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Government of India
Ministry of Rural Development
Department of Rural Development
<https://rural.nic.in>
(Rural Livelihoods Division)

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Dated the 22nd November, 2022

To
The SMD/CEO, SRLMs
All the State/UTs

Sub: Master Circular for Start –up Village Entrepreneurship Programme (SVEP).

Madam/Sir,

I am directed to share the updated Master Circular for Start –up Village Entrepreneurship Programme (SVEP), a sub scheme of Deendayal Antyodaya Yojana - National Rural Livelihoods Mission (DAY-NRLM). This circular should be implemented with immediate effect.

ALL DPRs approved under SVEP, till 22nd November, 2022, shall follow the earlier Master Circular.

This master circular issues with the approval of Secretary (RD).

Yours faithfully,


(Raghvendra Pratap Singh)
Director (RL)
Ph. 011-23438102

Encls:A/a

Copy to
1. All NROs,
2. All State anchors

Master circular for the Start-Up Village Entrepreneurship Programme

**A sub-scheme under National Rural Livelihoods Mission,
Ministry of Rural Development
(Government of India)**

This master circular subsumes and overrides all the guidelines, FAQ's and circulars issued for the Start-Up Village Entrepreneurship Programme till date – 22nd November 2022.

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Chapter I

Background

In India, more than 90% of the working population is engaged in the unorganized sector. In the case of rural areas, a large section is self-employed and agriculture has served as one of the major sources of income for villages. However, agriculture comes with many uncertainties and is not an income source for landless households. It has been experienced that, poor families require 3-4 different income sources to get out of poverty. Amongst these the non-farm livelihoods, skill based work and small enterprises are important sources of income.

It has been realized that in the absence of adequate business skills like understanding of market, domain knowledge, accounting, costing skills and lack of financial support, these micro/nano enterprises struggle to survive and often either fail or become stagnant generating sub optimal incomes. The plight increases in case of the poor as they do not have linkages with financial institutions.

In order to solve this problem and to provide support to small enterprises and skill based workers, both in terms of training and credit support, in the Budget session of 2014-15 on July 10th, 2014 the Honorable Finance Minister initiated the idea of Start-up village entrepreneurship programme. As stated, "I also propose to set up a "Start-up Village Entrepreneurship Programme" for encouraging rural youth to take up local entrepreneurship programs. I am providing an initial sum of Rs. 100 crore for this."

In the 8 years since then, SVEP has been rolled out in 29 states and the impact of the initial pilots has been found to be good.

Nature and status of Rural Self – Employment: A statistical perspective

- i. Almost half of the rural youth are self-employed¹. Cumulatively, 53% of the rural male and 55.8% of the rural female in the age group of 15-59 years are Self-employed.
- ii. The unemployment rate among rural males in India is 8.02% and 6.05% among rural females. (NSSO 2011).
- iii. Rural livelihoods are not only agriculture based. The number of households that depend on rural non-farm employment (RNFE) as their primary source of income has increased from nearly 32% in 1993–94 to over 42% in 2009–10 (NSSO 2011), but still a huge 58% households are dependent on agriculture as their primary source of income.
- iv. The employment related reasons figure the highest behind migration from rural to urban areas. The migration rate per 1000 persons in rural areas is 26.

¹Self Employed workers include individuals working in household enterprises as own-account workers, in household enterprises as employers; and in household enterprises as helper as well etc.

- v. Micro Enterprises² constitute a significant proportion i.e. (99.8%) of the existing unregistered³enterprises in the country. Currently the Rural Micro Enterprises employ 232.95 lakhs people in 119.60 Lakh units.
- vi. 93.94% (112.36 lakhs) of the rural micro enterprises have an investment up to Rs. 1 Lakh and below.
- vii. 67% (71.7 lakhs) of the rural micro enterprises have an investment below Rs 25,000.
- viii. Altogether, 202.86 Lakh persons are employed in Rural Micro Enterprises with investment up to Rs 1 Lakh and below. (Average Employment is 1.80 per unit).
- ix. Rural Micro Enterprises with Investment size below Rs 25,000 employ 132.42 Lakh people.(Average employment per unit is 1.65).
- x. Manufacturing sector constitutes 61.4%; Services account for 33.8% while Repair and maintenance 4.7% of the total number of rural micro enterprises.
- xi. 10.4% enterprises are owned by women in rural areas whereas 12.46%, 6.9%, and 45.07% enterprises are found to be owned by SC, ST and OBC in rural areas respectively.

Some of the field based observations on rural micro enterprises:

- a. The enterprises of the poor often seem more a way to buy a job (Necessity Entrepreneurship) when a more conventional employment opportunity is not available. Many of the businesses are run because someone in the family has (or is believed to have) some time on hand and every little bit helps. This person is often a woman, and she typically does it in addition to her housework. These enterprises are one of the multiple livelihoods of the poor.
- b. However, very few individuals from the Poorest of the Poor segment manage to start their own enterprise. This is due to issues such as lack of access to skills and finance.

²MSME survey for unregistered enterprises [Fourth census] has been considered for reference.

³Most of the Micro Enterprises in India are not registered. As the number of micro enterprises with investment of up to Rs 1 Lakh and below are significant, the analysis of various other economic variables has been restricted to these kind of enterprises alone.

