

F.No.14020/07/2020-SCD-IV (E.O. 35959)  
Ministry of Social Justice & Empowerment  
Department of Social Justice & Empowerment  
(SCD-IV Section)  
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Shastri Bhawan, New Delhi  
Dated 29.10.2020

To

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

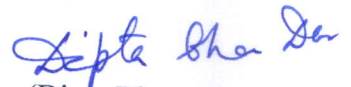
Subject: Modifications in the operation guidelines in respect of Venture Capital Fund for Scheduled Caste

Sir,

I am directed to refer to the subject mentioned above and to enclosed herewith the modification in the Scheme Guidelines for Venture Capital Fund for Scheduled Caste (VCF-SC).

2. It is imperative that the aforesaid modification may be brought with immediate effect and adequately publicised for better coverage under the Scheme.
3. This issues with the approval of the Competent Authority.

Yours faithfully,


  
(Dipta Bhanu Das)

Deputy Secretary to the Government of India  
Tel: 011-23070353

**Copy for information and necessary action:**

1. The Secretary, Ministry of Finance, Department of Expenditure, North Block, New Delhi-110001
2. The Secretary, Ministry of Finance, Department of Financial Services, Jeevan Deep Building, Parliament Street, New Delhi-110001
3. The Secretary, Ministry of Science & Technology, Department of Science & Technology, Technology Bhawan, New Mehrauli Road, Block-C, Qutub Institutional Area, New Delhi-110016
4. The Secretary, Depart of Higher Education, Shastri Bhawan, New Delhi – 110001
5. The Secretary, Ministry of Micro, Small and Medium Enterprises, Udyog Bhawan, New Delhi-110011
6. The Secretary, Department of Public Enterprises, Block No.14,CGO Complex, New Delhi-110003

7. The Secretary, Department of Empowerment of Persons with Disabilities, Paryavaran Bhawan, B-II Block, 5th Floor, Lodhi Road, CGO Complex, New Delhi -110003
8. The Secretary, Ministry of Tribal Affairs, Shastri Bhawan, New Delhi-110 001
9. The Secretary, Ministry of Minority Affairs, 11th Floor, Paryavaran Bhawan, CGO Complex, New Delhi – 110003
10. The Secretary, Department of Agriculture & Co-operation, Ministry of Agriculture, Krishi Bhawan, New Delhi- 110001
11. The Secretary, Ministry of Rural Development, Govt. of India, Krishi Bhawan, New Delhi-110001
12. The Secretary, National Commission for Scheduled Castes, Floor-V, Lok Nayak Bhawan, New Delhi-110003
13. Advisor (SJ&E), NITI Aayog, Yojana Bhawan, New Delhi-110001
14. Advisor (PAMD), PAMD Division, Niti Aayog, Yojana Bhawan, New Delhi-110001
15. The Chairman cum Managing Director, National Scheduled Caste Finance and Development Corporation (NSFDC), 14th Floor, Scope Minar, Core 1 & 2 North Tower, Laxmi Nagar District Centre, Laxmi Nagar, New Delhi-110092
16. The Managing Director, National Backward Classes Finance Development Corporation (NBCFDC), 5th Floor, Siri Institutional Area, August Kranti Marg, Delhi-110016
17. The Managing Director, National Safai Karamcharis Finance Development Corporation (NSKFD), Ground & 1st Floor, NTSC, 3rd Floor, E-Block, NSIC, Okhla Industrial Estate-III, New Delhi-110020



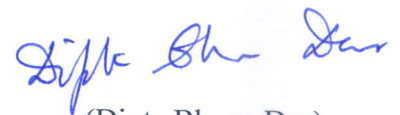
(Dipta Bhanu Das)

