# MADE IN BANGALORE

## HOW SOCIAL ENTERPRISE IS TRANSFORMING BUSINESS-AS-USUAL

### NOVEMBER 2011

First published in November 2011

# MADE IN BANGALORE
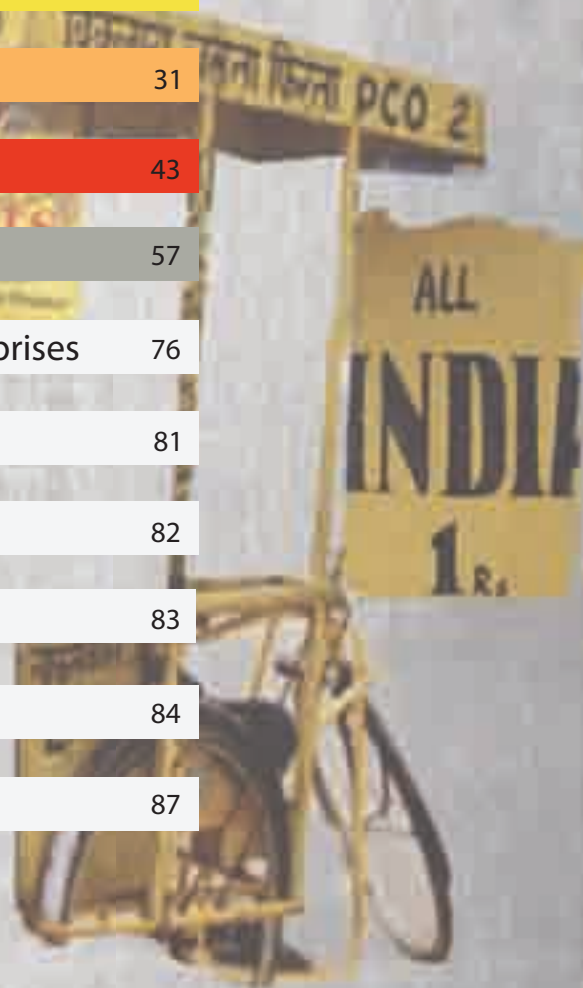
HOW SOCIAL ENTERPRISE IS TRANSFORMING BUSINESS-AS-USUAL
NOVEMBER 2011

**csm**
centre for social markets

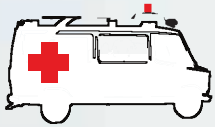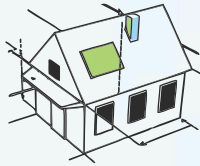# TABLE OF CONTENTS

# FOREWORD

This study tells the story of an emerging India. An India in which traditional forms of business are being re-thought, re-engineered and re-formed. Not for empire building, but for building social value and responding to societal needs. Twenty years after the great leap forward of the New Economic Policy, which liberalised the Indian economy, we are seeing a new generation of Indian entrepreneurs emerge.

This is a generation that witnessed the transition age of the 1990s, when government control slackened and gave way to unbounded private enterprise. This 'transition generation' is now at the helm of some of India's most exciting hybrid business models, from Dr Sharan Patil's for-profit Sparsh Hospital, which manages to simultaneously service the needs of the urban elite and the rural poor; to the BPO Vindhya, which creates inclusive development opportunities for the differently-abled bringing dignity and self-respect for a much marginalised population.

Today the catch-all term 'social entrepreneur' is used to describe such non-conformist businesspeople. But this does not do justice to the phenomenon that we are observing. If asked, are you a businessperson or a social worker? Our protagonists profiled in this report might well answer yes to both, and not choose one over the other. In parts of India, one can be in business and a social worker at the same time it seems.

This reflects how much has changed in the last twenty years. Once business was a dirty word, considered a bastion of the self-regarding, the greedy and the unethical. Now – not that it has become completely rehabilitated - business carries a strong professional appeal for the confidant and motivated, of all social classes. Start-ups are becoming common in the new India and a key reason given by entrepreneurs is the financial independence it can bring. In a recent survey by the Legatum Institute, 46% of Indian entrepreneurs polled cited being their own boss, and 25 % cited making money, as reasons for starting their own business. Only 6% referred to 'making a difference for society' as a factor.

In a country where job creation should be a priority, the urge for self-employment is understandable. India suffers from a close to 10% unemployment rate and approximately 13 million people enter the job market every year. The shortfall is not accounted for by traditional forms of farm or non-farm employment. As a recent PWC and Confederation of Indian Industries report points out, small and medium-sized enterprises – the largest private employers in India - are only able to create 3.3 million non-farm jobs per year. This creates the well-known pressure for self-employment in India. People have to boot-strap themselves in a ruthless and unforgiving work environment to survive.

This is the context for the entrepreneurs profiled in this study. Perhaps they are merely a part of the 6% polled who cited social reasons for their start-ups. Or perhaps they are part of an unseen social trend, where more and more are using enterprise to address issues of chronic deprivation, environmental degradation and mal-governance in India. This is speculation and further work is needed to establish the drivers and empirical realities for the emergence of this breed of entrepreneur.

What this study does show, however, is that while the entrepreneurs profiled come from diverse backgrounds, they have successfully challenged notions of business as being solely self-serving and exploitative.  These entrepreneurs are  using market-enabled models to address some of India's deepest divides and deprivations. In so doing they are creating new norms for how business can and should be a force for good in modern India.

# FOREWORD

This report is part of an on-going investigation by the Centre for Social Markets into how India's business landscape is changing in response to a complex set of sustainability, social justice and governance challenges. Never static, business is now being reshaped by new entrants set on mobilising the market as an instrument of social change. To what degree they are succeeding - and what kind of enabling support systems in terms of public policy, regulation or skills development are needed - is the focus of this report.

What is clear is that India continues to be a highly challenging environment for business and entrepreneurs. Inadequate infrastructure, weak institutions, chronic corruption, poor governance and law enforcement are well-known malaises. In the World Bank's annual ease of Doing Business 2011 report, India once again scores abysmally low: 132 out of 183 countries, behind every single country in our region except Bhutan.

More needs to be done to actively encourage risk-taking, innovation and enterprise in India. Otherwise we will always be a starter nation, never a start-up nation. Developing a 360 degree approach to enterprise development and job creation will require a radical shake-up in our institutions and mindsets. As this exploratory study shows, the people and ideas are there. What we need is an ecosystem approach to enterprise support creating end-to-end linkages.

In this report, we have highlighted enterprise innovations taking place in the education, health, IT and service sectors. Our work has been supported from its inception through the active collaboration of Oxfam GB and Orchid Chemicals & Pharmaceuticals Ltd. who have made welcome intellectual and financial contributions to the effort. We intend to follow this initial piece of work up with an examination of other key sectors such as transport, housing and energy.

The objective is to illuminate how entrepreneurship can contribute to India's sustainable development - meeting the needs of the many, not just the few, while bearing in mind the needs of future generations. In so doing, we seek to identify barriers to enterprise development and help create platforms for advocacy and action, with a view to promoting a more enterprise-friendly environment for businesses seeking to make a difference.

In the month that the global population has crossed seven billion, it is clear we need models that can scale up effective responses to our inter-linked crises of global poverty, inequality and sustainability. If India's 1.2 billion people are to attain their constitutional guarantees of freedom from want and hunger, we will need new models that can bring benefits to the masses, not just the privileged urban elites and middle classes.

The good news is that some of these models might well be found in the pages of this book. One can find numerous inspirational stories profiled here and on our interactive website. It is our hope that readers, well-wishers and investors will connect with those profiled through the website and support their efforts. In addition, we look forward to feedback on this report and partnerships with those also seeking to make entrepreneurship for people, planet and prosperity a reality.

*Malini Mehra*
Founder & Chief Executive
Centre for Social Markets

November 2011

# OVERVIEW AND SUMMARY

Through people like Mustafa, Pavithra and Chandrashekar this study introduces the people that are the current leaders, sculptors and thinkers in Bangalore's social enterprise landscape. Through their stories we explore enterprises that have the vision to be both functional and sustainable entities and positive change makers. These enterprises are promoting poverty reduction and sustainability through a 'fruit salad' of approaches and models, we look at how they achieve success, how they determine a workable business model, what impact their enterprises have, and what has helped or hindered them along the way. This exploration centres on Bangalore; a hub for creative enterprise that is grappling with rapid urbanisation with all of the associated opportunities and issues. What is the story behind this city?

In 2030 India's urban population will rise to 590 million, up from 340 million in 2008, and with this rise incomes per capita will quadruple. The cities will generate 70% of new employment, drowning agriculture.[1] The McKinsey Global Institute Report *India's Urban Awakening: Building inclusive cities, sustaining economic growth* [2] goes on to predict that population will double in five Indian states, including Karnataka. To date Bangalore's has the fastest population growth rate from 6.5 million in 2001 to 9.5 million in 2011.[3] Cited by Forbes as one of the world's fastest-growing cities,[4] Bangalore is the geographical focus of this study (though examples are also drawn from Chennai and Hyderabad). From being a laid-back "Pensioners' Paradise" of mainly public-sector employees, Bangalore has morphed into a frenzy of economic, social, and political activity. A high-tech hub – India's own Silicon Valley – Bangalore houses India's best-known home-grown technology giants and is also home to the world's largest IT firms.

Alongside the state bureaucracy, city administrations struggle to meet multiple development challenges and to keep up with the complex demands of a broad range of stakeholders. Burgeoning urban populations are placing an enormous burden on infrastructure and resources, resulting in the breakdown of basic amenities – land, housing, water, power, health, and education.

**INDIA**

KARNATAKA

[1] http://www.mckinsey.com/mgi/reports/freepass_pdfs/india_urbanization/MGI_india_urbanization_fullreport.pdf
[2] http://www.mckinsey.com/mgi/reports/freepass_pdfs/india_urbanization/MGI_india_urbanization_fullreport.pdf
[3] Census 2001 and 2011
[4] http://www.forbes.com/2010/10/07/cities-china-chicago-nions-columnists-joel-kotkin.html

# OVERVIEW AND SUMMARY

The traditional players in development; government and NGOs, have tried to respond to the challenges in different ways, but clearly there is still opportunity, space and need for new responses to the age-old issues of equity and sustainable development.

The setting, Bangalore, is ripe to for focus on alternative change models and hence the thematic focus if this study is social enterprise. The term social enterprise, also referred to as social entrepreneurship, is used in this document to refer to a rapidly merging dynamic phenomenon of a range of small to large-scale ventures that aim to promote social good without incurring losses. Social enterprise has emerged as an innovative and creative alternative model for providing solutions to the continuing problems of poverty, along with inadequate social services, such as health and education.

This study seeks to understand the potential of social enterprise in contributing to development, so that it can be leveraged to maximum effect. The exploration of the social enterprises in this document is based on two questionnaires that were crafted to illuminate not just the models and outcomes of social enterprises but also to give a view of the whole ecosystem around them. To ensure consistency the two questionnaires explored the same ideas, however they were used in slightly different ways, the first was shorter, posted to prospective social enterprises and filled in by the recipient, the second structured the follow up interviews with enterprises who decided to take part in the study. The core questions in both questionnaires centred on:

- What does the enterprise do and how does it reach the right people?
- What are the enterprise's vision, attitude and influences?
- What type of business model is used and is it sustainable?
- What is the organisational level of awareness of climate change and mitigation strategies?
- How does the enterprise evaluate itself?
- What support or infrastructure (eg: financial, legal political) is needed for the enterprise to be successful?

KARNATAKA

Bangalore

Some of these questions were informed by a recent report of Tomorrow's Company,[5] while the methodology drew inspiration from the UNDP's Growing Inclusive Markets Initiative.[6] The study aimed to inform and guide the development of strategies to support social enterprise at the level of policy and practice, and to identify emerging patterns and capture strategic issues related to urban poverty and enterprise. The study can only provide a snapshot of this vast, complex and fast-evolving arena, and is by no means comprehensive. It represents a first step towards greater research in this area as the basis for policy dialogue with business, government, academia, donors, and civil society leaders to leverage their support for social enterprise as an innovative and powerful tool to address long-standing inequities and foster holistic development.

**The study looked at:**

- *Commercial businesses that are already internalising a triple bottom-line approach and sustainability values*

- *Examples of thriving social enterprises*

- *Hybrid enterprises that provide further insights into innovation, success, and longevity*

It explored a range of initiatives by NGOs, government and business, as well as hybrid and partnership models, in order to provide a holistic picture. The team examined almost 50 examples of social and commercial enterprises working across key areas of relevance to the city, such as health, education, and information technology (IT), as well as goods and services such as transport, housing, and food. For reasons of brevity, only some case stories have been highlighted here.

The study was mostly exploratory and opportunistic in nature. While using qualitative methods such as in-depth interviews and focus-group discussions, the team also attended several talks and conferences to better understand the ecosystem for social enterprise and to identify key resources and the 'top lines' of the discourse. The study, conducted between October 2010 and March 2011, also drew on secondary research and website information.



[5] *Tomorrow's Global Company -Challenges and Choices, 2009.*
[6] *http://www.growinginclusivemarkets.org/publications/global/*

## OVERVIEW AND SUMMARY

**Patterns and successes**

The report is organised into sectors of health, education, information technology, services and support organisations for social enterprises. In this introduction we outline the patterns and successes revealed through the case studies that cut across all sectors.

■ **Business can be harnessed with social vision.** The research highlighted numerous examples of how a firm social vision can drive a profitable business. Take, for example, the story of the BPO Vindhya, led by an exceptional young woman, which provides employment opportunities to the differently-abled, who, despite sound having educational and professional qualifications (often struggling to complete even minimum education), are often denied livelihood opportunities. Without much capital, the company has become an INR 2.5-crore company, with a staff of 230, 95% of them with a disability over five years. That this could be achieved with sheer conviction and persistence, in the absence of any government or donor support, is testimony to the dramatic social good business models can bring about.

Another remarkable story is that of Best Foods and ID Special (a brand of ready-made foods) started by Mustafa. Born dirt-poor in a village in Kerala, Mustafa is today the proud owner of this INR 25-crore company in Bangalore. What appears to be a remarkable but straightforward rags-to-riches business story also speaks of a social consciousness stemming from Mustafa's own under-privileged background. The company runs a regular commercial business but through careful consideration its operations have a substantial social impact, for example facilitating women's access to employment, savings and loans.

# BEST FOODS AND ID SPECIAL
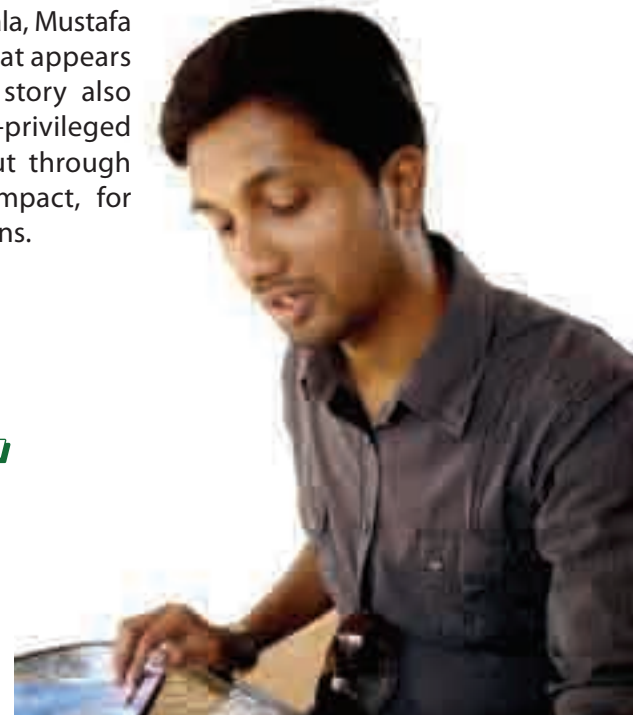
## OVERVIEW AND SUMMARY

■**Social enterprises leverage innovation, through the power of partnerships,** maximising the strengths and resources of different kinds of entities. Many social enterprises gain advantages through partnerships with traditional businesses, investors and government and community organisations; in fact the flexibility of the social enterprise model actual encourages partnership and collaboration increasing the likelihood of success. Take, for example, the case of the 108 Emergency Response Initiative (EMRI) started first in Andhra Pradesh and is now in more than 10 states in India. EMRI aims to avert the thousands of preventable deaths caused by the lack of emergency treatment and services. Built on a public-private partnership model, 108 is fully funded by the government, but also harnesses the efficiency of the private sector and IT, as well as the technical expertise and quality assurance provided by a range of academic institutions and health organisations. The 108 story demonstrates a model of change that has gone to scale, and a critical success factor is the effective state  and private partnership that has fostered EMRI.

■The sense of social enterprise has **imbued even traditional collectivisation and unionisation** efforts among auto rickshaw drivers, a much-maligned group in the city. *Three Wheels United* (TWU) *Private Limited* and the *Adarsha Auto and Taxi Drivers Association* both aim to improve the living and working conditions of auto drivers in a number of ways.  *TWU* also enables ownership of high-mileage autos that are low on noise and air pollution through a corporate partnership, while *Adarsha* plays a crucial role in representing the problems of auto drivers to the public and the government linking to national unions, drawing its revenues through membership fees.

■**Community driven approaches have been used to market and distribute the products and services,** with community members often being the owners or workers. This approach has been effective in helping organisations to scale up.  The effectiveness of community-based, demand-driven approaches is illustrated in the story   of *Awake*; dedicated to vocational training, employment,  and  income-generation for women, the organisation has trained over 10 million women entrepreneurs across 27 districts, with strong linkages with marketing and government schemes. *Awake* attributes its success to its wide scope and  demand driven approach with strong word-of-mouth awareness of their work in the communities.

■Several models support **efforts to provide equity to the underprivileged,** particularly in the fields of health and education. They do this through cross-subsidizations – allowing the underserved to pay a discount relative to others who access the high quality service. For example, Dr Sharan Patil's private, for-profit super-specialty Sparsh Hospital uses a **system of cross-subsidisation** to provide free health care through its charitable *Sparsh  Foundation,* along with hospital care it also conducts free annual health camps to attend to the most complicated musculoskeletal problems among poor children.

■ Significantly, a number of **urban-based enterprises have focused on rural challenges.** This has been done by harnessing the urban demand for goods to create rural businesses and jobs, in the case of Initiatives for Development in Bangalore or Co-option Technologies in Hyderabad and Rang De in Chennai. These companies add value to the rural economy by taking advantage of the availability of skills and the high level of demand from urban locations to start up and develop ideas then can grow their enterprises; creating many new jobs in both urban and rural areas and in the long term helping to stem rural–urban migration. These leaders also bring skills drawn from urban education to the running of big businesses in rural areas, thus creating knowledge transfer.

Furthermore, the rural market can be attractive as the urban market can be more complex and difficult to understand. As Co-option Technologies, a 9 year old rural production finance company, CEO Subbu recognises that "We need to tweak the Co-option model to fit an urban location where the community is fragmented but the market is not. Urban enterprise, unlike rural production, is something to be discovered and tried. There are so many more risks."

■ Naturally, **social enterprises view and define success differently** – not from the perspective of profit, or even reach and numbers, but in terms of a process. Indeed, even smaller businesses and enterprises are doing this. *Vogue,* for instance, is a garment business that views success as sharing their business with other small garment makers; once they reach a turnover threshold they give any new contracts to other small businesses, *they focus particularly on trying to augment businesses owned by poor women.* This perspective is very different from a typical for-profit business which is likely to take on additional work by outsourcing their new contracts.

■ **Social enterprises have arrived and are here to stay** nothing can provide more clinching evidence than the emergence of a new genre of **impact investments**. In a world where government resources and charitable donations are insufficient to address social problems, impact investing offers a new alternative for channelling large-scale private capital for social benefit. With increasing numbers of investors rejecting the notion that they face a simple choice between investing for maximum risk-adjusted returns or donating for social purpose, the impact-investment market is now entering the mainstream, providing an alternative asset class.

### Challenges

The timing for social enterprise could not be more opportune. Although development, health, and education challenges remain, or acquire new manifestations, international donor funds for development in India are slowly but surely shrinking. [7]

Clearly, other resources– and, more importantly, approaches – will have to be found to address India's significant development challenges, especially in urban areas. The government will be a key player in such efforts, but both government and conventional NGOs will have to find new ways to conduct their work. Businesses too will be called upon to take greater leadership on social and environmental policies. Social enterprise today provides a paradigm shift, a new approach to address development challenges. However, our discussions indicate that social enterprises also face issues in ensuring maximum impact.

---

[7] *The GOI has decided to stop accepting funds from small donors because they believe that the incoming funds were not commensurate with the paperwork involved. Further, based on India's high growth rates in the recent years, (between 8% and 9%) it is anticipated that some large bilateral donors may withdraw from the country.*

# OVERVIEW AND SUMMARY

Some of these challenges are common management issues, such as the difficulty of mobilising qualified staff, and in some cases the constraint of pay scales within a competitive market. However, above and beyond these inherent challenges are several external constraints that challenge social enterprises.

**How can we rally and consolidate this new energy** and the emerging field in terms of harnessing innovation, creativity, and delivery of social good, be it in education, employment, health, transport, or housing? These case stories reveal a wealth of social enterprises chipping away at inequities in these development challenges. Unfortunately, most social enterprises are still depend on the aspirations and persistence of a few scattered individuals who have found a way to break out of the profit-driven world to think beyond themselves for a larger and lasting social good. It is crucial to consolidate these dispersed energies and visions, provide a common platform to leverage collective experiences and successes, and address the challenges that constrain them. Some initiatives are already underway such as conferences, awards and competitions, as well as a growing support network of Impact Investors and incubators. But far more needs to be done in this area to give social enterprise the salience it deserves in the public and policy domain.

## 1.Role of the State

■There are fundamental challenges within the ecosystem surrounding social enterprises, one of which is the role of the state in supporting and nurturing social enterprise. A number of participants in this study point to the difficulty of accessing financial support, especially in terms of start-up capital. While there are a few partnerships, generally project-based between state and enterprise, there is a clear need for the government to look at this sector more comprehensively.

■Participants also point to the delays, and bottlenecks posed by bureaucratic processes and paperwork in getting clearances for proposals. The inbuilt resistance to change within the government system implies that change, if at all, can only come from an enlightened and proactive official. But even this possibility is stymied by frequent staff transfers. Understandably then, there is some degree of scepticism – both among social enterprises and the state – with the government being slow to recognise the potential these partnerships hold.

# OVERVIEW AND SUMMARY

- An example of how this could be done is the government's focus on professional IT education has helped create the large talent base from which the industry draws its workforce. The government's proactive approach towards the IT-BPO industry was further highlighted in 2008 when action was taken to improve the administrative functioning and incentives for the IT industry such as the IT Act Amendment and extension of tax incentives.

- Not all social enterprises can hope for favourable government interaction, as the case of eFarm (previously Matchbox Solutions) demonstrates. A social enterprise working with vegetable vendors, eFarm feels that the government has ignored this
- sector, seeing it as a necessary but low-priority institution as the economy moves from an agrarian to a service orientation, essentially **prioritising urban industry above rural job creation.**

- Social enterprises working in the field of education are confronted with larger structural issues, especially in the pre-school age group. In the preschool age group the two areas of education and child development are handled by two different ministries with very little collaboration between the two, some argued that this causes duplication, communication bottle-necks and reduces efficiency. Examples in the secondary education also call for a coherent regulation landscape to provide vision, backed by investment framework enabling public-private partnerships.

