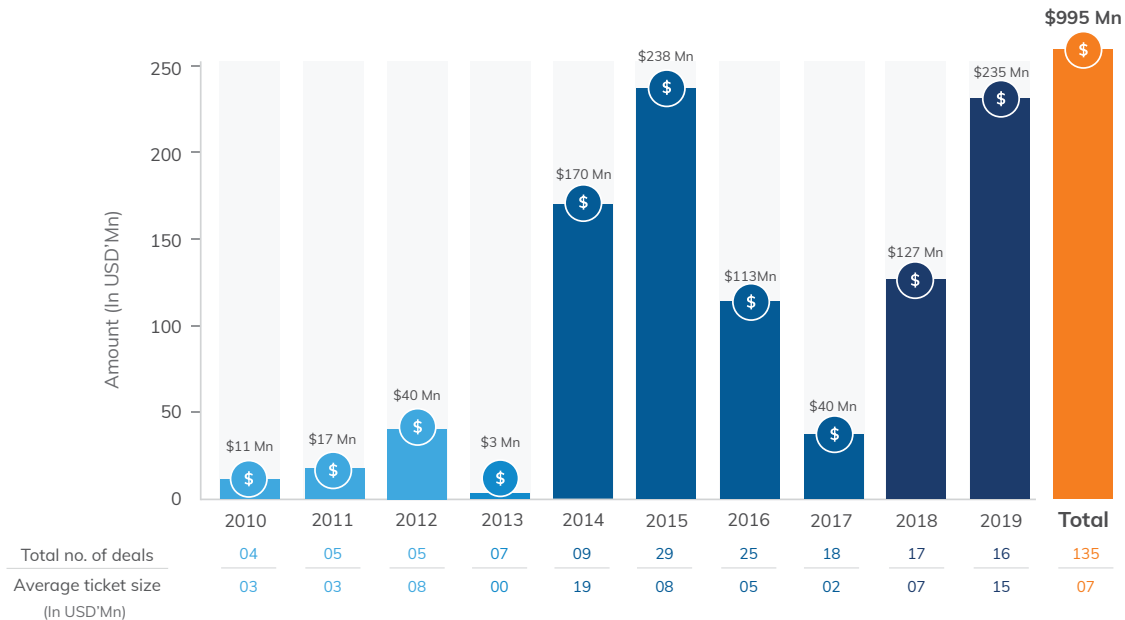
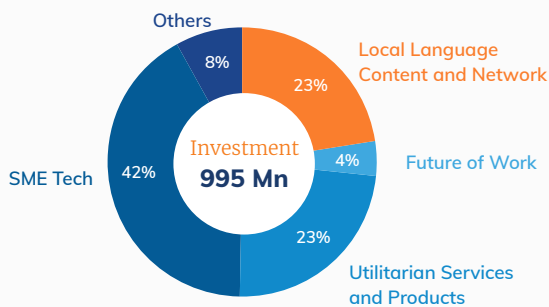


Exhibit 2: Investment into different sub-sectors



Tech4Dev has seen total inflows of ~\$1 billion but with high annual variation based on market dynamics in both deal flow and average ticket size. Overall deal sizes have increased substantially from \$2-5 million in 2010-11 to \$8-15 million at the end of the decade, and annual dealflow tripled from 4-5 to 15-16 deals per year, because of the increasing awareness and adoption of online commerce and digital content communication across segments of Indian society. The majority of capital till date has focused on the three use cases of SME Tech (42%), Utilitarian Products and Services (23%) and Local Language Content and Networks (23%).

