Retrospect and Prospects of Impact Investing in India

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Abstract

Impact Investing if taken as an opportunity it can create wealth besides creating a social and environmental impact in developing countries. This research paper addresses the dearth of Impact Investing research catering to India and the way it can be capitalised as a method of reaching to heights of development in coming years. This study seeks to define what Impact Investing is, how has it evolved, seeking opportunities in India, existing Impact Investors and their diversification and answers to as how can it contribute to Indian Economy. Review of existing literature on Impact Investing worldwide and India is the backbone of this description. India's population surpasses Europe's population with a massive chunk falling in Bottom of Pyramid, opening up new vistas which can be used as opportunities for Impact Investing in India. This article brings the need for research and efforts in Impact Investing in India to fill the gap.

Key words: Impact Investing, Return on Investment, Impact Reporting and Investment Standards, Global Impact Investing Network Reporting System, Sustainable Development Goals.

Introduction

With current hoopla around social and environmental issues, a relatively new and overused concept of Sustainable Finance and Socially Responsible Investing (SRI) came on surface. Sustainable finance zeroes on the Environmental, Social and Governance (ESG) framework and SRI revolves around ethical, socially beneficial and green investing. These kinds of investments have been much lauded for in recent times for the social and environmental balance these investments aim to bring. The primary purpose of investing in majority of the cases is getting an additional return for the risk an individual takes while investing his/her money in a prospective opportunity. This papers aims to review the existing literature in Indian context, identifying gaps and give recommendations to researchers, academicians, practitioners and investors to further activities of Impact Investing.

The Global Impact Investors Network (GIIN) defines Impact Investments as “investments made with the intention to generate positive, measurable, social and environmental impact alongside a financial return.” Impact Investing brings into account a concept of blended value which refers to creating social, environmental and financial value while investing in promising projects. It takes into account not only the social cause but also at par returns on the investments so made (Bugg-Levine & Emerson, 2011). Impact Investing is not a new innovation. It simply revolves around the phenomenon that finances community and commerce together which can create more difference than each of them can do in silos. Impact Investment term was coined by Rockefeller Foundation in the year 2007 while discussing new form of financial innovations in investments which could yield both economic and social benefits to the society. At present there are many government policies in developing countries which promote micro financing. In the nascent years of Impact Investing, the primary focus was vastly on Financial Inclusion through Micro Financing. This industry has been a driving force for many handloom and indigenous industries in developing countries to reach their functional stage. In India, Microfinance industry has shown promise by growing at a surprising rate of 36%, 20% and 40% in Financial Years 2017, 2018 and 2019 respectively. Portfolio outstanding as on March 31st 2019 was approximately INR 180,000 Crore (SIDBI, 2019). Data show that despite economic slowdown, Impact Investing has a potential to grow in developing countries of the world.

Impact Investing can be one platform where huge sums of private capital come into social platform, as they claim to give market rate returns while creating a blended value. A bunch of private investors are quite positive about it as this is not a type of donation, but an investment which gives the investor some financial benefits too, which is actually the reason why a rational investor would move to Impact Investing rather than just getting stuck to Socially Responsible Investing. Its focus has always compromised Financial Return making it less attractive for majority of investors. Clarkin & Cangioni (2016) state that SRIs are formulated to minimise negative impact wheras Impact

Investing is focused on increasing the value creation. Governments in developed and developing world are also showing keen interest in promoting Impact Investing to address problems like affordable housing, poverty reduction, job creation, public transportation, financial inclusion, healthcare and the list is inexhaustible. Empirical evidence suggests that firms with private ownership perform more efficiently than their government counterparts as there is an expectation of better performance, value creation and financial returns.

Various metrics have been designed to calculate impact like Impact Reporting and Investment Standards and additional frameworks by Global Impact Investing Network (GIIN) and Global Impact Investment Reporting System (GIIRS) (Brest & Born, 2013). However, actual social impact computational techniques have still been too vague and no definite value computation methodology has been found . Financial returns can easily be computed but calculation of value of social goods is not so definite. Its financial counterpart still remains a challenging part on value computation.