Chapter II

Objectives and expected outcomes

1. Vision and Scope

To help the rural poor come out of poverty by helping them set up enterprises and provide support till the enterprises stabilize. To provide them with business skills, exposure, loans for starting and business support during the first critical twelve months of the enterprises by using the NRLM SHGs and their federations. This skills shall be imparted by local youth (called Community Resource Persons – Enterprise Promotion – CRP-EPs) who shall be trained in business set up, management, monitoring and support using ICT and audio-visual aids. These local CRP-EPs shall also provide support to the enterprises for setting up and stabilising.

The SVEP shall benefit the households and communities even beyond the financial gains it provides. It shall help rural people specially the marginalized sections, women, and SC and ST communities to gain a sense of dignity and self- reliance leading to great social changes. Similarly, the wealth generated in the local economy shall have a multiplier effect resulting in strengthening the local economy and reduction indistress migration. People engaged in a range of enterprises shall create further employment and improve the market. It shall also encourage new age enterprises in ICT/infotainment. It shall promote enterprises in the field of sanitation, drinking water, renewable energy etc. This shall offer more economic opportunities for the rural areas and bring people out of poverty. Innovations offered by the outcome of the challenges organized by the NRLM and the SRLMs shall also be scaled up/ offered to the enterprises under SVEP. Local innovations shall also be encouraged, to ensure that at least a percentage of the SVEP enterprises are able to scale up and mature into organisations with a larger turnover and market access outside the block.

2. Objectives of SVEP

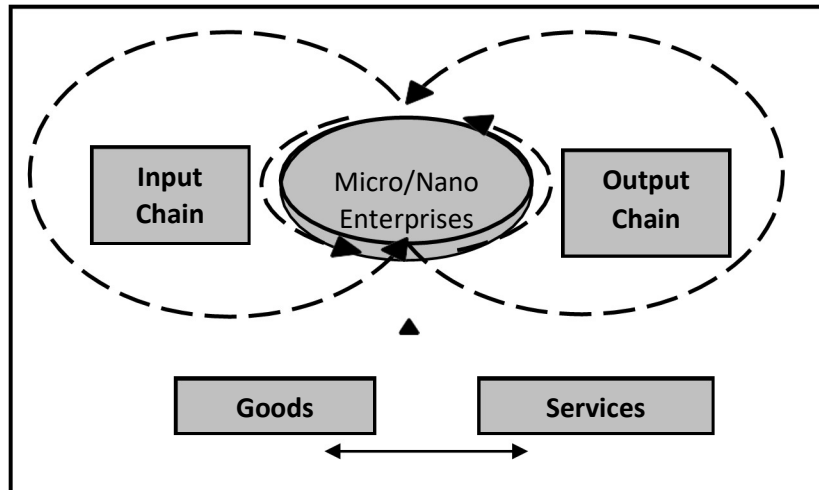
The overall objective of SVEP is to implement the Government’s efforts to stimulate economic growth and reduce poverty and unemployment in the villages by helping start and support rural enterprises.

The key objectives of SVEP are:

- a. To enable rural poor to set up their enterprises, , by developing a sustainable model for Village Entrepreneurship promotion through support from a dedicated community cadre called CRP-EPs trained using integrated ICT techniques and tools for training and capacity building, enterprise advisory services and to provide loans from banks/SHG & federations.
- b. Develop local resources by training a pool of village level community cadre (CRP-EP) and build the capacity of the NRLM and SHG federations to monitor and direct the work of the CRP-EPs.

- c. Help the rural entrepreneurs to access finance for starting and growing their enterprises from the NRLM SHG and federations, as well as from the formal financial channels including the banks.

The SVEP should also work with the input and output supply chains for farm produce, artisanal products and other goods & services to help increase rural incomes. Minimum 18% of the enterprises supported under SVEP should be enterprises in the manufacturing sector focusing on value chains and / or in utilizing the enterprise opportunities offered by government schemes.



3. Key Deliverables and Features

Apart from the outcomes and overall development SVEP is expected to have the following deliverables:

The total budget outlay for the program per block is Rs. 6.50 crores with a unit cost of Rs. 27,083 per enterprise

- i. The programme should converge with the existing schemes of other ministries such as MSME, Ministry of Textiles, etc. The modalities for convergence shall be decided in consultation with the concerned ministries to avoid overlap.
- ii. The blocks in North Eastern states shall be given adequate priority in implementation.
- iii. The programme shall provide a specific segment for entrepreneurial support to rural youth in non-intensive blocks in convergence with the programmes of other departments. The knowledge products and ICT support of the programme should be made available to rural youth outside the SHG fold.
- iv. While selecting entrepreneurs under SVEP, priority shall be given to the highly vulnerable beneficiaries under MGNREGA.
- v. Backward and forward linkages for farm livelihoods would be supported under the programme.

