

# Creating an impact: Indian family offices up the game on impact investing

[moneycontrol.com/news/business/markets/creating-an-impact-indian-family-offices-up-the-game-on-impact-investing-12822501.html](https://moneycontrol.com/news/business/markets/creating-an-impact-indian-family-offices-up-the-game-on-impact-investing-12822501.html)

Get **FREE Credit Report**  Monitor Your Score [Check Now](#)

**Experts add that impact investing and corporate social responsibility serve different purposes even though both aim to create a positive change.**



**Adrija Agarwal says that Sattva Ventures does CSR activity to build school infrastructure in talukas of Bengaluru, so that more students can access it. (Representative image)**

You can gift this story to any non-subscriber 

Indian family offices are stepping up their activity in the impact investing arena as they look at spending a part of their investible corpus in creating a positive impact on the society, which in turn, generates returns as well.

Experts say that family offices typically do impact investing in the area where they already have an expertise.

For instance, a family business in the textiles sector adopted a village where block printing -- a traditional craft -- was at risk of becoming extinct. Similarly, a family business involved in the jewellery industry supported a village known for its artisans and unique jewellery designs.

Globally, impact investing is an important element of investing, especially in developed countries. As per a report by PwC, \$715 billion is invested globally using impact criteria with family offices accounting for four percent of the segment.

Instead of focusing on traditional philanthropy, family offices are now investing in ventures that tackle specific issues directly, said Falguni Shah, Partner and Leader - Entrepreneurial & Private Business, PwC India.

**Also Read:** [Family offices bet big on startups: From burgers to space-tech, here are the top picks](#)

For instance, if a family office is passionate about climate change, it might invest in a climate-focused venture and similarly, if it is committed to improving education, it might invest in an education-related venture, she said.

Experts, meanwhile, also add that impact investing and corporate social responsibility (CSR) serve different purposes even though both aim to create a positive change.

According to Adrija Agarwal, founder of Sattva Ventures, a single-family office, "CSR is about making an impact without expecting any financial return, whereas impact investing seeks to generate societal impact while also providing financial returns."

For example, she said that Sattva Ventures does CSR activity to build school infrastructure in talukas of Bengaluru, so that more students can access it. "But this initiative does not generate any returns for us. It will create an impact by giving education to the students but the education will not bring back anything to our business," she said.

Interestingly, Agarwal said that her family office has invested in many women entrepreneurs as while it generates returns for the family office, it also helps create an impact because globally only four percent of venture capital (VC) goes to women, and this number would be much lower in India.

Experts also say that impact investing is typically fuelled by the younger generation in the family.

A generational shift is contributing to the growth in impact investing, as younger generations are showing more interest in this, said Rohit Sarin, co-founder, Client Associates, a multi-family office. He said that there is a growing desire to achieve positive social and environmental outcomes with financial returns, which makes the younger generation do it.

**Also read:** [India's family offices boom: 7x growth in six years](#)

Among various sectors, climate-related initiatives receive the most attention from family offices, according to a newsletter from Waterfield Capital Advisors. Popular areas of interest include electric vehicles (EVs), solar energy, green hydrogen, and water purification. Family offices are also investing in improving employability within low-income groups.

## Growing but slowly

Most Indian family offices are currently undertaking the process of formalizing their impact investment management teams, due to which they have not entirely prioritized impact investing yet, said Vikaas Sachdeva, managing director of Sundaram Alternate Assets.

He, however said that domestic family offices are increasingly warming up to impact investment and once the investment structures and teams are in place, they will proactively focus on the same, leading to a strong uptick in aligned activity.

"Many large corporations in across India have developed communities around their manufacturing plants to garner local support, especially since they rely on natural resources and workforce from the area," said Ashutosh Bishnoi of Multi Act Family Office. Over time, these companies have formed symbiotic relationships with the communities in which they operate in, he added.

Srushti Vaidya

Tags: [#Market Edge](#) [#MCPro](#)

first published: Sep 16, 2024 12:05 pm

Top Trends

[Angel Tax](#)[Wipro](#)[Budget news](#)[New Income tax slab](#)[IPO News](#)