Literature Review:

Bugg-Levine & Emerson (2011) explain how it can create difference in the society with financial returns clubbed with value addition. It reveals about the concept of blended value which is the sum total of financial, environmental and social value as a result of investing and operations in Impact Investing. Brest and Born (2013) highlights a drawback to the impact measurement methodology which is too vague as of now and there is no way to measure impact investments' social value creation. In the Brookings report (2019), it discussed the potent and promising nature of Indian Economy and the returns these firms can give. It discussed how investors have diversified their portfolios in Impact Investments they make, highlighting how it has moved from just financial inclusion to a broader impact perspective in nature. Wood, Thornley & Grace (2013) reiterate the possible areas where the government should target Impact Investments with supportive policies and building social investments through intermediaries fostering the growth in this sector. Industrial reports from IBEF (2019) give an insightful vision into the industrial segregation on various industries of Impact Investing in India. Industries so analysed were healthcare, pharmaceuticals, transport (roads and railways), textiles, real estate, affordable housing and renewable energy. Government policies are also taken into account while analysing the industries mentioned.

McKinsey(2017) describes how Impact Investing has taken place in India will be in near future for India. It talks about the number of lives directly affected by such investments and the areas in which it has already been functioning. Thillai Rajan, Koserwal & Keerthana (2014) describe how the Impact Investments are dispersed. They point out that majority of the investments target at Bottom of Pyramid (BoP) level, but only few foray in employment creation opportunities and point out the gap in areas which have not yet been served like Technology Innovation being the most underserved, Clarkin and Cangioni (2016) in their paper also expressed concern for dearth of research in this segment. Barber & Yasuda (2016) in their research analysed how European Impact Investors lagged behind its American counterparts and faced a big supply gap in Europe too, which creates the background for supply gaps in the areas of Impact Investing.

With the above backdrop main objective of the present paper is to promote Impact Investing at a scale in India as there is a huge gap from the supply side. For this purpose the paper aims to analyse the conceptual framework of Impact Investing in the context of growth potential and Impact Investment opportunities in India. The existing research work with respect to Indian context has not been fully touched by the researchers. Corporate reports do suggest the growth potential of Impact Investing. Government policies in respective industries to support investments in this area are also considered as prospects. This research paper is developed on the basis of secondary data reiterived through research papers and reports of organisations working in this field.

Discussions:

The primary focus of Impact Investing has always been to serve the deprived communities. If we take economic conditions as a basis, India being the highest populated developing country in the world has a Bottom of Pyramid (BoP) population estimated 1.05 Billion in 2005 making ever 5 out of 6 individuals at Bottom of Pyramid level. On an average they earn less than INR 200000 per annum (INR 300000 in Urban and INR 160000 in Rural India). This figure creates a huge market for Impact Investing to work in. By 2015, it was projected that BoP population in India would be 997 Million, nearly 80% of total population (Unitus, 2013). India having favourable demographic evidence for 37 years, with huge potential to grow to the fullest, we can simply assume that it is the golden period to capitalise on. Statistically, this was the period when almost all the countries showed enormous growth and resulted in increasing the production of goods and services. In this period, we can expect India to reach to its maximum potential and quite possibly gain transition from a net importer to net exporter. When we take global index in consideration India has climbed 22 points in Ease of Doing Business in 2019 and reached the rank of 77 in the world in 2019 and rank of 63 in 2020, ranked number one in South Asia and ranked 3rd in BRICS nations make it a lucrative country to look forward to.

Impact Investing crossed 1 Billion mark in the year 2015 and reached a cumulative investment figure of USD 5.2 Billion in the year 2016 with 488 deals of Impact Investing and is expected to grow at a rate of 20% to 24% and expected to reach figures upto USD 2.5-3 Billion in 2020 and USD 6-8 Billion by 2025. Average investment size can also be expected to increase to a great extent. According to McKinsey report (2017), Impact Investing touched about 60 to 80 million lives in India, which surpassed the population of majority of countries in Europe. Impact Investing areas show a promising growth potential as forecasted with 23 to 25% growth in Micro Finance, 22 to 24% growth in Clean Energy, 22 to 24% growth in healthcare and 7 to 9% growth in Education due to large unmet social needs of the BoP chunk of India.

