

THE GANDHIGRAM RURAL INSTITUTE-DEEMED UNIVERSITY GANDHIGRAM – 624 302

Guidelines for Launching of Venture Capital Scheme

1. Introduction

Venture capital yields and produces successful business ventures that can translate benefits from the existing and proposed knowledge and innovations for the benefits of the society at large. Broadly implies an investment on long term, short-term finance with high / nominal rewards possibilities.

In respect of Institute managed venture fund is to support those teacher-entrepreneurs, who will create wealth and value for the Institute and at the same time, promoting profitable and innovative activity. The Institute can also establish an incubator, with state-of-the-art facility, helping teachers and students to convert their business plan to a commercially viable products / services. The incubator will have, required key facilities including all resources that enable the formation of business development plan.

2. Stages in Venture Capital

- 2.1 Seed Money: Low level financing needed to prove a new idea;
- 2.2 Start-up: Early stage that needs funding for expenses associated with product development and marketing;
- 2.3 First-Round: Early sales and manufacturing funds;
- 2.4 Second-Round: Working capital for early stage for centres / depts. that are selling products and rendering services, but not yet turning a profit;
- 2.5 Third-Round: This is expansion money for a newly profitable venture; and
- 2.6 Fourth-Round: Also called bridge financing, it is intended to finance the on going process.

3. Features of Venture Capital

- 3.1 Venture capital undertakings take a longer time to come out commercially successful;
- 3.2 The project is associated with management, product and operations;
- 3.3 A venture capitalist looks not only for high / medium/ appropriate technology but also the innovativeness through which the project can be succeeded;
- 3.4 A venture capitalist looks for little dividend or other benefits, but when the project commercially succeeds, then he/she can enjoy the capital gain which is his/her main benefit.

4. Advantages of Venture Capital

- 4.1 Helps in micro business enterprises of the Institute;
- 4.2 Helps in the technological development especially appropriate technology by the Institute;
- 4.3 Generates employment through enhancing employability skills;
- 4.4 Helps in developing entrepreneurial skills among students;
- 4.5 Helps to employ idle funds into productive avenues; and
- 4.6 The venture capitalist also has a network of contacts in many areas that can add value to the public / society.

5. Execution

- 5.1 Individual / Group of staff can prepare a viable project proposal making use of their expertise and also facilities available in the Department / Centre. The format (enclosed) may be used by the staff
- 5.2 The viability of Venture Capital Scheme may be discussed at Department / Centre and forwarded the same to the Director (R&D)
- 5.3 The project shall be scrutinized in the Consultancy / Approval Committee and forwarded for approval by the Vice-Chancellor. The quantum of seed money required for each project shall be decided in the committee meeting. The tenure of each scheme shall be 3 years and it can be extended thereafter, if needed.
- 5.4 Director (R&D) shall issue approval letter of the authorities based on which the Finance Officer shall issue sanction seed money to the concerned faculty. The Principal Investigator shall maintain a separate account and operate the scheme like other funded projects.
- 5.5 The PI can take Rs.2 – Rs.5 Lakhs from the Institute as Seed Money. The Principal Investigator has to return the Seed Money to the Institute within a period of 3 years. After the repayment of the principal money, the profit to be accrued in the project shall be shared between Department (85%) and Institute (15%). Incentives to the Principal Investigator(s) shall be allowed while approving proposal
- 5.6 Annual account and report shall be prepared by the PI for each scheme and submitted to the Institute
- 5.7 The Consultancy Approval Committee shall review the scheme once in six months.
- 5.8 It is the responsibility of the individual / group of staff who have prepared the project to repay the seed money failing which the Institute has the right to recover from the individuals following the GFR rules.

6. Proforma for Venture Capital Scheme

1. Title of the Project :
2. Name of the PI / Co-PI :
3. Faculty / Department / Centre :
4. Objectives : (i)
(ii)
(iii)
5. Programme :
6. Seed Money required : Rs.
7. Prospectus of the project
(indicate the threshold level of profit generated) :
8. Details of Expenditure and Profit

		I Year		II Year		III Year	
		Expenditure	Profit	Expenditure	Profit	Expenditure	Profit
(a)	Purchase of Inputs						
(b)	Cost on skilled / unskilled labour employment (if any)						
(c)	Income from sales / service						
	Net Expenditure / Profit						

Signature of Principal Investigator

7. Possible Areas for Venture Capital Scheme in GRI

Sl.No.	Activities	Department/Centre/Unit
1.	Vermi composts	Biology
2.	Mushroom	Biology
3.	Sprinulla / other bio-products	Biology
4.	Bakery / Washing Powder	RIM
5.	Fruit Process / Pickle making	RIM
6.	Handmade Paper	RIM
7.	Canteen / Co-operative Store	Cooperation
8.	Cooperative Training	Cooperation
9.	Incubation Center / Cell	FROS
10.	Renewable Energy based Equipments	Rural Energy Centre
11.	RTC- Hollow bricks etc.	Rural Technology Centre
12.	Garments – Natural dye	Home Science / RIM
13.	Mineral Water	Chemistry
14.	Linking KVK with Farmers	KVK
15.	Soil Testing	KVK, Agri
16.	Nursery / Seed propagation	KVK, Agri
17.	EDP	Centre for Entrepreneurship Development
18.	Library Entry Fee / Xerox	Library
19.	Dairy Unit	Agriculture
20.	Lab apparatus & glasswares	USIC
21.	Sanitary Products	SF
22.	Hardware & Software Services	Computer Centre and Dept. of Computer Science & Applications
23.	Water Analysis and Material testing	Chemistry
24.	Physical Education Training	Physical Education
25.	Skill Upgradation Programme	Education
26.	Resource mapping and remote sensing	Geoinformatics and Applied Geology
27.	Data compilation analysis	Economics
28.	Testing of equipments, electronic gadgets	Physics
29.	Solar Energy / Energy devices	Physics and REC
30.	Research methodology	Applied Research