- vi. The programme should encourage enterprises of rural artisans.
- vii. The programme should ensure convergence with clusters identified under RURBAN mission.
- viii. Innovative Enterprises in the field of IT/infotainment and other similar newly emerging enterprise opportunities should be encouraged under the program.
- ix. Under this program there should be targeted attempts for enhancing credit limits for successful entrepreneurs from banks.
- x. The program should track and report progress of the number of households under this program of NRLM, through the process of upgrading of skills and creating opportunities of employment.
- xi. The program should conduct a baseline and micro-plan for each block and accordingly measure and report progress for the number of enterprises supported.
- xii. Separate books of accounts for the CEF released under SVEP should be maintained and audited regularly by a Chartered Accountant – which shall be one of the basis of measurement of the progress of the program.
- xiii. NRLM shall take adequate steps towards supporting development of appropriate technology and innovations especially for promoting enterprises in the field of sanitation, drinking water, renewable energy etc.

Selection of blocks under SVEP :

The states can select only those blocks for the implementation on the SVEP which meet the following criteria :

<u>Non negotiables - State readiness to implement SVEP in a time bound manner</u>				
		Min eligibility criteria		
Sno		All states other than NE and Hill/Small states	NE states	Hill/ small states & UT's
N-1a	Manpower at the state - Dedicated non-farm SPM-1, PM-1 and YP-1 at the state (> 6 blocks)	Yes	Yes	Yes
N-1b	Manpower at the state - Dedicated non-farm SPM-1, PM -1at the state (3 to 6 blocks)	Yes	Yes	Yes
N-1c	Manpower at the state - Dedicated non-farm PM -1 at the state (< 3 blocks)	Yes	Yes	Yes
N-2	Manpower in the district for block where the SVEP is applied for- Dedicated DPM in place	Yes	Yes	Yes
N-3	Manpower in the block for the block where the SVEP is applied for - Dedicated BPM in place	Yes	Yes	Yes
N-4	Dedicated BPM(SVEP) already placed in all the existing SVEP blocks in minimum % blocks	75%	65%	65%
N-5	MOU with PIA / NRO for training of CRP-EPs and/or for SVEP implementation (The MOU shall be applicable from the date of the minutes approval of the AAP by the EC of the MoRD)-in cases where the state PMU is not implementing SVEP.	Yes	Yes	Yes

	<u>Preference would be given to the states who've achieved the following (State effectiveness in implementation)</u>			
P-1	States which have released more than 50% of the eligible CEF to the Nodal CBO within 3 months of the funds being disbursed by the centre - in the existing blocks where SVEP is being implemented			
P-2	States which have CRP-EPs in the ratio of 1 CRP-EP for 50 enterprises in the existing blocks where SVEP is being implemented			
		Minimum Eligibility Criteria		
Sno	<u>Criteria for the Appropriateness of the block for SVEP implementation</u>	All states other than Spl states	NE states	Hill/ small states & UT's
B-1	Minimum saturation of HH in SHG in the block before taking up SVEP as % of SECC deprived HH in the blocks where SECC and NRLM database matched	80%	60%	60%
B-1a	Commitment to complete saturation of block within "X" years **	1	2	2
B-2	Minimum Villages entered with SHG mobilisation in the block	90%	90%	90%
B-3	Is there a CLF or GPLF/VO in the block proposed ? (as applicable)	CLF	VO	VO
B-4	Minimum years of federation of SHGs into BLF or CLF/VO or GPLF in the block before taking up SVEP (as applicable)	1	1	1
B-5	Minimum RF disbursed as % of eligible SHGs in the block before taking up SVEP	75%	75%	75%
B-6	Minimum CIF disbursed as % of eligible SHGs in the block before taking up SVEP (eligible SHGs are 50% of the SHGs in the block)	50%	50%	50%
B-7	Minimum amount of CIF disbursed to the identified Nodal CLF	Rs.50 lakh	Rs.50 lakh	Rs.50 lakh
B-8	Minimum achievement of SHG bank linkage in the block before taking up SVEP	60%	50%	50%
B-9	NPAs of the SHGs in the bank linkage portal (should be max 5%)	5%	5%	5%
B-9a	Minimum no. of SHG members in a block (merged block) for taking up SVEP **	9,000	4,500	4,500

** Non-essential criteria in a block (merged block) for taking up SVEP submission of the list of blocks for implementation of the SVEP to NRLM for approval

The blocks in the state which meet the following minimum criteria :

All the Non-negotiable criteria (N1 to N5) have to be met by the states while proposing new blocks for implementation of the SVEP.

The states may apply for those blocks which meet any 6 out of the 9 essential criteria mentioned above for SVEP implementation (Any of the 6 criteria out of the essential criteria nos. B1 to B9 mentioned above, excluding criteria numbers, B1a and B9a).

This criteria shall be increased every year based on the progress and maturity of the NRLM intervention in the states.

The list of Hill states and small states based on the progress and maturity of the NRLM in the states are J&K, Uttarakhand , Himachal Pradesh and Goa.

Selection of Beneficiary under SVEP:

There are 2 types of beneficiaries under SVEP

- a. The Community Resource Person –Enterprise Promotion (CRP-EP)
- b. The entrepreneur

- a. Selection criteria for the CRP-EP beneficiary

The CRP-EP shall be getting detailed training and the eligibility criteria for selection of the CRP-EP shall be decided jointly between the PIA and the SRLM. Some suggested criteria are – this person should be literate, should be fluent in the local language, ideally should be a resident of the block, should have a working knowledge of / aptitude for mathematics and business understanding, should be willing to travel and interact with potential entrepreneurs. 90% of all CRP-EPs should be a member of, or should be from the family of a member of a SHG. The age criteria can be defined by the SRLM, but ideally should be between 18 to 45 years old. Minimum 60% of the CRP-EPs must be women.

