

# VCs just find barren fields here

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The Finance minister's intent to attract venture capital (VC) funding for agricultural projects and businesses, in tandem with the MS Swaminathan Research Foundation, has not gone down too well with VC firms, which are keen to capitalise on investment opportunities in popular sectors.

For most VCs areas such as healthcare, education, infrastructure, software, business process outsourcing, energy and communications still rule the roost. The firms say there is a dearth of investment prospects, and seem reluctant since most agri-projects would be in the unorganised sector, lacking standardisation or proper governance.

Most VCs were of the opinion that the finance minister's announcement appeared to be more a statement of intent than anything specific and would take a long time before it could translate into an opportunity.

The Small Farmers Agri-business Consortium (SFAC), an outfit set up in '94 and operational since '98, has a corpus of Rs 10.95 crore. It will venture capital to projects, governed preferably by a banker, on purely business lines. The MS Swaminathan Research Foundation has identified 13 districts for agri-businesses and an appetite for investment of nearly Rs 170 crore.

VC funds were hoping that the Budget would promote growth in services and emerging areas such as biotech and continue with the emphasis on infrastructure. **Shefali Goradia of Nishit Desai & Associates said, The opportunity will not be all that attractive for VCs since agriculture is not an organised sector. A majority of it is not even tax compliant and there is no governance.**

**If VC firms invest, they would look for a well-governed company even if it shows promising returns. However, an agro-processing business would be an exception to the rule.**

ICICI Venture Fund, managing director & CEO, Renuka Ramnath differs saying, Investing in agriculture-related projects would make an interesting opportunity provided the government pushes for it with an independent corpus. To entice other investors, the government would need to demonstrate by identifying areas that need to be corporatised.

They could set up a role model for a couple of viable projects that promise success and invite us, she added.

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