

## **The Sankalp Forum: Where ideas matter but vision more so**

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In mid-April over a thousand participants from India and abroad gathered in Mumbai. The venue was the high-energy Sankalp Forum organised by Intellectap - a pioneer in providing business solutions to help profitable social enterprises scale up, in partnership with Villgro. The Sankalp Forum is an annual affair which attracts social entrepreneurs, investors, mentors, leaders, youths and wannabe entrepreneurs. To put it politely it brings together people one usually does not find working in average day jobs. Most may not even want to work in one.

They belong to the perpetually unsatisfied class of people and they are always looking for problems, but with a difference. They have come up with some smart ideas to solve these problems be it in the area of health, education, environment or energy, and are working hard to put them to practice. A few have succeeded, others are working their way through, and many have failed but are starting again with renewed enthusiasm. There cannot be a more unconventional set of people and we need more of them to bring newer imagination, resources and approaches to solve the development challenges facing the global South.

It comes as no surprise that the forum this year was branded as the Sankalp Unconvention Summit, and the theme was “Looking beyond Impact: Seeking transformational change”. Several panel discussions and parallel forums were organised which focused on where social entrepreneurship and impact investing is headed, and what difference it is making in the lives of people. Given that social enterprise sector in India took off less than ten years ago and is still in a nascent stage, this openness to reflect and rethink strategies was very refreshing. Several points emerged, including the need for different actors (entrepreneurs, investors and governments) to come together and create an ecosystem which incubates innovative ideas, builds capacities, and funds risks. This calls for new and innovative financing mechanisms to fund the high-risk social enterprises. And the approach to investing has to shift to impact investing, namely investing in a portfolio of companies, organisations and funds, which generate measurable social and environmental impacts alongside a financial return.

Social enterprises need capital right from seeding to scaling up. As was expected, some of the most energetic discussions were on how to mobilise capital for impact investing and the ability of social enterprises to come up with solutions which serve the needs of poor people as well as generate returns for the investors. While a high proportion of capital is raised through foreign funds, the share of domestic capital is gradually increasing but more needs to be done to unlock the capital available locally.

Amidst all the discussions, a single word which was absent was “free”. None of the entrepreneurs talked about providing their products and services for free, and for the right reasons: to engage with the unreached and the poor in a relationship which is equal and business-like instead of a donor and recipient one where services are generally provided free. This new generation of entrepreneurs represented at the Forum did not find it incongruous to talk about creating business solutions which work for the poor and creating profits in the same sentence. They are focused as much on creating income inflows from year one of their enterprises as they are on wanting their enterprises to reach the unreached and benefit people with low incomes.

This new mindset of social entrepreneurs is changing the long established terminologies and approaches associated with development. Words such as aid, subsidies, donors and recipients, free are “out” and investment, solutions, customers, terms of services and pricing are “in”. And this change will benefit everyone.

When a user pays for a service, he or she can negotiate the price and the terms of the service and can hold the seller accountable if the service is sub-par. A donor-recipient relationship is an asymmetric one. It does not allow recipients to negotiate or hold the donors accountable and strips the ability of recipients to raise questions on effectiveness of free services. By setting an affordable price, social entrepreneurs are restoring dignity of poor people as consumers instead of merchandising their sufferings to raise funds. Social entrepreneurs have to work hard to gain trust of the users and be accountable to them, as without it, they will not be able to mainstream their solutions.

This is all the more remarkable when we consider that these entrepreneurs are trying to create profitable enterprises in sectors where most of the services are often provided free or heavily subsidised by governments and non-government organisations alike. Conventional wisdom goes against asking for payments in a sector dominated by free services. This being the Unconvention, it was represented by entrepreneurs who dared to think and act differently. The failure of governments in reaching all places and providing quality services to the poor means that these entrepreneurs perceived vast opportunities and set up successful and profitable enterprises. And many of them see aid and grants as perverse subsidies which distort the commercial model and do not provide a level playing field to other enterprises.

One such entrepreneur was Dr. Ashwin Naik who co-founded the Vaatsalya chain of hospitals. While more than 70% of the Indian population lives in villages and small towns, 80% of the hospitals are located in metros and large towns. This leaves a huge unmet demand for primary and secondary health care services in semi-urban and rural India and this forms the client base of Vaatsalya. Vaatsalya offers low-cost specialised services in the area of gynaecology, paediatrics, general surgery and general medicine, and allows them to fulfill about 70% of the needs of the local community and stay profitable while doing so. On an average, Vaatsalya earns about 15% to 18% in earnings before tax. One of the early impact investors for Vaatsalya was Aavishkaar India, whose chief executive officer (CEO) Mr. Vineet Rai is also the co-founder of the Sankalp Forum. This shows how daring entrepreneurs and visionary investors within a country can come together and create social enterprises which provide quality health care services for its citizens at a lower cost.

And the process has only begun. The Sankalp Emerging Businesses Awards brought together 21 finalists who pitched before the audience to get support for their social enterprises in area of agriculture, technology, education, health and technology. Many of these enterprises with proper mentorship and investments have the potential to become Vaatsalyas of tomorrow or go beyond national boundaries and set up operations in other countries.

India is emerging as the cradle of home-grown social entrepreneurship. A large number of youths in India are attracted to it and investment and support by government and domestic

angel investors is going up. The social enterprises which are emerging are innovative, low-cost and aimed at needs and challenges facing India. A more conducive ecosystem which fosters entrepreneurship is also emerging which explains the dramatic take off of this sector. India is now in a position where it can share some of its indigenous experiences and experimentations on social enterprises with other countries in the global South.

As if on a cue, there was a panel in the Forum on South-South collaboration on impact investing and how other countries could learn from India's experience. It brought forward interesting examples on how India has enormous development challenges - all of which are competing for finite capital but is still able to encourage and expand social entrepreneurship, and many of the home-grown enterprises have made a big impact globally in the area of health and technology.

To sum up the Sankalp Forum is emerging as the locus of new ideas and discourses, and a crossing point for people who are shaping and driving the social enterprises sector, not just in India but globally. The contribution of the Forum in mainstreaming the growth of the social enterprise sector is an important one but what is even more significant is that it dares to ask, are we making a difference.

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