

# Venture Capital Fund for Scheduled Castes (VCF-SC)

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## About Venture Capital Fund for Scheduled Castes

- Venture Capital Fund is a Social Sector Initiative to be implemented nationally in order to promote entrepreneurship among the Scheduled Castes population in India.
- “Entrepreneurship” relates to entrepreneurs managing businesses which are oriented towards innovation and growth technologies.
- The spirit of the above mentioned fund is to support those entrepreneurs who will create wealth and value for society and at the same time promote profitable business.
- **Size of financial assistance** -Rs. 20 lakhs to Rs. 15 Crore
- **Tenure of financial assistance**-Up to 8 years including moratorium period.
- **Funding Pattern** : Investment under the fund will be categorized as follows:
  - Financial assistance upto Rs 5 Crore – Investment under this category shall be funded maximum upto 75% of the project cost and the balance 25% of the project cost will be funded by the promoters;
  - Financial assistance above Rs. 5 Crore –
  - Investment under this category shall be funded maximum upto 50% of the project cost. At least 25% of the project cost shall be funded by promoters and balance 25% of the project cost can be funded either by promoters or by the bank or any other Financial Institutions as the case may be.
- For financial assistance above Rs. 5 crore, IFCI Venture

will conduct technical and feasibility study from an independent source.

## **FUND OBJECTIVES**

- A Social Sector initiative to be implemented nationally to promote entrepreneurship amongst scheduled caste population, who are oriented towards innovation and growth technologies;
- Aimed at providing concessional finance to SC entrepreneurs, who will create wealth and value for society and at the same time will promote profitable businesses;
- The assets so created will also create forward/ backward linkage, as well as create chain effect in the locality;
- To increase financial inclusion for SC entrepreneurs and to motivate them for further growth of SC communities;
- To enhance direct and indirect employment generation for SC population in India.

## **ELIGIBILITY CRITERIA**

- The projects being set up in the manufacturing and services sector ensuring asset creation out of the funds including start ups.
- 30% of the beneficiaries assisted under the fund should preferably be women\* and/or Disabled\*\* SC entrepreneurs, holding at least 51% of the shareholding in the company.
- For Companies applying for assistance above Rs.50 lakh: Companies having at least 51% shareholding by Scheduled Castes entrepreneurs for the past 12 months with management control OR a new Company provided that the new Company is a successor entity of a Proprietary Firm or Partnership Firm or One Person Company (OPC) or Limited Liability Partnership (LLP) of any other establishment incorporated under any law in force, with sound business model which has been in operation for over 12 months, and the predecessor entity had at least

51% shareholding of the Scheduled Castes entrepreneurs with management control.

- For Companies applying for assistance below Rs.50 lakh: Companies having at least 51% shareholding by Scheduled Castes entrepreneurs for the past 6 months with management control OR a new Company provided that the new Company is a successor entity of a Proprietary Firm or Partnership Firm or One Person Company (OPC) or Limited Liability Partnership (LLP) of any other establishment incorporated under any law in force, with sound business model which has been in operation for over 6 months, and the predecessor entity had at least 51% shareholding of the Scheduled Castes entrepreneurs with management control.
- Documentary proofs of being SC will have to be submitted by the Entrepreneur at the time of submitting the proposal.
- The SC promoters of Investee Company will not dilute their stake below 51% in the company till the exit under the scheme. However, in the event of any conversion of quasi-equity instruments under the scheme, strategic investments, buyouts etc, which result into dilution of stake of SC Entrepreneur, a prior written approval from Asset Management Company (AMC) would be required.