**PRESS RELEASE**

**SIDBI SHARPENING ITS ROLE TO TO SUPPORT VENTURE FUNDS**

**Mumbai February 09, 2016**

The India Aspiration Fund (IAF), wiith a corpus of Rs 2,000 crore, established with Small Industries Development Bank of India (SIDBI) in August 2015, has in a short period of time, recommended an amount of Rs. 1126 crore for sanction through its Venture Capital Investment Committee (VCIC) to 31 Venture Capital Funds [VCFs], out of which formal sanction has already been communicated to 18 Venture Capital Funds (VCFs) for Rs. 506 crore.

In order to benefit the burgeoning start-ups in the economy, the Operational process under IAF, list of Venture Capital Funds supported by SIDBI and contact details of Venture Capital Fund which are in investment phase are now hosted on SIDBI Venture Fund website **(https:/venturefund.sidbi.in).** Informing the media about this initiative, **Dr Kshatrapati Shivaji, I.A.S, CMD, SIDBI said that, “this initiative is expected to facilitate aspiring Start ups and MSMEs to get in touch with these Funds for possible equity support directly.”**

SIDBI recognized in early 90s that equity is one of the major challenges faced by MSMEs, as private equity space is basically directed towards large enterprises. SIDBI also chose to use contribution to various Venture Funds as the best model as SIDBI’s contribution could be used by the Fund Managers to leverage large amount of private capital. SIDBI has been contributing to the corpus of Venture capital Funds since 1995. SIDBI has so far supported 88 Venture Capital Funds with an aggregate commitment of Rs. 2211 crore. Based on drawal of around Rs. 950 crores, so far, from the above aggregate commitment, these Venture Funds have invested in 612 enterprises with an equity support of Rs.9600 crore, of which **Rs. 4339 crore were invested in 531 MSMEs.**

Some of the seed / early stage Venture Funds supported by SIDBI are – Blume Ventures, YourNest Angel Fund, Infuse Capital, India Quotient, India Innovation Fund, Ventureast Tenet Fund, India Science Venture Fund of CSIR etc. In addition, SIDBI has also supported Social Venture Funds such as Samriddhi Fund and Ankur Capital etc. Some of the ventures invested by these Venture Capital Funds are – Aujas Networks, Vortex, Little Eye Labs, Skymet, Mitra Biotech etc.

Recognizing the additional need for direct equity investment in MSMEs as well, SIDBI established a wholly-owned subsidiary SIDBI Venture Capital Ltd (SIDBI Venture) way back in 1999 which has invested more than 90 early and growth stage enterprises from diverse sectors. SIDBI Venture is presently managing five funds with an aggregate corpus of Rs. 1500 crore. Some of the successful startups assisted by SIDBI Venture include Bill Desk, Manthan Systems etc. Recognizing the role of SIDBI, Government of India established MSME Risk Capital Fund with SIDBI, with a corpus of Rs. 2000 crore in FY 2009 which stands fully committed.

To continue with its support to the Start ups through Fund of Fund operations, the IAF, was launched. In order to bring in more professional outlook and design to have wider acceptance on Fund operations by all the stakeholders, SIDBI has constituted a Venture Capital Investment Committee comprising of External Experts besides, two senior officials from SIDBI, for screening the proposals received from Fund Managers, which include S/Shri Mohandas Pai, Saurabh Srivastava, Sanjeev Bikchandani, H.K.Mittal, Prof Vaidyanathan and Kiran Karnik. To facilitate VCFs raise requisite funds and achieve financial close, SIDBI has also partnered with LIC of India as part of India Aspiration Fund to augment corpus support to the Funds supported.

In order to augment the scale of operations under its Fund of Fund activities, SIDBI has been pursuing with various State Governments which aim to enhance outreach to Start ups located in respective States besides taking mandates for managing Funds on behalf of Govt. of India, Ministry of MSME, LIC of India etc.

Direct interventions in this space include both venture debt to start ups and risk capital to growth enterprises. SIDBI extends Venture Debt assistance directly to Start ups and early stage enterprises. While preference is given to units which have received equity funding from Venture Funds, other cases are done selectively taking support from NASSCOM/iSPIRT etc. Some of the successful assisted entities include Inkfruit.com, Topdoctorsonline.com, Weather Risk Management (P) Ltd. etc.

**Dr. Kshatrapati Shivaji,** in his statement added that SIDBI has been constantly inventing and reorienting itself for bringing out appropriate solutions for varied needs of MSMEs and its current focus is on stepping up its role in funding Start ups through its Fund of Funds operations in line with national agenda. He also reiterated that SIDBI maintains its unique character and would continue to complement and supplement the efforts of the banking sector rather than be in direct competition to them. Further, he empahasised that given the stellar role played by SIDBI, Government of India has chalked out an important role for SIDBI in the Start-up and Stand-up announcements made by it.

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