

Small Farmers' Agri-business Consortium (sfac)
Venture capital scheme
For agri-business development

SFAC is a society under Department of Agriculture and Cooperation with a mandate to catalyze private investment in setting up of agri-business project for increasing rural income and employment.

SFAC Scheme for agri-business development will provide Venture Capital Assistance to agri-business projects and set up a Project Development Facility (PDF) to assist producer groups/organizations in preparation of economically viable detailed project reports. The scheme envisages a single-window approach for extending Venture Capital along-with bank term loan/working capital to the beneficiary. SFAC will implement the Scheme in close association with commercial banks.

OBJECTIVES

The main objectives of the Scheme are:

- a) To facilitate setting up of agri-business ventures in close association with banks.
- b) To catalyze private investment in setting up of agri-business projects and thereby providing assured market to producers for increasing rural income and employment.
- c) To strengthen backward linkages of agri-business projects with producers.
- d) To assist farmers, producer groups, and Agriculture graduates to enhance their participation in value chain through Project

Development Facility.

- e) To arrange training and visits, etc, of agripreneurs setting up identified agri-business projects.

SALIENT FEATURES OF THE SCHEME

ELIGIBLE PERSONS :



Assistance under the scheme will be available to Individuals, Farmers, Producer Groups, Partnership/Proprietary Firms, Self-help Groups, Companies, Agripreneurs, Units in Agri-

Zones, and Agriculture Graduates individually or in groups. For professional management and accountability the groups have to preferable form into companies or producer companies under the relevant Act.

QUALIFYING PROJECTS :

- a. Value addition projects should be in agriculture or allied sector viz., horticulture, apiculture, medicinal and aromatic plants, spices, cashew nut, coconut, sericulture, organic farming, vermi compost, apiculture, plantation crops and fisheries (eco-hatchery) etc. excluding poultry and dairy projects.
- b. Project should provide assured market to farmers/producer groups.



- c. Cost of proposed projects must be of Rs. 50 lakhs in general and Rs. 25 lakhs in case of NE states and other hilly areas.
- d. Project should encourage farmers to diversify into high value crops to increase farm incomes.
- e. Project should be accepted by banks for grant of term loan.

VENTURE CAPITAL ASSISTANCE :

SFAC would provide financial assistance in the form of equity to qualifying projects on the recommendations will be repayable back to SFAC after the project has repaid the term loan of the financing bank.

SFAC will ordinarily provide Venture Capital Assistance, which will be the lowest of the following:

- 10% of the total project cost assessed by the bank
- 26% of the project equity
- Rs. 75.00 lakh.

Higher Venture Capital Assistance can be considered by SFAC to deserving projects on merit and/or to projects that are located in remote and backward areas, North-Eastern and hilly States and projects recommended by State agencies.

The beneficiary is expected to repay back the Venture Capital in lump sum to SFAC after full repayment of the bank's term loan.