Healthcare Industry in India has been growing enormously and market for healthcare goods is also expected to reach USD 280 Billion by 2020 and USD 372 Billion by 2022 because of the trends and lifestyle changes in India. These changes are due to increasing incomes, greater health awareness, lifestyle diseases, increasing access to insurance and more financial inclusion than ever before (IBEF, 2019). Hospital Industry in India is expected to grow at a CAGR of 16-17% from INR 4 trillion (USD 61.79 Billion) in 2017 to reach INR 8.6 trillion (USD 132.84 Billion) by 2022 (IBEF, 2019). A significant increase in number of qualified doctors can also be observed from approximately 827000 in 2010 to 841000 in 2017 (IBEF, 2019). This area has always been in highlight by government too, owing to which Ayushman Bharat Scheme by Govt. of India was also launched on September 2018 under which health insurance worth INR 500000 (USD 7124.54) would be given to each over 100 million families every year (IBEF, 2019). According to Department of Industrial Policy and Promotion (DIPP) (2019), the hospitals and diagnostic centres also attracted Foreign Direct Investment worth USD 6.09 Billion between 2000 and 2019. With these statistical figures, availability of skilled workforce in Medicinal Sciences in India and ever increasing medical tourism with expectancy to cross the mark of 9 Billion by 2020. With increasing expenditure in R&D and low cost of manufacture of generic medicine, India's exports in **Pharmaceutical Sector** have reached USD 17.15 Billion in Financial Year 2019 (IBEF, 2019). With increasing insurance funds this industry will be in a much favourable position. Government's "Pharma Vision 2020" aims at making India a global leader in drug manufacturing. Statistics suggest that Indian Pharmaceutical Companies have significantly increased their expenditure worth 8.8% of their sales in R&D (IBEF, 2019). Expected CAGR of 22.4% shows a good potential to grow and reaching 55 Billion in 2020 (IBEF, 2019). Supportive policies by amendment of FDI policy to allow upto 100% FDI under automatic route for manufacturing of medical devices with certain conditions paves a way for Foreign Impact Investing in India and benefits from differential country wise interest rates thoughout the world. In order to promote manufacturing in Pharma sector, Uttar Pradesh state with highest population (approx 22 crore/ 220 Million) in India , has received investment commitments of more than INR 5000-6000 Crore (USD 712-855) as a by product of establishment of six Pharma Parks in UP. Medicinal spending in India is also soaring at a growth rate of 9-12%, and expectations to make India one of the top 10 countries in terms of medical spending. This area shows immense potential for upcoming Impact Investors to channelize their money in this domain, with maximum outreach and increasing gains.

Power Sector is one of the major contributors in giving out blended value returns and India being ranked 4 out of 25 Asia Pacific countries shows enormous growth and scope. This industry has been a hotspot for foreign investments in India with FDIs worth USD 14.32 Billion between April 2000 and March 2019, accounting for 3.41% of total FDI inflows in India (IBEF, 2019). Government has taken some initiatives to turnaround loss making power companies. In Ease of Doing Business - " Getting Electricity", India jumped to 24th rank in 2018 from 137 in 2014 (IBEF, 2019).

Renewable Energy sector has come up to be lucrative for both domestic and foreign investors, and is expected to attract investments upto USD 80 Billion by 2023. More than USD 42 Billion has been invested in India's Renewable Energy sector. In 2018 alone, the investments in clean energy reached USD 11.1 Billion (IBEF, 2019). Government has also been supportive by giving custom and excise duty benefits to the solar rooftops. With International Solar Alliance(ISA) being headquartered in Gurugram, India, the onus falls on India to carry out developmental projects in the field of Clean energy, especially in Solar Energy Sector. The aforementioned developments in Power and Renewable energy can also provide impact and a much profitable and competitive financial market rate returns on Impact Investments in this sector, with expectations of generation of 49% of total electricity by renewable energy by the year 2040 with annual savings of INR 54000 Crore (USD 8.43 Billion) as a result of use of renewable energy instead of coal (IBEF, 2019).