The process of applying for becoming a CRP-EP is an open process by which any person meeting the base eligibility criteria can apply.

This CRP-EP shall be selected after a due process of selection, which has a written test and some team activities. This CRP-EP post training is expected to clear a certification process, only after which he/she shall be eligible to operate as a CRP-EP.

The SRLM should select adequate number of CRP-EPs to ensure that even after attrition of approximately 30% there are adequate number of CRP-EPs in the block. No CRP-EP should have more than 30 active enterprises being supported by him/ her at any point of time.

b. Selection criteria for the entrepreneur beneficiary

There shall be 2 stages of the selection of the entrepreneur beneficiary –

1st stage

- i. When the potential entrepreneur expresses interest for starting an enterprise
- ii. At this point of time the beneficiary gets only training and support.

This beneficiary selection may be done by the community based organization, based on the need and poverty of the person, and also the potential capability of the person to run an enterprise.

There is no age limit nor is the beneficiary expected to be a woman only. However minimum 60% of the entrepreneurs supported under SVEP must be women.

2nd stage

- i. Post the training and completing the viability test by the potential entrepreneur; the potential entrepreneur may seek a loan from the dedicated CEF under this scheme (applicable only for entrepreneurbeneficiaries who are part of the SHG eco-system).
- ii. This loan shall be recommended by the CRP-EP based on the assessment of the viability of the enterprise and the potential entrepreneur's ability to run the enterprise viably.

Both the selection decisions are to be taken by the community based organizations, after evaluating the recommendation of the Community Resource Person – Enterprise Promotion, about the viability of the proposed enterprise andthe capability and readiness of the potential entrepreneur for running the enterprise viably.

The following inclusion criteria must be met while selecting entrepreneur beneficiaries under SVEP:

1. Minimum 60% of the entrepreneur beneficiaries must be women
2. Minimum 3% of the entrepreneur beneficiaries must be specially abled subject to the availability of specially abled members in the SHGs of the block
3. Representation of SC/ST/minority entrepreneurs to be higher than their proportion in the population of the block as per census.
4. Preference should be given to the highly vulnerable beneficiaries under MGNREGA and marginalized sections, and should also include rural artisans.

There is no provision of grant under the scheme, the only benefit the beneficiary shall get are training and an interest bearing loan for starting/running the business.

Heads	Unit cost / enterprise	Total amount per block
Total skilling cost	₹ 13,043	₹ 31,302,490
Total CEF	₹ 10,625	₹ 25,500,000
Total Manpower cost	₹ 2,244	₹ 5,386,395
Total Admin cost	₹ 1,171	₹ 2,811,115
Total cost / block (max. assuming 2400 ent)	₹ 27,083	₹ 65,000,000
Fixed cost	₹ 17,602	₹ 42,244,160
Variable cost	₹ 9,482	₹ 22,755,840
Fixed cost %	65%	65%
Variable cost %	35%	35%

The budget for SVEP has been estimated per enterprise per block. For the budgeting process of the AAP, we need to assume Rs.27, 083 per enterprise and 2400 enterprises per block. The total budget per block is Rs.6.5 crores (Rupees Six crores fifty lakh only) per block. The final budget for a block shall be arrived at after the DSR has been prepared for the block as detailed later.

After the block selected by the state, meeting the block selection criteria has been approved by MoRD, as part of the AAP, the state is expected to make a baseline and Detailed Project Proposal (DPR) for the block. Based on the data collected as part of this exercise, the final number of viable enterprises that can be supported in the block shall be established. The budget for doing the baseline and DPR shall not exceed Rs. 10 lakh per block. The enterprise census for the baseline should be done using CRP-EPs and the CRP-EPs must be selected and 1st stage of training completed before they embark on the baseline activity.

Each CRP-EP must own a smart phone of capacity as defined by the NMMU, so that the SVEP app can work on the smartphone. In case they don't own a smart phone, the CRP-EPs may be provided an interest bearing loan from the BRC funds / CEF and the same must be repaid by the CRP-EPs in a maximum of 15 EMI's.

Since, the number of enterprises that can be supported in a block is determined by the number of villages and the enterprise potential in the block (a blend of rural population of the block, average purchasing power of the rural residents of the block, the existing level of completion, etc.), the number of enterprise supported may vary from block to block as per the outcome of the baseline study. The scheme envisages support to maximum of 2400 enterprises per block over a period of four years.

To ensure that there is adequate learning from the enterprises supported under SVEP, the states may support existing SHG member enterprises (based on the enterprise selection criteria mentioned above) Support to existing enterprises can be a maximum of 25% of the target enterprises per block. The type of existing enterprises for support must be in proportion to the enterprises planned to be supported under SVEP as established by the demand –supply gap working as part of the DPR, with a minimum number of 2 enterprises of each type to be supported.

Also during the SVEP implementation, the state must build learning's of supporting scalable enterprises – mostly manufacturing and group enterprises, hence minimum 18% of the enterprises supported under the SVEP should be manufacturing enterprises, including those that can converge with or are based on sub sectors, value chain and government schemes.