~80% of the deals are early stage, commercial investors active in almost all deals

Exhibit 3: Cumulative deals from 2010-2019

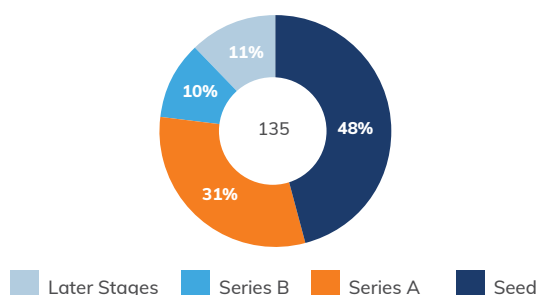
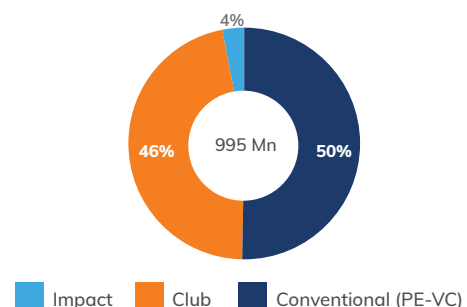


Exhibit 4: Cumulative investment from 2010-2019



Impact investors have played an active role in seeding early stage deals by volume, but over 96% of total funding has come exclusively from or through participation in club deals by commercial investors.

Utilitarian
Products



Future of
Work



Media and
Vernacular
Content



SME Tech



Case Study



Founders ■ Arvind Pani ■ Vivekanand Pani ■ Sachindra Mohanty

Year founded **2009** Amount raised so far **\$4.16 Mn**



Business Model

Reverie Language Technologies offers a cloud-based language-as-a-service (LaaS) platform which allows clients to provide their content and applications in local Indian languages in real time, thus increasing their footprint.

Innovation

The platform offers full stack multi-lingual tools that help businesses engage more deeply with customers, 90% of whom are new local language internet users in India. Reverie has created a wide range of technologies for both text and speech, including machine translation, speech-to-text, text-to-speech, search and discovery. It uses the latest technologies using machine learning to solve the computing challenges of Indian languages.

Impact



200 Million*
Customers

*: Represent the number of devices reached by Reverie post acquisition by Reliance Jio (2019). Only paid customers have been included in the calculation for total impact created by social enterprises.

04

Summary and Road Ahead





Conclusion

As the data and analysis in this report show, impact investment has come a long way over the last ten years and, already made a meaningful contribution to India's development story over the last decade. As this first of its kind study on the sector has determined:

- Indian impact investing has impacted ~200 million people through improved service delivery across four key social sectors: financial services (FS), education, health, and agriculture; and further 300 million people through the strategic use of technology for development. Importantly, it has done this by driving business model and technology innovation focused on service delivery at the last mile in a financially sustainable and scalable manner needed for sustained impact.
- \$10.8 billion of total equity capital has flowed in over the decade, at a CAGR of 26%, with rapid growth over the past two years. The sector has been around since early 2000, but picked up pace post 2005 on the success of financial inclusion. In late 2010 the impact investing industry faced a severe test with the microfinance crisis, but since then it has grown 8x in terms of annual deployment.
- Every dollar of impact funding has been able to crowd in at least twice as much commercial capital. Impact investors have played a critical role in bringing in seed and Series-A capital and also participated in 70% of later-stage transactions. However, ~80% of the total capital into the space has come from commercial VC-PE funds and club deals involving both commercial and impact investors.
- Traditionally focused on financial services, Indian impact investing has successfully diversified into core social sectors like agriculture, healthcare and education. Financial services used to account for 76% of investments in 2010 but was down to 43% in 2019, and just 30% of total deal volume over the decade. In the same time period, impact investments in health, education, agriculture, energy and technology for development have increased their share. Within financial services, there has been a dramatic shift away from microfinance to housing, SME, education, healthcare finance, and new fintech models.
- Impact investing has contributed towards 11 of the 17 Sustainable Development Goals and can help unlock part of the \$600 billion of additional private capital needed per annum to achieve India's SDG targets, especially on the first two goals which are a priority for our country (No Poverty and Zero Hunger) where it has a disproportionate impact and across a range of sector-specific SDGs.