With the world's largest young population of 500 million lying in the age bracket of 5 to 24 years of age and literacy rate of 74.04%, **Education and Training Sector** seems the most promising out of all. India was ranked 27 out of 80 countries in English proficiency Index 2017. To fulfil the demands of a vast consumer base of education, India has allowed 100% FDI(automatic route) in education sector. Other initiatives like National Accreditation Regulation Authority Bill for Higher Education and Foreign Educational Institutions Bill were implemented to promote quantity and quality of education in India (IBEF, 2019). Capitalising this opportunity to the fullest, there has been FDI inflow of USD 2.47 Billion from April 2000 to March 2019 focusing on Education. As of Financial Year 2019, it was expected that this sector would reach USD 101.1 Billion in Financial Year 2019. Approximately 3500 startups are currently working and creating impact in this area (IBEF, 2019).

FDI upto 100 percent is allowed for townships and settlements development projects. Between, 2009 and 2018, Real estate attracted institutional investments worth USD 30 Billion. It is expected that this market will reach USD 1 trillion by 2030 from USD 120 Billion in 2017. Contribution to GDP from real estate is also expected to reach 13% by 2025. To create impact some policies have been initiated to promote **affordable housing**. More than 8.09 million houses were allotted till May 2019. In February 2018, National Urban Housing Fund was approved with an outlay of INR 60000 Crore (USD 9.27 Billion). Pradhan Mantri Aawas Yojana was also initiated and under this 1.4 million houses were sanctioned in 2017-18 and in March 2018 additional 321000 affordable houses were sanctioned under this scheme (IBEF, 2019). With the approval of Real Estate Investment Trust (REIT) from SEBI, many institutional investors can now enter Real estate market and have an opportunity worth INR 1.25 Trillion (USD 19.65 Billion) to capitalise (IBEF, 2019).

Indian Railways intend to increase their investments from USD 58.96 Billion in 2013-17 to USD 124.13 Billion approximately in 2018-22. The extent to which Indian railways touch the lives of individuals is phenomenal. With one of the largest rail networks in the world spread over 115000 Km, Indian Railways cater to needs of 23 Million Travellers and 3 Million tonnes of freight daily. Not just a consumer, even in exports Indian Railways have increased its share at a CAGR of 27.05% from 2010 to 2017 reaching to USD 303.29 Million. Railways' Exports in 2018 stood at USD 278.05 Million. Supportive trends in FDI with USD 969.28 Million can also be noticed from April 2000 to March 2019 (IBEF, 2019).

Ninety percent of India's population uses road to commute, making it the most important and impact creating industry in India. During Financial Year 2018, highway construction reached a massive 9829 KM with an average of 26.93 Km per day. Ongoing developmental projects and timelines for future projects give an insight into job creation and social impact reaching the maximum in the coming years as a ramification of the given projects.

The break up of number of banks in India reflects their penetrating even in the remotest corners of the country. With recent consolidation of Public Sector Banks (PSBs), there are only 12 public sector banks as of January 2020, 21 private sector banks, 49 foreign banks, 56 regional rural banks, 1562 urban cooperative banks and 94384 rural cooperative banks. From 2017 to 2018, total lending has increased at a CAGR of 1.94% and total deposits have also increased at a CAGR of 11.66 % reaching the figure of USD 1.7 Trillion. Even in retail credit market, India ranks 4th amounting to retail credits worth USD 281 Billion as on December 2017. There has been strong growth indicator in the field of financial inclusion too. In 2018, Govt. of India launched India Post Payments Bank and its reach has been made to 650 districts to achieve financial inclusion. Pradhan Mantri Jan Dhan Yojana was introduced to promote banking services in India and number of bank accounts by the end of 2018 were 33.8 Million (IBEF, 2019).