Group enterprises are more scalable than individual enterprises hence the SRLMs should focus on supporting group enterprises. The states should endeavour to support at-least 5 percent of the enterprises under SVEP as group enterprises.

To ensure adequate focus on the manufacturing enterprises, the DPR must have year wise targets for supporting manufacturing and group enterprises which should begin from the 1st year onwards.

A group enterprise may be defined as an enterprise having a minimum of 3 members of the group and a maximum of 20 members, if the same is an unregistered body. If the group has more than 20 members then the group has to be formalized either as a co-operative or a society or a company or any other legal entity as per the prevailing laws in India.

A minimum of 10% of the enterprises supported under SVEP should be linked to formal financial institutions for loans. The FI team of the SRLM and NRLM shall actively work with the non-farm team to ensure that enterprise loans are facilitated from formal banking institutions.

To ensure that each SVEP block focuses on scalable enterprises, each block should have a minimum of

- a) 3% of the total enterprises supported by SVEP in the block with annual sales turnover of more than 12 lakhs *.
- b) Minimum 10 enterprises supported by SVEP in the block should have annual sales turnover of more than 24 lakhs *.
- c) Minimum 3 enterprises supported by SVEP in the block should have annual sales turnover of more

than 36 lakhs *.

- * The sales turnover defined in these guidelines may be adjusted upwards to neutralize inflation @ 5% per annum from the year of issue of these guidelines. Also the targets are suggestive targets, the states may modify the minimum turnover criteria based on the output of the DPR.

Innovation is an important feature of entrepreneurship. The SRLM's should focus on selecting and supporting a few innovative enterprises under SVEP. Help may be sought in convergence with other ministries working with innovative enterprises to foster innovation in the SVEP enterprises as well. The innovation may be in either a product or a service that the enterprise delivers to its customers.

In order to minimize the risk of the lenders and to inculcate the habit of risk mitigation among the entrepreneurs all the entrepreneurs should be insured for the life to the minimum extent of the loan taken for the enterprise. Also all the assets of the enterprise should also be insured for loss by theft, fire and natural calamity. This risk mitigation should be ensured by the PIA and the BRC members and the cost of insurance must be included as a cost in the business plan.

Apart from these costs per enterprise, there is also a provision for innovations and value chain studies and centralized support to the SRLM's and PIA, in the form of standardized training content, software for baseline, monitoring and enterprise support etc. This amount shall be retained in the NRLM centrally for providing common services to the States. Any of the above activities (software, ICT tools, training content, certification process, etc.) done by any PIA/NRO for supporting the implementation of the program shall be made available to all, in public domain, by MoRD for use by any SRLM/PIA.

Seminars & Workshops: NMMU would organize Central/Regional/State level workshops to familiarize the States with the SVEP guidelines/ implementation protocols /review progress and also to share learning's, best practices and challenges. The NMMU would also organize hackathons to connect with innovations which can help the SVEP enterprises scale up – both in terms of sales turnover and profits.

In case the number of enterprises that can be supported change after doing the baseline and market potential studies, the budget for the block may be revised downwards at the time of submitting the DPR. The calculation of the working of the budget for the block based on the number of enterprises to be supported under SVEP, arrived at as a result of the baseline and market potential study, would be based on the fixed and variable costs per enterprise, as detailed in annexure 2.

Chapter III

Programme Structure and Management

NRLM Strategy and Start-up Village Entrepreneurship Program

The NRLM SHG's and federations are a critical pre-requisite for the implementation of the SVEP project. These community based institutions provide help in the identification of the potential entrepreneurs and the Community Resource Persons (CRP-EP)s, help in doing the due diligence for their credit worthiness and also monitor the work of the Community Resource Persons (CRP-EP's). Post the starting of the enterprise and providing credit to it, the community based institutions also monitor the progress of the enterprise and its repayment along with the CRP-EP.

Key Elements of the programme

- i. Create a Block Resource Centre – Enterprise Promotion (BRC-EP); The BRC should act as a nodal centre to implement SVEP. Block Level Federation (BLF) to come up under NRLM shall be the institutional platform for BRC. Typically the BRC shall be the livelihood sub-committee of the BLF or in its absence, of the Nodal CLF
- ii. Cluster Level Federation (CLF) /VO's shall hold the entity till BLF comes into existence. BRC should follow a self -sustaining revenue model. The self – sustenance shall come from a mix of the interest earned from the CEF and also from the service fees earned by the CBO from the services provided to the entrepreneurs through the CRP-EPs.
- iii. BRC to be assisted by CRP-EP and the Bank Coordination System (Bank Mitra). BRC shall be the repository of resource and reference material including videos, manuals etc.
- iv. Help enterprises get bank finance using the app based software for making the business feasibility plan, doing credit appraisal and tracking business performance.
- v. Use the Community Investment Fund (CIF)/ Community Enterprise Fund (CEF) / SHG bank linkage funds or a mix of all three to provide seed capital for starting the business till it reaches a size where bank finance is needed or till the bank finance can be arranged.
- vi. Implementation of SVEP shall be managed by NRLM through the State Rural Livelihood Missions.

How can states apply for the SVEP

The states can apply for the SVEP as part of their Annual Action Plans. In case they wish to apply for the SVEP in the middle of the financial year, they may submit a Supplementary Annual Action Plan in the defined format (Annexure 6) to the JS (RL).

