E-FOREA

E - Times

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The entrepreneurial climate in India is set to get a much needed impetus with the launch of the second 'Entrepreneurship Week' from February 2 to 8, 2008, initiated by the National Entrepreneurship Network (NEN), a non-profit initiative working to inspire, educate and support new and future entrepreneurs in India. Part of a global initiative, Entrepreneurship Week aims to bring several thousand citizens together to celebrate opportunities and explore the myriad ways in which the nation can improve the ecosystem for entrepreneurship in the country.

Workshops, games and interactions with prolific entrepreneurs are held, at various colleges across the nation, during this week to spread awareness about entrepreneurship, explore new horizons and appreciate our unique tryst with destiny sixty years after independence.

Venture Philanthropy

E-FOREA is about entrepreneurship, and the word entrepreneurship does not merely refer to high-tech start-ups with fancy business plans to sell cutting-edge products and technologies in new, unexplored markets. For this article, I decided to do the opposite, and discard all the hype and glamour in favour examining entrepreneurship in the dusty, winding alleys and lanes that a major part of India, and the world, would find more familiar. You may call it an ear-to-the-ground approach.

Recently, I came across a talk by **Jacqueline Novogratz, CEO of Acumen Fund**, on www.ted.com. She put forth a novel way around the top-down approach used by aid donors, wherein they rely upon governments and large aid agencies as intermediaries to deliver assistance to the target population. This system is universally acknowledged to be full of flaws. Primarily, the over-reliance on the state as a delivery mechanism. As the former Afghan Finance Minister Ashraf Ghani puts it, "Most of the world experiences the state as repressive - as an entity concerned with the denial of rights, and the denial of justice, rather than their provision." The problem of corruption is routinely by-passed, ignored by executives who are paid fabulously but display a marked lack of creativity to justify the fat pay-packets.

It is this scenario that has prompted a move in the opposite direction, a bottom-up approach. Only now, people are beginning to rethink the notion of capital. In development assistance, the least important form of capital is financial capital - money. Money isn't the same as capital in most developing countries. It's just cash, merely legal tender - because it lacks the institutional and managerial forms needed to turn it into capital. What is needed is different ways of enfranchising people. This is where Novogratz's concept of venture philanthropy has begun to plug in the huge gaps in the current aid pipeline. Acumen Fund and similar organisations function like conventional venture capitalists, but with the wider agenda of using entrepreneurial approaches to solve the problems of global

poverty. Acumen Fund, in particular, works to identify entrepreneurs and organisations focused on delivering critical, affordable goods and services – such as water, healthcare, and housing – to improve livelihoods, health and opportunities for the poor. It is a refreshing change, with emphasis on leadership, scalability and sustainability within a community, rather than hand-outs doled out from outside one.

The model has already begun to show results, in a very short span. In Africa, **Acumen Fund** is attempting to recreate the well-known Village Phone and microcredit miracle of Bangladesh in the 90s, orchestrated by the **Grameen Foundation**. A combination of steadily dropping phone prices, smart capital allocation, and dynamic local talent is beginning to push mobile enterprise applications way beyond ringtones and games, and causing a few distinct usage patterns to take root. For example, certain providers are focussing on increasing market information by simply adding transparency. Fishermen in Senegal now get the price being paid for their catch at different market points before they even head in from the water, which maximises their revenues and cuts out middlemen, whose margins depended on a lack of information. Similar work is being done by **KACE (Kenya Agricultural Commodities Exchange)** and **TradeNet** in Ghana. **Cell Bazaar** in Bangladesh is implementing a type of eBay model for general goods and services trading. **Kazi560** is providing information on job openings in Nairobi via SMS. All these models work on advertising or SMS fees, transaction commissions, or just greater efficiency in a larger social goal such as ensuring farmers receive the best available price opportunities and delivery options.

In India, Acumen Fund has invested in The Medicine Shoppe, which has quickly grown into India's second-largest pharmacy chain. The Medicine Shoppe has achieved considerable success in serving urban populations, and will now expand into rural markets. In India, close to 12% of rural income is spent on healthcare and 66% still do not have access to critical medicine. Compounding problems is the fact that almost 70% of the medicines sold in rural areas are either substandard or counterfeit. Hospitalized Indians spend on average 58% of their total annual expenditures on healthcare, with over 40% borrowing heavily to cover expenses and over 25% falling below the poverty line because of hospital expenses. The Medicine Shoppe has innovated a new store format, which will provide quality health services at no cost, but sell medicines and other pharmacy products at affordable prices.

The **Aravind Group of Eye Hospitals** is another of Acumen Fund's projects. Of the nine million blind people in India, 85% suffer from preventable blindness. Three-quarters of India's population people live in rural areas with inadequate healthcare. Specialized care is available only at tertiary care centers and is generally unaffordable to the poor. The Aravind Group has innovated a telemedicine network connecting four private eye hospitals in southern India, dramatically increasing their capacity to conduct remote consultations for poor patients with eye disease in more rural areas. It also allows the hospitals to train more new eye specialists and hospital administrators, and connect with international eye specialists for collaborative consultations in advanced stages of disease. The Aravind group of eye hospitals sees 1-2 million outpatients each year and performs 200,000 surgeries, 30-40% of them for free or at below cost. The costs of care are minimized by tele-consultations that replace costly travel for patients or costs for additional doctors, allowing patients to pay on a sliding scale.

Rohan Chowkar

As a part of the activities conducted during the E week all over the country, the NITK E-Forea club is conducting a Brainstorming Session for discussing and evolving the best of the ideas among us in the field of Information Technology, Services and Manufacturing. NITK alumni who are one among the leading entrepreneurs in the Information Technology, Services and Manufacturing Sectors shall be coming down to NITK on 9 February, 2008 to shape our ideas and help us in taking the first step towards becoming an entrepreneur. Budding first year entrepreneurs shall receive special attention.

-Somit Gupta