

B.A. Part II (Economics Honours)  
Paper - IIIrd  
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## **Industrial Finance Corporation of India (IFCI)**

IFCI Ltd. was set up in 1948 as Industrial Finance Corporation of India, a Statutory Corporation, through **'The Industrial Finance Corporation of India Act, 1948' of Parliament** to provide medium and long term finance to industry. **After repeal of this Act in 1993, IFCI became a Public Limited Company registered under the Companies Act, 1956.** IFCI became a Government controlled company subsequent to enhancement of equity shareholding to 55.53% by Government of India on December 21, 2012. In April, 2015, Government of India has acquired six crore Preference Shares of IFCI Ltd. of Rs.10/- each from six public sector banks. **With this, the shareholding of the Government of India in paid-up share capital of IFCI has been increased to 51.04% and IFCI has become a Government Company under Section 2(45) of the Companies Act, 2013.** IFCI is also a Systemically Important Non-Deposit taking Non-Banking Finance Company (NBFC-ND-SI), registered with the Reserve Bank of India.

The primary business of IFCI is to provide medium to long term financial assistance to the manufacturing, services and infrastructure sectors. Through its subsidiaries and associate organizations, IFCI has diversified into a range of other businesses including broking, venture capital, financial advisory, depository services, factoring etc. As part of its development mandate, IFCI was one of the promoters of National Stock Exchange (NSE), Stock Holding Corporation of India Ltd (SHCIL), Technical Consultancy Organizations (TCOs) and social sector

institutions like Rashtriya Gramin Vikas Nidhi (RGVN), Management Development Institute (MDI) and Institute of Leadership Development (ILD).

The Government of India, as per the Budget for FY 2014-15 has mandated IFCI for setting up of a Venture Capital Fund under Social Sector initiatives with an aim to promote entrepreneurship among the Scheduled Castes (SC) and to provide concessional finance to them. The fund has been put in place after getting approval of SEBI under AIF regulation, 2012 with contribution of Rs.200 crore from Government of India. IFCI has committed Rs.50 crore as lead investor and sponsor of the Fund. IFCI's subsidiary IFCI Venture Capital Funds Ltd., is the Investment Manager of the Fund. Government of India has also provided Rs.200 Crore to IFCI Ltd. in March 2015 under the Scheme of Credit Enhancement Guarantee for Scheduled Caste (SC) Entrepreneurs for providing guarantee to banks against loans to young and start-up entrepreneurs belonging to Scheduled Castes with an objective to encourage entrepreneurship in lower strata of the society.

IFCI, since its inception, has cumulatively sanctioned Rs.1,06,714.22 Crore to 5,239 projects and disbursed Rs.91,558.39 Crore.