Agriculture as a livelihood covers almost 60% of India's population, accounts for 23% of GDP in 2016 and India's Gross Value Added by agriculture, forestry and fishing stood at INR 18.53 trillion (USD 271 Billion) in Financial Year 2018. Maximum impact in the entire country can be made using Impact Investing projects foraying in this area, especially in the areas of agro-tech projects and agriculture financial innovations, to name a few. India's Textile Industry is one of the oldest Industry in India. Overall exports are expected to reach USD 82 Billion by 2021 from USD 31.65 Billion in Financial Year 2019. Being an Agro economy and Textile Industry's close linkages to Agriculture shows that it is best suited for Indian conditions and has much more potential than actually realized. Around 70 percent of rural households depend primarily on agriculture for their livelihood, out of which 82% farmers are small or marginal. India's overall production (25% of the world), consumption(27% of world) and importer of pulses (14% of world) makes it world leader in all these areas (FAO, 2020). Even after much production and imports, India still has a problem of malnutrition with home to 190 million undernourished people and poverty at 30 % (FAO, 2020). Latest trends suggest that agriculture's contribution to the GDP has fallen from 1951 to 2011 and this particular industry is having a lot of opportunity with a huge supply deficit as seen, just a proper Impact Investing initiative can pave the way for a better future. Another interesting trend can be recent involvement of women in farmlands, and acting as a significant factor of production in recent times, another growing trend for gender equality.

Most of the investments so far in Impact Investing space have facilitated more consumption than job creation at BoP (Rajan, Koserwal & Keerthana, 2014). If the focus of such investments changes to job creation that would result in income generation and employment at BoP. It would create more blended value and a much higher social impact too. Impact Investors in India have diversified their portfolios and preferences of Impact Investors foraying into many new areas. Highest up the ladder in fields are Education and Agriculture at 67% followed by Healthcare and Financial Services (excluding Microfinance) at 58%. Microfinance, which was the only option people could address to for Impact Investing has come down to 25% (Brookings, 2019).

According to Brookings (2019) there has been more to traditional Socially Responsible Investing and many sectors which were earlier ignored are now focused on. As per expected return in on investment sectors average returns from agriculture ranging between 15% and 20%, financial services(including micro finance) between 10% and 15% and skill and real estate(housing) between 5% to 10% are optimistic signs. A greater variability, in turn risk could be seen in education sector with returns ranging from as low as 5% and as high as 20%.

Impact Investing has always been seen as investments with much lesser returns from market rate securities and portfolios. Naturally, this seems fair too as they cater to a complete blended value than just financial returns. However, data shows something else. Approximately 42% of Impact Investors earned returns more than 20% return, 25% of Impact Investors earned returns in 15 to 20% range, 8% of impact investors earned in interest rates between 10-15% and only 25% of investors were getting returns lower than market rate, i.e. below 5-10% (Brookings, 2019). According to a McKinsey report (2017), top 33% of Indian Impact Investment funds earned median internal rate of return (IRRs) of 34% in the year 2017.

With government's support systems to foster and cover major issues to improve living conditions for people, this stream has a lot to capitalise. If we dig deeper into the picture, without government's support only a certain degree of growth and change is possible. Institutional Investment practices that target economic development, job creation, environmental sustainability, and underserved communities are in one way or the other linked to public policies initiated by government. While comparing number of Indian Impact Investors to that of European happiest countries we could see a huge difference when compared to their proportional population. The happiest counterparts of Europe are also channelising their funds in this area to get the maximum blended value out of the opportunities ahead of them due to existing dearth of Impact Investing in Europe (Barber & Yasuda, 2016). Taking data of the top 10 countries in Europe, their population and Impact Investing firms working there into consideration, we get the following figures:

