



**SFAC**  
लघु कृषक  
कृषि व्यापार संघ

**REVISED**

# Venture Capital Scheme for Agribusiness Development for XII<sup>th</sup> Plan (2012–2017)



## **SMALL FARMERS' AGRIBUSINESS CONSORTIUM (SFAC)** *Venture Capital Scheme for Agribusiness Development*

SFAC is a registered Society functioning under the Department of Agriculture and Cooperation, Government of India with a mandate to catalyse private investment in setting up agribusiness projects for increasing rural income and employment.

SFAC Scheme for Agribusiness Development provides interest-free Venture Capital to set up agribusiness projects and Project Development Facility (PDF) to assist individuals, producer groups/organisations for preparation of detailed project reports. The scheme envisages a single-window approach for extending Venture Capital alongwith bank term loan/working capital to the beneficiary. SFAC will implement the Scheme in close association with nationalised banks, SBI and its subsidiaries, IDBI, SIDBI, NABARD, NCDC, NEDFi, Exim Bank, RRBs and State Financial Corporations.

## OBJECTIVES



The main objectives of the Scheme are:

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



## SALIENT FEATURES OF THE SCHEME



### Eligibility Criteria

Assistance under the Scheme is available to:

- ◆ Individuals
- ◆ Farmers
- ◆ Farmer Producer Companies/Farmer Producer Organisations
- ◆ Partnership/Proprietary Firms
- ◆ Self-help Groups
- ◆ Companies
- ◆ Agripreneurs
- ◆ Units in Agri-export Zones
- ◆ Agriculture Graduates individually or in groups.



## QUALIFYING PROJECTS



- The project should be in agriculture or allied sector or related to agricultural services. **Poultry and dairy projects are also covered under the Scheme.**
- The project should provide an assured market to farmers/ producer groups.
- The project should encourage farmers to diversify into high value crops.
- The project should be accepted by banks/financial institutions for grant of term loan.

## VENTURE CAPITAL ASSISTANCE



SFAC provides interest-free venture capital to agribusiness projects by way of soft loans to supplement the financial gap worked out by the sanctioning authority of term loans under Means of Finance, with respect to the cost of the project.

The quantum of SFAC Venture Capital Assistance will be the lower of the following:

- ◆ 26% of the promoter's equity.
- ◆ ₹ 50.00 lakhs.

However, for agribusiness projects set up in the North-Eastern Region, Hilly States (Uttarakhand, Himachal Pradesh, Jammu & Kashmir) and in all cases in any part of the country where the project is promoted by a registered Farmer Producer Organisation, the quantum of venture capital will be the lower of the following:

- ◆ 40% of the promoter's equity.
- ◆ ₹ 50.00 lakhs.



## ELIGIBLE COST OF PROJECT



- ◆ **Minimum ₹ 15.00 lakh (₹ 10.00 lakh for Hilly and North- Eastern states and backward districts).**
- ◆ **Maximum upto ₹ 500.00 lakh.**

Higher Venture Capital Assistance can be considered by SFAC to deserving projects on merit provided:

- ◆ Provision for higher VCA has been appraised and approved by the sanctioning authority of term loans, subject to a maximum of ₹ 3.00 crore.
- ◆ The total cost of the project is not more than ₹ 10.00 crore.
- ◆ The projects are located in the North Eastern Region (NER) and other pre-identified districts declared backward by the Backward Regions Grant Fund Scheme.

The beneficiary will repay the Venture Capital in lump sum to SFAC after full repayment of the bank's term loan as per the original schedule, or earlier.

## PROJECT DEVELOPMENT FACILITY (PDF)



The PDF provides financial support to farmers, farmer producer companies/farmer producer organisations, agripreneurs, units in agri-export zones, organisations and agriculture graduates for preparing bankable Detailed Project Reports (DPRs).

The beneficiary may approach any of the following for assistance:

- ◆ **State SFACs**
- ◆ **Banks**
- ◆ **Empanelled consultants of SFACs**
- ◆ **Central SFAC**



## ELIGIBILITY CRITERIA FOR EMPANELMENT OF CONSULTANTS



- a. Consultant/Agency promoted by Public Sector Banks.
- b. Consultant/Agency promoted by State Governments.
- c. Registered Consulting firms promoted by a group of professionals.
- d. Individual Consultants/Proprietary Firms.

However, the applicant organisation/individual must be a qualified expert with a minimum of post graduate degree level qualification approved by UGC/AICTE/Institute of Chartered Accounts of India, as the case may be; from any of the following categories of expertise:

- a. Agriculture, Horticulture, Agribusiness, Agro Processing, Food Processing, Engineering, Fisheries, Poultry & Dairy, Management, Finance, Rural Management.
- b. Chartered Accountants.

## ILLUSTRATIVE LIST OF ESSENTIAL DOCUMENTS REQUIRED FOR PROCESSING THE VCA PROPOSAL



1. Application Format (available on SFAC website).
2. Promoter's request letter addressed to the Managing Director, SFAC, New Delhi on original letterhead of firm/company.
3. Sanction letter of Sanctioning Authority addressed to recommending branch.
4. Bank's approved appraisal/process note bearing signature of sanctioning authority.
5. Potential impact on small farmer producers (a) Social Impact (b) Environmental Impact (c) Risk Analysis and (d) Replication Factor.
6. Specific recommendation with amount of VCA on Bank's Original letterhead with date and dispatch number duly signed by the Branch Manager on each page.
7. Implementation Schedule confirmed by the bank.
8. Up-to-date statement of account of term loan and cash credit (if sanctioned).

9. Equity Certificate (a) CA Certificate in case of partnership or proprietorship firm (b) Form-2, Form-5 and Form-23 filed with ROC for company.
10. List of farmers (backward linkage) confirmed by promoter and bank.
11. Affidavit of promoter that they have not availed VCA in the past from SFAC.
12. Field Inspection report of bank official as on recent date.

## OTHER SCHEMES OF SFAC



- ◆ Equity Grants & Credit Guarantee Fund Scheme for Farmers Production Companies.
- ◆ Promotion of Farmer Produce Organisations (FPO's).

*(Please see our website for details)*



सत्यमेव जयते

Government of India  
Ministry of Agriculture  
(Department of Agriculture &  
Cooperation)



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