

## **FAQ on VCA**

What is VCA?

Venture Capital Assistance is financial support in the form of an interest free loan provided by SFAC to qualifying projects to meet shortfall in the capital requirement for implementation of the project.

What are key objectives of the scheme?

1. To facilitate setting up of agri-business venture in association with banks.
2. To catalyze private investment in setting up of agri-business project.
3. Increasing rural income and employment.
4. To strengthen backward linkage of agri-business project with producers.
5. Assign producer groups and agriculture graduates to enhance their participation in value chain.

What are the benefits of VCA to Small farmers How do entrepreneurs benefit from VCA?

It encourages farmers to diversify into high value crops aimed to increase farmer's income and assured access to markets for their crops by linking their produce to the agribusiness unit. It encourages farmers to diversify into high value crops aimed to increase farmer's income and assured access to markets for their crops by linking their produce to the agribusiness unit.

Who can avail VCA?

Assistance under the scheme is available to Individuals, farmers, producer groups, partnership/ Proprietary firms, self help group, Companies, agripreneurs, units in agri-export zones and other agri-pri-preneures, intending to set up related agri-project.

What type of project qualifies for VCA?

Projects can be in agriculture or allied sector, Dairy and Poultry units are also eligible under the Scheme

Which are the eligible financial institutions under the scheme?

Financial Institutions, notified by the RBI where ownership of the Central/State Government is more than 50% such as national banks, SBI and its Subsidiary, IDBI, SIDBI, NABARD, NCDC, NEDFi, RRBs and State financial corporation can recommend proposal after sanction of Term Loan.

What should be the minimum cost of project to qualify for VCA?

Minimum cost of project should be Rs. 15 lakh. In North Eastern and Hilly States minimum cost is Rs. 10 lakh.

What are the other qualifying factors for a project to be eligible to receive VCA?  
Project should provide assured market to farmers and/or producer groups.

What is the eligibility amount under VCA scheme?

- a) North East and Hilly states: 40% of equity or Rs. 50 lakh, whichever is less .
- (b) Rest of the country: 26% of equity or Rs. 50 lakh whichever is less.
- (c) 40% of equity or Rs. 50 lakh whichever is less for FPCs

Can higher VCA be sanctioned by SFAC in special circumstances?

Yes executive committee of SFAC has power to consider projects for higher amount of VCA to deserving projects on recommendation of the bank on merits and such projects are located in Hilly/North Eastern States and pre-identified Districts declared Backward under planning commission's Backward Region Grant Fund Scheme. However, cost of such projects should not be more than 10.00 crore

Is VCA subsidy?

No it is an interest free loan.

Is it mandatory requirement of sanction of Term Loan by banks/FI for VCA?

Yes, it is mandatory. Self funded projects are not covered.

Is it necessary that the proposal should be forwarded through Banks/FI?

Yes, it is necessary that proposal is forwarded and recommended by the lending bank/financial institutions to SFAC. Promoters may however submit advance copy of their application to SFAC.

Is disbursement of TL mandatory before VCA?

Yes at least 50% of Term loan should have been disbursed before execution of documents for VCA.

Can VCA be remitted in Promoter's A/C?

No, VCA being part of means of finance of the project, it is remitted to lending Bank so as to disburse the funds to promoters to complete the projects.

When will VCA be repaid back to SFAC?

VCA is to be repaid back to SFAC after the schedule date of last instalment of Bank's term loan. Promoter may however opt to repay VCA in four equal quarterly instalments with interest as applicable on Bank's term loan after scheduled date of last instalment of Banks Term Loans.

Is VCA confined to some states of India?

No, VCA is available for eligible projects across the country. Projects in north eastern and hilly states are given relaxation in cost and eligibility norms

How much time will it take to process the case?

Generally from 60 to 90 days, depending upon the submission of desired documents by finance institutions