THE CHALLENGE

Prostitution being a $8.4 billion a year industry with around 3 million prostitutes and 275,000 brothels in India, it poses a lot of challenges on both individual as well as economy level. India is globally ranked 7th in terms of revenue generated with a share of 4.5% while ranked 2nd in terms of number of prostitutes with a significant share of 21.7%.

- Non-provision of government identification to the sex-workers resulting into non-accessibility to formal banking system or any financial institutions to deposit their earnings or savings
- Failure of government as well as NGOs in incorporation of sex workers into organized sector, hence, they have been treated as the neglected part of the society for long and continue to do so
- Lack of awareness of financial schemes and their advantages amongst sex-workers
- As per our research, earnings of sex-workers are its peak when they are in the age bracket of 18-28 years but drastically reduce post this age bracket, thus resulting into an unstable source of income and negative impact on future
- Deposit of savings by sex-workers in unorganized financial institutions like chit funds and brothel owners leading into lack of reliable financial inclusion methodology
- Frequent cheating of the earning deposits by sex-workers resulting into inability to repay off their debts thus, bound to living like bonded labourers in brothels
- Value degradation of the earnings deposited with respect to economic inflation
- Direct impact of demonetisation due to strong reliance of sex-workers on informal banking to protect themselves against economic abuse by brothel owners, for healthcare and to guard against sexually transmitted diseases
- Refusal to save money at all and immediate spending of their daily earnings by sex-workers due to acute fear of getting robbed [as per Durbar Committee research]
- Trafficking of sex-workers as minors without documentation and without the protective shield of a co-operative due to their belongingness to backward classes and castes in the society

Primary global index rankings for India in 2016
- Gender Gap Index (GGI) : 108/144 [WEF Global Gender Gap Report]
- Gender Inequality Index (GII) : 131/188 [UNDP Human Development Report]
- Social Institution and Gender Index (SIGI) : 87/113 [OECD Development Center]
- Social Progress Index (SPI) : 93/128 [Social Progress Imperative]

MARKET SNAPSHOT

As per our market research, we have come up the below mentioned findings:
- 85% belong to rural family households, 15% belong to urban family households
- 76% belong to poor family backgrounds, 24% belong to lower middle-class family backgrounds
- 50% have no schooling, 7% have primary schooling up to 4th standard, 13.4% have secondary schooling up to 7th, 6.5% had schooling up to 10th and 11.3% up to 12th
- 0.53% are aged 15-17 years, 7.5% are 18-20 years, 51.43% are 21-30 years, 33.66% are 31-40 years, 6.06% are 41-50 years and 0.07% are above 51 years
- Entrance into sex work significantly in the 15-18 years’ age group, peaking in the 19-22 years’ age group
- Hierarchical money flow: Pimps (20%), brothel owner (30%), sex-worker (50%)
- Need to borrow from moneylenders at an interest rate of up to 500% in order to fulfill their basic daily needs
- 90% daughters of sex-workers enter into the same industry
- Many teenage girls turn to prostitution to raise money for their families or out of need for money to deal with a debt or a problem related to their husband
- 1/3rd of all prostitutes enter the trade because of poverty and more than 1/4th become prostitutes after marital problems
- 57% female had worked in other informal labour markets before entering sex work while rest 43% entered sex work directly

AKSHARA

Financial inclusion and employment and entrepreneurial opportunity generation for sex workers by solving skill gap issues in India

THE SOLUTION

Financial inclusion for those who are willing to continue on with their prostitution profession
- Create a deposit of their savings and channelize them into markets such as Government bonds and equity market
- Particular percentage of the net returns to be invested in vocational training programs and providing funds for entrepreneurial opportunities
- Interest rate of 9% on the saving deposits along with the amount deposited could be withdrawn after 3 years