The blocks meeting the block selection criteria may be sent by the state to the NRLM for support under SVEP as part of the AAP or the Supplementary APP as the case may be.

Any state applying to SVEP for the first time, can apply for a maximum of 2 blocks while making the first application for SVEP in the AAP route.

States which have implemented SVEP in more than 10 blocks shall have to implement the SVEP through a Project Management Unit (PMU) set up within the SRLM's non-farm livelihoods team.

States/ UT which have spent less than Rs. 4.5 crores in implementing NRLM in the previous financial year would be sanctioned only 1 block. This is because the funds that will be released for SVEP (including state share) in the 1st full year of program implementation would be around Rs.4.5 crores.

States/UTs which have not spent this amount in the entire NRLM would not have the required processes and maturity at both the state and the Community based organizations to handle funds of this quantum. Hence, the program sanction and fund release should be commensurate with the demonstrated experience of the state SRLM of handling program funds.

These limitations have been kept to ensure that an equitable distribution of the limited funds available is made to the states and also to ensure that the program is implemented effectively.

The limitation on the number of blocks which a state can apply for can be waived off with the approval of the Secretary (RD).

Three routes for implementation shall be followed:

- a. **NRO route** – National Resource Organizations (NRO) recognized by NRLM that have entered into partnerships with SRLMs for taking up pilot enterprise development initiatives to implemented SVEP in select areas. The NROs under SVEP shall be Kudumbashree (Kerala State Poverty Eradication Mission) NRO, EDII (Entrepreneurship Development Institute, India) NRO and the NAR (National Academy of RUDSETI) NRO, NIESBUD, NIMSME and IIE - Guwahati.

The states may choose any one of the designated NROs for the implementation of the pilot phase based on their comfort of working with the NRO and their estimation of the ability of the NRO to deliver results on the ground. The NRLM does not define any criteria for the states for the selection of the NRO.

Steps would be taken to identify more such best practitioners and recognize these organizations as NROs across the country by the NRLM.

- b. **PIA route** – SRLMs should identify Project Implementation Agencies (PIAs) from among qualified non-governmental organizations, civil society organizations, technical institutions, and community based organizations etc., to take up

implementation in select areas. Selection of PIA shall be done in an objective and transparent manner, following process prescribed by NRLM.

The SRLM may select a PIA from among the finalists of the Innovation forums held by the states and who have been notified by the Ministry of Rural Development. The Ministry of Rural Development is also in the process of shortlisting and empanelling organisations for implementing SVEP in the states. The states may also select PIA's from this list.

The SRLM may also select a PIA based on the following criteria and get the same approved from the appropriate authority at the state level after conducting a desk and field appraisal of the PIA.

A. Suggestive Minimum Essential qualification required in the potential partner (the state can add to this list, but cannot reduce from the list):

1. PIA should be registered, non- political and secular in nature and should be registered on NGO Darpan of the Niti Aayog.
2. PIA should not be black listed by any government department.
3. The PIA should have at least 2 years of relevant experience of implementing enterprise - promotion related livelihood activities, with the poor, especially in the state for which it is being proposed. The PIA should also have experience in promoting enterprises in the non-farm sector. Experience of working with community participation, in the rural areas, where the PIAs propose to work, under SVEP, would be an advantage.
4. The PIA should have minimum annual turnover of Rs.200 lakhs in the past two years [as evidenced in the past two years audited financial statements].
5. The PIA should have supported at least 500 enterprises / or members of producer groups in the last 2 years.
6. The PIA should have transparency in financial matters, material handling, benefit sharing and fulfillment of legal compliances and should have processes and people in place to ensure the same.
7. The PIA should have adequate infrastructure and human resources with respect to the proposed project and should be willing to provide the undertaking for continuing working in the area for the project duration.

B. Preferred qualities in the PIA:

1. PIA should have domain knowledge of and experience in community mobilization, SHG and Microfinance, Livelihoods Enhancement, market linkages etc.
2. Should have experience in forward and backward linkages in NTFP, artisanal products and other rural produce.
3. The PIA should preferably have worked with the state government in any other project and successfully completed the same in the last 3 years.

C. Suggestive List of documents that applicant PIA need to submit along with application:

1. Application
2. Copy of the registration certificate
3. Copy of the certificate from the IT department recognizing the PIA as a not for profit organization
4. Copy of the audit statement of PIA for last two years
5. Copy of the annual report of PIA for last two years
6. Affidavit that PIA is not currently black listed by any government department or agency
7. Complete information about its work –
 - a. Basic information: Name of the organization, its full postal address, email ids and landline and mobile telephone numbers.
 - b. Profile of Project Proposer- names of the head of the organization and project-coordinator, their background, academic qualifications, experience, previous responsibilities held, duration in present organization and nature of duties handled.
 - c. If the organization is a part of or sister concern of a larger entity, details may be given for the same.
 - d. Details of specialization of the organization, its primary activities, projects handled and duration of exposure to the subject. The total project size handled so far may be given.
 - e. Similar work handled in the past along with its size should be clearly mentioned.
 - f. Evaluation/Completion /Impact assessment reports of their past projects – completed in the last 2 years.
 - g. Any Rewards or recognition received in the last 2 years.