Table 1: Population and Number of Impact Investing Firms

Country	Population	No. of Impact Investing Firms
Belgium	11.4 Million	18
Netherlands	17.2 Million	47
Austria	8.82 Million	12
Finland	5.51 Million	4
Luxembourg	.6 Million	15
Spain	46.7 Million	12
Denmark	5.6 Million	5
Poland	38 Million	3
Germany	82.8 Million	59
Sweden	10.1 Million	7
India	1.37 Billion	30-40

Source: *impactbase.eu*

Table-1 clearly shows how much of a need is there for Impact Investing firms to penetrate in the market and the caliber which it possesses. With surprising and praising returns, India seems as one of the most lucrative target countries for impact investors worldwide with people below BoP comprising of almost 85% of the population. The level of impact these firms can leave is beyond imagination with such high profits in return. With the youngest population and being in a state of demographic dividend for the next 37 years, it can also make India one of the leading countries in the world with numerically highest number of people touched and affected by Impact Investing. Globally Impact Investing has been taken in the high income countries like United States, Australia, United Kingdom and Iceland to name a few countries. Financial involvement of Impact Investing is in high income countries. Low and Middle Income countries lag behind to a great extent and much can be achieved using this innovative method of Impact Investing.

Barber & Yasuda (2016) analysed how demand for Impact Investments in Europe is three times that of in USA and also analysed that Impact Investing reaped an interest rate 13.5% higher than benchmark rate of traditional venture funds. With so many Impact funds still working in the area, there is still a need for more supply of Impact Investing firms in Europe and India as it lags behind European Impact Investing firms and funds by a huge margin as seen in the table.

Table-2 depits the demand forecasting for Impact Investing in India as under.

Table 2: Demand for New Investments in India

Industry	Estimated	Past	Demand for new investments
Hospital Industry (CAGR: 16-17%)	USD 132 Billion (by 2023)	USD 61.8 Billion (2017)	**USD 70.2 Billion (2023)**
Medical Tourism (CAGR: NA)	USD 7-8 Billion (by 2020)	USD 3 Billion	**USD 4-5 Billion (2020)**
Diagnostic (CAGR: 20.4 %)	USD 32 Billion (by 2022)	USD 5 Billion (2012)	**USD 27 Billion (2012-2022)**
Pharmaceuticals (CAGR: 22.4%)	USD 55 Billion (by 2020)	USD 36.7 Billion (2018)	**USD 18.3 Billion (2020)**
Healthcare (CAGR: 22.9%)	USD 372 Billion (by 2022)	USD 246 Billion(2020)	**USD 125 Billion(2020-2022)**
Road Infrastructure (CAGR 36.16% 2016-2025)	NA	NA	USD 1.4 Trillion (2020-2025)
Textiles	USD 223 Billion (2021)	137 Billion (2016), 140 Billion (2018)	**USD 83 Billion (2018-2021)**
Railways	NA	NA	715 Billion(2018-30)
Real Estate and affordable housing	USD 1 trillion (2030)	USD 120 Billion (2017)	USD 880 Billion (2017-2030)
Renewable energy (CAGR 19.78%)	NA	NA	USD 80 Billion (in next 4 years)(2020-2024)
Education	USD 180 Billion (2020)	USD 100 Billion (2018)	**USD 80 Billion (2018-2020)**

Source: *IBEF.org & investindia.org*

Table-2 shows the demand of new investments in coming years and with such growth rates we can see an enormous opportunity for Impact Investors in India with good growth speculations. This shows the demand or requirement of funds to be further invested in the given areas. The areas so mentioned directly affect the social or environmental cause, this shows how India is taking interest in the given fields. The cells which are shaded are showing the figures extrapolated on the basis of given CAGR of their respective industries.

The firms taken for considering the areas of investments are on the basis of most prominent Impact Investing firms currently working in India. These Firms are: Acumen, Omidyar Network, Yunus Social Business, Village Capital, Ankur Capital, Aspada, Elevar Equity, Caspian, Lok Capital, Asha Impact, Sangam Ventures, Beyond Capital, Menterra, Tata Social Alfa, Aavishkar, Grey Matters Capital, Unitus, Responsability, Accion, Khosla Ventures, Grassroots Business Fund, LGTVP and JustAgriThings.

