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- (5) should be from agricultural background and project location should be in agricultural area if seeking loan under the scheme 'Assistance for Agricultural Activities'.

## TYPES OF FUNDING

NHFDC can consider following types-of loans;

### 1. Term Loan

The Corporation can consider grant of Term Loan to a disabled entrepreneur or group of disabled entrepreneurs through the channelising agency.

Under Term Loan Scheme, loans are given upto 100% of project cost as follows:-

|    | Project Cost                                | NHFDC share | Channelising agency share | Promoter's share |
|----|---|-------------|---------------------------|------------------|
| a) | Below Rs. 50,000                            | 100%        | Nil                       | Nil              |
| b) | Above Rs. 50,000 and upto Rs. 1.00 lakh     | 95%         | 5%                        | Nil              |
| c) | Above Rs. 1.00 lakh and upto Rs. 5.00 lakhs | 90%         | 5%                        | 5%               |
| d) | Above Rs. 5.00 lakhs                        | 85%         | 5%                        | 10%              |

For the project with high working capital component, quantum of loan will depend upon the total cost of the project as follows :

- Where the total cost of the scheme does not exceed Rs.50,000 the scheme will be treated as a composite loan and no distinction will be made between fixed asset and working capital. In such cases loans can be granted upto 100% of the total cost.
- Where the unit cost of the project is more than Rs.50,000 but does not exceed Rs.1,00,000 the ratio of fixed assets to working capital will not exceed 1:3.
- Where the unit cost of the scheme exceed Rs.1.00 lakh, only 50% of the working capital requirement will be added in the project cost as working capital margin to arrive at the unit cost of the project, remaining amount of the working capital will have to be financed by the banks as cash credit limit.

In order to cover maximum number of beneficiaries, 75% of the amount of term loans sanctioned in any financial year to a Channelising Agency shall be for those projects where NHFDC loan component is below Rs.1,00,000 per unit.

### 2. Margin Money Loan (Seed Capital)

- Seed Capital assistance is provided to entrepreneurs availing term loan from State Financial Corporations (SFCs) /other financial institution but not able to bring in their share of equity stipulated by the term lending institutions.
- Seed Capital assistance is to meet the gap in the equity stipulated by the term lending institutions as per their norm of debt equity ratio.
- The entrepreneur is to bring in a minimum of 20% of the equity.
- NHFDC may provide Seed Capital assistance upto 80% equity required to be funded by the beneficiary for the total project cost upto Rs. 50.lakhs.