Despite these impressive achievements, the potential of impact investment – to dramatically improve outcomes at scale – remains unfulfilled. To meaningfully tackle India's socio-economic challenges, further exacerbated by the dramatic headwinds unleashed by Covid, there is an urgent need to scale social impact through a more intentional and proactive partnership between the government and private sector.

Strategic Imperatives for Impact Investors

Overall, we need a four pronged approach to leverage the potential of impact investment and use it to deliver the development outcomes we seek. We can consider these four strategic imperatives to scale impact to the next level:

1. **Proactive Government Support-** The government needs to provide pro-active support to the sector through capital deployment, targeted policy changes/incentives, and promoting liquidity through platforms like the Social Stock Exchange and credit measures for SMEs and startups.
2. **Private Capital for Public Good-** Impact investors need to attract greater amounts of private capital, expanding the global and domestic LP base, and further build the market for early-stage and patient equity, and debt risk capital.
3. **Innovative Financing Models-** There is much greater potential for use of outcome-based or pay for success funding instruments like impact bonds and guarantee structures to improve the effectiveness of public and philanthropic spending and unlock additional private risk capital.
4. **Nurturing & Scaling Impact Enterprises-** Impact investors need to continue identifying and scaling the best BOP focused innovations across key social sectors, helping them with follow-on capital and strategic support to create impact at a national level, and make responsible and regular exits.

In a post-Covid world, the social sectors covered in this report, in particular education, healthcare, agriculture and, of course, technology for development, are the areas seeing maximum investor interest. Private capital will follow returns and innovation, and the next few years should see a significant number of impact enterprises differentiate themselves from the crowd. But the biggest driver of non-linear growth will be the role of government.

Policy Roadmap for Scaling Impact

The Indian government and various states have taken an increasing interest in the role that impact capital funded social enterprises, with last mile reach and sustainable business models, can play in addressing the challenges we face. A roadmap for how the government can scale impact also involves four elements:

1. **Steer** – A national strategy for impact investment and policy ownership with a clear vision, targets and engagement of stakeholders.
2. **Finance** – Providing concessional finance or grants to sustain social sector organisations affected by Covid and growth capital to for-profit social enterprises through dedicated government funds and schemes.
3. **Incentivise** – Fiscal incentives to domestic and overseas impact investors to attract capital, allowing CSR to invest in social enterprises and finance outcome funding, and enabling liquidity and standards through platforms like the Social Stock Exchange.
4. **Innovate** – Funding for blended finance and pay-for-success contracts and working alongside impact investors to identify and scale the most appropriate social enterprise models at state and local levels.

A 'New Normal' for Impact Investing

With the 'new normal' of economic stress, behavioral change, social distancing and extended lockdowns, perhaps it is also time for a 'new normal' in using the concept of impact investing to address our basic challenges and change the traditional way we transact with each other for our collective benefit.

We believe the time is right for both the private sector and the government to take bold action and use this crisis as an opportunity and establish a 'new normal' in how we do business and invest our money in a manner that is both financially responsible and normatively desirable. Impact investing has generated considerable momentum in India for good reason. A large base of low-income consumers, a vibrant entrepreneurial ecosystem and a strong technology culture has helped create impact enterprises that have developed affordable yet innovative solutions for the masses and deployed them at scale. It is no surprise that India is called the impact lab of the world, with many homegrown mass-market innovations having relevance across the globe.

As we enter the new decade facing unprecedented challenges, with a disproportionate effect on the poor and vulnerable, impact investment must move from the sidelines to the mainstream, and scale orders of magnitude if India is to achieve its development imperatives. In the new era of collaboration that the post-Covid world demands, impact investment offers a collective framework for the government (central, state or local), investors (across the risk-return spectrum) and civil society (across a range of social issues) to work together in a productive manner to tackle the most important issues facing our country – access, affordability, jobs and income for millions of our citizens.

