

SCHEME-2

Venture Capital Assistance Scheme **Provided by *Small Farmers' Agribusiness Consortium (SFAC)***

The SFAC, an agency of Govt. of India, has brought a Venture Capital Assistance Scheme for agribusiness development. Venture Capital Assistance means interest free soft loan to the Entrepreneur to part finance their margin money required for setting up of the agricultural and allied sectors.

Objectives behind Venture Capital Scheme are as under:

- ✓ To facilitate setting up of agribusiness ventures in close association with banks
- ✓ To catalyze private investment in agribusiness projects and thereby providing assured market to producers for increasing rural income and employment.
- ✓ To strengthen backward linkages of agribusiness projects with producers.
- ✓ To assist farmers, producer groups, and agriculture graduates to enhance their participation in the value chain through Project Development Facility.

Amount of Venture Capital Assistance

The venture capital amount will be provided to the lower of the following:

- i. 26 % of the Promoters' Equity
- ii. Rs. 50 Lakhs.

In case, the Project is located in North Eastern and Hilly states (Uttarakhand, Himachal Pradesh, and J & K); the amount of Venture Capital will be lowest of the following:

- i. 40 % of the Promoters' Equity
- ii. Rs. 50 Lakhs.

Limit of the project Cost

The cost of proposed agribusiness project would have to be Rs. 15 Lakh & above, subject to a maximum of Rs. 500 Lakhs. However, projects valuing Rs. 10 Lakh & above, proposed to be located in backward districts as notified by the Planning Commission, hilly & North Eastern States could also be considered.

Eligibility for Funding:

- a. Project should be in agricultural or allied sector basically perishables namely Horticulture, Floriculture, Medicinal and Aromatic plants, minor forest produce, agriculture and fisheries. Poultry & Dairy projects will also be covered under the scheme.
- b. Project should provide assured market to farmers/ producer groups.
- c. Project should encourage farmers to diversify into high value crops, to increase farm incomes.
- d. Project should be accepted by the Notified Financial Institution for grant of Term loan.

