

SMEs Redefining Innovation: Insights on the New Ventures India Investor Forum

At first glance, the lineup of products and services on display at this year's New Ventures India Investor Forum seemed to reflect traditional Indian knowledges and practices. Banana-leaf materials, light posts, and packaged Indian foods were some of the offerings on display by entrepreneur finalists. Only the banana leaves were fashioned into modern kitchen ware, the light posts were solar powered and the traditional Indian foods were harvested under an organic, fair trade system designed to exceed the most stringent international standards.



Span Pump technology in action – one of six winners of the Investor Forum 2007

World Resources Institute Vice President Manish Bapna summed up this phenomenon nicely in his keynote speech: "Innovation is not invention; it is the application of existing ideas in a new context." I normally tell people that these enterprises are chosen for their innovation in building profitable businesses that benefit society and the environment, but in this case the word innovation deserves some clarification. As much attention as India gets from investors for its rapid growth and technological advancements, the November 3rd Forum demonstrated that India's entrepreneurs are spurring this growth on their own terms. Theirs is a uniquely Indian brand of innovation that readapts traditional knowledges for new environmental markets.

Witness the example of Span Pump, a company that adds a carousel or see-saw component to the technology of the many water pumps that dot India's rural areas. These "Funflow" pumps build upon conventional technology to create a device that harnesses the energy of children at play to pump water for sanitation and agricultural purposes. Span Pump is just one example of the modern-traditional innovations on display at the Forum. Others included bikes by Kabirdass which mimic the two-wheelers that are ubiquitous in cities like Bombay, but with electric, zero-emissions motors. Ankur Scientific presented power plants that utilize the jatropha weed, common in rural India, as a fuel source. Each SME taps into Indian traditions and practices of water management, agriculture, and other knowledges.

These companies are far from just feel-good projects – they are increasingly being backed by mainstream investors. The Forum itself was partially geared toward the launch of a Green Investor Network, a New Ventures India initiative that brings together investors such as ICICI bank and the Global Environment Fund to invest in SMEs like the ones on display at the event. In addition, Yes! Bank's Somak Ghosh announced that his firm would be raising a \$50 million fund for small sustainable businesses.

The challenge for India now is to support enterprises like these New Ventures finalists that are applying their business skills to connect traditional Indian knowledge and technologies with high-growth markets for sustainable goods. Investors are showing interest, and the ideas are everywhere amid India's thriving entrepreneurialism. What these entrepreneurs require now is the mentoring and showcasing that will prepare their business models for investment and connect them with the capital they need to grow.

Written by Derek Newberry, World Resources Institute ©2007 – The Rising Ventures Series features articles, announcements and profiles of investors and entrepreneurs related to the theme of innovative small and medium businesses (SMEs) in emerging markets that deliver social and/or environmental benefits. These business models have been identified through the New Ventures project (www.new-ventures.org / www.nextbillion.net). To view other Features in the Series, visit <http://www.new-ventures.org/risingventures>.