Deputy Secretary to the Government of India

Tel: 011-23070353

Copy to:-

1. PS to Hon'ble Minister (SJ&E), Shastri Bhawan, New Delhi
2. PS to Hon'ble Minister of State (RLK), Shastri Bhawan, New Delhi
3. PS to Hon'ble to Minister of State (KP), Shastri Bhawan, New Delhi
4. PS to Hon'ble to Minister of State (RA), Shastri Bhawan, New Delhi
5. Sr. PPS to Secretary (SJ&E), Shastri Bhawan, New Delhi
6. PPS to Addl. Secretary (SJ&E), Shastri Bhawan, New Delhi
7. PS to JS&FA (SJ&E), Shastri Bhawan, New Delhi
8. PS to Economic Advisor (SJ&E), Pt. Deen Dayal Upadhaya Bhawan, CGO Complex, New Delhi-110003
9. PS to JS (SCD-A) (SJ&E), Shastri Bhawan, New Delhi
10. Head, VCF-SC, IFCI Ltd. Nehru Place, New Delhi-110016
11. Media Cell, (SJ&E), Shastri Bhawan, New Delhi
12. Hindi Section, (SJ&E), Shastri Bhawan, New Delhi (Request to translate the letter and Guidelines in Hindi)
13. NIC Cell, (SJ&E), Shastri Bhawan, New Delhi – For uploading the letter and Guidelines in the website of MOSJE. (Hindi version will follow)



(Dipta Bhanu Das)

Deputy Secretary to the Government of India



**MODIFICATION IN THE GUIDELINES FOR THE SCHEME OF 'VENTURE CAPITAL FUND FOR SCHEDULED CASTES' INTENDED FOR FINANCIAL ASSISTANCE TO SCHEDULED CASTE ENTREPRENEURS**

The following modifications have been carried out in the Guidelines for the Scheme of 'Venture Capital Fund for Scheduled Castes' intended for financial assistance to Scheduled Caste Entrepreneurs: -

Sl. No.	Indicators	Existing	Modified
1	<b>Eligibility Criteria</b>	The projects/units being set up in manufacturing and services sector ensuring asset creation out of the funds deployed in the unit shall be considered.	The projects/units being set up in manufacturing, services and allied sector, including start-ups and units being incubated in the technology business incubators, ensuring asset creation out of the funds deployed in the unit shall be considered.
	<b>Eligibility Criteria</b>	<b>For Companies applying for assistance below Rs. 50 lakh:</b> 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.	<b>For Companies applying for assistance up to Rs. 50 lakh:</b> Companies having: a at least 51% shareholding by Scheduled Castes entrepreneurs for the past 6 months with management control OR; b. 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 6 months, and the predecessor entity had at least 51% shareholding of the Scheduled Castes entrepreneurs with management control.
	<b>Eligibility Criteria</b>	<b>For Companies applying for assistance above Rs. 50 lakh:</b> 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.	<b>For Companies applying for assistance above Rs. 50 lakh:</b> Companies having: a at least 51% shareholding by Scheduled Castes entrepreneurs for the past 12 months with management control OR; b. 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 51% shareholding of the Scheduled Castes entrepreneurs with management control.

*Dipta Sharm Sar*

	<b>Eligibility Criteria</b>	-	<p><b>For technology oriented innovative projects:</b></p> <p>A. Innovative ideas selected by Technology Business Incubators (TBIs) for incubation funding to cover the cost of operation and maintenance subject to a ceiling of Rs. 10 lakhs on an average per year for a period of three years subject to satisfactory progress.</p> <p>B. New Companies having at least 51% shareholding by first time Scheduled Caste entrepreneurs who have been working in technology oriented innovative projects:</p> <ol style="list-style-type: none"> <li>with the support of incubation centers at IITs, NITs, Premier Business Schools, Universities, Institutions, Medical Collages, NSTEDB under Department of Science &amp; Technology (DST) or supported by corporate, with good potential of commercialization and project is at implementation stage; and / or;</li> <li>without the support of Incubations centers but are having patent/ copyrights with good potential of commercialization and project is at implementation stage.</li> <li>Projects sanctioned by departments of Government of India after due appraisal.</li> </ol>
	<b>Eligibility Criteria</b>	Documentary proofs of being SC will have to be submitted by the Entrepreneur at the time of submitting the proposals.	<ul style="list-style-type: none"> <li>Documentary proofs of being SC will have to be submitted by the Entrepreneur at the time of submitting the proposals.</li> <li>Documentary proofs / certificate from the incubation centers/corporates or documents w.r.t patent/ copyrights in the name of SC entrepreneur need to be submitted at the time of submitting the proposal.</li> <li>Sanction letter of department of Government of India.</li> <li>E-documents will also be accepted.</li> </ul>
	<b>Eligibility Criteria</b>	For Companies with sanctioned assistance of above Rs. 5 crore, the money released by the Trust/ Fund Manager would be in proportion to the loan tranche released by Bank	For Companies with sanctioned assistance of above Rs.5 crore, the money released by the Trust/ Fund Manager would be in proportion to the loan tranche released by Bank/department of Govt of India, except in the cases being supported under Innovative ideas category selected by Technology Business Incubators (TBIs) as mentioned at point A above.
2.	<b>Investment Size</b>	Rs. 20 lakhs to Rs. 15 Crore. Aggregate assistance not more than two times the current net worth of the Company.	Rs. 10 lakhs to Rs. 15 Crore. Aggregate assistance not more than two times the current net worth of the Company.
3	<b>Tenure of financial assistance</b>	Up to 8 years including moratorium period.	Up to 10 years including moratorium period in case of debentures. In case of equity, decision for exit would be taken on case-to-case basis with maximum tenure up to 10 years.