- **One of the key questions of the study was** *"What would be the one most important change that can strengthen your work?"* Without exception, every respondent said that the government must, directly or through partnerships, invest in appropriate and **relevant education that gives confidence and skills to build the capacities of a new young workforce.**

## 2. Technology and inclusive growth

- Extending such policies and benefits beyond the IT-BPO category is critical. As Harish Hande, Managing Director of *Selco-India*, which provides sustainable energy solutions to the under-served rural population, says, *"We do not need subsidies, but let the government provide excise benefit for our enterprise. Selco-India* has brought light to *100,000 households and small businesses."* Dalmia Electrodyne Technologies, another enterprise in Chennai, echoes these views.

- A larger challenge in the field of health is combating the over-medicalisation of the profession, and expanding the notion of health as a community-driven issue, integrated with larger questions such as rapid urbanisation, water, air, and environmental degradation that typify the urban environment, says Dr Ravi Narayan of *SOCHARA*, a community health organisation. Dr Sharan Patil of Sparsh: *"Undue importance is given to research and development of*

high-tech equipment for a small percentage of the population and far less weight is given to using existing low-cost technology to address the severe health problems that confront the vast majority of the poor."



### 3. Scale and sustainability

◼ A common and overwhelming challenge confronting most social enterprises is that of scale and sustainability. Despite huge commitment, as well as investments of time, energy, and resources, as Dr Sharan Patil of Sparsh Foundation, says, *"these efforts are only a drop in the ocean."* How can these small innovative and creative efforts be taken to scale so that they have a multiplier effect in terms of impact? What are the dangers of scaling up? Can we now take some of these models to scale and use in other contexts?

◼ *"My biggest worry is to have meaningful scale without losing focus"*, adds Ram, Founder and CEO of *Rang De*, an online finance enterprise operating in Bangalore,

Chennai, and other parts of India. This exemplifies the aspirations and the cautions about scale. Similarly, *Arusha Homes*, a low-cost housing initiative aims to scale up and reach the lowest segments of society, but cannot do so without government support, or some kind of "patient capital" support. Along with scaling up and sustainability are issues of maintaining the quality of service, professional training and motivation of staff, and most importantly, integrating innovation at every step of the process.

◼ Akshaya Patra casts a different meaning to the idea of sustainability, and believes that success has not yet arrived. "Success for us is in ensuring that all children have equal access to quality health and education," says CEO Sridhar Venkat. "Success to us would be the day when Akshaya Patra itself becomes redundant."

### 4. Capital

◼ Access to investors with patient capital, who can shift their vision from immediate profit to one of long-term gains, is another area of challenge. Fortunately, there has been some change in this area, evident in the fact that both commercial investors and ethical investors have started to establish offices in Bangalore and are watching, coaching, mentoring, and making available capital, and at times, ideas, for impact investments.

### 5. Absence of commercial enterprises

◼ Despite the many social enterprises detailed in this study, there are still too few instances of commercial enterprises crossing over into the social arena. Nor are there enough partnerships and leveraging of commercial skills within the social sector.

Indeed, social investors highlight the need for large commercial  enterprises to leverage their advantage by making strategic partnerships

## Recommendations

■ **Access to capital** is critical. Social enterprise cannot be built on donor funds or CSR programmes alone.

■ **Encourage partnerships** to help overcome the challenges of scaling up and of attracting qualified human resources. In order to create a greater impact, PPPs, or even a cross-over and convergence initiative with businesses and social entrepreneurs, are essential.

■ Although most traditional NGOs are led by women, there appears to be a minimal presence of **women social entrepreneurs.**  Far more needs to be done to educate and encourage women and to make it easier for them to enter this arena. A more comprehensive study of women in the social enterprise landscape is necessary.

■ Given the plethora of young entrepreneurs, and the outburst of creative energy, it is all the more important to bring into **one network** or similar platforms all these players and actors in order to inform, inspire, and influence others to continue to innovate. To this end, media coverage of good stories and the introduction of a short chapter in school curricula would pave the way for more such entrepreneurs.

■ **Government needs to create an environment** as it did for IT in order to encourage and allow for more entrepreneurs to enter and scale up.

■ **Recognition, reward** and resource support through government and  multilateral organisations.

■ **An innovation fund** that will support social enterprises to work on solutions on issues of water, sanitation, waste management,  mobility, health, and education to be managed by the  stakeholders.

■ Those who are at the **bottom of the pyramid** are often more creative and knowledgeable about the needs of the community than are outsiders. More needs to be done for those entrepreneurs who are not English-speaking and  PowerPoint-savvy, and don't have access to social venture capital.

## Conclusions

Experience to date indicates that although the actors may be small they are not afraid of taking on the fundamental challenges of poverty and profit; inclusion and sustainability; diversity and new entrepreneurial challenges. It is clear that the social entrepreneur is here to stay. Experience-sharing, partnerships and synergies will play a crucial role in strengthening the work of social enterprises, and ensure that they maximise their contributions to addressing inequities and paving the way for sustainable development.[8]

**8** *Intellecap's 'Beyond Profit', May 2010 and Accenture's India's 'Quest for Inclusive Growth - a Research Report' 2010.*

## THE BATTLEGROUND OF BANGALORE – AN INTRODUCTION

In the 1980s, the city of Bangalore was shaken from its sleepy existence into a startled realisation of its new status as a metropolis and "the city of the future". In the six decades since Independence, this small and otherwise unremarkable city morphed into an international "boom town", which overtook the erstwhile capital, Mysore, as Karnataka's main city, and outstripped Chennai and Hyderabad. No other contemporary Indian city better allows us to track the passage from small town to metropolitan status within a few decades than Bangalore.[9]

Its detractors often question the overwhelming impact of the growth of the IT sector and its contribution to the opportunities that Bangalore now offers. Indeed, even IT insiders, such as Nandan Nilekani, Co-Founder of *Infosys Ltd*, lament that 'the city' never captured the Indian imagination in the way the village did.

Until recently, urban studies neglected Bangalore. Within the last 15 years, however, a body of research has begun to throw light on core issues such as the IT phenomenon and its potential; the conflict for resources, and stakeholders influencing negotiations and decisions various ways; the relevance of Bangalore as a global hot-spot in relation to the nature and implications of globalisation.

Bangalore has become a cauldron of many flavours bubbling away. The new literature on Bangalore, which either looks at the promise of IT and its obvious novelty and buzz, or is critical of the social explosions that have followed, represents it a sort of battleground. The inequity and profound challenges of such growth are in the environmental, demographic, and infrastructural issues – these cannot simply be brushed aside. A growing and very assertive civic movement has led to the development of new partnerships and cooperation, and so to emerging solutions on issues such as water harvesting, holistic living, mass transport, and social enterprise, to name but a few. Indeed, there are grounds to believe that some of the city's new wealth makers, such as the IT executives, are themselves becoming active agents – investing, exploring, and at times partnering to find sustainable solutions to urgent and yet intransigent challenges. Such interventions hold out the promise of a greater and more significant engagement.

Bangalore's divide is not just a function of its new history but part of the urban present. Change in modern metropolitan cities has made them arenas of complicated and conflicting politico-economic processes, both local and global. Planning and governance are shaped by the congruence and confrontation of conflicting interest groups competing for limited resources. These resources are not just physical, but also encompass intangibles such as state power and legitimacy.[10]

# THE BATTLEGROUND OF BANGALORE – AN INTRODUCTION

In its latest metropolitan phase, Bangalore typifies a ground on which broadly two contending forces stake their claim: on the one hand are the "rejuvenated" citizens, who are amply assisted by a technocratic vision of change offered by the leaders of the new economy; on the other are slum dwellers, unemployed youths, and women's groups for whom democracy hasc come to have a different meaning in the urban setting. Not all of the changes taking place in Bangalore can be blamed only on global forces.

It is a challenge, at the best of times, to service these differing, and at times conflicting, requirements.

## The 'Other' Bangalore: whose growth is it anyway?

Bangalore is the showpiece of the success of the new economy. Yet the shining city masks an unhealthy process of unplanned growth and development, and associated infrastructure and service deficiencies. At the same time it has also produced new ways of working, new and difficult partnerships, new understandings of the challenges as well as exciting ways of cooperating.

The internationalisation of Bangalore has had mainly negative impacts on the urban poor. The transition from small town to metropolis has been poorly managed; the reforms undertaken since the 1990s, though resulting in a high economic growth, have also created major social and environmental problems. These include unequal employment and income distribution, the emergence of new forms of vulnerability, weakening state regulation, deteriorating governance; the paradoxical presence of poverty, imbalanced demographics, and intra-city disparities. There is no denying that the growth has also created a social and economic divide.

## Divides and bridges

The integration of Bangalore into the globalising network of trade and the highly competitive framework of inter-city linkages has led to changes in the habitation patterns, social relationships, and political processes of the urban setting. The glass-walled office complexes, exclusive shopping malls, and entertainment facilities that rival the best in the country, contrast with the dense squatter settlements and lack of services in the heart of the city.

# THE BATTLEGROUND OF BANGALORE – AN INTRODUCTION

Public infrastructure was the first to feel the strain of the urban explosion. From water to sewage and waste management, these services were unable to keep pace with the tremendous population growth and the requirements of the new economy. So unprepared is Bangalore that of the 3,000 tonnes of solid waste it generates each day, only about 1,100 tonnes are collected and sent to composting units; the rest is dumped in the open outside the city. This failure of governance has led to a range of citizens' groups and actions to manage local waste. The Daily Dump, for example, offers a range of solutions for composting and managing household waste. It was started by Ms Ponam Bir, now known as the Compostwali!

The water shortage worsens every year as the population continues to grow. Reckless mining of water has depleted the water table and the city faces an imminent water crisis – with the consequences for health and sanitation forcing the administration to regulate and introduce legislation on waste management and water harvesting. With the sewerage system and its management also straining under this pressure, private-sector interventions are emerging.

At present, almost one-third of the population has only partial or no access to piped water. Slum residents walk between 20-1000 metres to fetch water – and women and children were particularly affected by the poor environmental conditions.

The economy, the people, and the organisations that are benefiting from Bangalore's growth are the least affected by the imbalances in the natural environment. The poor face the immediate effects of the unbalanced natural environment. Not surprisingly, most of the diseases afflicting women and children are related to contaminated or inadequate water supplies for personal hygiene – scabies, diarrhoea, cholera, typhoid, and eye infections. In the face of such abysmal living conditions, the focus of public policy on the hi-tech growth sector has been termed perverse.[11]

[11] Benjamin (2000: 38-41) provides an illuminating discussion on the slums in Bangalore and the state of deprivations the poor suffer there.

# THE BATTLEGROUND OF BANGALORE – AN INTRODUCTION

## Radical change needed?

The true success of the buzz needs to be challenged, according to 40-year-old Issac Arul Selva, a class 4 school drop-out who runs a very successful Kannada journal called SLUM JAGATHU (or The World of the Slum), which links different slums in Bangalore. With a modest circulation of about 2,000 it reaches more than 180 slums, as well as key leaders, officials and mainstream media and others with an interest in slum issues.

Jana Sahayoga, an organisation that works for the rights of slum dwellers, gave him the initial support with a desk and computer. *"You see there was no drinking water in my slum until 1992. I was furious. Why should I be in this condition I asked myself. This is what triggered and provoked me to fight for justice for my people."*

The network of slum organisations across the state of Karnataka has consolidated over the years and has started to ascertain and assert the rights of slum dwellers. *"We have to work consistently to enable and empower our people so they overcome an attitude of servitude. The real benefit of the so-called success of Bangalore city has not reached us and indeed we need to fight to retain what we have achieved with our struggle. Cleaning the city is the slogan that means cleaning it of the people who keep it clean – so we have a big struggle to overcome this attitude"* says Selva, with a confident smile.

# EDUCATION – LAYING FOUNDATIONS

# EDUCATION – LAYING FOUNDATIONS

Education is one of the main pillars of sustainable poverty eradication, a fundamental human right, and a foundation for development. For instance, the second Millennium Development Goal (MDG) aims to "Achieve Universal Primary Education" by 2015. Yet, more than a century since Swami Vivekananda emphasised the critical importance of universal primary education in India, this has yet to be achieved. The landscape is one of inequity, with poor school enrolment and retention rates, and high numbers of children dropping out of school.

Several issues impede the goal of achieving universal education, starting with poverty. Despite the ban on child labour, millions of children in India continue to work, which deprives them of a proper education. **The 2001 census suggests that some 13 million children below the age of 14 are in employment.**[12] In addition, issues of access and quality – two fundamental parameters for assessing education  are severely compromised. Approximately 71% of schools in India are supported by the  government or the by local community, with education coming under the jurisdiction both of the centre and of the state. Some key government initiatives have included Operation Blackboard,[13] the Sarva Shiksha  Abhiyan,[14]  and the National Programme of  Nutritional Support (the mid-day meal scheme). The recently enacted Right to Education (RTE) mandates that all children receive education through a 25% reservation for under-privileged children in all schools, including unassisted private establishments. The debate throws into sharp focus the contrasts characterising education in India. World-renowned professional training institutes such as the IITs and IIMs exist alongside  overnment schools with crumbling infrastructure and resources, and absent, unmotivated or unqualified teachers, who  undermine any attempt at quality education.

An estimated 65 million children in India are not enrolled in elementary education,[15] with the country's education budget at a paltry 4.2% (2005) of the GDP, despite the average of  10%–12% of GDP for low-income  countries. Though there have been significant gains in literacy (66.6% in 2001 to 75.6% in 2011),  much remains to be done in terms of education overall, and for the marginalised in particular. Nationwide, 70% of children are enrolled in government  schools,  indicating  the  critical importance of working with the government system.

Bucking the elitist capture of educational benefits is a number of enlightened new trusts and schools and social enterprises that are making waves but have yet to  reach  a  critical  mass. These  include *Jain trusts*, initiatives such as *Sevalaya* in Chennai, *The School for Nomadic Children*, and *Thiruvalluvar Gurukulam Middle School*, which exemplify various education initiatives.  In this brief overview we start to see that organisations working on education are using different  strategies to ensure sustainability of their ventures.

Sunil Khilnani, Professor and Director of the *South Asia Studies Program (SAIS)* at Johns Hopkins University, states: *"Rapid experiments and innovation will be needed as we search for effective ways to educate and train millions…We are talking about an  educational revolution!"*

---

[12] *Save the Children, India – Child Labour Doesn't Work.*

[13] *Operation Blackboard was a centrally funded programme launched in 1987 to give the bare minimum facilities to primary schools*

[14] *Sarva Shiksha Abhiyam is the Government of India's flagship programme for achieving the Universalisation of Elementary Education.*

[15] *2005 census*

# EDUCATION – LAYING FOUNDATIONS

And indeed this is what we are witnessing among the change makers working in the field of education. We profile six case stories:

- The **Azim Premji Foundation** started by the software giant Wipro, which works on improving quality of primary education through enlightened teaching curricula and partnerships with government.

- The **Akshaya Patra** which uses the mid-day meal scheme to encourage school enrolment and retention and which by scaling its operations has spawned several supporting enterprises

- A comparative analysis of two commercial models that try to address educational inequities: the **Indus School** which uses a cross-subsidisation model to run a school for the poor, and **Deans' Academy** which follows a differential pricing system to ensure underprivileged children can access quality education.

- **BodhBridge Educational Services Private Ltd** provides tertiary education resources and information for engineering students through their website BTechGuru.

## Case Story 1: The Azim Premji Foundation

**Founded:** Operational since 2001
**Summary:** The *Azim Premji Foundation* works on large scale education interventions, looking for the solutions with greatest impact, a vocal proponent of working with the government to find lasting solutions.
**Business model:** The foundation is funded by Azim Premji, founder of *WIPRO* and works in partnership with the government and represents profits from business being re-invested in philanthropy.
**Website:** www.azimpremjifoundation.org

The *Azim Premji Foundation* (APF) opens the space for education interventions. It demonstrates leadership for making long-term commitments to a crucial area for investment. Furthermore, it draws the state and other actors into its work and has set perimeters to define outcomes.

The *Azim Premji Foundation* (APF) began in 2001. It made recent news when its chair donated US$2 billion for strengthening education in the country. Its vision is to facilitate a just, equitable, humane, and sustainable society, and believes that it can only do this by working in close partnership with the government and ensuring a "systems" approach in education.

Recognising that quality education depends on qualified teachers, the *Foundation* develops and teaches innovative teaching methods to improve learning outcomes through proof-of-concept.

# EDUCATION – LAYING FOUNDATIONS

Working only with the government system, it emphasises teaching in the vernacular up to Grade 6 or 7, and introduces English thereafter because of its importance as a passport for social mobility, not just in the city, but universally. The Foundation started with only four or five staff members and today has over 250 qualified professionals and 200 volunteers, reaching 2.5 million children in 20,000 schools across 13 states.

What sets APF apart is its focus on bringing about systemic changes in education in India.. An example of how it has successfully influenced the Karnataka government is its success in getting the government to create a quality assessment organisation to look at the 40,000 state schools through systematic monitoring.

The Foundation is built on a partnership model. Choosing and working in a state depends on government cooperation and APF also has a range of non-state partners. Its strategy is driven by concerns about the quality of school education in India. This is clearly a challenge, as is prioritising holistic extra-curricular activities such as art, music, and sports, which are often considered to be of secondary importance: *"In our view the child is a change agent, hence we encourage critical thinking broadly applied to society and custom, encourage a scientific spirit in discovering natural laws or in questioning superstitions or 'untouchability'. Critical thinking is a 'spirit' and is integral to this conception of the child".*

One of the APF's key successes has been in the area of assessment-led reforms. For example, based on an evaluation of education outcomes resulting from conventional versus non-conventional methods, teachers received feedback on how they could improve. The findings inspired the Karnataka State Quality Assessment Organisation (KSQAO) report and led to educational reforms adopted in the states of Uttarakhand and Jharkand.

*"The Foundation believes that the reasons for its success include the leadership's image of credibility and the absence of funding constraints. Chief among its challenges is the intrinsic resistance to change from a system that is used to bureaucracy and inefficiency. The other challenge is to reverse the current downward spiral in the quality of teaching professionals, to make every batch of new teachers better than the previous generation, in order to ensure quality educational services. "Visible changes are thus difficult to identify"*, says Mr Karoopady, the Foundation's Head of Research and Evaluation.

Some senior educationalists, while quick to acknowledge APF's contributions, have some reservations. They feel that it has a go-it-alone, "big-bang" approach, which in the long term may have negative fall-outs; and it may not work across the country.

# EDUCATION – LAYING FOUNDATIONS

*"The average Indian child has a poor start to life"* : Sutradhar

**Founded:** 1995
**Summary:** Sutradhar is an NGO working in early years development and education, it sells high quality teaching resources and runs teacher-development workshops
**Business model:** Partially grant and donation funded, they also earn money from selling their teaching resources
**Website:** www.sutradhar.com

*Sutradhar is an NGO that has built up wealth of skills and knowledge in early-years (aged 3 to 8) education over the past 16 years. It was founded in 1995 by Mandira Kumar who, as an Ashoka Fellow, has been recoginised for her ability to find innovative solutions to social problems. Sutradhar's mission is to make learning a lively and meaningful experience for children by equipping teachers with all the relevant resources.*

*Sutradhar puts its skills to use in a variety of ways, foremost Sutradhar has compiled a large library of teaching aids and resources that it markets to teachers through a shop and exhibitions across the city. Their resources are well respected and include traditional folk games and toys, Indian literature for children and teaching aids and manuals. They are widely used by individuals, teachers, schools and large NGOs, for instance World Vision bulk orders for its cross-state projects.*

*Sutradhar also organises teacher-development workshops, to promote interactive ways of teaching and learning using a variety of resources, such as sand and water or low-cost resources made from waste materials. They conduct up to six workshops every year, each one draws roughly 30 participants from NGOs and schools and covers subject expertise and general teaching skills.*

*After years of building knowledge and expertise they are now struggling to continue with this work using their traditional funding model dependent on donations and grants. They are looking to change their business model and find new, more sustainable ways to fund their work with the possibility of partnerships with business or the government or by finding a wider market that will pay for their resources and services. They see that making a transition from NGO to social business will make their work sustainable.*

# EDUCATION – LAYING FOUNDATIONS

## Providing a window of opportunity: Akshara Foundation

**Founded:** 2000
**Summary:** *Akshara Foundation* has five core programmes; this story focuses on their *Anganwadi* [16] programme, which provides training and resources to ensure a consistent quality of preschool education throughout Bangalore.
**Business model:** *Akshara* is jointly funded between corporate foundations and individuals
**Website:** www.akshara.org.in

Established in Bangalore in 2000, *Akshara* Foundation is a Public Charitable Trust whose mission is to ensure that "Every Child is in School and Learning" through strong partnerships between the government, the voluntary sector, civil society, and the corporate sector. The Foundation works closely with Karnataka's Education Department, different school administrations, and the Department of Women and Child Welfare in order to mainstream the best practices into government.

*Akshara* foundation has 5 core programmes addressing different educational needs in the state of Karnataka, their pre-school programme gives us an interesting perspective on a development programme that is run by a traditional NGO but that draws on entrepreneurial models to broaden its reach.

## Process and strategies

*Anganwadi* play a vital role in the education of children and in development of their communities. These centres provide a variety of services for mothers and young children, often including primary health care and vaccinations, early-years education and support for mothers. While meeting the crucial nutritional and educational requirements of children in this age group, *Anganwadis* also free mothers and older siblings to work or persue education.

Unfortunately, there are wide gaps between the vision and the realities of *Anganwadis*, to bridge this gap *Akshara*, along with a host of volunteers, started supporting *Anganwadis* in Bangalore Urban District in 2005. Akshara's preparedness programme works with the government's Integrated Child Development Scheme (ICDS), whereby *Akshara* trains *Anganwadi* teachers to deliver educational components, through this they are able to reach over 40,000 children in the district. The *Anganwadi* programme rests on a Memorandum of Understanding (MoU) between *Akshara*, the state government, and the corporate partners who fund the initiative. This agreement gives *Akshara* access to government schools and *Anganwadi*, and means it is vital that the foundation works in a functional partnership with the government. A total of 31,230 children were covered through this programme in 2007–2008, through a pre-school kit that corresponded to the learning goals prescribed by the ICDS.

[16] *Anganwadi is a government sponsored childcare and mother-care centre in India. It caters for children from age 0-6. The word means "courtyard shelter" in Hindi.*

# EDUCATION – LAYING FOUNDATIONS

In 2009 *Akshara* distributed universal school preparedness kits to all of the Anganwadi in Bangalore and administered a pre-programme assessment to almost 30,000 children across the city. A recent assessment of these kits, which covering a similar number of children confirmed that in each of the six areas of child development there has been significant and positive progress as a result of the kits.