As this report has shown, impact investment addresses these challenges in a manner that is inherently market-based with the ability to crowd in large amounts of private capital and drive the innovation that is needed to create change on the ground. This is ultimately what makes impact investment in India so successful and relevant for our future – a guiding philosophy to tackle some of our core socio-economic problems by using a better application of both our money (*capital*) and our minds (*innovation*) for creating lasting social change (*impact*).

Appendix 1:

Case Studies (Other Sectors)





Affordable Housing



Founders ■ Ramesh Ramanathan

Year founded Amount raised so far
2007 **\$9.5 Mn***

Business Model

Janaadhar is an affordable housing developer focused on providing housing to aspiring first-time owners. The company's primary objective is to address the acute urban housing problem faced by the economically weaker section (EWS) and Lower Income Group (LIG) by providing them a complete housing solution which is well designed, high quality homes at a moderate price with easily accessible housing finance.

Innovation

The company uses state-of-the-art technology and engineering to reduce the time and cost of construction, delivering affordable, aspirational and high-quality homes.

Impact



1,458
Houses

*: Does not include grant capital.



Energy Access



Founders ■ Sam White ■ Sorin Grama

Year founded Amount raised so far

2012

\$3.5 Mn

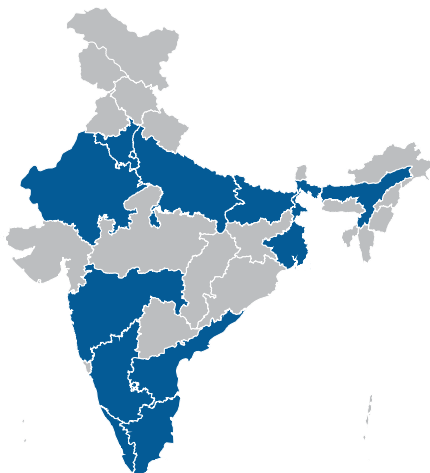
Business Model

Promethean Power Systems designs and manufactures eco-friendly refrigeration solutions for cold-storage and milk chilling applications in off-grid and partially electrified areas of developing countries. The smart cooling system is easy to use and maintain, leading to increased opportunities and cost savings for smallholder farmers and better quality products for consumers. Promethean also offers a pay-per-use model making to increase the affordability for smallholder farmers.

Innovation

At the heart of the solution is the patented Promethean Thermal Storage System (TSS) which helps cool and prevent fermentation of produce. The solution also provides back up cooling for areas which have unreliable grid power thus increasing the life of perishables and improving price realisation for farmers. The energy efficiency of the solution also helps lower costs for farmers.

Impact



1,500 +

Units installed

75,000

Farmers Impacted



Waste Management



Founders ■ Sandeep Patel ■ Dhruvin Patel ■ Ravi Patel

Year founded Amount raised so far

2011

\$17 Mn

Business Model

Neptra is an organized dry waste management company that collects, segregates and processes more than 70 different products which are sold further to a variety of industries. It currently has 3 Material Recovery Facilities with a combined capacity to process 400 TPD of dry waste. By focusing on ensuring maximum recyclability of dry recyclable waste, Neptra aims to ensure that zero waste goes to the landfills. NEPRA is a ZERO Waste to Landfill organisation since more than 3 years.

Innovation

Neptra leverages technology to bring efficiency in collection, segregation and processing of waste. By using optical sensors, it is able to sort dry waste by type and color into 70 different categories. It also uses an app to streamline collections from waste workers and ensure transparency in payments.

Impact



10,000

Waste Workers Impacted

1,35,000 Tons

Dry waste averted from landfills
annually equivalent to 1,43,400
Tons of CO₂



Water and Sanitation



Founders ■ Ira Rajeev Kher ■ Dilip Vasudevo Kher ■ Ulka Ashok Sadalkar ■ Rajeev Kher

Year founded

1999

Amount raised so far

\$6 Mn

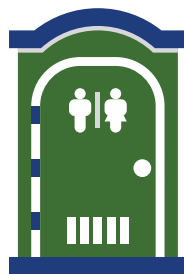
Business Model

Saraplast manufactures and distributes low cost, portable, eco-friendly toilets for underserved areas and temporary usage. It also provides cleaning services and leverages bio-digester technology to service clients in remote settings.