Sustainable Development Goals(SDGs) given by United Nations(UN) are adopted by all United Nations (UN) members in the year 2015, which serve as the blueprint for UN's 2030 agenda for peace and prosperity in the world. The goals so mentioned address to chronic problems faced by the world by all countries, whether developing or developed to improve living conditions for people of this planet. Sustainable development goals are : Poverty, Hunger and Good Health, Healthcare, Quality Education, Economic Growth and Better Work, Industry Innovation and Infrastructure, Partnerships for the goals, Clean Water, Sanitation, Gender Equality, Reduced Inequality, Life below water, life above land, peace and justice strong institutions, Affordable and Clean Energy, Climate Action, Sustainable Cities and Communities.

Very few Investors are involved in Economic Development, Poverty alleviation, Hunger, Good health, Infrastructure, Partnerships for the goals, Gender Equality, Reduced Inequality, Life below water, Life above land and Peace and Justice Strong Institutions. This also shows a huge gap in portfolios of Impact Investors. Work can be done are only with government's active involvement and support, owing to which more investors would be willing to invest and bear the risk of investing in Indian landscape.

Conclusion:

When we look at the population of the country and the number of Impact Investing firms working in the country in Impact Investing, they are relatively few proportional to the happiest European countries. This is the time wherein such investments should be promoted both domestically and internationally. We can establish that to maximise the return on Impact Investments, favourable government policies should also be made to promote investments foraying in the areas so discussed above. Take a proper account of the population not only below the poverty line but the people who are earning just at the level of subsistence, ie, Bottom of Pyramid and a supportive regime for them should also be considered, especially in the case of developing countries where majority of population lie in BoP.

Impact bonds which have not yet made their way in Low or Medium Income Countries can be brought to India as Financial Products in Impact Investing, let alone India. Financial Innovations are required in this area so that investors can easily channelize their money directly to Impact Investing Market. The existing research gaps can be fulfilled in this area as the industries have a big demand for investments and growth as seen from various reports.

While going through the research work in Impact Investing in Indian context only a handful of research papers and reports could be found, hence more research oriented work in this area would benefit the economy as a whole with a huge base of unserved and underserved population. Currently, there are only a few researches on returns of Impact Investing and even fewer on risks associated with it. A more comprehensive research on Risk and Return Profiling of Impact Investors can be done. Another facet which could be further tapped in is quantifying the impact so created with these investments. A debate over an accurate measure is still there and and seeks more attention. A more comprehensive analysis and comparative studies of Impact Investing in the countries where this has already made a good presence to set as a benchmark may be replicated in cases like low or middle income countries. Analysis of conditions in the markets where these investments have been a success story can also be evaluated as this would bring a frank appraisal of the situation rather than mere trend analysis as prospective market can have different conditions altogether.

The firms working in impact investing domain are working with their full potential and the portfolio diversity and amount of investments in Impact Investing is also remarkable but there are some areas in Sustainable Development Goals and impact areas where Impact Investing firms are working in happiest of EU countries'. Indian firms are not currently foraying in as shown in the matrix.

This paper seeks to address that lacunae and gives a way for further research. With more research and useful insights it can be analysed whether the areas which are still less tapped would be working in the same way as it worked in the case of the happiest EU countries and if not, what can be changes which can be applied to achieve such an overall impact. In addition to aforesaid points, it is also recommended to make a fruitful regime for the investors which fills the demand of investments and expected CAGR in coming years.

Way Forward:

A more comprehensive comparison with the areas where Impact Investing has been successful, region specific comparison, and result differentials in the western countries can be looked forward. Further exploration can be sought whether the success stories of western countries be replicated in Indian context given the landscape of such diversity. It will be interesting to see further financial innovations and how these working in Indian Market. It is also pertinent to explore the mechanism of measurement of return on Impact Investing to create the basis of attraction for Impact Investors.

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