**Akshara Foundation**
Every child in school and learning well

## Successes

A strong partnership and networking approach is one of the hallmarks of *Akshara's* work, as well as its participation in *ASER* [17] and other partnership-based collaborations, these collaborations allow *Akshara* to have impact on policy, wide reach and acceptance by the establishment. A key reason for *Akshara's* success is its efforts to ensure that its programmes are rooted in the community. Families as well as the wider community and critical stakeholders are regularly involved in these efforts, providing feedback and suggestions for improvement. With a staff of 319, of whom 90% are women, Akshara is also providing valuable livelihood options and helping to correct gender inequality.

The empowerment of teachers has ensured that they play a proactive role as catalysts for change. The "edupreneur" programme, for example, allows independent Balwadi teachers to earn up to INR 8,000 a month. As a result many women have set up their own learning centres and generate a meaningful income across slum communities from Ayodhyanagar in Hubli to child-centre operators in rural communities in Bidar. A less tangible but critical outcome of their work has been the volunteers' increased social status and self-esteem.

Sustainability is built into the very process. Community members manage the community libraries, and a strategy of strengthening the capacity of the Balvikas Samithy members is to make them actively participate in the activities of Anganwadis to assess the improvements. This foundation successfully uses partnership with the state government and entrepreneurial training programmes to increase its reach and give more children access to quality early-years education.

[17] http://www.asercentre.org/index.php

# EDUCATION – LAYING FOUNDATIONS

## Report on a site visit

Visiting one of the Anganwadis that Akshara supports I met some of the people involved in the programme. Lakshmi, a teacher, said although she has been working for many years, the last five are very dear to her. "So much I could do with the kits (provided by Akshara), and mothers are happy because their kids pick up English, are very alert and confident enough to teach their mothers and fathers too!"

A mother said her daughter is so much more "chooruku" (alert). Mahalaxmi who works for a daily wage in an "agarbati" factory (rolling incense sticks), is ever thankful to the centre for the meal served to the children. She added "Even if they do not give food I will send my children to the school".

The team from *Akshara* makes visits to observation and gather continuous feedback; which they try to incorporate, for example Lakshmi said that her specific feedback for slates rather paper than was accepted.

*Akshara* coordinator Venkatesha who manages this project, which covers 225 centres and 11 coordinators, ensures that the kit is administered and that standards are maintained. In addition, his team also mobilises and builds community support through the "Balavikas Samithi", or child development committee.

I could not help but feel that something very important and profound was happening in that dilapidated centre. A whole generation of children was being prepared to join the mainstream, in an effective system developed by *Akshara* in partnership with government. Asthe pre-schools become more popular, many staff have started to run their own independent private pre-schools. Akshara says there are about 110 with which they keep in touch.[18] The pre and post-assessment show the average improvement went up from between 60% and 85% in one year.

## Case story 2: Enhancing education outcomes through health: Akshaya Patra

**Founded:** 2000
**Summary:** *Akshaya Patra* provides mid-day meals to 1.3 million children throughout 8 states including Karnataka, the programme first started in Bangalore in 2000, they use cutting edge technology to provide nutritionally balanced and hygienic meals from large centralised kitchens. More recently they have branched into other educational interventions like remedial after school classes, extra-curricular activities and councelling sessions.
**Business model:** 44% of Akshaya Patra's income is from government subsidies as part of it's mid-day meal programme the remaining 56% comes from donations by private donors, corporates and foundations.
**Website:** www.akshayapatra.org

Akshaya Patra is synonymous with the mid-day meal scheme in schools, an intervention that addresses the longstanding twin challenges of child hunger/malnourishment and education. The case for mid-day meals can be made from at least three crucial perspectives: child nutrition, educational advancement, and social equity.[19]

---

[18] Based on findings reported in 'Bengaluru's Education Profile –A Report Card – 2009–10' by K·Viijayanthi and Tara Gonsalves· Summary written by Pushpanath after his visit to Anganwadi in Nayanhalli off Mysore Road·
[19] Dreze and Goyal 2003

# EDUCATION – LAYING FOUNDATIONS

The link between malnourishment and children's cognitive development is well recognised. India is, sadly, home to one-third of the world's most undernourished children. Such children are less productive and less well equipped to survive in an increasingly competitive worldand may suffer up to 160 days of illness a year. According to UNICEF, almost half (46%) of young children in India are malnourished, with girls more affected than boys – which explains why halving hunger is the first of the MDG goals.

In terms of equality, studies indicate that a 50% reduction in the proportion of out-of-school girls was possible through the provision of a mid-day meal,[20] thus helping to correct gender disparities, enhance the reproductive health of young girls, delay in the age of marriage, and achieve better maternal and child health outcomes.

The mid-day meal also plays a socialising role. For families that are especially poor, the meal can serve as a significant incentive for children who would otherwise not be enrolled. In additioneven the act of eating together builds stronger communities: *"as children learn to sit together and share a common meal, one can expect some erosion of caste prejudices and class inequality".*[21]

### Launch of Akshaya Patra

The mid-day meal scheme in India has its origin in the early 1960s, when it was introduced in Tamil Nadu by the then Chief Minister K. Kamraj. Its success spread quickly. Observing Akshaya Patra's operations, Professor John Ridge at the Delhi School of Economics filed a public litigation in the Supreme Court asking for government support for organisations providing mid-day meals. On 28 November 2001 the Supreme Court ruled that within six months, all state governments must introduce a cooked meal at mid-day in all government primary schools. [22]

The first mid-day meal programme to be offered by the Akshaya Patra Foundation, which is inspired by ISCKON Bangalore [23] was started in June 2000 in five schools in Bangalore, reaching 1,500 children. At that time there was no such provision in Karnataka. And so, for the first three years, Akshaya Patra launched its operation with the help of its trustees. Today this is the city's largest mid-day meal programme. The sheer scale and complexity of the Akshaya Patra operation is astounding, and reveals the combined power of business acumen, technology, cross-sector partnerships, and razor-sharp management practices.

Using the technical knowledge of its Chairperson Shri Madhu Pandit Dasa (an IIT graduate) Akshaya Patra launched the world's largest centrally managed kitchen. Technologically advanced machines were imported to automate the entire food-making process, thus ensuring efficiency and hygiene. The Department of Food Sciences at the University of Illinois, Urbana-Champaign guided the plan and design of the meals to ensure that they met a child's Recommended Daily Allowance (RDA). A system of vans ensures that these high-quality, balanced meals arrive hot, and on time.

---

[20] *Drèze and Kingdom 2001*

[21] *Drèze and Goyal 2003.*

[22] *Drèze and Goyal 2003.*

[23] *www·iskconbangalore·org*

# EDUCATION – LAYING FOUNDATIONS

## Successes

■ *Robust and wide-spanning partnerships:* The delivery of 1.3 million meals every day would not have been possible without the strong and unique PPP model Akshaya Patra depend on. Akshaya Patra provides management expertise, a vision for a high quality and efficient service and fundraising power while the government facilitates scale and reach through financing a proportion of the service, helping with implementation and providing grain.

Sridhar Venkat, Akshay Patra's CEO, observes that this scale-up and success was possible because of the organisation's mission-minded focus, the fact that it is self-driven rather than donor-driven, the technological innovations, and finally, in "blending the professionalism and efficiency of the corporate sector with the visionary zeal of NGOs."

■ *Funding and resources:* Akshaya Patra today has an annual budget of INR 1 billion, and raises 100% of its capital expenditure; the government supports around 44% of the running costs and the rest are met through donations from individuals and corporates, including Infosys, Biocon, and Bosch.

■ *High impact and reach:* Akshaya Patra's flagship kitchen in Hubli feeds 250,000 people in six hours. The programme has achieved its 10-year target within eight-and-a-half years, reaching 1,291,064 children in 8,258 schools in 18 locations across eight states of India. Today Akshaya Patra has 15 centralised kitchens, all of them ISO22000 certified, with some cooking up to 100,000 meals per day. It aims to reach five million children by 2020.

■ **Demonstrated impact on improving education**: A study titled "Primary Education in West. Bengal and the Mid-day Meal Programme", produced by Amartya Sen's Pratichi (India) Trust in 2004–2005, compared school attendance before and after the introduction of mid-day meals, and found that the attendance had increased across the board. Girls' attendance increased by 10.2% owing to the mid-day meal scheme.[24] A 2006 impact assessment conducted Mumbai by AC Nielsen Org Marg Pvt Ltd reveals that average enrolment in Class I increased by 23.3% during the first year of the programme and overall school attendance by 11.67%.[25]

■ *Equal opportunities:* Akshaya Patra is an equal opportunities employer; it addresses the challenges of gender inequality by ensuring that half of the workforce is women, who are now earning approximately INR 7000–8000 a month against an earlier INR 1,500 a month.

■ *Broadening scope:* Since February 2008, based on a request from the Bruhat Bengaluru Mahanagara Palike (BBMP), Akshaya Patra has expanded its constituency beyond children and schools to providing mid-day meals to 10,315 senior citizens in 74 centres across Bangalore.

[24] http://www.unicef.org/india/education_2891.htm
[25] http://www.akshyapatra.org/ac.nielson.study

# EDUCATION – LAYING FOUNDATIONS

*"Charity should not involve giving excess and leftovers to some children, but rather giving them what all other children would have," says Sridhar Venkat. "True sustainability is achieved when the organisation ceases to exist – else it means that the problem has continued to remain."*



**Case Story 3: Commercial attempts at equity: Deen's Academy and the Indus School**

**Deen's Academy**
**Founded:** 2006
**Summary:** *Deen's Academy* is a private school that offers a variety of different pricing options to widen participation including: scholarships on academic merit, differential pricing, paying by instalment. Children from all walks of life are integrated in the same school and those from less well off backgrounds get help in settling into the school.
**Business model:** *Deen's* is a fee paying school with a cross subsidisation model to allow wider participation.
**Website:** www.deensacademy.com

**Indus School**
**Founded:** *2003*
**Summary:** *The Indus International School* uses a cross subsidisation model to fund Indus International Community School, which provides high quality education for students from under-privileged backgrounds.
**Business model:** *Indus International School* uses cross subsidisation and donations from trusts, corporate and individuals to fund its sister school Indus International Community School.
**Website:** http://www.indusschool.com/

# EDUCATION – LAYING FOUNDATIONS

While the privatisation and increasingly elitist nature of some schools has been much criticised, some schools such as *Deen's Academy* and the I*ndus School* also try to address issues of access and quality education in their own ways.

*Indus,* whose annual fees range from five to seven lakhs accepts only a small number of students every year to maintain its teacher–student ratio of 1:9. But it also has a 50% reservation for girls, and a 10% reservation for differently-abled children. From the fees, it charges INR 5,000/p.a. per student for a fund that subsidises The *Indus International Community School* for the poor, adjacent to the main school. A 600-student school, teachers drawn from the under-privileged community are trained and recruited for the community school. Indus also supports 10 local government schools, a hospital, and tele-medicine facilities for the poor. Located off Sarjapur Road, the school boasts a holistic, value-embedded approach to education, and claims to be the world's only equal-opportunity school.

*Deen's Academy,* on the other hand, has a more integrated approach towards addressing educational inequities. The school offers a differential pricing system that allows access to less privileged children. The differential pricing, based on specific needs, includes subsidisation for high-performing children, payment of fees on a monthly rather than annual basis for salaried or low-income parents, and free education for some children. The pricing structure enjoys the support of a very strong and supportive network of parents who manage the operational costs.

The school recognises the difficulties that children from lower-income families may face when interacting with those from privileged backgrounds. For this reason, these "special children" are treated separately for a period of time during which weekly activities, game hours, and other events facilitate exposure during which interactions lead to friendships. Complete integration happens only when the child's comfort levels and school performance have reached an appropriate level and the management recognises the child's readiness. The main school's strength has increased from 700 to 1,200 students maintaining the same standards of quality.

## Case story 4: IIT Quality Education for All – Bodhbridge or "the Gadget Guru"

**Founded:** 2008
**Summary:** *BodhBridge ESPL* is an educational services company, notably they provide low cost and free high quality online and offline engineering resources to University students.
**Business model:** 95% of *BodhBridge ESPL's* services are free; the remaining 5% that are paid for services support the running of the business.
**Website:** www.BTechGuru.com

*BodhBridge ESPL* runs a highly successful website: **www.btechguru.com.** The website provides free information for engineering students. With links to the National Programme on Technology Enhanced Learning this site is able to give students the option to order dvd copies of NPTEL lecture series for a small fee (each course costs 200 INR). The site also hosts instructional videos and materials on many aspects of engineering, information on studying technology related subjects abroad, how to get an internship or placement and where to start when applying for a job.

# EDUCATION – LAYING FOUNDATIONS

This website bridges a huge gap in tertiary education - it is estimated that approximately four million engineering students graduate every year from about 3,500 colleges across the country but only 300–400 of these colleges have the necessary resources and quality standards. BTechGuru gives many students and institutions access to quality higher education that simply wasn't possible until recently; a student attending a local institution in a rural area can now get access to IIT quality education.

BodhBridge ESPL was founded by two former IIT Chennai students; Balaraju Kondaveeti and A Prashanth Karthick. Their vision is to serve students in higher educational institutions by providing affordable, high quality knowledge based services to catalyse effective and efficient learning.

The 95% of the services that they offer for free are supported by the 5% of services they provide at cost – this is sustainably because the organisation has very low running costs. *BodhBridge* has further aspirations to upscale, Balaraju says:

*"We've already broken even in terms of our business. In order to scale up we will need more paid services and in turn we can provide more free services which will enable us to get advertising revenue in return."*

HEALTH – MAKING IT POSSIBLE FOR ALL
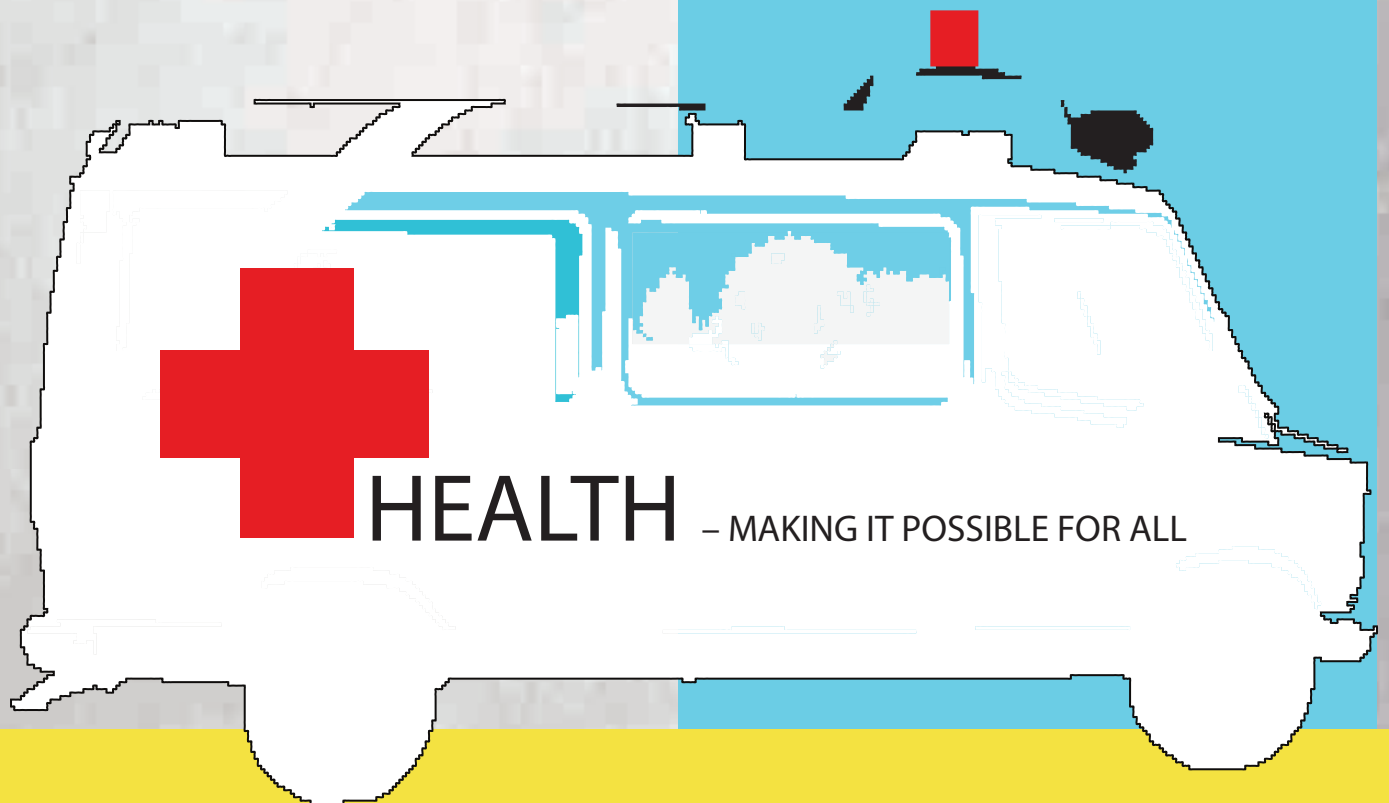
# HEALTH – MAKING IT POSSIBLE FOR ALL

Millions of Indians, mostly poor, are caught in the yawning gap between the country's "India Shining" hyperbole and the devastating realities of an apathetic and broken health system. Only 30% of births take place in a health facility, 80% of children are anaemic, fatal traffic accidents are among the world's highest, and recent years have seen the resurgence of epidemics such as chikengunya and dengue, which have been largely eliminated elsewhere.

Increasing awareness of health issues like as obesity and diabetes among the wealthy have generated an expansion of high-end services. The related commercialisation and privatisation of health care and insurance accounts for 5% of the GDP, and is projected to grow over 14% annually to become a US$280-billion industry by 2020.[26] At the same time, the basic right to health is fast slipping away from the reach of the poor and marginalised.

Bangalore provides a microcosm of this trend, with its medical tourism industry racing to become as high profile as its famed IT sector. Dr Devi Shetty and his Narayana Hrudalaya are well-established international icons in the field of health, along with a host of "wellness" spas fringing the city, which draw NRIs, expatriates, and film stars. Yet, as elsewhere in the country, basic health care remains beyond the reach of the poor and under-privileged who are also subject to numerous illnesses exacerbated by urban factors, such as an unhealthy environment, poor water and sanitation, and air pollution.

Some social enterprise actors are taking heed of these challenges. We profile here six such exemplary and complementary interventions:

- The cross-subsidisation model of **Sparsh Hospital and Foundation** that provides free health care to the poor, especially for children with complex orthopaedic complications. The cross-cutting **108** PPP involving the GVK-Emergency Medication and Response Initiative (EMRI) combined with political commitment, innovation and scale that ensures emergency care for the poor.

- **Vision Unlimited** provides affordable optometric care to the poor and highlights the diversity among social entrepreneurs.

- **Acumen**, a private investment firm that leverages market capital to support social enterprises. The accessibility, affordability, and relevance of inclusive health care remain the key benchmarks for its assessment.

- **Forus**, a private company that develops and markets low-cost health care technology to ensure the democratisation and equity of health care for all.

[26] *Shivender Singh, Director Fortis Health Care, New Indian Express, Feb 27, 2011.*

# HEALTH – MAKING IT POSSIBLE FOR ALL

## Case story 1: Cross-subsidising to ensure health care for all: the Sparsh model

**Founded:** 2006
**Summary:** *Sparsh* Hospital specialises in orthopaedics, accidents, plastic and maxillo facial surgery. It provides world class care and believes good quality health care is a fundamental right and so makes sure many of its services are available to all.
**Business model:** *Sparsh* Hospital uses a variety of methods to finance provision care to poor and underprivileged people; this includes differential pricing structures, health schemes, insurance policies, cross subsidisation and donations to the *Sparsh Foundation*.
**Website:** www.sparshhospital.com

The 400-bed *Sparsh* Hospital was established by Dr. Sharan Patil in 2006 and is a part of the Narayana Health City in Bangalore. A super-specialty hospital for orthopaedics, and plastic and maxillofacial surgery, it aims to provide world-class health care, serving as a centre of excellence to leverage teaching, research, and innovation to ensure health for all. The differential pricing approach for patients in the OPD and ICU units guarantees quality health care for the poor. Schemes and insurance policies play a big role here, as do the economic status of patients and the gravity of each condition.

It is the non-profit arm of the hospital, the *Sparsh Foundation*, which most embodies Dr Sharan Patil's vision. Built on Dr Patil's unerring conviction that health care is a fundamental right, the Foundation provides medical care for the most severe orthopaedic problems even for those with little or no ability to pay. It relies on donations and profits generated from the Sparsh Hospital, hence it is a hybrid model.

Dr Patil hit international headlines in 2007 for a rare and complex 19-hour surgical operation he performed on two-year-old Lakshmi Tatma.

Coming from a poor family in Aria, Bihar, Lakshmi was born with eight limbs. Mobilising world-renowned experts such as paediatric anaesthetist Dr Yohannan John and other health professionals, Dr Patil took on the forbidding challenge of operating on the child. A harrowing 27 hours later, during which television reported the event across the world, the curtains lifted to reveal a "normal" and healthy little Lakshmi, liberated of her affliction and free to claim her place in the sun.

## Five key programmes of the *Sparsh Foundation* include:

- *Hejje Guruthu*, this programme focuses on the early identification and treatment of clubfoot, which is curable if treated at an early age. Started in mid-2008, this programme takes the form of annual "camps" and has already treated 250 children.

- *The Smile Train* provides free treatment to children from low-income groups with cleft lip and palate disfigurement. The programme, which started in 2009, has operated on 380 children to date, and plans to continue doing this on an annual basis.

# HEALTH – MAKING IT POSSIBLE FOR ALL

■ *Telemedicine hub* ensures that real-time medical expertise reaches the remotest corners of Karnataka, where doctors often fail to turn up to the health centres, which have little or no facilities. Plans are underway to expand it across the country in the coming years.

■ *Sparsh Vachana,* launched in 2009, widespread newspaper advertisements inviting poor families whose children had complex musculoskeletal problems to attend a camp in Bangalore for free diagnosis and treatment. Dr Patil mobilised 30 super-specialty doctors from across the globe to volunteer their services. After a few days of free post-operative care and rehabilitation, 200 children and their families were given a new lease of life. The Foundation plans to do this every year and spread the initiative across the country.

■ *Guru Namana* is aimed at retired teachers (an underpaid and neglected group) who suffer from severe age-related health problems such as arthritis.

Recognizing Dr Patil's stellar contribution to human life, a range of awards have been conferred on him: the prestigious Karnataka Rajyotsava Award; the CNN-IBN Indian of the Year Award for Public Service; the Suvarna Kannada Rajyotsava Prashasthi from the Karnataka Cultural Academy; and the Belli Chukki-2007 from the Karnataka Prathibhavardhaka Academy, to name only a few.

