

Self Reliant India Fund

November 14, 2022

In news– The Self Reliant India (SRI) fund, has committed to deploy Rs 5,000 crore, almost 50 per cent of its total corpus, in 38 private equity (PE) and venture capital (VC) firms.

What is an SRI fund?

- **SRI fund is a SEBI-registered category-II Alternative Investment Fund (AIF) that operates through the mother-fund and daughter-fund structure** wherein **SRI fund, as a mother fund**, invests up to 20 per cent of the overall corpus of daughter fund (mostly VC and PE funds) and the latter raises the balance 80 per cent of the capital from outside sources. SBICAP Ventures, owned by the State Bank of India Group, is the investment manager of the fund.
- It was launched by the government of India to **provide growth capital to MSMEs.**
- **The daughter funds empanelled with SRI fund include TATA Capital Healthcare Fund, Aavishkaar India Fund, Maharashtra Defence and Aerospace Venture Fund** among others.
- Tenure of Fund: Fund life is 15 years.
- Exclusions: Non-Profit Institutions, NBFCs, financial inclusion sector, SHGs and other financial intermediaries.
- NSIC Venture Capital Fund (**NVCFL**), a wholly-owned subsidiary of The National Small Industries Corporation Limited (NSIC), an mini-Ratna under the Ministry of Micro Small and Medium Enterprises, is the **implementing agency of the SRI fund.**

Alternative Investment Fund-

- In India, alternative investment funds (AIFs) are defined in Regulation 2(1) (b) of Securities and

Exchange Board of India (Alternative Investment Funds) Regulations, 2012.

- It refers to any privately pooled investment fund, (whether from Indian or foreign sources), in the form of a trust or a company or a body corporate or a Limited Liability Partnership (LLP).
- Hence, in India, AIFs are private funds which are otherwise not coming under the jurisdiction of any regulatory agency in India.

Categories of Alternative Investment Funds (AIFs)-

As per Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 Alternative Investment Funds shall seek registration in one of the three categories:

- **Category I:** Mainly invests in start-ups, SME's or any other sector which Govt. considers economically and socially viable.
- **Category II:** These include Alternative Investment Funds such as private equity funds or debt funds for which no specific incentives or concessions are given by the government or any other Regulator

Category III: Alternative Investment Funds such as hedge funds or funds which trade with a view to make short term returns or such other funds which are open ended and for which no specific incentives or concessions are given by the government or any other Regulator.