Those who are willing to move out of the prostitution trap in search of economic and financial stability
- Employment Opportunity
  - Provide them free skill training for a period of 6 months and then provide permanent employment opportunity in the corresponding industry. The training and employment allocation would purely be on the basis of a balance between personal interests and sector demand requirement.
  - Revenue generation: 10% of the monthly salary [To be paid to Akshara for 5 years]

Entrepreneurial Opportunity
- Provide them venture funding for starting a new business and guidance through a network of venture capitalists and successful entrepreneurs with an ownership of 60% over the firm

FUND PROFILE

<table>
<thead>
<tr>
<th>Fund Type</th>
<th>Savings Account</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund Horizon</td>
<td>3-year lock-in period</td>
</tr>
<tr>
<td>Investment Manager</td>
<td>Akshara</td>
</tr>
<tr>
<td>Fund Size</td>
<td>₹ 750 million for 10 years</td>
</tr>
<tr>
<td>Investment Size</td>
<td>10% to sex workers</td>
</tr>
<tr>
<td>Asset Class</td>
<td>Government bonds + Diversified Equity + Pension Funds</td>
</tr>
<tr>
<td>Guaranteed Return to Sex Worker</td>
<td>9% per annum</td>
</tr>
<tr>
<td>Targeted IRR</td>
<td>15% p.a. (Sex-workers) + 10% p.a. for 15 years (Investors)</td>
</tr>
<tr>
<td>Potential Investors</td>
<td>World Bank, Asian Development Bank, Impact investors, Philanthropists and Government of India</td>
</tr>
<tr>
<td>Fee Structure</td>
<td>0.5% management fee + 10% carried (12% hurdle rate)</td>
</tr>
</tbody>
</table>

INVESTMENT THESIS

Fund Flow
- Funds will flow from savings of sex workers to Akshara fund, in addition to the accounted working capital debt for entrepreneurial opportunities from investors such as World Bank, Asian Development Bank, Government of India and philanthropists.
- This pool of fund is then invested in equity and government bond market which on generation of returns shall be used to pay back the sex workers after a lock-in period of 3 years along with their principal amount @9% interest rate on withdrawal.
- For those in search of a better stable life, vocational training costs shall be drawn in from this fund pool and then help them find an alternative job.
- For those who are creative and have a great business idea, their idea shall be funded from debt taken from potential investors.
- Client acquisition jobs shall be provided at Akshara Fund who can act as experienced influencers in order to draw in more potential customers.
- Working capital loan to be taken from government @7% interest rate (approximately) to fund awareness program and operational expenses during 1st year.

Profit Distribution
- After providing for the operational expenses, finance cost and a guaranteed return of 9%-10% to sex workers, the 50% of net returns shall be transferred to Akshara Fund’s reserve account for contingencies and entrepreneurial activities and the rest 50% will be reinvested.
- Returns generated from a 60% share in entrepreneurial ownership shall be used to distribute back the profits to potential investors in a proportion of invested amount.

Promotional Campaign
- Hire a team of 40 employees and tie-ups with NGOs for client acquisition to work towards educating sex workers about financial inclusion. They will be paid a salary of INR15000 to INR2000 per month.

Potential Savings Inflow
- As per our research the average revenue of the industry is $8.4 billion and 50% of the revenue is retained with sex worker while rest of it is retained by the pimps and brothel owners.
- Total number of sex workers in India is approximately 3 million and 20% of it will be in targeted geographies during Phase 1 (metro cities).
RISKS AND MITIGATION STRATEGY

