



Ubharte Sitaare Alternative Investment Fund

Why in News

Recently, the **Ministry of Finance** has launched '**Ubharte Sitaare**' [Alternative Investment Fund](#) to facilitate debt and equity funding to **export-oriented MSMEs** (Micro Small and medium Enterprises).

- The fund is **expected to identify Indian enterprises with potential advantages**, but **which are currently underperforming** or unable to tap their latent potential to grow.

Alternative Investment Fund

- Anything alternative to traditional forms of investments **gets categorized as alternative investments**.
- In India, AIFs are defined in **Regulation 2(1)(b) of Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012**.
- It refers to **any privately pooled investment fund, (whether from Indian or foreign sources), in the form of a trust or a company or a body corporate or a Limited Liability Partnership (LLP)**, which are not presently covered by any Regulation of SEBI governing fund management nor coming under the direct regulation of any other sectoral regulators in India.
- Thus, the definition of AIFs includes venture **Capital Fund, hedge funds, private equity funds, commodity funds, Debt Funds, infrastructure funds, etc.**

Key Points

- **About:**
 - Under the scheme, an identified company is supported **even if it is currently underperforming or may be unable to tap its latent potential to grow**.
 - The scheme diagnoses such challenges and provides support through **a mix of structured support covering equity, debt and technical assistance**. It will also have a [Greenshoe Option](#) of Rs 250 crore.
 - A **greenshoe option** is an **over-allotment option**, which is a term that is commonly used to describe a special arrangement in a share offering for example an [IPO \(Initial Public Offering\)](#) that will enable the investment bank to support the share price after the offering **without putting their own capital at risk**.
 - The fund has been set up jointly by **Exim Bank and SIDBI** (Small Industries Development Bank of India) which will invest in the fund by way of equity and equity-like products in export-oriented units, in both manufacturing and services sectors.
- **Criteria for Selecting Companies:**
 - **Unique value:**
 - Companies will be selected for support based on their **unique value proposition**

- **in technology, products or processes that match global requirements;**
- **Financial Strength:**
 - Fundamentally strong companies **with acceptable financials, and outward orientation; small and mid-sized companies with ability to penetrate global markets**, with an annual turnover of up to approx. Rs 500 crore.
- **Business Model:**
 - Companies with a **good business model, strong management capabilities, and focus on product quality.**
- **Support:**
 - Eligible companies can be supported by both **financial and advisory** services by way of **equity/equity-like instruments**, term loans for modernisation, **technology** or capacity **upgradation**; and technical assistance for product adaptation, market development activities and viability studies.
- **Objectives:**
 - To enhance India's competitiveness in **select sectors through finance and extensive handholding support.**
 - Identify and nurture companies having **differentiated technology, products or processes**, and enhance their export business; assist units with export potential, which are unable to scale up their operations for want of finance.
 - Identify and mitigate challenges faced by **successful companies which hinder their exports.**
 - Assist existing exporters **in widening their basket of products and target new markets** through a strategic and structured export market development initiative.

Other Initiatives to Promote MSME Sector

- **Prime Minister's Employment Generation programme (PMEGP):**
 - It is a **credit linked subsidy scheme, for setting up of new micro-enterprises** and to generate employment opportunities in rural as well as urban areas of the country.
- **Scheme of Fund for Regeneration of Traditional Industries (SFURTI):**
 - It aims to properly organize the artisans and the traditional industries into clusters and thus provide financial assistance to make them competitive in today's market scenario.
- **A Scheme for Promoting Innovation, Rural Industry & Entrepreneurship (ASPIRE):**
 - The scheme promotes innovation & rural entrepreneurship through rural **Livelihood Business Incubator (LBI), Technology Business Incubator (TBI)** and Fund of Funds for start-up creation in the agro-based industry.
- **Interest Subvention Scheme for Incremental Credit to MSMEs:**
 - It was introduced by the **Reserve Bank of India** wherein relief is provided upto 2% of interest to all the legal MSMEs on their outstanding fresh/incremental term loan/working capital during the period of its validity.
- **Credit Guarantee Scheme for Micro and Small Enterprises:**
 - Launched to facilitate easy flow of credit, guarantee cover is provided for collateral free credit extended to MSMEs.
- **Micro and Small Enterprises Cluster Development Programme (MSE-CDP):**
 - It aims to enhance the productivity and competitiveness as well as capacity building of MSEs.
- **Credit Linked Capital Subsidy and Technology Upgradation Scheme (CLCS-TUS):**
 - CLCSS aims at **facilitating technology upgradation** of Micro and Small Enterprises

(MSEs) by providing 15% capital subsidy for purchase of plant & machinery.

- [CHAMPIONS portal](#):

- It aims **to assist Indian MSMEs march into the big league as National and Global CHAMPIONS** by solving their grievances and encouraging, supporting, helping and hand holding them.

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