*Sifta Khan Sen*



4	<b>Moratorium on principal</b>	On case to case basis but not more than 36 months from the date of investment. Interest payment shall commence from date of investment in the Company at a regular interval as determined by the Investment Committee.	In case of debentures, on case to case basis but not more than 36 months from the date of investment. Interest payment shall commence from date of investment in the Company at a regular interval as determined by the Investment Committee.
5	<b>Nature of Financial Assistance</b>	<p>a. Equity/Optionally/Compulsorily Convertible Preference Shares (maximum upto 25% of the corpus);</p> <p>b. Equity linked debt instruments such as:</p> <ul style="list-style-type: none"> <li>• Compulsorily Convertible Debentures</li> <li>• Optionally Convertible Debentures</li> <li>• Non-Convertible Debentures, etc;</li> <li>• Debt/subordinate loans</li> </ul>	<p>A. Shares (CCPS) (maximum up to 25% of the corpus) can be invested subject to the following:</p> <ol style="list-style-type: none"> <li>Such investment may be limited to innovative Technology-oriented projects/start-ups fulfilling the conditions mentioned under Eligibility Criteria;</li> <li>The maximum equity investment in a company can be 49%, subject to maximum investment of Rs.5 crore;</li> <li>Such investment shall be at face value of shares in every company, subject to applicable laws;</li> <li>In every investment under the Fund, minimum 25% investment shall be in the form of debentures.</li> </ol> <p>B. Compulsorily Convertible Debentures (CCDs), Optionally Convertible Debentures (OCDs), Non-Convertible Debentures (NCDs), etc. These instruments shall be considered for all companies who are not falling under the category A above.</p>
6	<b>Funding Pattern</b>	<p>Investment under the fund will be categorized as follows:</p> <ol style="list-style-type: none"> <li><b>Financial assistance upto Rs.5 Crore</b> - 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;</li> <li><b>Financial assistance above Rs. 5 Crore</b> – 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.</li> </ol>	<p>Investment under the fund will be categorized as follows:</p> <ol style="list-style-type: none"> <li><b>Financial assistance upto Rs.5 Crore</b> - 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 or through Govt subsidy under various schemes of central or state Govt.;</li> <li><b>Financial assistance above Rs. 5 Crore</b> – 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 or through Govt subsidy under various schemes of central or state Govt., 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. In cases where Govt. subsidy is available, the promoters will have to contribute at least 15% of the project cost</li> </ol>
7	<b>Expected Returns Through investment</b>	<p>a. Equity instruments - 10% p.a.</p> <p>b. Debt/Convertible Instruments - 8% p.a. (For women*/disabled** entrepreneurs - 7.75% p.a.)</p>	<p>a. In Equity investment, return at the time of exit by way of buyback / strategic investment / IPO shall be 8% p.a. or as per the valuation whichever is higher.</p> <p>b. Debt/Convertible Instruments - 8% p.a. (For women*/disabled** entrepreneurs - 7.75% p.a.)</p>