The process followed by the state for selecting the PIA (including details of desk and field appraisal conducted by the state), along with the approval of the appropriate authority at the state level may please be submitted with the proposal to NRLM in case the state has selected an PIA to implement the program.

- c. Implementation through the Project Management Unit (PMU) set up by the state :

In all states where the SVEP has been implemented or is being implemented in 10 or more blocks, it is assumed that the SRLM has built internal capability and skills to implement the program on its own without needing the support of the NRO/PIA in the implementation, apart from the training of the CBO's / CRP-EPs.

The PMU should have the following team members:

- a) 1 person at the state at the SPM level
- b) Minimum 1 PM at the state level dedicatedly working for SVEP – 1 PM for every 6 blocks under SVEP implementation in the state. (excluding the blocks where SVEP implementation period of 4 years has been completed)
- c) 1 YP at the state level for market linkages and documentation of best practices etc.

One Block Project officer at each block where the SVEP is being implemented (reporting administratively to the BPM of the block and functionally to the PM (SVEP))

One mentor at each block where SVEP is being implemented (reporting to the BPO (SVEP) – subject to the minimum no. of enterprises / minimum number of CRP-EPs to be managed being met. (Criteria is detailed in section on Block level staff to be provided in Chapter VI.

In states where more than one block has been merged to form an SVEP block, and these blocks are geographically dispersed or difficult to reach due to distances or terrain, the state may decide to appoint a BPO / Mentor in each of the constituent blocks of the merged SVEP block. (Separate cost norms shall apply to these blocks)

While implementing the SVEP through the PMU, the SRLM may take the help of a PIA / NRO for the following:

- a) Technical assistance in the selection of the CRP-EPs,
- b) Help in the preparation of the DPRs
- c) training of the CBO's leaders and the CRP-EP's

The day to day implementation processes should be managed by the SRLM employees of the PMU.

Chapter IV

National Resource Organizations (NRO's) role & responsibilities and support to NRO for the NRO Head Office costs

1. The NRO's are expected to have a two pronged role in the implementation of the SVEP :

- 1.1 **Implementation Role:** Directly implement the SVEP in the blocks as implementing partners with the states – to establish proof of concept of the program in the states.
- 1.2 Where the PMU's are implementing the programme, - providing technical assistance to the states in the selection of the CRP-EPs, helping in the preparation of the DPRs and Providing training to the CBO leaders / CRP-EPs
- 1.3 Helping the states in monitoring the implementation of the program in the blocks of the state

In this role the NROs need to deploy a team of senior professionals at their head office level, who are expected to do the following:

- 1.3.1 Ensure mid-term course corrections are done wherever required and document the best practices identified during implementation.
- 1.3.2 Develop and improve the processes - including written tests, personality assessment tools etc. for the selection of Community Resource Persons for enterprise promotion (CRP-EP).
- 1.3.3 Develop and keep improving the modules for doing a baseline and market potential study in the blocks.
- 1.3.4 Develop and improve processes for market scoping studies for new enterprises which be seeded in the blocks – based on the existing consumption and production of the block, the emerging opportunities of consumption and the opportunities based on government schemes and spends etc.
- 1.3.5 Create and improve processes of doing a financial feasibility analysis of the new enterprises proposed to be set up under the SVEP.
- 1.3.6 Help improve the software for the support of the CRP-EP, the entrepreneur and also to maintain a transaction based MIS for the SVEP.
- 1.3.7 Help establish and improve processes of support to the enterprises using regional performance benchmarks based on the data captured in the software being developed for the SVEP.
- 1.3.8 Along with NRLM, conduct the training and immersion of the Programme Implementation Agency's (PIA's) who are the implementation partners of some states for SVEP, in the first phase. The training shall be done to help the PIA's understand all the aspects of SVEP.
- 1.3.9 Help develop the parameters for monitoring the progress of the program and keep

- modifying the same to take care of the changes required as the program evolves.
- 1.3.10 Partner in the process of all activities to be done for ensuring that the SVEP can be scaled up, including participating in review meetings and workshops.
 - 1.3.11 Drive the implementation of the SVEP for the project duration to ensure all the targets and timelines as specified in the DPR are met.
- 1.4 **Programme Scale-up Role** : Based on the experience of implementation of the SVEP in the blocks and their prior experience on implementation of entrepreneurship development programmes and working with the NRLM structures, do the following activities :
- 1.4.1 Create standardised content and training pedagogy for training of the various stakeholders for the implementation of the SVEP - Programme Implementation Agency's (PIA) management, Mentor Community Resource Person for Enterprise Promotion (CRP-EP), CRP-EPs, members of the various community based organisations (CBO's) viz. Self Help Groups (SHG's) , Village Organisations (VOs) and Cluster Level Federations (CLF), Entrepreneurs, bank officials, State Rural Livelihood Missions (SRLM) employees at the state, district and block level etc.
 - 1.4.2 Create a repository of training material and ICT material for the implementation of the program.
 - 1.4.3 Create and implement process of certification of the mentor CRP-EP's and the CRP-EPs and all other program implementers of SVEP.
 - 1.4.4 Support creation of a process and criteria of identification and selection of PIA's who have the competence and ability to implement the SVEP across the country.
- 1.5 **Data analysis and helping enterprises scale up**: With the number of enterprises supported under SVEP increasing, there is an increased need to analyse the enterprise data of the enterprises and arrive at performance benchmarks and define parameters that shall help enterprises scale up faster and with less risk.
- 1.6 **Market linkages, especially ecommerce**: Ecommerce offers an opportunity to the rural enterprises to reach customers all over the world. The NRO's need to build their and the capabilities of the SHG member enterprises to access this opportunity – in the form of development of training content, organizing trainings. Facilitating on boarding on ecommerce sites, ensuring sales throughput on the sites, pricing, discounting, negotiations etc.
- 1.7 **Supporting the higher order enterprises, especially in the manufacturing sector** : One of the intentions of the SVEP and the MoRD is to support higher order enterprises / help the SVEP enterprises scale up. It is believed that the manufacturing enterprises have greater scope for growth. The NROs are expected to support these higher enterprises using the skills of sectoral experts.