## Challenges

Dr Patil regards some of the key challenges as being the governance of health care, especially in a state system rife with bureaucracy and corruption. He also believes that while research and development are important,ensuring that the benefits of health technologies and advancements reach the maximum number of people is the real imperative. *"Our efforts are only symbolic, a drop in the ocean."*

## Kicking the business out of health

Dr Sharan Patil's Sparsh Foundation is founded on his firm belief that health is a human right. Hard work, educational qualifications, and sheer good luck can confer monetary rewards but health *"is a fundamental birthright. Regardless of your wealth or station in life everyone has an equal right to get the same quality of care anywhere in the world."*

*"For many reasons – especially business interests – unfortunately we have created a situation where there is a huge difference between the health care available to a rich person and a poor person. This is not necessary. We must simply kick hard-core business out of the zone of health, and say that healthcare has to be equal for everyone. At the moment it looks like a very distant dream, but it need not be like that."*

So who should take responsibility? *"Everybody needs to come together for this. Good health care is everyone's birthright. Unfortunately, the advancement of health care is an endless process. In the name of research and development, of wanting to live forever, we invent health technologies and processes that are increasingly expensive, catering only to a negligible percentage of the population. e.g. techniques to diagnose heart attacks that may occur 20 years later! Instead, we need to invest time and energy to provide low-cost quality health care to the maximum number of people, people who cannot access even basic quality health care."*

**Is it because health has become privatised, a business, with the state handing over healthcare to the private sector?**

*"There are many reasons for this. The advancement of medical science means that most people in large parts of the world don't even get the benefits of existing medical knowledge. For example, in 1964, an arthritis treatment procedure was developed to replace joints, and yet almost 50 years later most people go untreated because of the prohibitive costs. So what's the use of it? Health care must reach the maximum number of people possible. What we are doing is too small to touch the huge numbers of the population – it is only symbolic. Health care, as it exists in Sparsh, at the moment, is cross-subsidised – that's the only way to work. We treat somebody in a private deluxe room, and use that payment to cross-subsidise someone in a general ward. But that's not good enough to take us towards the goal of ensuring universal health care for all. Cost is the main obstacle to health equity."*

**Case story 2: Fast-tracking equity in health: the 108 Emergency Service**

**Founded:** 2005 in Andra Pradesh, 2008 in Karnataka
Summary: *108* is a successful partnership between GVK EMRI and the government to provide a reliable and highly skilled ambulance service.
**Business model:** 95% government and National Rural Health Mission (NRHM) budgets funded, 5% funded by and private donations
**Website:** www.emri.in

"If a pizza can be delivered within 15 minutes, why not emergency health care that can save thousands of lives?" The question demands a response given that four million lives are lost every year in India, simply due to lack of an effective system to respond to pregnancy complications, cardiac arrests, and accidents. Almost 80% of these deaths occur within the first hour because of the lack of access to health services. Needless to say, most of these fatalities are among those already poor and marginalised.

The GVK-Emergency Management and Research Initiative (GVK-EMRI) works in conjunction with the government to provide *108*; a toll-free number for emergency services that has had a dramatic impact on thousands of lives.  The GVK-EMRI rests on a PPP model, with the state underwriting 95% of the cost through its health and NRHM budgets, private donations (from corporate bodies, NGOs and individuals) and GVK cover the final 5%. Increasingly, the state is beginning to underwrite the entire cost and the wider contribution is declining.

This mammoth operation originated in the desire of Satyam (now Mahindra Satyam) to contribute to the social good through a high-impact intervention in a much-neglected domain. Emergency medical care was clearly a major unmet   need. Visits to the USA and Europe were made by senior management of Satyam to study the 911 emergency- response system and to adapt it to Indian conditions. This resulted in the establishment in 2005 of EMRI, followed by a public private partnership agreement with the Andhra Pradesh government this gave *108* its first big opportunity and was popular move for the Government of Andra Pradesh. In November 2008, *108* began in Karnataka.

# HEALTH – MAKING IT POSSIBLE FOR ALL

In a matter of five years, the state-of-the-art emergency service was provided in over 10 states, the only professional service of its kind in India, handling medical, fire, and police emergencies. In 2009 Mahindra Satyam was no longer able to support the partnership and so was replaced by GVK.

*108* estimates that the high death rates in India are due to the absence of the 4As: Access to a universal toll free number; Availability of a life-saving ambulance; Affectionate care by trained paramedics; Affordability. *108* is a 100% free service to the patient, and it aims to respond to 30 million emergencies and save one million lives by 2011.

**108 in Karnataka**
Karnataka's *108* now has 517 ambulances, 66 dedicated to Bangalore and the rest at district headquarters. The clockwork precision defining its operations rivals those anywhere in the world. The emergency operations consist of three parts:

- Sense (the communications facility quickly establishes the location of the emergency)

- Reach (gets help to the victim)

- Care (provides professional care)

When someone dials the toll-free *108*, the call is directed from the central server to the office in Bangalore's Rajajinagar. The details are quickly conveyed to the ambulance closest to the emergency (typically 10 minutes in urban areas, 20 minutes in rural India). There is two staff on board, including a paramedic who administers emergency care. If necessary, the paramedic is guided via phone by a team of doctors at the emergency call centre.

The patient is admitted to the nearest appropriate health facility, most often state-run, for complete and free treatment. The entire process is transparent, and every detail, including telephone calls, is recorded.

## Impact

The sheer magnitude of *108's* rapid expansion in India is nothing short of a miracle, given the country's indifference to the rural population. *108* has reached over 372 million poor people across 10 states in India; and its 2,626 ambulances make up to five trips a day. Bangalore alone handles over 11,500 emergency calls a day from across Karnataka.

## Reaching the poorest of the poor

Most emergency calls are from rural areas, where the absence of health and transport facilities renders the victims highly vulnerable. *108's* monitoring data reveal that 34% of calls relate to pregnancy/childbirth complications, 17% from road accidents, and 14% from acute abdominal diseases. Cardiac problems, respiratory disorders, suicide attempts, and animal bites account for the remaining calls. In all, over 300 lives are saved in a typical day, and the service has resulted in a 20% – 25% reduction of maternal mortality – no mean achievement, given that India has among the world's highest maternal mortality rates.

*108* has also been a huge employment-generator, boasting over 16, 477 associates and providing professional training and recruitment for 38,574 paramedics, and thousands more as emergency medical technicians, ambulance drivers, call takers, and dispatchers. The income-generation and poverty-alleviation impacts of the service are as noteworthy.

# HEALTH – MAKING IT POSSIBLE FOR ALL

The service is also of high quality, with 91% of the calls answered on the first ring. This has had the even more significant, and perhaps unintended, impact of contributing to a positive shift in public perception of a much-reviled state health system and its services. In addition, admission into state health facilities through *108* puts the state health system in the public and media eye, increasing public pressure and accountability.

More intangible, but equally crucial, is the high sense of gratification and pride among the organisation's staff – the very raison-d'être for a social enterprise, for which there is probably no substitute. His eyes shining with pride, 38-year-old Bhima, a paramedic, says, "Given pregnancy-related complications, many children are born in the ambulance itself, before we can get them to a hospital… One of them was named after me." An estimated 8,000 babies have been born in *108* ambulances.

How has *108* managed to achieve such a huge impact? One doesn't need to go far to find the answers.

**108's partnership model is robust and wide**: bringing together, government (including police, fire, health, and telecom departments), service providers such as hospitals,blood banks, ambulances, telecom, and international private corporations (Singapore Health Services and Geomed) and academic institutions such as Stanford University, California, USA. An independent agreement with each partner ensures strong governance, high standards, and clear lines of accountability.

**An integrated approach:** the universal toll-free number provides integrated services catering to all forms of emergency – medical, fire, police – similar to the international 911 or 112.

**Research-driven** emergency medication and management, and a rigorous monitoring and auditing system that quickly identifies and corrects bottlenecks, ensure that the service meets its promise.

**Transparency and accountability** are in-built, with monthly reports submitted to the Health Minister, and quarterly reports to the Chief Minister. Innovation and integration of IT at every step is crucial to its efficiency – ambulances are continuously tracked through a GIS/GPS system, and paramedics providing primary emergency care receive online help from their affiliated hospitals.

**Scalable and replicable:** The Mahendra Satyam software underpinning the whole system is available for free use by other EMRI, facilitating its scale-up and replication.

In an in-depth interview, Dr Sudhakar Varanasi, Former CEO of 108 and Vice President of *Satyam*, sheds light on his experience with *108* of implementing a successful large scale social project using multiple partners.

Role of government, and learning to work with them: *"We need to go beyond condemning the government, and civil society and the private sector need to demonstrate innovative approaches to solving our social problems. We need to marry the passion and professionalism of the private sector and the power and reach of the government to have a win-win situation. The time is ripe; politicians have recognised that good development is good politics, as is evident in states such as Bihar and Gujarat. The private sector, media, and intellectuals must advocate and lead this change, to think differently about, and within, the government. If the private sector shows the way by transparent innovative approach to solve some of the tough problems, partnership with the government can result in phenomenal success, scale and impact."*

Sense of pride and inspiration: *"I believe that if you help one individual in an emergency and save a life in a life-and-death situation, you will be a transformed person. We generated a sense of such a pride in thousands of our employees, and it is this quality that stands us in good stead with all our EMRI staff."*

Confidence in tackling internal problems: *"This project has given us the tremendous satisfaction that we were able to address a very strong need. Earlier, the tendency in India was to look for solutions from the West to solve our problems. I believe the 108 project will provide the positive impetus for similar large-scale projects in developing countries."*

Scalability: *"India is a big country, the problems are big so the solutions have to be big too. We need to take a 'systems' approach and solve the problems on a large scale. Sustainability and scalability are related – a project is not scalable unless it is sustainable. We* ensured

*that in this project, and we succeeded in scaling beyond our expectations in a short time."*

High quality of service and innovation: *"We had set ourselves the goal of providing a top-class service and did not compromise on quality with the standard excuse that we are a poor developing country. This can be seen in the ambulance design, the quality of training in emergency medical services (from Stanford University emergency medical treatment group). At each step in our journey, innovation was a top criterion – innovation in processes, technology, and the care provided at the emergency site and later. We also brought innovations in branding and advertising. We improved this service by not only adapting it to the Indian conditions, but also ensuring innovation in hundreds of ways. This has helped us immensely in the scale up."*

## Challenges

The biggest early challenge *108* faced was government scepticism that such a lightning-speed response to emergency situations was possible, and their reluctance to provide a single universal toll-free number.

*"These were gradually addressed through sheer persistence and advocacy, and demonstrating that if it was possible in other countries such as the USA, it could be a reality in India as well. What would further strengthen its reach and impact is greater government support in executing additional facilities, expanding resources through government and corporate support, and increasing awareness of '108' and its services through communication campaigns."*

# HEALTH – MAKING IT POSSIBLE FOR ALL

Dr Padhmanabh Reddy, CEO of the *NICE Foundation* in Hyderabad, says: *"108's contribution is invaluable as it reduces deaths in hospitals. Most of the deaths happen with an hour of admission. Likewise '108' has incorporated new technologies like GPS and GIS that are accessible from any land line or mobile."* The challenge is now to make 108 pan-Indian so that it reaches the remotest corners of every state.

## Case Story 3: Forus Health – providing low-cost health products to the poor

**Founded:** 2010
**Summary:** *Forus* develops innovative solutions and products for health care in the developing world, including an easy to operate eye scanning device that detects the 5 eye diseases that cause 90% of blindness.
**Business model:** for profit social enterprise with a number of investors.
**Website:** www.forushealth.com

Inspired by the vision and phenomenal success of the *Arvind Eye Care Foundation*, in January 2010 *Forus Health Pvt Ltd* was started up by Passionate Technologies in Bangalore. Its mission, as its name suggests (For-us) is to democratise access to health care. It focuses on using low-cost health technology for developing world-class health products, and innovative and affordable health-care solutions, while also protecting stakeholder interests through sustainable business. In particular it focuses on reaching the poor and treating avoidable health problems such as diabetes and cataract-related blindness.

In the first year of operation, *Forus Health* focused on eye care. It has developed a simple, low-cost screening device, 3nethra, that can automatically detect a range of eye problems including cataract and diabetic retina, even in the absence of an ophthalmologist. Because a minimally trained community technician can operate the device, it provides local employment. The device can be linked via the Internet to specialists anywhere, thus providing telemedicine facilities for those in remote areas where there are few health facilities and specialists. *Forus Health* plans to sell the device to hospitals, and get the buy-in from doctors who could become partners for further treatment of these patients.

The 3nethra is now installed in 10 facilities and a further 30 are being tested in different locations including in commercial hospitals. In the next year, the company aims to generate uptake of the device by expanding its outreach through self-help groups and the differently-abled. An innovative effort by the social enterprise, *Forus*, demonstrates that this is a sound model that ensures access, affordability, and scale, and is a based on a range of partnerships: the Centre for Electronics Design and Technology (IISc Bangalore) for research and development of electronics used in its products, and other private-sector companies like Mecal[27] for optics research and development, for manufacturing Hical Technologies Pvt. Ltd [28] and for industrial design Icarus .[29]

## Case Story 4 : Vision Unlimited

**Founded:** 2009
**Summary:** *Vision Unlimited* provides optometric care to low income families
**Business model:** for profit – services for a small cost, *Vision Unlimited* has also been supported by some philanthropists to buy equipment and scale up.
**Website:** none

---

[27] *www.mecal.eu*

[28] *www.hical.com*

[29] *www.icarus.co.in*

# HEALTH – MAKING IT POSSIBLE FOR ALL

Much like the previous case story, Vision Unlimited is a provider of optometric care for the poor.  However, there are some interesting differences which highlight the diversity in social business and consequently dispel the idea that social entrepreneurs can be supported and nurtured by one size fits all programmes or investors. FORUS was set up by a group of highly educated, well connected, english speaking IT-savvy graduates, whereas Vision Unlimited was conceived and built by one man from humble roots, a feel for business and an interest in helping people.

Watching a few men in white coats conducting an eye camp in Village Padavedu in Tamil Nadu caught the imagination of a 14-year-old boy Shivakumar, and he was inspired to start a successful and caring business in optometry.

## Case story 5: Acumen's game-changing venture: mobilising markets for equity in health

**Founded:** 2001
**Summary:** *Acumen Fund* is a non-profit global venture fund that uses entrepreneurial approaches to solve the problems of global poverty.
**Business model:** *Acumen* is a not-for-profit investment fund, funding businesses that address the needs of the poor and marginalised in developing countries.
**Website:** www.acumenfund.org

A radical departure from conventional responses to health has been the gradual entry of global non-profit and for-profit investment funds looking to support the social sector. *Acumen* Fund, founded in 2001, has invested more than US$50 million in businesses serving the poor. With co-investors, *Acumen* Fund estimates a total financial leverage of more than US$140 million to date.

*Acumen* Fund started investing in India in 2002, opening an office in 2005. With more than US$22 million under management across 12 active companies, it is one of the oldest and most influential investment portfolios in India. As in the other countries in which it works, *Acumen's* India strategy is based on improving the lives of the poor by investing in businesses that deliver crucial and affordable goods and services.

Its portfolio has already started to demonstrate the huge possibility of scale and impact on poverty. For example, in 2008, *Acumen Fund* invested in the Pushpagiri Vitreo Retina Institute (PVRI), located in Secunderabad, Andhra Pradesh. The existing hospital serves thousands of patients a year and reaches deep into  rural areas with its first-class eye-camp model. *Acumen's* investment will help PVRI build two additional hospitals  the three together will have capacity to serve more than 50% of the eye-care needs of Andhra Pradesh. Another eye-care example is VisionSpring, which develops inexpensive spectacles for the poor; its India operation has sold over one hundred thousand spectacles through its "Vision Entrepreneurs" – local women who are trained by VisionSpring to test vision and sell reading glasses to those in need, while referring more serious cases to affiliated eye hospitals.

In 2007, *Acumen* Fund also invested in Ziqitza Healthcare, more commonly known as Dial 1298 for Ambulance. In this case, a group of professionals banded together to fill the need for affordable, professional emergency medical services. From just 10 ambulances in 2005, the company had more than 400 on the road by 2011 and, mostly through government contracts, plans to have 1,000 ambulances within the next three years in Maharashtra, Bihar, Kerala, Punjab, and Rajasthan. A private player, Ziqitza/1298 demonstrates the need – and the potential – for scale that exists for such an emergency services firm, whether as a fee-charging service or a contractor providing first-class service under the 108 model, in many cases taking over from underperforming contractors who came before them.

## SOCHARA

**Founded:** 1984
**Summary:** *SOCHARA*
**Business Model:** grant and donation dependent NGO.
**Website**: www.sochara.org

In the evolving landscape of health care in India it is essential to talk about what the people are calling for, whether they are individuals or organisations, these voices set the framework for establishing the success of health services, policies and interventions. *SOCHARA* is an organisation that has been promoting community inclusion and action in health for more than 20 years and their case story helps us to understand how the landscape is changing, what is driving some of the changes in health provision and what the key stakeholders in health, the people, are demanding.

*Society for Community Health Awareness, Research and Action (SOCHARA)* works to enable communities to exercise their responsibility to health and demand health care as a right.  The Society grew out of an experimental project called the Community Health Cell (CHC) which was initiated in 1984, CHC, in 1991 *SOCHARA* was registered as a society and CHC remains the functional unit.

*SOCHARA is a Community Health knowledge centre, think tank and activist organisation.  Their core principle is to enable people to exercise collectively their responsibility to their own health and to demand health as their right. This approach means increasing the individual's, the family's and the community's autonomy over health and the structures that make good health possible.  SOCHARA's remit is broad and necessitates that they influence at many levels, the society has six core strands to its work which encompasses education and community building at the household level to driving change at a global level, through participation in worldwide research and advocacy with global organisations like the WHO.  We look at the three of these strands of work that illustrate the organisations influence in the field of health but also the participation of the community.*

**Creating awareness regarding the principles and practice of community health**

*SOCHARA have changed the way people think about health provision through sharing their knowledge and research with other associations, networks, community groups, people's groups and trade unions, they have kept the issues core to Community Health at the fore of the health provision narrative by writing and editing newsletters, organising and attending national and international conferences, and sitting on committees for public health like Jan Swasthya Abhiyan (Indian chapter of the people's health movement).*

**Promoting and supporting community health action**

*SOCHARA have catalysed and supported a range of community health campaigns, from playing a major role in advocacy around tobacco control, to evolving a community based initiative for alcohol control in urban slums of Bangalore, to facilitating a pilot project of community monitoring and planning under the National Rural Health Mission (NRHM). This project, run by two young people on SOCHARA's fellowship programme, has introduced the idea of shared responsibility for health to 446 villages in Tamil Nadu in a four stage process:*

**1** **Building awareness of health rights and what the NRHM guarantees**

**2** *Creating understanding of the current system – de-mystifying, introducing the idea that individuals' problems within health care provision are part of a larger trend, going beyond the victim/perpetrator model of interaction with health care providers.*

**3** *Creating a feedback route and an open forum to discuss service gaps – getting all parties to understand the other's points of view*

**4** *Planning to reduce the gaps – as people and health providers gain trust they can find shared solutions and improvements*

*The project centres on shared understanding and support of community health and the governments mission on rural health, key to this is the creation of village health and sanitation committees which are mandated by the NRHM but communities needed some further support and guidance to bring these to fruition. This project has reached at least 170,000 people and has successfully worked with the government's mission allowing much broader change, reach and scalability.*

*Integrated State Health Policy that is committed to the principles of primary health care and public health in both Karnataka and Orissa. They are a co-initiator of Advocacy Circle of the People's Health Movement which advocated people centred issues with the WHO at their annual assemblies and members have been on various national government task forces and committees*

*There are still significant obstacles to community health, SOCHARA highlights that the extreme monetisation of the current health care arena is a huge challenge to the right to universal access, affordability and participation; even in the examples included in this report the prospect of universality is a long way away.*
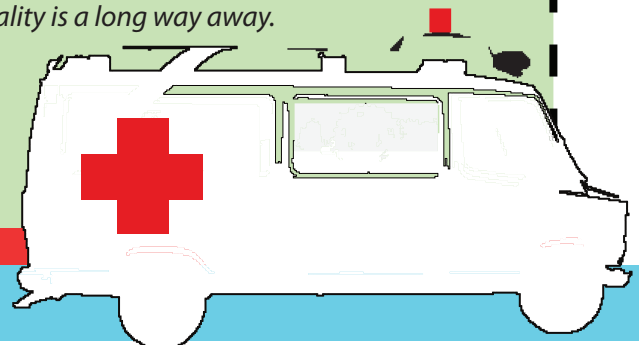
# IT INFORMATION TECHNOLOGY
### POWER TO THE PEOPLE

# INFORMATION TECHNOLOGY – POWER TO THE PEOPLE

In 1997 the Government of Karnataka announced an Information Technology (IT) policy, making Karnataka the first state in India to have an officially articulated and supported policy on this issue. It is this proactive role of the state government that has helped Bangalore gain a competitive edge over other cities, leading to its nickname as the Silicon Valley of India.

By 2008–2009, software exports from Karnataka were valued at INR 74,929 crore, with an industry that employed 540,000 people in the IT/ITES sector.[30] The IT industry has increased its contribution to the country's GDP from 1.2% in 1997–1998 to 7% in 2008. As the face of India's knowledge industry, the IT sector has grown extremely quickly, and is now so visible that it has influence on central government policy. The state of Karnataka now has a separate ministry for IT and BT (Bio-tech).

A NASSCOM [31] report indicates that "the IT-BPO sector has become one of the most significant growth catalysts for the Indian economy" and is having a positive impact on people's lives through "active direct and indirect contribution to the various socio-economic parameters such as employment, standard of living and diversity among others." The report also observes that the industry has played a significant role in transforming India's image from a slow-moving bureaucratic economy to a land of innovative entrepreneurs and a global player in providing world-class technology solutions and business services. The industry has helped India transform from a rural agricultural economy to one that is based on knowledge.

Greenpeace notes in its Cool IT campaign[32] that WIPRO is one of the key Indian IT companies showing leadership in the arena of climate change and sustainability. Though ranked 38 on the leadership board (a ranking of global IT companies), WIPRO gets positive remarks from Greenpeace for demonstrating "important leadership in an Indian context for directly engaging with the Prime Minister office by articulating on the potential of IT solutions on the issue of climate change and policies needed to drive IT-related green tech deployment in India". WIPRO joins the Greenpeace's Cool IT Leader board in Version 4, representing the first of what may well be several major Indian IT brands to be evaluated among global IT leaders on climate and energy solutions.

Unfortunately, WIPRO is the exception that proves the rule, with several long-term city-based social organisations and activists critiquing the limited role of the IT sector in tackling the problems of the burgeoning city. The stories below illustrate some noteworthy examples of IT companies that have creatively combined social vision and business.

