

No. 14020/02/2014-SCD-IV
Government of India
Ministry of Social Justice & Empowerment
Department of Social Justice & Empowerment

Shastri Bhawan, New Delhi – 110001
27th June, 2017

To,
The Managing Director,
IFCI Venture Capital Fund Ltd.
16th Floor, IFCI Tower,
61 Nehru Place,
New Delhi-110016

Sub: Modifications in the operation guidelines in respect of Venture Capital Fund For Scheduled Castes

Sir,

I am directed to refer to the subject mentioned above and to apprise you that as per approval of the Standing Finance Committee in its meeting of 19.05.2017, and subsequent approval by the competent authority, the guidelines under the scheme of Venture Capital Fund for Scheduled Caste stand modified to the extent indicated in the table below:

Indicators	Existing Guidelines under VCF-SC	Proposed Modifications in the operational guidelines under VCF-SC
Eligibility Criteria	While selecting the SC entrepreneurs, women SC entrepreneurs would be preferred;	30% of the beneficiaries assisted under the fund should preferably be women and/or Disabled SC entrepreneurs, holding atleast 51% of the shareholding in the company;
Definition of women SC entrepreneurs	Not available	For considering a company owned by a SC women entrepreneur, the SC women entrepreneur should hold atleast 51% of the shareholding in the company and should be the Managing Director of the Company;
Definition of Disabled SC entrepreneurs	Not available	Guidelines issued by the Department of Empowerment of Persons with Disabilities, laying down criteria of Disability would be followed.
Eligibility Criteria	Companies having at least 60% stake holdings by Scheduled Castes entrepreneurs for the past	1. For assistance above Rs.50 lakh: Companies having atleast 51%

	<p>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) or 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 60% shareholding of the Scheduled Castes promoters with management control.</p>	<p>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.</p> <p>2. For assistance below Rs.50 lakh:</p> <p>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.</p>
<p>Eligibility Criteria</p>	<p>The SC promoters of Investee Company will not dilute their stake below 60% in the company till the exit under the scheme. However, in the event of any conversion of quasi-equity instrument 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;</p>	<p>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 instrument 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;</p>
<p>Investment Size</p>	<p>Rs. 50 lakhs to Rs. 15 Crore. Aggregate assistance not more</p>	<p>Rs. 20 lakh to Rs. 15 Crore. Aggregate assistance not more than</p>

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	than two times the current net worth of the company.	two times the current net worth of the company.
Funding Pattern	<p>Investment under the fund will be categorized as follows:</p> <ol style="list-style-type: none"> 1. 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; 2. Financial assistance above Rs. 5 Crore: <ol style="list-style-type: none"> a. Investment under this category shall be funded maximum up to 50% of the project cost. At least 25% of the project cost has to be financed by bank/other institutions. Balance 25% of the project cost will be funded by the promoters; b. The proposals forwarded by Banks or other financial institutions with sanction of 25% of the total project shall be considered. In this case, the projects shall have to be compulsorily appraised by the Banks or other financial institutions. 	<p>Investment under the fund will be categorized as follows:</p> <ol style="list-style-type: none"> 1. Financial assistance up to Rs 5 Crore: Investment under this category shall be funded maximum up to 75% of the project cost and the balance 25% of the project cost will be funded by the promoters; 2. Financial assistance above Rs. 5 Crore: <ol style="list-style-type: none"> a. Investment under this category shall be funded maximum up to 50% of the project cost. At least 25% of the project cost will be funded by the promoters and balance of the project cost shall be either funded by bank/ other financial institution or by promoters. b. The proposals forwarded by Banks or other financial institutions with sanction of 25% of the total project shall be considered. In this case, the projects shall have to be compulsorily appraised by the Banks or other financial institutions.
Expected Returns through Investment	<ul style="list-style-type: none"> • Equity instruments may yield returns at 15% p.a. • Debt/Convertible Instruments may carry returns at 10% p.a. 	<p>Return through investment shall be as under:</p> <ul style="list-style-type: none"> • Equity instruments may yield returns at 15% p.a. • Debt/Convertible Instruments may carry returns at 8% p.a. <p>For Women and/ or Disabled SC entrepreneurs:</p> <ul style="list-style-type: none"> • Equity instruments may yield returns at 15% p.a. • Debt/Convertible Instruments may carry returns at 7.75% p.a.

2. All other guidelines and conditions of financial assistance under the scheme would remain unchanged.

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3. Those beneficiaries whose cases have already been sanctioned shall also be covered as per the above cited modifications with effect from the issuance of the date of the modified guidelines.
4. It is imperative that the aforesaid modifications may be implemented with immediate effect and adequately published to ensure better coverage under the Scheme.
5. This issues with approval of the competent authority.

Yours faithfully


(B.L.Meena)

Joint Secretary to Govt. of India
Tel. 23384284

Copy for information and necessary action:-

1. The Secretary, Ministry of Finance, Department of Expenditure, North Block, New Delhi.
2. The Secretary, Ministry of Finance, Department of Financial Services, Jeevan Deep Building, Parliament Street, New Delhi.
3. The Secretary, Ministry of Micro, Small and Medium Enterprises, Udyog Bhawan, New Delhi.
4. The Secretary, Ministry of Tribal Affairs, Shastri Bhawan, New Delhi.
5. The Secretary, Department of Public Enterprises, Block No.14, CGO Complex, New Delhi-110003.
6. The Secretary, National Commission for Scheduled Castes, Floor-V, Lok Nayak Bhawan, New Delhi.
7. Advisor (SJ&E), Niti Ayog, Niti Bhawan, New Delhi.
8. Advisor (PAMD), PAMD division, Niti ayog, Niti Bhawan, New Delhi.
9. The Chairman-cum-Managing Director, National Scheduled Castes Finance and Development Corporation, 14th Floor, Scope Minar, Core 1 and 2, Laxmi Nagar District Centre, Laxmi Nagar, Delhi-110092.
10. The Managing Director, National Safai Karamcharis Finance and Development Corporation, B-2, Ground & 1st Floor, Greater Kailash Enclave, Part – II, New Delhi-110048.
11. The Secretary, Ministry of Minority, 11th Floor, Paryavaran Bhawan, CGO Complex, New Delhi-110003.
12. The Secretary, Department of Agriculture & Cooperation, Ministry of Agriculture Government of India, Krishi Bhawan, New Delhi-110001.

13. The Secretary, Ministry Rural Development, Govt. of India, Krishi Bhawan, New Delhi.
14. Shri Milind Kamble, Chairman, Dalit Indian Chamber of Commerce and Industry (DICCI), 111, Parmar Chamber, Sadhu Vaswani Chok, Pune, Maharashtra 411001

Copy to:

1. Joint Secretary (Estt.), Shastri Bhawan, New Delhi.
2. Joint Secretary (BC/SCD-A), Shastri Bhawan, New Delhi.
3. Joint Secretary (SCD-B), Shastri Bhawan, New Delhi.
4. Joint Secretary & Financial Advisor, Shastri Bhawan, New Delhi.
5. Economic Advisor, Shastri Bhawan, New Delhi.
6. Sr. PPS to Secretary, SJ&E