

Moneybags chasing start-ups of all hues, but social ones left in cold

Sumit Moitra @SumitMoitra

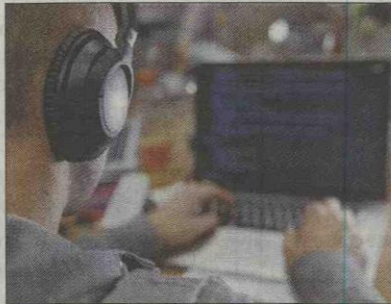
Kolkata: As start-up sector attracts big bucks and high valuations, social start-ups are slogging for modest funds and targets. While funds are there, modest returns and less chances of early exit make social enterprises a less attractive sector to invest in, except perhaps micro-finance.

"There is money, but there is not much in the non-micro finance space. The funding market for social enterprises is still nascent and most of the money is chasing only a handful of enterprises. While micro-finance has achieved some maturity, money is yet to flow into sectors like healthcare. Also, innovation in social enterprises is also lacking," says Joel Rodrigues of Ennovent, which funds and also helps social start-ups in accelerating business plans across 15 countries.

Investors in social start-ups typically look for returns of upwards of 18-19% and exits in 7-10 years, he said. The problem begins with very little understanding of what actually a social start-up means.

"The concept of social enterprise itself is fuzzy, whether it has to be non-profit or for-profit and awareness needs to be generated particularly among the young generation," said Subhrangshu Sanyal, CEO, IIM Calcutta Innovation Park.

Since social start-ups need time to scale up, requiring people to get hands dirty before they scale up, returns are not much. So, these enterprises need specialised funding and mentoring agen-



Trying hard to catch investors' interest

cies, and not normal VCs, he said.

There is hope though.

In a bid to tackle this challenge, IIM Calcutta came up with the idea of creating a platform for such social enterprises, starting with a competition.

Started in 2012, the Tata Social Enterprise Challenge has received about 700 entries over four years from India and abroad where top three winners are given cash grants and top 20 semi-finalists are eligible for mentoring, funding opportunities from social venture capitalists and incubation at the IIMCIP, said Atul Agrawal, VP - Group Corporate Affairs, Tata Services.

HelpUsGreen from Kanpur, Jeevtronics from Pune, Harisu Dala Innovations from Bengaluru and Disease Diagnose Group from Boston, USA have emerged as the most promising social ventures this year.

HelpUsGreen is trying to preserve rivers by recycling flowers and waste from the places of worship into bio-fertilisers, incense and bathing soaps.

Jeevtronics has patented a hand-cranked life-saving device, a defibrillator with built-in power generator targeting off-grid rural areas. The product would be commercially launched soon, co-founders Ashish Gawade and Aniruddha Atre, former colleagues at Ford Motors USA, told **dna**.

Harisu Dala is creating impact by employing waste pickers in Bangalore, collecting segregated waste for housing societies and offices and processing them.

"The social impact is that the ragpickers employed by us now earn a respectable Rs 10,000 a month against Rs 4,500 earlier," said Shekar Prabhakar, managing director, Hasiru Dala Innovations.

The venture plans to expand to other parts of Karnataka and then to other states.

"Till now, we have contributed our own money, from the three promoters and debt funds at low interest rates from friends. We are not looking at outside funds right now, maybe at a time when we plan to go national," he said.

While source of funds are scarce for such kind of ventures, the event saw the announcement of a modest Rs 50 crore fund from Villgro Innovations and launch of India office of Amsterdam-based Dito Foundations that plans to fund ventures in sanitation and women empowerment in India.