The study deliberately explored lesser known names and smaller IT entrepreneurs rather than the industry giants. Their stories reveal that IT is being used in social and business models to address health, education, and even mobility concerns. The focus on inclusiveness in an otherwise profit-based capitalist industry makes a refreshing change. Professor Peter Senge argues, in his foreword to the book The Responsibility Revolution, "The Responsibility Revolution is about more than cutting carbon, reducing energy use, monitoring factories, or donating to charities. It is about re-imagining companies from within, innovating new ways of working, instilling a new logic of competing, identifying new possibilities for leading and redefining the very purpose of businesses." [33]

---

[30] *http://www.karnataka.com/industry/software*
[31] *The National Association of Software and Services Companies. www.nasscom.in*
[32] *Cool Tech: Driving Clean Technological Revolution. India Briefing Paper 2010.*
[33] *Peter M. Senge in his Foreword to Holllender and Breen The Responsibility Revolution .*

# INFORMATION TECHNOLOGY – POWER TO THE PEOPLE

**The case stories below capture the essence of that new spirit, of redefining ways of doing business.**

- **Vindhya Infomedia Pvt Ltd:** an equal opportunities BPO actively looking to employ differently-abled people.

- **Comat:** a company providing rural business centres in partnership with the government.

- **Co-Option Technologies:** a social enterprise bringing farmers' cooperatives and lenders together with the help of technology; giving rural areas better access to affordable credit.

- **Initiatives for Development Foundation**: an organisation founded by former bankers that is working with the government and communities to build rural business centres that are self sustaining.

- **Rang De:** a company that is bringing private investors and small businesses together through a website; revolutionising microcredit.

- **eFarm** (formerly Match Box Solutions): an enterprise that has used technology to match supply with demand in food production, optimising the food supply chain, which reduces wastage and gives farmers and consumers a better price.

## Case story 1: Providing opportunities for the differently-abled – Vindhya-Infomedia Pvt Ltd [34]

**Founded:** 2006
**Summary:** *Vindhya Infomedia* is a business process outsourcing (BPO) company with high standards and large clients, the company has an inclusive employment policy and two thirds of the staff is differently-abled.
**Business model:** *Vindhya Infomedia* is a profit driven company that supports many orgainsations with their business processing needs.
**Website:** www.vindhyainfo.com

*"As I entered the reception area, I was warmly welcomed by Srinath and was about to extend my hand for a handshake when I realised he had just two stubs for hands. Quickly noting my confusion and discomfort, Srinath smiled and explained, "I lost them while working on a construction site. The metal pole I was carrying got stuck to a high-tension wire and my hands were fully burnt." He added, "I cannot work on computers, but I can do many other tasks."*

Twenty-six-year-old Pavithra Ashok, who started *Vindhya Infomedia* along with her husband Ashok Giri, describes their mission in an engaging and matter-of-fact manner. *"We are in the IT/BPO industry and we made it our business to employ those who are differently-abled, particularly women coming from deprived communities."*

# INFORMATION TECHNOLOGY – POWER TO THE PEOPLE

Pavitra and Ashok are in many ways rewriting the way business, especially IT business, is done in this city. Yet, what's striking is their modesty: *"It is simple. It is our way of giving back to the society what we have gained from the company. We are a strong, innovative team with a negligible attrition rate, and hence more sustainable too,"* says Pavithra.

Established in 2006 as a small company they have carved an enviable place and profile in both local and global markets. The collection of awards in the front office is testimony to the arrival of this fighting-fit company. *"More than 90% of our team is differently-abled but qualified. We spend quality time in induction and skills-building. We also make extra efforts to reach the unreached through many ways of recruitment,"* explains Pavithra. The management team often organises job-fairs in small towns to inform and attract women living with a disability.

## Sunitha's story

*"I read in the paper that there was a recruitment drive in my town, Shimoga. My mother is a wage labourer and my father is no more. I have schooling and some knowledge of computers. During the interview they asked many questions about my skills and knowledge. I now live here in the city, in a small place. I had training for 15 days and I picked up data-entry, typing, and computer skills.*
*I am so happy; my mother is ever so proud about what I have achieved. I earn 5500 rupee per month. That may be small for others but not for me. I am now able to help and encourage others to work."* Sunitha has been working now for three years, and communicates confidently even in front of the camera.*

With clients ranging from Yahoo to local Microfinance Institutions the company is witnessing annual growth of over 80%, sometimes even 100% and is today worth INR 2.5 crores.

Vindhya has helped people to fulfil dreams they thought were unattainable. Take the example of 30-year-old Javeriah. *"I had attended a Chief Minister's event and submitted an appeal stating that even though I have managed to complete a degree I have been unemployed for years. They asked me to approach Vindhya, so here I am, three years later, a Team Leader managing 30 staff."* Javeraih has learned to use a computer and other job-related skills such as understanding and managing large teams. Right through the discussion he multi-tasked, responding to my questions and simultaneously providing instructions and directions to his team. Talking about the seminal value of building self-confidence among the differently-abled, he notes, *"You need someone like Vindhya to understand, care and believe in our ability so that we do not give up."*

Never giving up, not compromising on quality and staff development are the three critical factors that have helped Vindhya overcome many hurdles. For example, for several months in 2006–2007 the staff had to go without salaries, employees were accommodated in spare rooms, and Pavithra cooked the food. Realising the difficulties, the employees said, *"Give us one meal, that will do."* Limited team size was another constraint, as was the fact that Ashok and Pavithra were both first-generation entrepreneurs with little prior experience.

The company believes that it can scale up and many have approached the pair to help to establish similar companies. Vindhya has advised on how to recruit,

enable, and nurture staff from truly marginalised groups. *"People call us and invite us to many social enterprise events but we are actually a full-fledged business. We have crafted a process that integrates fundamental social challenges that our society faces and that is our unique selling point."*

## Case Story 2: Comat Technologies (P) Ltd – democratising technology

**Founded:** 1996
**Summary:** *Comat* provides rural areas with business centres which give communities easy access to information like the availability of government benefits, simple banking arrangements and insurance.
**Business model:** for profit model with some public funds supporting the service.
**Website:** www.comat.com

*Comat Technologies* is an IT company in Bangalore which provides rural Indians with access to essential information and transformational services. The company has a network of over 2,000 Rural Business Centres (RBCs) across 50,000 villages in five Indian states, reaching 10 million rural people in various ways. The company also provides training, education, and financial services directly to rural citizens.

This has profound implications for the poor and marginalised, and who are unable to benefit from existing government schemes and services designed to assist them due to lack of access to the relevant documents, and a bureaucratic process riddled with delays and corruption. The documents include citizen records and government entitlements, employment training and job creation, supplementary educational services, and formal financial and insurance services.

Ravi Rangan established *Comat* in 1996 shortly after he completed his degree in computer science. The company has successfully merged profitability with social welfare. The business model is oriented towards the economic development of underserved markets, by providing information about services such as employment training, job creation, financial inclusion, and essential government services. It has attained leadership in an unusual area of business by successfully mapping the needs of India's rural population and efficiently responding to these through a network of RBCs.

*Comat* is a venture and private equity-funded organisation, Omidyar Network, Unitus Equity Fund, Avigo, and ENAM are some of the key investors. In setting up rural business centres *Comat* has worked in partnership with the government, with the government also meeting some costs. *Comat's* success is marked by an enduring set of corporate values that emphasise innovation, collaboration, perseverance, integrity, leadership, and corporate citizenship.

Ravi says: *"I was better at making things with my hands than at academics, so when the offer came for us to provide hardware and software for the defence department I jumped at it. "In the process I gained experience in  in running*

and ENAM are some of the key investors. In setting up rural business centres *Comat* has worked in partnership with the government, with the government also meeting some costs. *Comat's* success is marked by an enduring set of corporate values that emphasise innovation, collaboration, perseverance, integrity, leadership, and corporate citizenship.

Ravi says: *"I was better at making things with my hands than at academics, so when the offer came for us to provide hardware and software for the defence department I jumped at it. "In the process I gained experience in running a business and managing a team as well."* This mix of hardware and software development took the company through its early journey to what it is today. *Comat* now employs more than 3,000 people combining the commercial (standard outsourcing but providing service within the country) and working with government programmes and schemes such as Bhoomi and the Unique Identity Programme.

In December 2008, *Comat* won the first-ever Legatum FORTUNE Technology Prize, an award that recognises for-profit enterprises whose application of technology solutions fosters social and economic growth and dramatically improves the lives of poor people.

*Comat's* work in various Indian languages was also important in Karnataka.

Ravi believes that there are at least two distinct strands in the IT industry that have made a significant impact. The first includes the big names with 10–15 years experience working with multinationals and setting up new brands. The second includes those like himself, much younger, with new ideas and great passion, prepared to take risks. In establishing *Comat*, he wanted to do something socially relevant but financially sustainable, a true social enterprise.

But despite something as spectacular as the Bhoomi project – which today at least 50,000 rural Indians use – the business is struggling to stay afloat. Losses have piled up because the government, despite good intentions, has not honoured its commitment. Ravi says that in order for the project to continue the revenue model needs to change without losing its core social objectives.

Ravi stepped down as CEO of *Comat* a few years ago, but as a Vice Chairman has he is actively looking for potential owners who will introduce new approaches. New and better legislation now exists that can help the Rural Business Centres, the basis of *Comat's* service delivery in the rural areas. For example, relaxed banking regulations mean that kiosks can handle transactions. *Comat* can also benefit from web-based education using software developed by Azim Premji Foundation. Similarly, organisations such as Initiatives for Development have developed new platforms that deliver systems for the rural poor, which are based on learning from previous experience; they are also trying out new partnerships that can build sustainability and scale.

# INFORMATION TECHNOLOGY – POWER TO THE PEOPLE

## Open Source – digital divide and hope

Behind the plush IBM offices and the luxurious Sobha Apartments Housing Complex on the Bannerghatta Road, Bangalore, is a jammed-up street where 400 Dalit households have lived for more than 40 years.

A group of young women and teenage girls are slowly but surely overcoming the digital divide. Enabled by technology-savvy IT professionals from the Association for India's Development [35] (AID), who believe in the Open Source movement,[36] AID provides education scholarships to these young women – and some men – to learn computer operating and networking from its small dingy room called Ameddhkar centre. "In our community, we have just one woman who is finally an IT graduate – at the age of 40, but there will be many more of us soon", says 20-year-old Saraswathi, the group's informal leader.

Mani, in his early twenties, is paralysed from the waist down, but he says: "*I am now a full-fledged computer artist and gain some money from it.*" He regrets the fact that his sister sacrificed her own schooling to carry him on her back. The impact of AID's work is there for all to see – difficult, but gradual and positive, demonstrating the potential that can be unleashed through ideas, commitment, and resources. *"It is not just about education or becoming computer-savvy and being able to network. It is the fact that these young women have broken so many barriers – poverty, caste, gender, and generation, to name a few,"* says Lavanya Devadas, an AID volunteer.

## Scalable solutions and seemingly insoluble problems – Co-Options Technologies, Hyderabad



**Founded:** 1999
**Summary:** *Co-options* brings rural farming communities and banking and insurance companies together using ICT to give farmers better access to credit and banks access to new markets.
**Business Model:** *Co-Options Technologies* is a commercial enterprise and sells its solutions to other businesses, it has also had investment from a private investment firm called Nadathur Holdings. They have worked in partnership with the Government of Andra Pradesh and a variety of banks for the Rural Credit Management scheme.
**Website:** www.cooptionstech.com

[35] *Association for India's Development (AID) is a volunteer movement promoting sustainable, equitable, and just development. AID supports grassroots organisations in India and initiates efforts in various interconnected spheres such as agriculture, energy, education, health, livelihoods, natural resources including land and water, women s empowerment, and social justice.*

[36] *Open Source is a movement that believes in making software available and free for all.*

## INFORMATION TECHNOLOGY – POWER TO THE PEOPLE

*Co-Options* Technologies was founded on a group of friends' wish to make life better for India's rural communities.  Subhramaniyam and his friends set up the company in April 1999 having identified one of the key problems for India's farmers: access to credit.

Access to credit has been persistently complicated for farmers, where a farmer can get credit from reputable sources it often takes a long time to receive the money and the amount awarded often a fraction of what they need, where these sources can't meet their needs they have to turn to money lenders that charge exorbitant rates of interest.  *Co-Options'* vision is to change the face of rural India by giving people access to credit at market rates.

*Co-Options'* solution puts Primary Agricultural Cooperatives (PACs) at the heart of their model, making already trusted and easily accessible institutions hubs for business, knowledge, finance and supply chain expertise by using ICT.   In partnership with the Government of Andra Pradesh Co-Options initially rolled out this solution to selected PACs in four districts in Andra Pradesh.

To make this transformation *Co-Option* trained PAC staff, computerised their offices and digitised records, they then equipped the cooperatives with software to connect directly with financial institutions like banks and insurance companies.  *Co-Option* bears the cost of the work with PACs and charges partners a fee to enter the scheme, *Co-Option* also shares in the revenues of services availed by members of the PACs.

Once a PAC is converted to a business hub their members are able to reach finance, credit and insurance partners with ease.  For instance when making a loan application to a commercial bank the member just needs to visit their local PAC office, the bank will receive an accurate and full application almost instantly this means they can make an informed decisions promptly, and the member is more likely to get their loan approved for the full amount at a reasonable rate of interest and the time between application and fulfilment is reduced.

In the first stage of the project *Co-Option* worked with 35 to 40 PACs in each district making banking, credit and insurance services available to 5 lakh farmers. The enterprise has resulted in many benefits for both partners and farmers; the lending cycle has been reduced from 6 weeks to 4 days, there has been a doubling of turnover for these cooperatives, the accounting practices of PACs have been scrutinised and they now all meet accounting standards, partners have access to new markets.

*CoOptions* has taken advantage of the autonomy of the PACS and is scaling-up this scheme to cover 2,750 PACS in 23 districts covering 1 crore (10 Million) farmer members on an exclusive 10 year contract with the Government of Andra Pradesh – they aim to do this over the next couple of years.  .

 *"Social transformation requires overcoming inertia and cynical attitudes. Social enterprise can overcome these hurdles by demonstrating success,"* says Subbu.

# INFORMATION TECHNOLOGY – POWER TO THE PEOPLE

**Case Story 4: Initiatives for Development Foundation – some bankers stay the course**

**Founded:** 2001
**Summary:** *Initiatives for Development Foundation* work at grassroots level for empowerment of the underprivileged sections of society; they promote social mobilisation, financial inclusion, prudent financial practices and sustainable livelihoods. Here we focus on their Community Service Centres project which they are rolling out throughout Karnataka in partnership with the state government and the Vattikuti Foundation.
**Business model:** *Initiatives for Development* are a grant maintained charity. However this project will have initial start up grants but the centres will become self sustaining through revenue from user fees and community contributions.
**Website**: www.idfdevelopment.org

*Initiatives for Development* describe themselves as a social business but are a registered trust; the line between social business and traditional grant-dependent development is not always clear.

*IDF* started out as an organisation that developed entrepreneurial culture around poor and low income communities through training, counselling and post training hand-holding services. They were keen to link their new entrepreneurs to banks for financial support, to fill the gabs between what small businesses needed and what the banks could provide *IDF* also started to provide microfinance. From the beginning they used income from their loans and revenue from providing development services on behalf of the government to cover their costs; however they have also received grants.

In just 10 years the organisation has six hundred staff and a large turnover. Any revenue from their loans was re-invested into communities, creating stable livelihoods for over 2 million families across 10 districts of Karnataka. *IDF's* programmes have been wide ranging and includes; working with farmers to achieve sustainable production, developing local federations to empower communities, understanding and negotiating markets and entrepreneurial training.

*IDF* has demonstrated that developing workable models for economic empowerment of the under-privileged and promoting a culture of enterprise can lead to greater social, political, and gender rights and equality. *IDF* say the key to their success is ensuring community involvement, innovation in sustainable agriculture, development of local leadership, innovative convergence of different interventions and stakeholders and most importantly, leveraging the supply chain in agriculture marketing.

Lack of infrastructure and a culture of artificial subsidies harm the very process of the work they do. However by demonstrating workable solutions it has shown the state government what is possible and scalable. *IDF* work has created opportunities from Bangalore city to a small town Kunigal, 70 km away. But its most significant impact is in the smaller towns and the villages.

Using this wealth of knowledge and their background in banking and technology *IDF* have conceived a project titled "Community-Led Inclusive Growth" (CLIG). This will be implemented in association with the Vattikuti Foundation[37] and the government of Karnataka. The government of Karnataka is very supportive of their work and they are in negotiations to make a partnership agreement.

# INFORMATION TECHNOLOGY – POWER TO THE PEOPLE

Through self help groups and their federations, the project aims at sustainable and scalable poverty alleviation through the inclusive economic development of their communities. Information and Communication Technology will be vital, and is almost the catalyst for this project, and will be used in both in strategic and operational aspects of the implementation, through the ICT-enabled Community Service Centre (CSC). The CSCs will be the delivery point of most of the project services. IDF's plan is to establish CSCs in every Grama Panchayat in a phased manner to provide a single point service for:

- Comprehensive data collection for planning, monitoring and evaluation

- Grower to consumer and business to consumer services

- Doorstep financial services from banks

- Computerised book-keeping services for self help groups

- Training in skill development and education

- Health care services

- Facilitating access to entitlements like pensions and grants from various government departments

- Access to expert education services to enhance quality of education to Middle school and High school students

These and other services will be provided by Self-Employed Service Providers (SSP), i.e. trained local youth, under the supervision and management of the Federation. The micro extension services, financial literacy, and resource management orientation will be provided by the trained SSPs through weekly and year-long Farmer Field Schools through the Village Koota (the representative bodies of village self help groups).

*IDF's* former experience of being bankers, technicians, and rural development experts make them determined to address core rural livelihood issues through finance and technology. Grants, donations and institutional funding has allowed them to spend time finding sustainable and innovative solutions but ultimately they believe that development projects and interventions need to be self sustaining.

## Case Story 5: Rang De

**Founded:** 2008
**Summary:** *Rang De* connects investors with borrowers using an online platform. Investors can browse the profiles of small business owners and choose from hundreds of businesses to invest in. You can invest any sum from 100 INR upwards, loans are typically paid off within a year and the investor gets 2% flat per annum. The businesses are selected by field partners.
**Business model:** *Rang De* is a social enterprise; they connect lenders with borrowers and take 1% on each loan to cover their running costs.
**Website:** www.rangde.org

"We must have a name that can be remembered and recalled quickly by any one," said RamaKrishna, co founder and CEO of *Rang De*. From developing a brand identity to selling a workable idea to the uninitiated, *Rang De* has covered the full circle. The phrase *Rang De* is synonymous with the struggle for independence and literally means to give life, colour or exuberance. While the organisation is not as big as Co-options nor as wide as IDF, *Rang De* has carved a unique niche for itself through innovation, courage, staying power, and ambition.

Started by Ram and his wife Smitha, the Chennai-based Rang De is the first online micro-lending enterprise that overcomes the pitfalls of conventional microfinance, enhances partnership and viability, and is focused mostly on supporting low-income households in cities and rural areas. Started in 2004, the organisation has 18 field partners across 10 states.

In the simplest terms *Rang De* publicises small businesses in need of microfinance on its website and gives investors the financial structures to be able to invest easily – using credit card or bank transfer.  Of course there is much more complexity in the running of the enterprise but the beauty of the solution is in the ease of investment for the investor.

To find suitable businesses and projects in need of investment Rang De works with 18 not-for-profit field partners across 10 states.  Business owners are selected on their family income, their access to finance from traditional sources and other socio-economic factors. *Range De's* aim is to reach out to underserved communities, mostly first time borrowers who have never had access to microfinance before.  The interest on the loans is much lower than traditional microfinance and the interest revenue is split between the field partners, Range De for operating costs and the investor.

*Rang De* had its share of birth pangs. Although both its founders are IT-savvy, in order to do something solid and scalable they had to master the maze of Indian regulations and legalities. When they nearly gave up in frustration, they were supported by the former chair of ICICI, Dr Nachiket More. Ram underlines the critical importance of such support, especially for new formations, so that ideas can translate into new paths.

Yet within a few years *Rang De* has mobilised online support of INR 30   million in India and from non resident Indians globally; of this, INR 24 million had already been invested by 24 April 2011.

In Kesava Pillai Park near Chennai's Central Basin Bridge one of Rang De's partners works with a community organisation of 1,700 that works to support women entrepreneurs through training in skills and finance. The women of this community have succeeded for the first time in getting both manageable finance and critical advice and support from the local partner and Rang De.

Thirty-four-year-old Yashodha, a mother of three, works through the night to manage her peanut business, and smiles bleary-eyed as she shares her story. "I can now provide jobs for eight to ten people. It's a small business right now, but I can reach INR one lakh soon – an impossible dream a few months ago," she says, her confidence triggering loud cheering from the group of onlookers. *Rang De* has helped Yashoda and many other young people to fulfil their ambitions while also helping to solve fundamental and chronic social problems.
but I can reach INR one lakh soon – an impossible dream a few months ago," she says, her confidence triggering loud cheering from the group of onlookers. *Rang De* has helped Yashoda and many other young people to fulfil their ambitions while also helping to solve fundamental and chronic social problems.

# INFORMATION TECHNOLOGY – POWER TO THE PEOPLE

## Case Story 6: Working to change the system –eFarm

**Founded:** 2008

**Summary:** *eFarm* connects farmers with consumers by using IT systems to optimise supply chains, they are able to guarantee a fair and sustainable system for all. They also train many parts of the food supply chain to help them maximise their earning.

**Business model:** *eFarm* sells vegetables to consumers for profit, the profit it divided among the supply chain and all participants get a better price, even the customer experiences prices that are on average 20% below the market rate.

**Website:** www.efarm.in

Venkat Subramanian, Founder and COO, and Srivalli Krishnaswamy Co-Founder and CEO of *eFarm* are a pair whose desire to sell fresh vegetables to the Chennai public led to a very novel and amazingly applicable model. Today, *eFarm* is a success, and Venkat a sought-after speaker and columnist in Enterprise journals. Solid ground-level understanding and gathering and analysing substantial hard data to make decisions, has put eFarm at the cutting edge of agri-produce.

*eFarm* sources a range of fruit, vegetables, herbs and organic perishables from farmers and delivers them to customers in Chennai, they also sell the compost made from the waste they generate. The concept is nothing new but the way that they're doing it is. eFarm has built a back-end process and structures that ensure fair and sustainable value for all.

*"Today we cannot imagine a bank without a computer, even a villager today buys a rail ticket online, a task which used to be an ordeal. Technology has changed our lives. eFarm uses technology at different stages – from basic information-gathering, to mapping producers, to matching customer demand. This has prised open a closed system, and for the first time empowered the producer."*

*eFarm* use IT in innovative ways to optimise their supply chain, consequently they have improved the traditional model without increasing complexity or practicality. Venkat says *"Not every farmer uses computers – it is not necessary for them to do so. They have a mobile which runs in the vernacular and so we are connected with real-time information and that is the key."*

## *eFarm*'s supply chain works in the following way:

- Identify the producer group

- Develop post-production support groups – from sorting, transportation, to distribution

- Match supply with demand in order to reduce wastage and build efficiencies

- Cultivation data – match customer needs to the producer

- Plan procurement using data gathered form customer tastes, preferences, and trends

- Set up collection and distribution centres and training small-town operators

- Aggregate each day's activity, rationalising transport and thus gathering very clear customer data

*eFarm* aims to assist not just farmers but also transporters, labourers, vegetable vendors, street hawkers, who form the bulk of the rural and urban chain. By organising them, they provide a more professional

front to the customer. *eFarm* make sure that the intermediary's contribution will optimise the chain by adding value. It has full data on available and screened transporters, and all accumulated data is analysed for management decisions.