<table>
<thead>
<tr>
<th>Type</th>
<th>Risk</th>
<th>Mitigation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Psychology</td>
<td>Sex-workers need to escape out of the current high-paying prostitution profession based on the skill training and permanent respectable employment opportunity guarantee proposal put by us</td>
<td>Gain their trust through word-of-mouth convincing strategy via collaboration with NGOs and local individual social activists</td>
</tr>
<tr>
<td></td>
<td>Shift from restriction-to-dropout to willingness-to-dropout being a major challenge for us</td>
<td>Once satisfied with our service, they would in turn help us incorporate more sex-workers into the loop</td>
</tr>
<tr>
<td>Business</td>
<td>Brothel Owners and Pimp’s Ownership</td>
<td>Business partners in getting sex-workers in return for a promised commission</td>
</tr>
<tr>
<td></td>
<td>Non-involvement of these sex-workers into our business as marketing representatives</td>
<td>5% commission to be paid on returns to each associated sex-worker for a period of 12 months</td>
</tr>
<tr>
<td></td>
<td>Due to lack of education amongst majority of the sex workers, they are not aware of the advantages of financial inclusion</td>
<td>Recruitment of an awareness creation team to spread the message about financial inclusion, benefits of vocational training and entrepreneurship</td>
</tr>
<tr>
<td></td>
<td>Propagation of message along with a right directive is an ultimate need</td>
<td>Hire local social activists acting as decision influencer</td>
</tr>
<tr>
<td>Investment</td>
<td>Common Reinvestment Failure</td>
<td>Expectation of a default rate of 10% commission on monthly salary post starting with a job</td>
</tr>
<tr>
<td></td>
<td>Sex-workers might not be able to pay the required amount due to various factors such as minimal earning to run their family, economic downturn, inflation, low industrial growth etc.</td>
<td>Hire legal advisors to re-construct the payment agreement terms</td>
</tr>
<tr>
<td></td>
<td>Macro-economic factors play a major role on the impact in asset-based investment returns</td>
<td>Proper due diligence will be assured by our market research and awareness team for this purpose</td>
</tr>
</tbody>
</table>

MARKET EXPANSION STRATEGY

<table>
<thead>
<tr>
<th>Phase</th>
<th>Geographic Reach</th>
<th>Timeline</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Kolkata</td>
<td>2019 - 2028</td>
</tr>
<tr>
<td>2</td>
<td>Delhi NCR, Mumbai, Bangalore, Pune, Hyderabad, Chennai</td>
<td>2029 - 2035</td>
</tr>
<tr>
<td>3</td>
<td>Uttar Prades, Bihar, Jharkhand, Odisha</td>
<td>2035 - 2038</td>
</tr>
<tr>
<td>4</td>
<td>Philippines, Indonesia, Singapore</td>
<td>2038 - 2043</td>
</tr>
<tr>
<td>5</td>
<td>Malaysia, Vietnam, Cambodia, Hong Kong</td>
<td>2044 - 2047</td>
</tr>
<tr>
<td>6</td>
<td>Thailand, Myanmar, Bangladesh</td>
<td>2048 - 2050</td>
</tr>
</tbody>
</table>

IMPACT GENERATION

- **Financial**
  - 20,000 direct jobs created by 2023
  - 6.8% return p.a. (AA rated bond) to debt holders
  - 9% return p.a. (sex-worker) > Fixed deposit return @ 6.25%

- **Economic**
  - GDP increment by Rs billion by 2023
  - Financial Inclusion of sex-workers
  - Improved healthcare and child education

- **Social**
  - 60% of their savings on an average for 5 years for Akshara fund
  - Lack of Awareness about Financial Inclusion
  - Brothel Owners and Pimp’s Ownership
  - Commission Repayment Failure
  - Entrepreneurial Deprived Growth
  - Market Riskiness
  - Macro-economic factors play a major role on the impact in asset-based investment returns
  - Investment in riskier assets in greed for higher business growth and increased returns

**Sources**

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**MARKET EXPANSION STRATEGY**

- Phase 1: Kolkata
- Phase 2: Delhi NCR, Mumbai, Bangalore, Pune, Hyderabad, Chennai
- Phase 3: Uttar Pradesh, Bihar, Jharkhand, Odisha
- Phase 4: Philippines, Indonesia, Singapore
- Phase 5: Malaysia, Vietnam, Cambodia, Hong Kong
- Phase 6: Thailand, Myanmar, Bangladesh