*Septa Shree Sen*



		<p>[*For considering a company owned by a SC women entrepreneur, the SC women entrepreneur should hold at least 51% of the shareholding in the company and should be the Managing Director of the Company;</p> <p>** In the case of disabled entrepreneurs, guidelines issued by the Department of Empowerment of persons with Disabilities for qualifying as disabled would be followed.]</p>	<p>[*For considering a company owned by a SC women entrepreneur, the SC women entrepreneur should hold at least 51% of the shareholding in the company and should be the Managing Director of the Company;</p> <p>**In the case of disabled entrepreneurs, guidelines issued by the Department of Divyang Welfare for qualifying as disabled would be followed.]</p>
8	<b>Exit Mechanism</b>	Exit through payments out of operations, buyback/ redemptions by promoters/ companies, strategic investments, listing on stock exchanges or any other exit process	<ul style="list-style-type: none"> <li>• Exit through payments out of operations, buyback/ redemptions by promoters/ companies, strategic investments, listing on stock exchanges or any other exit process</li> <li>• Exit process shall be determined on case to case basis depending on the nature of financial assistance and performance of the company.</li> </ul>
9	<b>Security</b>	<p>The following securities may be envisaged during the investment:</p> <ol style="list-style-type: none"> <li>a. The assets of the project being funded/ assisted under the scheme shall be charged for security. The project assets will include land, building, plant &amp; machinery and rights on licenses/ patents.</li> <li>b. Pari-pasu charge on assets with the Banks/FIs in case of the companies applying for assistance of more than Rs. 5 Crore.</li> <li>c. 2nd charge of the assets created out of the investment where the 1st charge is held by the Bank/FIs.</li> <li>d. In addition to the charge on assets, post-dated cheques and promissory notes shall be taken.</li> <li>e. Personal guarantees of the promoters along with buyback agreement shall be entered.</li> </ol>	<p>The following securities may be envisaged during the investment:</p> <ol style="list-style-type: none"> <li>a. The assets of the project being funded/ assisted under the scheme shall be charged for security. The project assets will include land, building, plant &amp; machinery and rights on licenses/ patents.</li> <li>b. Pari-pasu charge on assets with the Banks/FIs in case of the companies applying for loan with banks/ FIs on case to case basis.</li> <li>c. 2nd charge of the assets created out of the investment where the 1st charge is held by the Bank/FIs.</li> <li>d. Pledge of Shares held by promoters and forming atleast 26% stake and upto 51% of the Issued and Paid up capital shall be taken. However, the percentage of pledged shares would be decided on case to case basis.</li> <li>e. In addition to the charge on assets, Post-dated Cheques (PDCs)/ Electronic Clearing Service (ECS) and promissory notes shall be taken.</li> <li>f. Personal guarantees of the promoters along with buyback agreement shall be entered.</li> <li>g. In case no mortgage in the form of project land is available, the borrower may arrange collateral securities.</li> </ol>

*Shifa Sham Daw*

		<p>f. Pledge of Shares held by promoters and forming atleast 26% stake and upto 51% of the Issued and Paid up capital shall be taken. However, the percentage of pledged shares would be decided on case to case basis.</p> <p>g. In case no mortgage is available, the borrower may arrange collateral and corporate guarantees from family / friends / associates / group companies.</p>	
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2. **Changes in the indicative features of the Fund** [subject to approval of Securities and Control Board of India (SEBI)]: -

Particulars	Current		Modified (IFCI Venture Capital Fund Ltd.'s requirement as per SEBI regulations)	
	Definition	Dates	Definition	Effective Dates
Final Closing	4 years from the date of initial closing	15 Jan-19	-	31 Mar-25
Investment Period	5 years from the date of initial closing	15 Jan-20	-	31 Mar-26
Term of Fund	10 years from the date of Final Closing which can be extended by additional 2 years upon approval of GOI	30 Sep-29; Extendable up to 30 Sep-31	14 years from date of Final Closing with extension of 2 additional years upon approval of GOI	31 Mar-39; Extendable up to 31 Mar-41
Life of Trust	Same as Scheme life of VCF-BC	30 Sep-34	2 years after the closure of Schemes under the Trust.	31 Mar-43
Utilization of Funds	-	-	Sanctioned / committed funds and expenses to be considered as utilization of Funds.	-

3. Other terms and conditions of the existing Guidelines will remain unaltered.
4. This guideline is issued with the approval of Hon'ble Minister for Social Justice and Empowerment.

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*Dr. Shri. S. S. S.*