A key break-though for *eFarm* is to get farmers to set the price of their produce. *"Our training modules are structured with a strong business focus and provide practical tips from our own experiences with the agricultural sector."*

Within a short period *eFarm* has been recognised by global organisations such as IFAD [38] and is one of the first agri-supply chain enterprises to get equity investment from conventional angel investment funds, demonstrating that social business can be mainstreamed and viable. While all business endeavours face challenges, *eFarm* believes that the social enterprise model generates more support and receptivity.
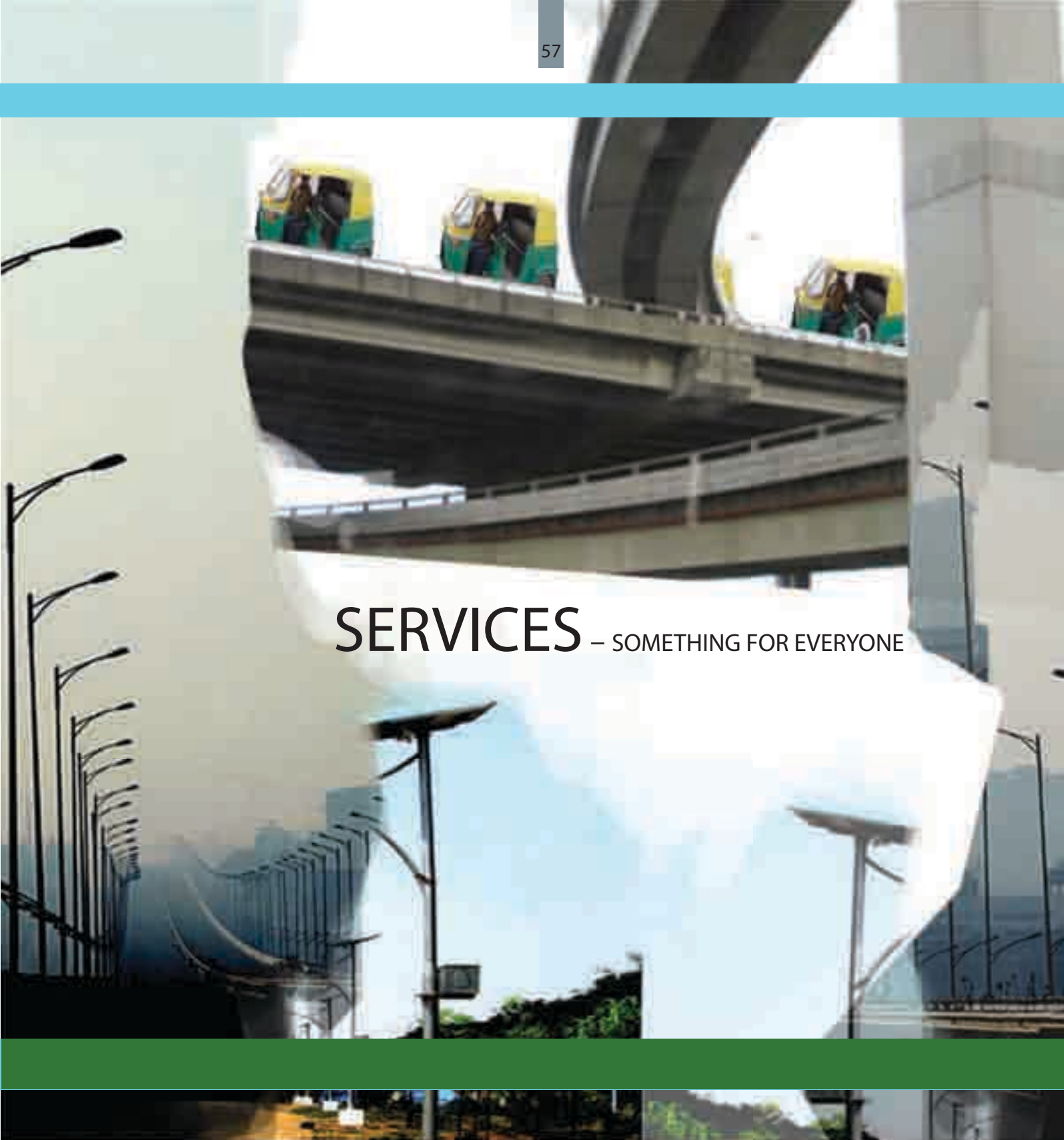
Its work has an impact on 2,000 to 6,000 farmers at any given time. "*eFarm is currently in discussion with Tamil Nadu Agricultural University for a partnership that will cover more than 100,000 farmers within the next six months and this is set to expand"* , Venkat says triumphantly.

Passion, objectivity, and appropriate and relevant use of technology have all contributed to this amazing enterprise – a strong and organic social network where everyone who is part of the circle gets additional value. As a side note, Venkat adds, *"Consider our training session as a 'Dummies Guide to Agri Business!"*

---

[38] *International Fund for Agricultural Development, www.ifad.org*

# SERVICES – SOMETHING FOR EVERYONE

# SERVICES – SOMETHING FOR EVERYONE

The economic boom of the city, by virtue of IT industry and the development of other more traditional industry such as garments, textiles and manufacturing have all led to a massive growth in Bangalore's service sector. The service sectors listed here; housing, water, mobility and food have all been the absorbers of skilled but most often partly skilled and manual labour. In general all of these sub sectors employ a large number of poor people from within the city the significant migrant community.

As this labour force gains experience and develops skills it is not unusual to find them branching into independent small-scale service businesses or ambitiously moving onto better paying jobs. Indeed the very challenges in these areas for providing appropriate and affordable services has attracted many business including social enterprises to address them with creative and off-beat approaches and make it a success.

The stories that are presented here are a very small sample, which illustrate the robust state of play, the great new opportunities and underlying challenges that these enterprises face in addressing the fundamental issues of business that can make profit but at the same time deliver social good.

**Water:**
*BIOME.* A for profit architectural and water service consultancy that specialises in sustainable solutions.

**Mobility:**
*Three Wheels United.* An organisation making credit available for prospective auto drivers also addressing common occupational issues.

**Housing:**
*Alchemy Urban Systems, DBS Affordable Homes Strategy and SAATH.* A low cost housing development company

*Aarusha Homes Pvt Ltd.,* A low cost housing development company

**Food:**
*Bangalore's organic man – H R Jayaram,* A social entrepreneur specializing in sustainability in hospitality industry.

*Modak,* A restaurant bringing organic food to the masses that helps farmers to use sustainable methods

# SERVICES – WATER

## Case Story 1: Rainwater harvesting for a parched city: the story of BIOME Solutions

**Founded:** 1990
**Summary:** *BIOME Environmental Solutions* is a specialist architectural and water sustainability solutions company. They undertake and consult on building and water management projects and also run training sessions and seminars.
**Business model:** *BIOME* is a for profit consultancy
**Website:** www.biome-solutions.com

When doomsday prophets predict that future wars will be fought over water, they are describing what has already become an everyday reality across India. Bangalore in particular has the dubious distinction of having the highest number of bore wells in India – testimony to the immediate and desperate scarcity of water.

A renowned rainwater harvester, Vishwanath S., is a key contributor to the national debate on water, with over 25 years' experience in urban planning, ecological architecture, and water management. A civil engineer and urban planner by training, Vishwanath also focuses on water and sanitation, and the industrial use of water. He has worked extensively with HUDCO, focusing on social housing across India, and now advises several foundations and also runs *BIOME Solutions - Water and Sanitation*, a social enterprise looking at water security, water and sanitation, and the industrial use of water.

He is the founder of the Rainwater Club, a city-based group that promotes rainwater harvesting. The club won a 2009 Namma Bengaluru Award, and Vishwanath has been a strong voice in getting the state government to mandate rainwater harvesting in the city.

His passion and activism for sustainable water and appropriate sanitation are legendary, and is on record saying, *"The pollution of groundwater in Bangalore is death by institutional and legal apathy"* (*The Hindu*, 2 April 2011). The scale of the water problem makes it impossible for the government to solve it alone. He endorses household-based solutions, and focused rainwater harvesting, which also generates employment and income opportunities. Making such services universal is crucial, he says, because water is not just a "social good" but an economic good. He therefore recommends a minimum price system, as in South Africa, which has a negotiated differential pricing system.

Delving into our own history and traditions – such as the Jain practice of giving away water – can provide us with significant lessons on integrating practices of sustainability and equity in our planning, he says. *"These stories from the past can rejuvenate the new generation. For example, the **"mannuvadas"** drifted through Andhra, Maharashtra, and Rajasthan since the last 800 – 900 years, digging tanks, and **Kalluvadas** were engaged with laying the stone and dry stone pitching."* He also refers to the araghatta, a traditional system of irrigation with natural checks and balances, involving specifications on the depth and width for irrigation channels that would not damage the system.

He doesn't pull his punches on the role of the state and international bodies in exacerbating the problem of water. Bore wells, a short-term solution to water scarcity with serious negative impacts on groundwater levels, were actually introduced into India by Unicef, and now the same mistake is being repeated in Africa. The private sector, which is responsible for most bore wells, is also now taking over the septic tank industry, even in rural areas.

However, according to Vishwanath, a growing number of people are interested in the central social issues. Entrepreneurs such as Azim Premji are not replacing the government but rather, strengthening it. Though agriculture is considered the largest consumer of water the reality is that industry has outpaced it.

The privatisation of water, an INR 6,000-crore industry, disproportionately affects those who are already poor, so the recent protest against privatisation is both timely and critical. *"You must price water right,"* emphasises Vishwanath.

Rural areas are more affected than urban areas with regard to the impact of climate change, he says. Urban flooding is a new phenomenon. Talking about some of his ongoing projects, Vishwanath describes an experiment with charcoal and gobar gas that tries to sequestrate carbon and can also improve soil fertility and retention power. They are also exploring ways to input vitamins and minerals into the rainwater harvested by the poor to address malnutrition.

Pointing to the challenges of urban systems, Vishwanath cites the example of sanitation. *"Despite all efforts to promote sanitation, nearly 50 percent of urban households are connected to broken networks"* (*The Hindu,* Property Plus, 16 April 2011). The quality of ground and surface water, and indeed the overall environment, depends on how multiple solutions can be found to address the complex and exploding challenges of the urban system.

### Case Story 2: THREE WHEELS UNITED – collectivising a maligned group

**Founded:** 2009
**Summary:** *Three Wheels United* ultimately aims to help auto drivers to buy their own autos so that they can be more financially stable and derive a better living from their auto. *TWU* has helped to bridge the gap between banks and autos, also training auto drivers in job specific skills and educating them in banking practices.
**Business model:** small initial start up grant followed by investment from organisations like Enviu, DOB Foundation and individuals that will be paid back or turned into shares in the company. As the scheme becomes active the running costs of the organisation will be made through service fees levelled at the banks.
**Website:** www.threewheelsunited.com

The battle for the auto rickshaw started with the launch of the Auto Project in 2007 after a Dutch citizen looked at the social and environmental aspects of auto rickshaws (*tuk-tuk* as foreigners call them) in Bangalore. Stef Van Dongen, the founder and Director of *Enviu Foundation* [39], who visited at the invitation of Context India, was alarmed at the environmental pollution caused by autos in the city. Gradually he realised that the only way to solve this problem was to attend to the social, environmental, and economic conditions of auto-drivers. *Context India* announced a competition in seven colleges/universities to develop technology to reduce auto pollution and increase mileage.

And in 2009, *Three Wheels United India (TWU) Services Private Limited* (previously Socio-Enviro Solutions) was born. The enterprise is led by a small group of

extremely qualified people who want to seize the opportunity to do something good for society. *TWU* aims to improve the dynamics of auto rickshaws and improve the quality of life of drivers in the city.

Bangalore's autos are typically of two types – the environmentally disastrous two-stroke variety and the less common but environmentally-friendly and efficient four-stroke varieties, which account for approximately 20% of the official 80,000 permits to date (Bangalore is estimated to have a 100,000 autos). While the economic life of an auto rickshaw is about 10 years, 80% of the autos in use have crossed that mark. Over 20,000 autos operate in the city without a legal permit.

An auto on average plies about 120 km a day, of which only 70 km generates revenue, with the rest being **"engagement time"** looking for customers. Also, while the driver may earn about INR 600 a day, given the fuel charges, rentals, and incidental expenditure, his actual daily earnings average a paltry INR 150 – definitely not enough to make even basic ends meet in a high-cost city such as Bangalore.

*TWU* attempts to improve the living conditions of auto drivers and also ensure a shift to cleaner and greener autos through financial inclusion and facilitating self-ownership. The firm provides an example of how social and environmental concerns can go hand in hand with normal business operations of a company. Its business model takes a three-pronged approach:

■ **Financial inclusion:** Incorporates loan facilities, plus setting up of a Savings bank and Recurring deposit account for auto drivers. This ambitious scheme is currently supported by two national banks (Punjab National Bank and SIDBI), where the bank provides

the funds needed to purchase the vehicle, and *TWU* identifies deserving candidates for the scheme. In this scheme, although a driver pays INR150 as a daily repayment of the loan (for only 26 days a month), INR 135 is taken as repayment by the bank, the remainder is put into an R/D account. Most banks are wary of giving loans to auto-drivers as they do not possess collateral or any form of surety and TWU addresses this.

■ **Commercial business-building approach:** *TWU* ties up with NGOs/cooperative societies of specific residential areas of the auto drivers. The drivers are organised to form groups for their own development: groups of five members, each one responsible for the loan repayment of the others. Leaders elected on a rotation basis become responsible for collecting the payments from the group, and making due and responsible loan repayments. However, to be a beneficiary of this scheme, the auto driver must provide 10% of the vehicle's costs (about INR 15,000) to ensure his accountability and creditability. Funding for the initial phase of the firm's operation comes from D.O.B Foundation, Netherlands, which funds projects that are sustainable in the long run – another strength underlying the foundation of the business model.

**Challenges:** The unwillingness of the drivers to accept responsibility was resolved by having the groups choose their members themselves. The large down-payment is also a challenge for most auto drivers.

**Revenue generation:** For every customer brought in by *TWU,* the bank pays an acquisition charge, which provides for the operational and maintenance costs of *TWU* (with respect to vehicles and the driver base). Another potential revenue-generation scheme being explored is that of charging for advertisements on auto exteriors.

**Technological advancements:** *TWU* also ties up with a company that manufactures electric and solar autos that are low on sound and pollution, and are cheaper to operate. This "Hop-in-Hop Out" auto would run as "share-autos" when the metro rail becomes functional. *TWU* is contemplating the installation of solar-charging battery stations for solar-battery-run autos near the metro stations.
"Namma Auto", an identification system for auto drivers, will be instituted and an online platform built on which commuters can post complaints or queries about its members. This will also provide social profiling of the auto drivers, something that has never yet been attempted in the country.

**Social needs addressed through this business approach:** Provides social security in the form of life insurance to all beneficiaries with attractive premium policies and payment options. The revenue generated from the advertisements on the auto rickshaw would be directed to premium payment of the auto drivers, and help to pay for Health and Accident Insurance. Other initiatives include:

■ *Bank accounts for every member, thus increasing their financial security. The drivers and their families are perceived to be creditworthy.*

# SERVICES – MOBILITY

■ *Annual third-party accident insurance.*

■ *Co-creation – one of the building blocks of the model, whereby community- and relationship-building activities are undertaken through regular meetings, forging a sense of unity with the cause.*

■ *Supporting the drivers to create their own organisation, which would hold shares in TWU so that in the long run the drivers become joint owners of the company? Enabling communities to develop the overall business plan, with inputs from the drivers.*

■ *In order to improve the living conditions of the auto drivers, TWU is open to networking with other companies that provide microfinance options, technical support or even housing loans so that there is a collective movement to improve the lives of drivers. Presenting the case study at investment fora.*

■ *Focus on customer satisfaction, by providing life-skills training for auto drivers in terms of etiquette, dress sense, mannerisms, and traffic rules.*

**Efforts to overcome the Bangalore metro challenge – "First mile and last mile" connectivity**: Bangalore's new metro poses a potential threat that has not escaped the attention of the city's many auto drivers. Once the metro becomes operational there will be less demand for autos. But the firm has identified a new potential area of custom, which it calls 'first mile and last mile connectivity – that is between a commuter's home/workplace and the nearest metro station.

**Challenges to the business as a whole:** these are many, ranging from the fact that auto rickshaw drivers are suspicious of change and help, to difficulties in getting work done due to corrupt practices, tedious paperwork, delays, problems in finding staff, and the lack of support from existing systems such as banks – which tend to see auto drivers not as an opportunity, but as a problem. In addition, there is a parallel, deeply entrenched system whereby private moneylenders provide permits.

Notwithstanding the challenges, those who are behind the firm's operations feel they are definitely on the right track. This enthusiasm has been intensified by the fact that a nationalised bank has now offered support, as well as strong backing from investors and drivers joining the scheme.

The company is strongly opposed to the "political" auto drivers' associations that operate on the basis of vested interests and political kickbacks. Responding to the question as to what prompted this foray into an unconventional business, the initiators of *TWU* refer to their experience of working with poor and marginalised communities, and the principle is to develop a sustainable and viable business model which has a social and environment impact. This is really the cornerstone of this model.
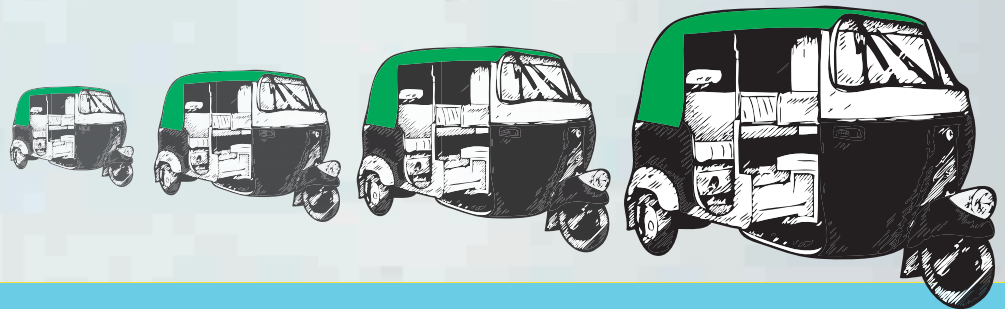
## SERVICES – MOBILITY

A small group called Rickshaw Bank is also operating among auto rickshaw drivers in Guwahati and Patna. Again, the company's greatest satisfaction is in the fact that they "give back to the society, and see at least a few families affected by their actions". The key leaders of the organisation are well aware that they are up against a long and troubled history of exploitation. *"Most auto drivers feel they have no choice at all,"* says Ramesh Prabhu, the CEO of *TWU*. Yet within the space of only a year, *TWU* has succeeded in convincing two communities that they are a trustworthy entity, and 150 drivers are now being helped to organise themselves into development groups, and 15 are on the verge of receiving the loan. The hope that every driver could be a future shareholder in the company – at one time an unimaginable reality for most auto drivers – is slowly being translated into action.

While investors have supported *TWU* as a social business in a sympathetic but robust way, the banking industry has little understanding of social enterprise and is deeply suspicious of the proposal to finance auto drivers. Interestingly, ING has provided the drivers free insurance for a year and supports media work around it. Making sustainable auto ecosystems, promoting self-ownership and a transparent permit system that works in favour of the auto drivers the *TWU* mantra.

*"It is indeed too early to measure the impact on the social outcomes as the loans are yet to be given. However, the community organisation process has been instrumental in focusing on the development agenda. One story I can share from a personal experience – I hired an auto to go to railway station around 9.30 pm. The driver put the meter on and did not ask for extra. As we reached the station I saw on the driver profile given behind the seat the address was Valmikinagar. This is the area where community organisation was intense and their inputs have contributed for developing the business plan.*

*When I reached the station the meter showed INR 87 and I gave a hundred. The driver promptly gave me back the change. When I asked why he was not taking extra because it was a night-drive his response was:* **"Sir, in our locality we have formed our own Sangha and we have decided that we will only take fare as per the meter and not ask for extra."** *He continued that they had set out some principles to be followed. In my view this is certainly a glimpse of the impact." Pradeep Esteves, a consultant with Context India, adds: "Three Wheels United has not reached out to all the localities in the city yet. It has just started the process to cover the entire city, and it will take some time to gauge its impact. And Three Wheels United becomes a well recognised brand name."*

## SERVICES – MOBILITY

### A short interview with an auto rickshaw driver in Bangalore

Srinivas, aged 40, lives in the city with his wife and two daughters. A migrant from Chennapatna village just outside the city, he arrived here very young with the same compulsions of the rural poor. *"With very little land, too many mouths to feed and the vagaries of the monsoon, someone had to get out and I did,"* he says. Srinivas spent almost 10 years working in small restaurants as a cleaner, and then became a driver. It was driving an auto rickshaw that helped him start the climb out of poverty. Using group chit funds of INR 2,000 per month, he borrowed and saved to buy his own auto. But now, he says, *"I need to replace this with a new auto and don't know where to get help".*

*"I have two daughters to educate, and I want to send them to an English-medium school. I am illiterate, I had no skills as such and the auto was a boon. After nearly 15 years of hard work I have now a house on lease."* Bangalore's metro construction – a sign of things to come – has hit him in two ways. First, the traffic congestion takes him twice as long for a single ride, and second, is the impending reduction in the demand for auto rickshaws.
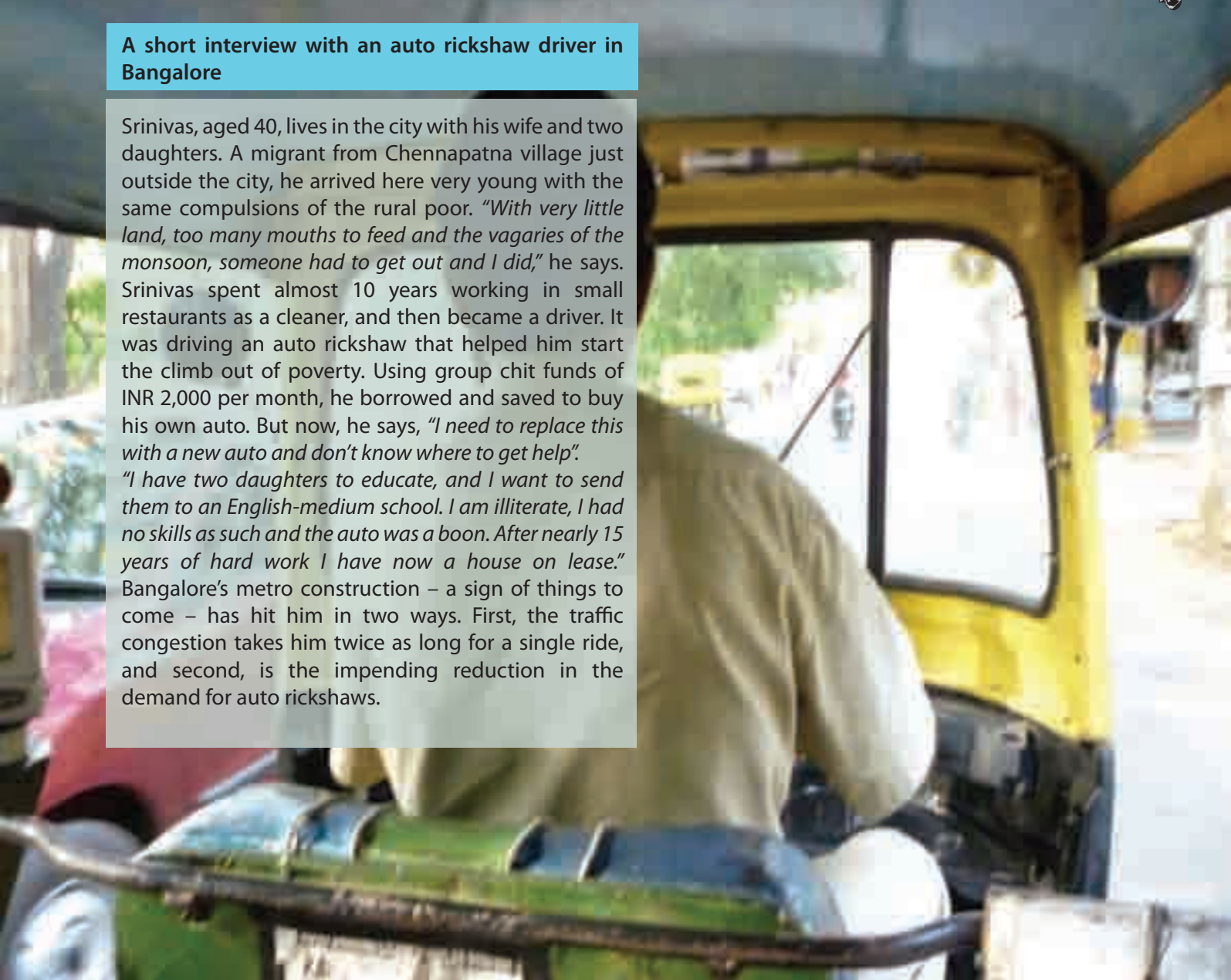
# SERVICES – HOUSING- SEEDING THE FUTURE MARKET

> *"We neglect our cities at our own peril. For, in neglecting them, we neglect our Nation",* John F. Kennedy
>
> *"Unless new affordable housing is developed, new low income migrants, like their predecessors are likely to settle in slums. A socially and economically undesirable development that inserts a dagger into the heart of the India's agenda for broad inclusion"* McKinsey Report.
>
> These two statements could well be about Bangalore or Hyderabad or Chennai. During the course of this short study we met and spoke with scores of members of communities living in slums, as well as auto drivers, taxi drivers, construction workers etc. We gathered the list of mounting problem and challenges faced by these people and their families for housing and accommodation. Two stories give a top-line picture about what can be done to change the scenario.

