

# VC Fund to Promote Dalit Biz Launched

DICCI's venture capital fund can now raise funds from both private entities and government's financial institutions

**OUR POLITICAL BUREAU**  
NEW DELHI

A venture capital fund, dedicated to promoting Dalit entrepreneurs, has been registered by market regulator Sebi, paving the way for creation of a corpus to support businesses owned by people from the Scheduled Castes.

The Dalit Indian Chamber of Commerce & Industry or DICCI's venture capital fund can now raise funds from both private entities and government's financial institutions, bringing to fruition the idea that was first discussed in January 2011. Planning Commission deputy chairman Montek Singh Ahluwalia had then offered a group of Dalit entrepreneurs led by DICCI chairman Milind Kamble that the government would match every rupee put in by the chamber with ₹3.

The central government's offer reflected a stark change in its approach to Dalit empower-

ment, signalling a move towards providing the community a stake in India's growth story, even as it nurtures the old-school politics of reservations and subsidies. "If the state invests in Dalit-owned companies through the fund, the state will become a partner and share profits and losses," said Chandra Bhan Prasad, a commentator on Dalit issues and a key advisor to DICCI. Terming the registration with Sebi a historic development, Prasad said: "This is partnership. Earlier, the state offered loans to Dalits only in lakhs at low interest rates and subsidies, etc, which we call a kind of paternalism."

About 60% of the 180 million Dalits across the country still depend on wage labour and entrepreneurs from the community find it extremely difficult to raise funds.

Though the Centre's social justice ministry runs 20 odd schemes for providing funds to



## For A Bright Future

The venture capital fund has been registered by Sebi

About 60% of the 180 million Dalits across the country still depend on wage labour and entrepreneurs from the community find it extremely difficult to raise funds

Dalit entrepreneurs, credit disbursements have been far from sufficient. "Access to credit for a Dalit remains one of the biggest hurdles," Kalpana Saroj,

managing director of Kamini Tubes, one of the earliest Dalit entrepreneurs had earlier told ET. Even procuring a certificate that made her eligible for

special loans offered to Dalits took her nearly six months, she had said, adding that she almost gave up before starting her venture.

Dalits own about 1,20,000 companies across the country, including 7.7% of the registered 1.55 million micro, small and medium enterprises, according to the census of MSMEs for 2006-07. Tamil Nadu had the most Dalit-owned firms, followed by Karnataka and UP. Unregistered MSMEs at the time were estimated by the census at a much higher 24.5 million.

Venture capital funds are regulated under the new rules for Alternative Investment Funds. As per the rules, these funds have to be closed ended with a minimum tenure of three years and the sponsor has to contribute at least 2.5% of the initial corpus or ₹5 crore, whichever is lower. In 2011, private equity/venture capital funds invested about \$11 billion or ₹57,000 crore across sectors in the country.



**If the state invests in Dalit-owned cos through the fund, the state will become a partner and share profits and losses**

**This is partnership. Earlier, the state offered loans to Dalits only in lakhs at low interest rates & subsidies, etc, which we call a kind of paternalism**

**CHANDRA BHAN PRASAD**  
Commentator on Dalit issues and a key advisor to DICCI