Innovation

The eco friendly product makes use of completely reusable plastic while solving the open defecation problem. IOT sensors help manage moisture and humidity levels in the facilities and track footfalls and water usage.

Impact



50K - 75K

Users daily



Logistics



Founders ■ Naitik Baghla ■ Sumit Sharma ■ Parag Aggarwal

Year founded **Amount raised so far**
2015 **\$6.24 Mn**

Business Model

GoBOLT is a tech driven express supply chain management company providing end to end supply chain solutions like transportation, warehousing and supply chain technology solutions. It operates with a unique hybrid operating model managing a combined fleet of more than 5000 trucks on its platform. The company focuses on driving efficiency in the supply chain of its customers by reducing the transit times.

Innovation

Gobolt focuses on addressing the challenges of a fragmented supply chain - high transit times and low asset utilization. It leverages a hybrid asset ownership models and AI-ML to optimize for route planning, truck and staff allocation.

Impact



500+
Drivers impacted



Mobility



Founders ■ Vivekananda Hallekere ■ Anil G ■ Varun Agni

Year founded

2014

Amount raised so far

\$216 Mn

Business Model

Bounce is a dockless, rental startup for two-wheelers providing affordable, reliable, hassle-free last mile connectivity to users opting for public transport. Users can pick up and drop the bike conveniently using the app, encouraging users to opt for shared and public transport.

Innovation

Bounce uses IOT enabled technology to track its bikes and enables users to access the two-wheelers without keys, by connecting to the bike through the user's smartphone via Bluetooth.

Impact



5000+

Jobs Created

11 K Tonnes

of CO₂ Emission Saved



Livelihoods

JAYPORE

Founders ■ Puneet Chawla ■ Shilpa Sharma

Year founded Amount raised so far

2012

-

Business Model

Jaypore is an online retailer of ethnic and traditional products across multiple categories such as fashion, home improvement, etc. The company sources products from Indian artisanal community and independent designers and sells products globally.

Innovation

Jaypore sources all the products they sell from artisans and craftsmen directly. This helps connect the craft and talent of artisans with the world, builds appreciation for ethnic products and helps realise higher incomes for the artisans.

Impact



1,000,00+
Artisans



Appendix 2:



Methodology

This report has been put together by IIC and Asha Impact with the exclusive intention of helping market and ecosystem players, policymakers and the public build a greater understanding of the Indian impact investing market. The data that has been used in this report is collated from sources that we consider credible and independent. Readers are urged to exercise independent judgment and diligence in the usage of this information for any investment decisions. The key contributors to the study, IIC and Asha Impact accept no liability for any use of this information for any purposes whatsoever.

The analysis presented in this report is based on a database of 586 India-focused social enterprises that received funding between Jan 1, 2010 and December 31, 2019. This database was compiled at the 'enterprise' level (i.e. irrespective of the type of investor, impact or commercial fund) for twelve major social sectors, five of which had sufficient data to aggregate at the sector level (presented as separate chapters). The following inclusion criteria was applied by the team at IIC and Asha Impact to select the enterprises.

1. Mass market focus: key stakeholders (clients, suppliers) are low (EWS/LIG) or middle income (MIG)
2. For profit business – focused on innovation and scalability – no not-profit or hybrid models
3. Focus on basic service delivery to underserved population (access and affordability)
4. Focus on providing livelihoods or income enhancement for low-income clients or suppliers
5. Impact intentionality: impact as stated objective and/or measured by firm or impact investor

All enterprises had to meet the first two conditions, and atleast one of 3, 4 or 5, in order to be selected.

