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Venture Capital

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Introduction

"Venture Capital" is a capital (as retained corporate earnings or individual savings) invested or available for investment in the ownership element of New or fresh enterprise. It is also called as risk capital and the term venture capital was coined for the first time in the yr 1943". Thus venture capital is the risky capital.

Venture Capital Financing In India

There is a progressive wave around venture capital financing perhaps the most famous legend of them all, in India is the case of Micro land a classic Venture capital.

The concept of venture capital is not New Venture capitalists often relate the story of Christopher colombus. In the 15" century, he sought to travel west wards instead of east wards from Europe and so planned to reach India. His far-fetchedidea did not find favourwith the king of Portugal, who refused to finance him. Finally, Queen Isabella of spain decided to fund him and the voyages of Christopher Columbus are now empanelled in history.

Venture Capital Funding In India

The role of Venture capital was an extension of the developmental financial institutions like IDBI, ICICI SIDBI, State Finance Corporation etc. Securities and exchange Board of India (SEBI) has come out with guidelines to which a Venture capital fund has to adhere to its norms in order to carry out its activities in India.

'Returns, Taxes And Regulations

/ There is a multiplicity of regulators like
SEBI and RBI. Domestic venture financial are set up under the Indian Trusts Act of 1882 as per SEBI guidelines, while offshore finds routed through Mauritius follow RBI guidelines. Abroad such funds are made under the limited partnership Act, which brings advantages in terms of Taxation. The Government however does not allow pension funds and insurance

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companies to invest in venture capitals as in USA where corporate contributions to Venture funds are large.

SEBI Regulations

A Venture capital funds mean a fund established in the form of a trust or a company including a body corporate and registered under these regulations which:- .

(i) Has a dedicated pool of capital

(ii) Raised in a manner specified in the regulations and (iii) Invests in Venture capital undertaking in accordance with the regulations.

Procedure For Grant Of Certificate

On SEBI is satisfied that the applicant is eligible for grant of certificate, it shall send intimations, to the applicant of its eligibility. On receipt of intimation the applicant must pay to SEBI, registration fee of Rs. 5,00,000 and on the receipt of such fees, SEBI shall grant a certificate of registration in Form B.

Maintenance OfBooks And Records

Every venture capital funds, must maintain for a period of 8 years books of Accounts, records and documents which must give a true and fair picture of state of affairs of the Venture capital Funds.

Submission Of Reports To SEBI

SEBI may at anytime call upon the venture capital fund to file such report as it deems fit with regards to the activity carried out by venture capital fund. VCU means a domestic company whose share are not listed in a recognized stock exchange in India and which is engaged in the business for providing services, production or Manufacturing of an article or thing but does not include activities or sectors which are specified by SEBI with approval of the Central Govt.