## Case Story 3: Alchemy Urban Systems, DBS Affordable Homes Strategy Ltd and SAATH

Founded: *Alchemy* 2006, DBS 2009, SAATH 1989
Summary: two companies and a NGO working in partnership to provide low cost, high quality housing to 'bottom of the pyramid' buyers.
Business model: *Alchemy* and DBS are both for profit companies, SAATH is a grant maintained charity.
Website:www.alchemyurban.com,
www.dbsaffordablehomes.com, www.saath.org

This case story is an intriguing example of how partnerships between profit making companies and not-for-profits can be leveraged for social good.

*Alchemy Urban Systems* is a company that specialises in providing professional services in the areas of urban planning, urban design and urban management. The company has broad experience and knowledge and consults, researches and trains in areas from disaster management, tourism development studies to urban design and architecture. The company is a profit driven enterprise but they have a passion for sustainable urban planning and have developed partnerships with other organisations in order to address the gaping hole of affordable low cost housing in India's cities.

*Alchemy* works with *DBS Affordable Homes Strategy Ltd* (DBS) to research, implement and finance affordable housing projects. *Alchemy* contributes its urban design and management expertise where DBS specialises in research and implementation of affordable homes. The two organisations have been working together since 2009, and their first project is Umang Lambha; a development of 1200 apartments comprising of 1 room, 2 room and 3 room arrangements, located in an industrial area of Gujarat that requires workforce housing. Booking was opened in May 2010; by November 2010 they were fully booked and oversubscribed. *DBS* is also a profit driven company, which has two arms, the research and development arm known as ASHRAM and its community housing centres called Griha Pravesh; these provide information and guidance on how to buy a house, facilitate access to finances and integrate community development initiatives with housing.

# SERVICES – HOUSING- SEEDING THE FUTURE MARKET

In order to attract the real poor and not just speculative buyers *DBS* partners with an NGO in Gujarat called *SAATH*, this organisation runs many services in both rural and urban areas and is able to identify people for which the development was built, they also bring experience and best practice in working with slum dwellers who often need a wide range of support.

*The Economist* concludes that three challenges must be met:

- companies need to be convinced that there are profits to be made

- there must be access to microfinance or relatively easy and affordable credit facilities

- titles to the property and official clearance.[40]

It seems that these three organisations, together, have already intelligently grasped these concepts and have made them work. This project has sparked a lot of interest, indeed Ashoka Foundation has decided to take the Griha Pravesh model and evolve it to create 'housing for all accelerators' in 15 different cities.

## Case Story 4: Aarusha Homes Pvt Ltd (AH)

**Founded:** 2007
**Summary:** *Aarusha Homes Pvt Ltd* provides low cost housing or workers and students.
**Business model:** *Aarusha* received initial investment from Elevar Equity, their business is for profit.
**Website:** www.aarusha.com

*"Thirty million migrants which will soon grow to 100 million in our cities and most of them will need immediate accommodation – this is where we come", says Sathyanarayana (Satya), CEO of AH.*

*"We work across slums in Hyderabad and other cities to find different forms of accommodation for migrants that is affordable and near their workplace,"* Satya adds.

Sandeep Farias of Elevar Equity, commenting on why and how they chose *Aarusha* as a partner, said: *"When I asked them how did they gather the information to make a case they responded by 'scouting and walking across the city', and that was a strong criterion for us about the realism of the proposal and the people."*

The *AH* team members are down-to-earth and serious, highly experienced and more than adequately qualified to tackle the problem. Satya is upbeat because *Arusha* has recently entered the Bangalore market and set up two hostels near the city's "tech parks". Both the hostels are accessible to income groups that can afford between INR 2,750 and INE 5,500 a month, with or without food. *"I am thrilled that we have also opened a hostel for women at Baymane Tech Park, which is available to women for INR 2,500 a month."*

The core ambition of the business is to reach the bottom segment of the income scale. *"The escalating cost of real estate is preventing the real desperately needy at the bottom such as construction workers, newly arrived taxi or auto drivers, and garment workers. We need time to build a revenue model and see how to cross-subsidise if need be,"* he asserts. But for now *Arusha* is reaching out to groups earning between INR 3,000 and INR 7,000 a month.

[40] *Housing the Poor, The Economist, 30th April – 6th May*

# SERVICES – HOUSING- SEEDING THE FUTURE MARKET

The core ambition of the business is to reach the bottom segment of the income scale. *"The escalating cost of real estate is preventing the real desperately needy at the bottom such as construction workers, newly arrived taxi or auto drivers, and garment workers. We need time to build a revenue model and see how to cross-subsidise if need be,"* he asserts. But for now *Arusha* is reaching out to groups earning between INR 3,000 and INR 7,000 a month.

They will need greater support from other stakeholders too. The government should focus on rental housing, tax incentives, rent reforms, and domestic rates of electricity and water, rather than on charging commercial rates at hostels that provide for low-income groups. We will need large and successful housing companies to leverage with us through partnerships: *"Patience, perseverance and some sacrifices in profits, from promoters is one of the most important ingredients for us to tick."*

## SERVICES – FOOD

The food business has been transformed over the last decade. It is also an area of much contention (e.g. the debate on genetically modified foods and the involvement of multinational companies) as well new opportunities. Adding to the contention is the global rise in food prices. Oxfam's 2011 GROW [41] campaign highlights the global growth in hunger. The examples here illustrate the potential of the food business to address some of these challenges.

### Case Story 5: Businessman with a cause: H R Jayaram, Bangalore's Organic Man

**Founded:** *Era Organics* set up in 2007, Green Path 2009
**Summary:** Jayaram is passionate about helping people use the environment in positive ways.  He owns Green Path; a carbon neutral hotel, India's first organic food shop; *Era Organics* and he is also an environmental activist who has managed to influence the state's agricultural policy.
**Business model: F**or profit business
**Website:** ww.eraorganic.in, www.thegreenpath.in

HR Jayaram wears several hats, each one expressing his passion for the environment and sustainability. It is this passion that drove him to set up three related but distinct organisations in Bangalore – *Sukrushi,* an organic farm on the city's outskirts, *Era Organics*, the country's first organic store, and *Green Path,* a 50-room, eco-friendly service apartment on north Bangalore's BEL Road. Jayaram manages the entire supply chain with aplomb.

Born into a simple farmer's family in a small Karnataka village, Jayaram spent much of his childhood helping his father on their little farm. Little he did know that, decades later, the memories of this

experience would trigger a major change in his life and ideals, and also influence many people around him.

Like many children born into ordinary middle-class families, Jayaram grew up dreaming of a bigger, better future. He moved to Bangalore to a school that also offered free board and lodging. He studied hard, becoming a civil lawyer and setting up his own lucrative practice. But his love for farming endured. So in 1998 he bought about 40 acres of barren land in Nelamanagala, on the outskirts of the city, with the intention of developing a farm. When he started to cultivate the land, he was introduced, inevitably, to chemical fertilisers and pesticides – considered indispensable in modern farming. *"However, having grown up on a rural, organic farm where everything worked well without these non-natural inputs, I couldn't help but question whether it was really necessary,"* Jayaram says.

He started meeting with other farmers, had discussions with scientists and agricultural experts, read Masanobu Fukuoka's *The One-Straw Revolution*. It clicked: organic, natural farming, and traditional foods was the way to go. Today, Sukrushi, his farm, promotes social forestry, uses rainwater-harvesting techniques, solar and biogas energy, and substitutes chemical fertilisers and pesticides with organic fertiliser. Men and women working on the farm are paid equal wages, contrary to the prevailing practice of lower wages for women. Within a few years, Sukrushi was transformed from barren land into a purely organic and highly productive farm. Jayaram's conviction about organic farming was so strong that he became an activist for the cause. In 2005, he founded the Jaivik Krishik Society, a federation of organic farmers and a nodal agency linking them with the government of Karnataka.

---

[41] *Growing A Better Future – Food justice in a resource-constrained world – June 2011.*

## SERVICES – FOOD

In 2007 he also set up Era Organics, India's first certified organic-food store in Bangalore, not just a business enterprise but also a hub for "green-tea evenings", regular discussions, and cultural programmes espousing the organic movement. Then, in 2009 he launched Green Path, an eco-friendly, 50-room service apartment block in Bangalore's BEL Road area. Not one to rest on his laurels, Jayaram today is intensifying his efforts to promote greater awareness of organic food, converting his new, organic coffee estate in Coorg into an eco-tourist destination. Employees of all three ventures, irrespective of their rank, receive healthy, organic food, clothes, uniforms, solar devices and milk.

Jayaram also pioneered Bangalore's first Slow Food group, which he describes as *"a higher form of the organic movement".* The term emphasises local foods that are seasonal and grown without chemicals. Food is cooked without additives or preservatives such as baking soda, ajinomoto, hydrogenated fats, colouring agents, or artificial flavours. Slow Food emphasises diversity and nutrition, selecting a multigrain or multi-lentil dish over one with only one grain or lentil, and millet is preferred to rice. Next on Jayaram's relentless agenda are eco-tourism stays in Kodagu and Sukrushi, and a global eco-commune in Kodagu.

A climate-change crusader, Jayaram also conducts regular audits to calculate the production energy impacts and "food miles" of transporting vegetables from the place of production, along with an active effort to minimise these footprints by the practice of Slow Food and "slow kitchens".

Jayaram's passion for his cause shines through in every conversation. *"We have to become aware of where our food and water are coming from, and where they are going. Become a co-producer instead of being a passive consumer. Visit farms, understand farming, and buy products directly. In fact, we encourage visits to Sukrushi as well as other organic farms."*

So, what can the average person do to go organic and improve their health and that of their environment? Jayaram replies: *"As far as possible, grow your own food with a large vegetable–fruit garden, a small patch in your home, or in pots if you live in an apartment. Convert kitchen waste into precious manure. Practise rainwater harvesting – the simple systems cost as little as INR 3,000. Use CFL bulbs, and recycle household water. Use jute-bags instead of plastic ones, wear khadi rather than synthetic fabric."*

# SERVICES – FOOD

Like most organic crusaders, Jayaram is firmly opposed to genetically modified (GM) foods, which he says destroy bio-diversity and cut off a farmer's fundamental relationship with the seeds and soil. *"Basically our motto is: 'Don't interfere with nature.' So, GM foods, which transfer genes across species and from one kingdom to another, are unnatural and destructive of the natural, traditional and healthy way of life."*

*Era Organics* aims to establish replicable and sustainable lifestyle models, with farmers selling certified organic products, from bananas to rice, avoiding exploitative intermediaries. *Era's* products range from cereals, spices, rice, and grain to natural soaps. Although *Era's* business has grown five-fold since 2007, he feels that his retail model needs to change and now supplies to other stores rather than expanding Era outlets.

With the goal of fighting climate change, The Green Path is a 100% eco-friendly hotel – with an in-house biogas plant, solar heating (which reduces monthly electricity bills to between INR 60,000 or less).

It recharges groundwater tables through rainwater harvesting and the generator runs on bio-diesel. The hotel now makes about INR 2.5 crores a year.

Does the city play any role in these passions? *"Bangalore and its active NGO and citizens' movements are aware of the benefits of going organic. The city has the highest number of organic stores in any city in the country,"* he says with pride. He mentions that Karnataka was the first Indian state to have an Organic Food Policy. While much more needs to be done in terms of subsidies and incentives for organic farming, the government's recent announcement of the Karnataka Organic Mission is an important first step.

Understandably, finding a team of people who share the same unconventional passion is a challenge, as is finance, given that all these ventures are self-funded. Jayaram is trying to build leadership on organic production and consumption, and is hopeful that the change in thinking – evident in the growth of his company – will only strengthen and grow.

## Case story 6: The Darshini-fication of organic food for the masses: Modak

**Founded:** 2009
**Summary:** *Modak* is a restaurant that aims to popularise organic food, making it available and affordable for all.
**Business model:** For profit company
**Website:** none

Integrating technological innovations with organic farming to double the GDP of every rural household – that is the hope driving 59-year-old Satish Gopal, the proprietor of *Modak*, an all-organic restaurant in Bangalore's upmarket Koramangala. Originally from Bangalore, Satish, returned to India in 1996 to establish Phoenix Global Solutions (PGS), which was later acquired by TCS in 2004.

An IT entrepreneur, now in the hospitality industry, Satish's inspirations were Swami Vivekananda and India's rich spiritual tradition. *Modak* is a convergence of many of his beliefs, *"integrating the farm to folk"* concept and helping ordinary people purchase healthy, organic food at affordable prices.

*"The time is ripe; we're tapping into a big cauldron of change. Lifestyles are changing, and there is a significant middle to upper-middle class with disposable incomes demanding healthy organic food,"* says Satish. Traditional, healthy and tasty "Grandma's recipes" feature prominently on Modak's menu, with prices that compete with Bangalore's famous Darshini chain. In addition, the restaurant has items that cater to all three generations of customers – children, parents, and grandparents.

The demand-driven supply chain ensures that 100% of the harvested product is used, thus minimising cold storage. By introducing technology such as seed banks, the business model could also respond to issues of sustainability.

The state can play a key role in encouraging organic farming, by reducing interest rates in the microfinance sector and introducing technology into microfinance operations. Shifting from excessive inorganic to organic farming is a gradual process, which can actually reduce costs and increase productivity, as demonstrated by Initiatives for Development in Kunigal district, Karnataka. Satish turns the idea of certification on its head. *"We must certify food that is chemically grown, rather than that which is organic."*

Satish believes that farming is best done on a continuous harvesting and seeding basis, thereby restoring the natural biodiversity of the land. The use of professional farming practices such as multi-farming, inter-cropping, and rotation cropping also makes the process more effective, and this can help stem the tide of rural–urban migration. For distribution, traditional pushcarts, kirana models, or simple baskets would reduce costs and also make the "farm to folk" concept a

reality. These methods have faded with increased urbanisation, but need to be revived.

Alleviating poverty is one of Satish's key concerns. Drawing a sharp distinction between the "true urban poor" and poor rural migrants in urban areas, he emphasises the need to reduce rural–urban migration. By hunting talent, he plans to create a youth brigade, which would be provided an 18-month apprenticeship programme taking them through the entire food cycle, sustainable agricultural practices, food service, and production. At the end of the programme half of the trainees would join the restaurant staff and help to strengthen it, while the rest would return to their villages and practise what they had learnt on their own farms. Later, he hopes these farms will become eco-tourist spots, which will create a crucial link between rural and urban populations.

The true urban poor on the other hand could be engaged in pushcart delivery, which is far more efficient and greener than current methods, as demonstrated by *Match-Box Solutions* in Chennai.

In order to increase demand, *Modak* also plans to organise food festivals in corporate environments, and advocates integrating organic farming into CSR mandates. Finding people who share his vision and building a team for social enterprise is another area of some struggle. However, with his characteristic chutzpah, Satish says, *"Modak has been a testing ground for many ideas. Preaching about the ideal life doesn't go far, but marketing solutions with social causes can."*

# SERVICES – FOOD

## Case Story 7: Mustafa goes to the heart of the batter: the ID Idli special story

**Founded:** 2005
**Summary:** *IDSpecial* manufacture ready-made foods like idli and dosa batter, the company makes sure it has a positive effect on its local community.
**Business model:** for profit company.
**Website:** www.idspecial.com

What were the chances that Mustafa, the son of a manual labourer from Chennalode village in Kalpetta, a remote district in Kerala, would run his own INR 25 crore ready-made food business in India's Silicon Valley? Probably zero.

Born into poverty, Mustafa's father, a day labourer, could not afford his son's education. So Mustafa's teacher paid his school fees so that Mustafa could complete his schooling. Mustafa did not want to follow the life of his father and others in the village – unskilled, poor, and forgotten. He wanted an education. He did not stop at school.

With an education loan of INR 25,000 he went to REC College in Calicut, graduating in 1995 with a degree in engineering. He was the first in the village to get a college degree. He got his first job in 1995 with Motorola in Bangalore at a starting monthly salary of INR 14,000. When he heard about this, Mustafa's father insisted in complete and utter disbelief insisted there must have been a mistake. The salary should have been INR14, 000 a year not per month! No one in Chennalode, Kalpetta, had ever earned that kind of money. When his father realised that this was indeed true, he cried.

Mustafa joined Motorola, another regular city "techie", but he kept thinking of his life back home and the poverty he had left behind. He worked with Motorola for a year and the inevitable happened. It was time for his sister to get married, which meant money was required. In 1996, he switched to a job with Citibank in Dubai. With a dollar salary, he cleared his education loan, got his sister married, built a good bank balance and returned to India after seven years and got a job with Intel.

Once again in Bangalore, he was still haunted by his life in the village. He decided to join IIM and get himself a management degree. At that time, he would often hang out with his cousin, Nazir who worked in a typical small neighbourhood kirana (grocery) store. Wondering what business they could start and yet help the people in the village they had left behind, they developed a checklist of business opportunities.

- It should be "profitable".
- They would start something where no multinational had feared to tread.
- The demand should be greater than supply.
- It had to be something of high quality.
- It had to employ unskilled workers from their village.

# SERVICES – FOOD

Ideas came and went, and so did three years. One day, Nazir complained that the supply of ready-made idli mix was erratic in quality and he was getting complaints from customers. This was the "Aha" moment. Why not make and sell the product themselves?

No time was lost. A grinder was purchased and in the storeroom of the kirana shop, Nazir started to learn how to make the batter for the idli. Through trial and error, after several weeks Nazir finally got the batter mix right. Once he was confident that he had the right batter, he started delivering this ready-made mix to other kirana stores in the neighbourhood. It was a hit. And *ID Special* was born. Confident that they had a good product, Nazir quit the kirana store and Mustafa quit Intel. In a very short time, their outlets zoomed from 10 shops to 300.

In 2005, with his savings of about INR 15 lakhs, Mustafa set up *ID Special*. With Nazir as his partner, they moved to a slightly bigger space, hired three unskilled men from their village that would make the batter, and started distributing the idli mix. The market loved this – the processed food industry was booming but this was the best thing that happened to Bangalore since sliced bread – home-made idlis without going through the "grind" – literally. They soon outgrew their space and the small five-member team. They went full steam and applied for factory land in KSSDIC. Like other entrepreneurs, they faced all the bottlenecks and bureaucratic process of applications, files clearances, and frustration but eight months later, Best Foods Factory was inaugurated in Hoskote and production got into full swing.

Very early, the cousins learned that getting men to work in a kitchen was not a great idea. So they decided to employ women. The women would prepare the mix and the men would do the selling. And this has been the model since.

Each of the sales staff was given a bike to go around Bangalore asking retailers to stock the product. The company purchased the bikes on loans, but the monthly repayment had to be paid by the salesman, and after three years and full repayment of the loan, ownership transferred to him. Working on commission was also an incentive to the sales staff. This model did wonders. Everyone in the sales team is from Chennalode, Kalpetta district – and all are unskilled. Today they earn about INR 30,000 per month and own a bike. The village women employed in the Hoskote factory are unskilled, with about a Class 7 education.

A visit to the factory gave me a chance to speak to some of the women workers. Wearing gloves and caps, the women had an air of camaraderie as they mixed and ground the idli batter. Each has an hourly production target and the batter is carefully measured to a precise recipe. The women were satisfied and proud to be working in a factory and above all earning an income, something they had never envisaged. Nazir mentions that they initially they paid the women in cash. It was a disaster – come pay day, the husbands would take the cash from their wives and get drunk by the evening. Today, the women have bank accounts and debit cards, which they have been trained to operate.

# SERVICES – FOOD

Nazir is involved in the day-to-day operations of the factory and the management falls to Mustafa. They now have measures of productivity, efficiency, targets, and performance. The dream is to make the company one of the top-10 in the ready-to-eat food market in India. In five years, the company had an annual turnover of about INR 20 crore, a 2,000% growth, and the product portfolio has increased from the ubiquitous idli to the ready-made dosa mix, to Kerala parathas, and even rose cookies! Today *ID Special* is a highly profitable, zero-debt company with a market share of 85% in ready-made wet mixes.

*ID Special* employs about 230 unskilled people, 120 of whom are women. The company is ripe for a takeover. While Mustafa toys with the idea of selling up, he also has bigger plans. *ID Special* now franchises in Chennai and will soon enter the Mumbai market. However, Mustafa has some concerns about scaling up – the business is fairly Mustafa-centric, and most of the employees are known in the village and this establishes a feeling of trust. With scale, Mustafa fears some of this may not be possible, and may affect quality.