The following exclusion criteria was applied for purpose of the analysis presented in this report:

- Microfinance Institutions that have become small finance banks have not been included.
- Renewables and Infrastructure projects have not been included unlike in other analysis of impact investment which include clean energy investing, as we consider this a separate asset class.
- Traditional and mature businesses that have significant activities with the low income segment in a particular sector (e.g. construction, truck financing or irrigation) are not included.
- Debt/Hybrid transactions have not been included. Only equity investments in for-profit enterprises
- Cross-border deals in enterprises which have their core operations outside India are not included.

After finalising the list of enterprises, investment data (funds raised, type of investor) and outreach data (clients) was collected for each of the companies from market databases (Venture Intelligence and Tracxn) and self reporting by companies and investment funds supplemented by market interviews where necessary.

Each enterprise was mapped to a sector and sub-sector in its value chain, to break-up the investment flows and aggregated impact into these segments, as well as for identification of the key innovation drivers and examples of success stories in each vertical based the investment experience of Asha Impact and other IIC members. The impact (outreach) data was only available for 77% of the enterprises. The database will be updated on a periodic basis and can be used by IIC to provide regular analysis both on sector-level and overall investment trends, and the total impact of the Indian impact investment industry.

References

1. UNCTAD; World Investment Report 2014. Investing in the SDGs: An Action Plan; 2014
2. Development Alternatives Group; Achieving the Sustainable Development Goals in India: A Study of Financial Requirements and Gaps; 2015
3. NITI Aayog; SDG India: Index and Dashboard, 2019-20
4. GIIN; The State of Impact Measurement and Management Practice, Second Edition; 2020
5. Impact Management Project
6. Bain & Company and CII; Indian Farming's next big moment: Farming as a service; 2018
7. Ministry of Agriculture & Farmers Welfare, GoI; Agriculture Census 2015-16; 2018
8. Ministry of Home Affairs; India Census 2011; 2012
9. EY and FICCI; Private sector's contribution to K-12 education in India: Current Impact, Challenges and Way Forward; 2014
10. Google India Private Limited, Bain & Company, Omidyar Network; Unlocking Digital for Bharat: \$50 Billion opportunity; 2018

SDGs mapped to different sectors

SDGs/ Sectors	1 NO POVERTY	2 ZERO HUNGER	3 GOOD HEALTH AND WELL-BEING	4 QUALITY EDUCATION	5 GENDER EQUALITY	6 CLEAN WATER AND SANITATION	7 AFFORDABLE AND CLEAN ENERGY	8 DECENT WORK AND ECONOMIC GROWTH	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	10 REDUCED INEQUALITY	11 SUSTAINABLE CITIES AND COMMUNITIES	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION	14 LIFE BELOW WATER	15 LIFE ON LAND	16 PEACE AND JUSTICE, STRONG INSTITUTIONS	17 PARTNERSHIP TO ACHIEVE GOALS
Education				●	●												
Healthcare		●	●		●												
Affordable Housing											●						
Agriculture		●										●					
Clean Energy							●										
Mobility and Logistics									●		●						
Financial Services	●				●			●	●								
Jobs and Livelihood				●	●			●									
Waste Management											●	●					
Water and Sanitation						●											
ICT (Tech for Development)					●				●		●						

Source: IIC, Asha Impact and Dalberg analysis



Key Report Contributors

Asha Impact

Kartik Desai, Executive Director, Asha Impact (kartik@ashaimpact.com)
Aparna Dua, Senior Manager, Asha Impact Trust (aparna@ashaimpact.org)
Sanchi Khurana, Associate, Asha Impact Trust (sanchi@ashaimpact.org)

Impact Investors Council

Ramraj Pai, CEO, IIC (ramraj.pai@iiic.in)
Swasti Saraogi, Research Manager, IIC (swasti.saraogi@iiic.in)
Neha Bhatnagar, Head Partnerships & Research (neha.bhatnagar@iiic.in)
Shriya Nene, Research Associate, IIC (shriya.nene@iiic.in)



www.ashaimpact.com



www.iic.in