



Aavishkaar India

Micro Venture Capital Fund

Channeling India's Entrepreneurial Energy for Economic Development



The Aavishkaar India Micro Venture Capital Fund ("Aavishkaar") is a for profit venture fund founded to promote development in rural and semi-urban India. Aavishkaar believes entrepreneurs can be a powerful force for development. To this end, the firm provides micro-equity funding (Rs. 10 lacs to Rs. 50 lacs, approximately USD \$20 thousand to USD \$100 thousand) and operational and strategic support to commercially viable companies increasing income in or providing goods and services to rural or semi-urban India. Aavishkaar targets a 32% IRR per investment. Aavishkaar has raised USD \$1.2 million (Rs. 5 crore) and has made five investments to date.

Why micro venture capital?

Quality of life in rural and semi-urban India is still low, despite a decade of strong national growth. Improving the standard of living for these populations – consisting of over 700 million people – is India's biggest challenge

Small to medium sized private enterprise can drive development in these underserved regions. Historically, this enterprise has been thwarted by misguided economic policies, infrastructure challenges, and limited access to capital. Recently, improved economic policies and infrastructure investment have removed many obstacles. A lack of access to capital, however, still inhibits widespread growth. Micro-credit is too small and too restrictive to be used for true business creation. Conventional venture capital focuses on ventures requiring USD \$1 million+ that target urban regions or service export. Businesses smaller in scale addressing rural and semi-urban India cannot find the risk capital they need. Aavishkaar strives to fill this gap. The firm makes equity investments between Rs. 10 lacs to Rs. 50 lacs in companies focused explicitly on these underserved communities.

Is capital enough?

Company Profile: Servals

Servals sells two innovations, both designed by rural innovators: an irrigation device and an efficient kerosene burner.

Servals initially utilized conventional sales channels. These attempts proved unsuccessful. Aavishkaar principals, in concert with the promoters, constructed a new go to market strategy utilizing self-help groups as the sales channel. This new approach has proven highly effective. Servals now sells 2000+ devices per month.

Capital is necessary, but not sufficient, for successful enterprises. Aavishkaar spends considerable time working with its promoters to build their businesses. Principals assist promoters with operations, marketing, finance, partnership generation, and business development.

Aavishkaar principals have 10+ years of venture capital experience, with particular expertise in rural entrepreneurship.

Why for profit?

Social capital markets lack the scale needed to meet the development challenges in rural and semi-urban India. Development efforts must involve private capital markets; accessing private capital markets requires providing return commensurate with risk. Aavishkaar's financial return threshold of 32% IRR provides investors with a commercially competitive investment vehicle.

For more information, please visit www.aavishkaar.org or send an email to vineet_rai@aavishkaar.org.