The day I visited the factory, Mustafa was not available – he was with his accountant sorting out tax/excise issues – just another day in the extraordinary life of Mustafa, who transformed himself from victim to successful entrepreneur, not allowing life's vicissitudes to take over. Instead he chose education to empower himself, took advantage of the market, and changed not only his own life but also that of his family and community.

This is a true story – the stuff that entrepreneurial dreams are made of.

# THE NETWORK OF SUPPORT ORGANISATIONS FOR SOCIAL ENTERPRISES

Social business requires the marriage of expertise from the philanthropic social sector with the commercial world. To facilitate the effective running and development of new social businesses in India, an array of support services have emerged. The breadth and sophistication of these services is immense considering the relatively short period they have been in business. The support organisations themselves include commercial for-profit businesses and non-profit providers. Unsurprisingly, they all see big opportunities for the future of social business in urban India and highlight the same growth areas.

Many support organisations facilitate funding – bridging the gap between commercial investors, donors, and the social entrepreneur. Governance structures and growth plans are also often guided by these support organisations through funding and the provision of expertise. This combination – providing both funding and advice – has allowed investment companies to become knowledge hubs, sharing information, experience, and networks among social enterprises. The policy agenda and public perception of social enterprises will be increasingly important in the future. These organisations, which provide resources and prepare industry publications, will play a key role in shaping public opinion. The model of social enterprise ensures that only those which serve a real community need will survive.

**The support organisations have a range of motivations. They believe in scalability, accountability, and funding of social enterprises.**

## Types of support organisation[42]

**New avenues of funding:** Investment from non-traditional sources, e.g. the financial sector will fund social enterprises but not a non-profit model.

**Raising capital for social enterprises:** As mentioned previously, a new type of investment has developed around the burgeoning world of social enterprise, known as impact investing. The philosophy of **impact investing** is that investments can generate social and environmental benefit along with financial return. There are two types of impact investing: financial-first or impact-first.

Impact investing emerged from the idea of **'patient capital',** which was pioneered by Jacqueline Novogratz, who founded Acumen Fund in 2001. *Acumen Fund* continues to lead the field of impact investing, not only promoting the concept but also setting the industry standard. It focuses on reducing poverty by targeting businesses that meet a community need. Rob Katz, Knowledge Portfolio Manager of Acumen Fund India, says, *"whatever the initiative it must put money in the hands of the poor."*

The concept of impact investing has been championed by the philanthropic veterans, such as the Rockefeller Foundation, and by successful commercial entrepreneurs such as Lisa and Kleissner. JP Morgan classified Impact Investing

as a new asset class in 2010, opening up alternative capital structures to solve social issues. Philanthropic donors continue to fund social enterprise. For example *Dasra,* which offers grants, angel investments, and below-market-rate debt.

## Unitus Capital: an impact investor

Unitus Capital is a *"boutique investment bank"* focusing on companies in Asia that serve households earning less than US$450 per month. The clients of Unitus Capital produce goods and services such as microfinance, affordable housing, renewable energy, and education and health care tailored to populations in the lower income sectors. Unitus Capital is driven as much by the benefits of these goods and services as by profit. Eric Savage, the founder of Unitus Capital, says: *"We believe in creating scalable social impact across large populations. We're a normal for-profit company, but with a very strong social mission. The social mission is really the reason for the company. But we need to be profitable for us to grow and be able to serve more companies."*

Unitus Capital identifies companies that can go to scale and reach the maximum number of people. Its founders saw a need for investment banking services among social enterprises that were seeking to raise capital. Investors are interested in social businesses but have a hard time finding the right companies and vice versa. Unitus Capital structures deals in equity and debt for social enterprises for whom negotiating a private equity deal can be complicated. Unitus Capital also gives advice on business plans and capital needs for social enterprises. In terms of its impact, it raised more than US$500 million through 24 transactions for 19 clients, indirectly benefiting 13 million people in India, China, the Philippines, Pakistan, and Singapore.

**Accountability:** Shareholders and investor requirements for information will increase transparency and accountability by measuring social and environmental benefits. The growth of impact investing requires a measurable understanding of the social and environmental changes being generated. The social and environmental outcomes must be comparable to financial indicators, to be included in decision-making. Coordinating bodies such as **Global Impact Investing Network (GIIN) and Aspen Network of Development Entrepreneurs (ANDE)** have taken up the challenge of creating metrics, standards, and benchmarks for the impact investing community. **The Impact and Reporting Investment Standards (IRIS)** are the most commonly used. These metrics focus on quantitative measures such as job creation and income levels, but the more complex **"theory of change"** methodologies used in development projects have yet to be incorporated. The metrics are relatively new and GIIN and ANDE are working towards including 'softer' measures of social change while still maintaining consistency across investments.

**Media:** Media resources focusing on the social enterprise sector have been developed in India. The magazine and online site **Beyond Profit** [41] provides news and stories on social enterprise from across the world. **The Better India**, an online news service, highlights inspiring stories of ordinary heroes who contribute to our society. The **Your Story** [42] website is dedicated to giving entrepreneurs a voice and platform to learn from each other from all over India. Founded by Shradha Sharma (Chief Editor), who was previously Assistant Vice President with CNBC TV18 and Brand Adviser at the Times of India, Your Story focuses on personal stories and connections to inspire entrepreneurs, share lessons, and build networks among them.

[43] *www·intellecap·com/publications/beyond·profit*

[44] *www·yourstory·in*

## THE NETWORK OF SUPPORT ORGANISATIONS FOR SOCIAL ENTERPRISES

**Incubators:** An incubator brings an idea to the market faster by pooling resources and experience. For social enterprises this means benefiting from working with incubators with connections to funders, experience in developing a business plan, implementation, ironing out common mistakes, and learning from other social enterprises. In this context there are generally two types of incubator – the venture capitalist or the philanthropist. Examples of incubators in India include **Villgro, StartUp!**, and **The Hub in Mumbai**. The **South India Producers Association** (SIPA) offers marketing support and assistance to producer groups and non-profits aiming to upgrade management skills, increase access to information, and strengthen networks. SIPA was born out of the fair trade movement 25 years ago, and is an example of how incubators link with international organisations (e.g. Oxfam GB), and government departments to build a collaborative environment for small social businesses.

**Education & Research**: The aim is to build a sustainable model of social change that does not require ongoing external funding assistance e.g. grants. *"While grant-driven interventions have their place in development, they are not very scalable, nor can they be driven by communities without external assistance",* says Intellecap.

Information and the dissemination of knowledge are critical for any industry, particularly for social issues. *Intellecap* offers research services into new markets and areas of interest for the social enterprise community and investors. They have organised conferences on social innovation and enterprise such as the *Sankalp Social Enterprise Awards & Investment Forum* in Mumbai (organised by Intellecap), **Your Story's Social Entrepreneurship** event in Bangalore, and the **Villgro "Un-convention conference"** in Chennai, *"where path breakers meet path makers on a platform to foster dialogues for social innovators to develop a sustainable environment for strong partnership and networking",* according to Paul Basil, its Founder and CEO.

Alongside forums and research institutes, education bodies have sought to strengthen the management expertise and skills required to run a successful social enterprise. The Centre for Social Initiative and Management in Chennai offers training programmes tailored to Indian social enterprises that wish to be more effective. For instance **Dasra** offers an executive-style education course for social innovators in India.

*Dasra* works with philanthropists and successful social entrepreneurs bringing together knowledge, funding, and people as a catalyst for social change through two programmes: The **Dasra-Social Impact programme** and its **Portfolio programme** support social enterprises; and high-impact non-profits, Indian *Philanthropy Forum* and *Dasra*, promote strategic giving and encourage growth in the Indian philanthropic sector. The **Dasra Giving circle** has committed INR 3 crore and the **Dasra Peer Funding programme** awarded INR 81 lakh to five organisations.

Dasra also offers an annual executive education programme for 30 social enterprises through a nine-month course that provides intensive training, mentoring, peer-to-peer learning, and the opportunity to meet and pitch to funders. Since DSI began in 2006 the programme has worked with 49 organisations to raise

over INR 11 crore for 15 high-impact organisations – attracting INR 9 crore in 2010 alone. Dasra becomes much more involved with their grantees than most other foundations. Once an organisation receives funding it becomes part of the Dasra Portfolio and receives knowledge and expertise, with the Dasra Team spending approximately 250 days over a three-year period of intensive hands-on assistance.

## Potential challenges and the future

Support networks of the type highlighted here will shape the future direction and impact of social enterprise. Such organisations have significant control over the flow of funding to the sector; they also play an important role in framing the public view of social enterprise through events, publications and donor/investor relationships. Their insight and careful navigation through the next phase of expansion for social enterprise will hopefully contribute to reducing poverty.

## Policy and politics

In 2010 publicity regarding suicides supposedly related to the indebtnesses of microfinance clients focused political attention on the microfinance industry and further scrutiny of its practices and the need to increase regulation. This recent experience of the microfinance sector in Andhra Pradesh demonstrated the inherent risks in funding the social sector. [45] To avoid a similar fate, the social enterprise space is fast approaching a point where it will require clear regulation to ensure its growth. An important, and painful, lesson from the experience of microfinance is that despite good intentions, social business does not operate in a vacuum. Social enterprises often deliver basic services that an efficient government could provide, and have at times been promised by politicians to secure votes.

The danger is that the space for social enterprise may risk the regulatory backlash experienced in the microfinance sector. A question for social enterprise leaders internationally is whether it is possible to take pre-emptive action to protect the industry as it expands? Given that social enterprise must survive in economies where corruption is entrenched, taking such action is risky but inevitable.

The support network for social enterprise has the potential to facilitate collaboration among politicians, government services, and social enterprises. It also has the communication resources and contacts to engage with government departments, politicians, and the media. For instance, government officials were invited to make a presentation to investors and leaders of social enterprises at the Sankalp Forum (organised by Intellecap). The combination of cross-sectional knowledge and contacts means support organisations have the leverage to influence policy in a way that an individual social enterprise cannot. Better use of this potential may help to create a constructive regulatory environment for social enterprises to thrive, rather than ad hoc policies that may hinder the advancement of the industry.

[45] *Discredited: Microfinance in India' The Economist 4 November 2010*

# THE NETWORK OF SUPPORT ORGANISATIONS FOR SOCIAL ENTERPRISES

## Demonstrating value

*Start Up!* sees the balance between profitability and social goals as a significant risk factor for social enterprises, particularly as organisations scale up. Sonali Singh, Partner of *Start Up!*, India observes: "*With increased flow of capital under the broad concept of impact investing, there is a higher likelihood of instances where the focus on social impact may be diluted significantly in favour of commercial returns and demand for scale, especially in cases where there are larger outlays of capital and where the social impact metrics are unclear and untracked.*"

The need to measure the creation of social value by social enterprises is particularly important as these expand. There is a fine line between balancing a genuine desire to create a social outcome with the vast commercial opportunity that the "bottom of the pyramid" market seems to offer.

The standardisation of indicators and benchmarks through the Impact and Reporting Investment Standards (IRIS) is important for impact investors and leaders of social enterprises to be able to prove their contribution to alleviating poverty. Capturing credible and reliable evidence to support the "good news stories" will continue to be a critical function performed by support organisations in order to maintain public goodwill and political support. In the UK a new "social enterprise label" allows consumers and the public to identify businesses that adhere to certain standards and ensure their goals include the creation of significant social benefits.

# CONCLUDING NOTES

CSM has been tracking the growth of the social enterprise sector in India for several years and found a significant upsurge in recent years. Urban India, in particular, has benefitted from the emergence of social enterprises and Indian social entrepreneurs are leading innovation in delivery models. With this report , CSM began a focused piece of work examining the rise of social enterprise in the southern metropolis of Bangalore. The objective was to understand the different models of social enterprise that were emerging and how they were contributing in novel ways to addressing poverty and social development challenges.

Our initial exploration has underscored the importance of social enterprise as a new change agent in addressing socio-economic challenges, but also revealed a number of shortcomings requiring policy attention. A key finding was that there are significant urban-rural linkages with poverty alleviation potential that are presently under-developed. Our initial study has revealed a sub-optimal landscape for the support of social enterprises. The social enterprise sector is highly diversified containing a range of different approaches and revenue models. Further work is required to connect a range of critical partnerships so that the full potential of the social enterprise change model can be leveraged. The study sets out a number of recommendations encompassing the role of the state to investment in skills development.

One of the study's key conclusions is that this nascent sector is different to the business models currently being represented by industry associations and catered to by policymakers and the investment community. Many of the enterprises we have documented are 'out of the box' companies that do not fit into traditional models. As a result they are not being catered for by those responsible for developing an enabling environment for social business to flourish in India. Given the high-quality developmental impact of many of these social enterprises this is a critical shortcoming. We are convinced that what is needed is a platform to advocate on behalf of these enterprises and create more visible and compelling forms of awareness-raising regarding this new sector.

This provides CSM with an opportunity to play a proactive, enabling role that supports, strengthens and nurtures social enterprise in India. However, this objective is not limited to social enterprise alone – we also aim to have a positive influence on mainstream business models in India. CSM will seek formation of partnerships between business and social enterprise, with support from Government and Investors. . Such efforts would be helpful in enabling the social business sector to grow and thrive through improved information exchange, lessons learnt and collaborative approaches.

## ACKNOWLEDGEMENTS

# GLOSSARY

*Crore:* the Indian equivalent for ten million.

*Lakh:* the Indian equivalent for a hundred thousand, most figures are quoted in lakhs and crores rather than thousands and millions in India. For example 2 crore 3 lakh rupees is equivalent to 20 million 3 hundred thousand Indian Rupees.

*NASSCOM:* The National Association of Software and Services Companies

*IFAD:* International Fund for Agricultural Development

*GOI*: Government of India

*RTE:* Right to Education

*MDG*: Millennium Development Goals

*IIT:* Indian Institute of Technology, these are institutes of higher education designed to train scientists, engineers and technologists, there are 7 institutes across the country and a further 9 are set to join the group.

*IIM:* Indian Institute of Management, these are graduate business schools in India, there are 13 IIMs across the country.

*RDA:* Recommended daily allowance, the suggested intake of a particular nutrient per person per day.

*PPP:* Public-private partnership, commonly the government makes an agreement to pay a non government run body to implement and maintain a government service. For example the government paying a charity to provide mid-day meals in schools, or a private company to run it's computer systems.

*MFI:* Micro-finance institution

*Taluk:* administrative unit hierarchically above the local city, town, or village, but subordinate to a larger state or province

# REFERENCES

Greenpeace. 2009. 'Guide to Greener Electronics'. India Version 8.

Greenpeace. 2010. 'India Briefing Paper- 2010'. Greenpeace India Society, Bangalore.

Benjamin, S. 2000. 'Governance, Economic Settings and Poverty in Bangalore'. Environment and Urbanization, 12(9): 35–56.

Cohen, M. J. 2001. 'The Emergent Environmental Policy Discourses on Sustainable Consumption'. In Cohen, M. J and J. Murphy (eds). Exploring Sustainable Consumption: Environmental Policy and the Social Sciences. Pergamon, London.
Crane, A. and D. Matten. 2007. Business Ethics, 2nd edn. Oxford University Press, Oxford.

DeWit, J. W. 2002. 'Urban Poverty Alleviation in Bangalore: Institutional and Community-Level Dilemmas'. Economic and Political Weekly, 37(38): 3935–3941.

Drèze, J. and A. Goyal. 2003. 'Future of Mid-Day Meals'. Economic and Political Weekly, 38 (44): 4673–4683.

Drèze, J. and G. G. Kingdon. 2001. 'School Participation in Rural India'. Review of Development Economics, 5 (1): 1-24.

Elkington, J. 1998. Cannibals with Forks: the Triple Bottom Line of 21st Century Business. Capstone, Oxford.
Gayatridevi, G. K. 2008. 'Urban Poverty and Links with the Environment: An Exploration.' Working Paper No. 201, Institute for Social and Economic Change, Bangalore.

Hollender, J. and B. Breen. 2010. The Responsibility Revolution. Jossey-Bass, San Francisco.

Krishna, R. V. and S. Ramaswamy. 2004. Scaling New Heights: The Millennium Women (Case studies of Women Entrepreneurs). Association for Women Entrepreneurs of Karnataka, Bangalore.

Kumar, S. 2009. Earth Pilgrim. Green Books Ltd., Totnes.

Meadows, D. H., D. L. Meadows, J. Randers and W.W. Behrens. 1972. The Limits to Growth. Club of Rome, New York.

Nilekani, N. 2009. Imagining India: Ideas for the New Century. Penguin Books India, PLACE.

Sastry, G. S. 2008. 'Emerging Development Issues of Greater Bangalore.' Working Paper No. 194, Institute for Social and Economic Change, Bangalore.

Smitha, K. C. and S. N. Sangitha. 2008. 'Urban Governance and Service Delivery in Bangalore.' Working Paper No. 189, Institute for Social and Economic Change, Bangalore.

Wipro. 2008. 'Wipro Manifesto for being a Good Citizen'. Wipro Technologies, India.

World Commission on Environment and Development (WCED). 1987. Our Common Future. Oxford University Press, Oxford.

# REFERENCES

## SOURCES

Useful literature on the issue of social enterprise and related issues of inclusion and enterprise development includes:

Elkington, John and Pamela Hartigan. 2008. The Power of Unreasonable People: How Social Entrepreneurs Create Markets That Change the World. Harvard Business Press, Boston, MA.

Bornstein, Bornstein.2007.How to Change the World: Social Entrepreneurs and the Power of New Ideas. Updated edition. Oxford University Press, Oxford.

Intellecap. 2010. Beyond profit: Indian Social Enterprise Landscape Survey. Intellecap Advisory Services Pvt Ltd., Mumbai.

Growing Inclusive Markets. 2008. Creating Value for All: Strategies for Doing Business with the Poor. UNDP, Washington, DC.

Karamchandani, Ashish, Michael Kubzansky and Paul Frandano. 2009. Emerging Markets, Emerging Models. Monitor Group, Mumbai.

Gupta, Anish and Raghav Narsalay. 2010.  India's quest For Inclusive Growth, Achieving High Performance Through Inclusive Business Models: a research report. Accenture, PLACE.

Seth, Meera. 2010. A case study Special, , Business World special collectors issue.

## WEBSITES CONSULTED

http://www.mckinsey.com/mgi/reports/freepass_pdfs/india_urbanization/MGI_india_urbanization_fullreport.pdf

http://intellecap.com/publications/beyond-profit

http://casi.ssc.upenn.edu/khemka/khilnani

http://www.growinginclusivemarkets.org/publications/global/

http://www.tomorrowscompany.com/publications.aspx

http://www.oxfam.org/grow

http://www.dise.in/dise.html

http://www.savethechildren.in/what-we-do/child-protection/child-labour.html

# REFERENCES

## WEBSITES CONSULTED

http://www.forbes.com/2010/10/07/cities-china-chicago-opinions-columnists-joel-kotkin.html

www.azimpremjifoundation.org

www.sutradhar.com

www.akshara.org.in

http://www.asercentre.org/index.php

www.akshayapatra.org

www.iskconbangalore.org

http://www.unicef.org/india/education_2891.htm

www.deensacademy.com

http://www.indusschool.com/

www.BTechGuru.com

www.sparshhospital.com

www.emri.in

www.forushealth.com

www.acumenfund.org

www.sochara.org

http://www.karnataka.com/industry/software

www.vindhyainfo.com

www.comat.com

www.cooptionstech.com

www.idfdevelopment.org

www.vattikutifoundation.com

www.rangde.org

www.efarm.in

http://www.matchboxsolutions.in/

www.ifad.org

www.biome-solutions.com

www.threewheelsunited.com

http://www.enviu.org/

www.alchemyurban.com

www.dbsaffordablehomes.com

www.saath.org

www.aarusha.com

www.eraorganic.in

www.thegreenpath.in

www.idspecial.com

www.yourstory.in

The contributors to this report have made every effort to provide accurate internet and website addresses at the time of publication. The contributors are not responsible for any changes to third party website content

# ABOUT

## Centre for Social Markets (CSM)

CSM is an independent, non-profit organization promoting entrepreneurship for the triple bottom line – people, planet and profit. Founded in 2000, by Indian social entrepreneur, Malini Mehra, CSM works in the public interest to create more open, inclusive and sustainable societies. Our focus is on India but we bring an international perspective and network of associates, and a multi-sectoral, inter-disciplinary approach to our work. We are a values-based organisation committed to the highest standards of ethics, integrity and professionalism.

CSM conducts research and education, promotes policy dialogue, builds coalitions and leadership platforms, and produces publications, web-based resources and broadcasts in three major programme areas:

**Climate Change** – with the objective of promoting a pro-active domestic response to climate change in India and assertive leadership on the international stage.

**India as a Global Player** – with the objective of ensuring that India's rise as a world power contributes to peace, sustainable development and human rights.

**Corporate Responsibility** – with the objective of ensuring that business and enterprise, especially India Inc., are **a force for good, and** promote new business models that actively contribute to sustainability and social welfare.

Full details on CSM's work can be found at its comprehensive website http://www.csmworld.org
For more information on this report, please contact:
**MS Viva Kermani, Centre for Social Markets, Bangalore**
Email: viva@csmworld.org

*The contributors to this report have made every effort to provide accurate internet and website addresses at the time of publication. The contributors are not responsible for any changes to third party website content*

## Oxfam

Oxfam is a global movement of people working with others to overcome poverty and suffering. Oxfam GB is a leading international NGO with a worldwide reputation for excellence in the delivery of aid and development work. Our purpose is to work with others to overcome poverty and suffering. Oxfam GB is a member of Oxfam International.

Further information on our work can be found in the Oxfam in Action section of the website. Please use the following links to locate our latest annual review, accounts and strategic plan.

Further information about our work, accounts and strategic plan can be found on our website at www.oxfam.org.uk.

This study sets out to explore the realm of social enterprise, mainly in the city of Bangalore. Its principal strength is the range of 'case stories', based on interviews with business entrepreneurs who have turned their attention to providing social services for the disadvantaged - health, education, food, IT, credit, and support for labour unions among others. Some partner with government, others use one part of their business to subsidise their social activities. Below the PR surface, entrepreneurs from a broad walk of life describe in their own words the daily challenges they face as well as their impressive business achievements. There are no formulas, no standard models - and it is not all plain sailing. But the sheer volume and variety of approaches illustrates the willingness to go beyond conventional philanthropy or corporate social responsibility, and actually harness business to social goals.

*"It is very timely that CSM has come up with this Social Business Report. In these times we keep debating the so called right scalable models of growth while neglecting the holistic concept of sustainability. In a country that has most of the poor people in the world - we have a certain moral responsibility of creating social, economic and environmental models for the world and this report of CSM brings to light those very models and thought concepts."*
H Harish Hande, Selco-India, Winner of Ramon Magsaysay Award 2011

Centre for Social Markets
Bangalore. Delhi. London
Email:info@csmworld.org
Website: www.csmworld.org

Supported by Oxfam, GB
Orchid Chemicals & Pharmaceuticals Ltd