2. Head Office / Secretariat costs :

While the cost of direct implementation of the SVEP in the blocks are covered in the SVEP costs being given to the SRLM's, the HO and other costs of NRO's for doing the tasks for the scale up and

institutionalization of the SVEP processes as detailed above are not funded. The framework for providing support to the NRO's for these costs is detailed in annexure 4. These costs are part of the other centralised support by the NRLM.

Chapter V

Fund Release Process and usage of Community Investment Fund

The SRLM's will submit the Annual Action Plan (AAP) for implementation of the programme along with budget estimates which will be considered and approved by the NRLM Empowered Committee set-up under the Chairmanship of Secretary (Rural Development) with Financial Advisor as one of the members. The Empowered Committee will co-opt members from other Departments and Organisations dealing with Entrepreneurship development. The release of funds to the SRLMs would be based on the annual allocation as mentioned in the AAP and approved by the EC of the MoRD. The funds shall be released in four installments of 25% each. The fund releases to the NROs would also be released in two installments of 50% each and all releases would be subject to the procedures and processes prescribed in the Framework document of NRLM. All the funds released would be as part of the AAP and shall follow the instructions of the DoE with respect to the number of installments and the % of funds utilised to be eligible for claiming the next installment.

Funding pattern under the scheme is currently 60% centre and 40% state. (Exception being 90% centre and 10% state for the North eastern states and Himalayan states). However, the same may change in case any new set of guidelines are notified by the government of India.

The project execution period has been estimated to be 4 years (48 months) from the date of release of the first installment after the submission report of the baseline and market potential study and DPR.

However, currently the Ministry of Rural Development has the mandate to fund the program for the years 2022-23-till 2025-26 only.

The SRLM shall propose the total requirement of funds for all the SVEP blocks in the state in a financial year as part of its Annual Action Plan to the NRLM, and the same shall be put up to the EC of the MoRD for approval.

The approved amount for the year shall be released to the SRLM in four instalments of 25% each.

The SRLM should plan and ensure that the funds are released to the CBOs in a timely manner so that the programme implementation does not suffer.

A guideline for the release of funds/ utilisation of the funds by the SRLM is as under :

Amount Rs. Lakhs					
Head	Year 1	Year 2	Year 3	Year 4	Total
Baseline & DPR preparation	10.00	-	-	-	10.00
BRC set-up + Working capital	5.96	0.84	-	-	6.80
Training of the CBO's	9.68	-	3.12	-	12.80
Training of CRP-EPs	22.37	3.20	3.20	3.20	31.96
CEF (Has to be recycled in the last 2 years)	127.50	127.50	-	-	255.00
Skill Building of Entrepreneurs	6.50	11.37	11.37	3.25	32.48
Support by CRP-EP	31.21	62.43	68.28	33.16	195.08
BRC costs incl honorarium etc	3.78	6.62	6.62	1.89	18.90
HR cost - SRLM/PIA etc	20.49	20.49	20.49	20.49	81.98
Evaluation	-	-	-	5.00	5.00
Total cost per block	237.50	232.44	113.07	66.99	650.00
	37%	36%	17%	10%	100%

Maximum CEF must be released in the first 2 years, so that the CEF can be deployed for enterprise promotion and the enterprise promotion activity can start off early.

The CEF is actually planned to be recycled (2 cycles of enterprises should be funded using the same CEF, hence the same has to be released early, else the overall CEF per enterprise shall be very low and enterprises would be of sub-optimal size.

It has been noticed that enterprise promotion and support has been delayed in many blocks due to the non-availability of seed capital for the enterprises in the form of CEF.

The broad guidelines for the usage of the CEF by the blocks.

- d. Rate of interest to be charged to the entrepreneur borrower, who will borrow money from the CEF under SVEP.

The rate of interest charged by the SHG from the loans given using the CEF of SVEP, to the entrepreneur should ideally not exceed 1% per month on a reducing balance basis (or 12% per annum on a reducing balance basis). The rate of interest should be decided and agreed by the CBO and CRP-EP facilitated by the SRLM and PIA. The rate of interest should be decided ensuring that the enterprises supported are financially viable at that rate of interest. Ideally the same rate of interest should be charged to all the entrepreneurs in the block. But the rate of interest charged from the enterprise may vary among different blocks in the state.

- e. Repayment schedule for loans and scope for a moratorium period for the loans granted from the CEF of SVEP.

The terms of repayment terms and schedule including moratorium if any, should be decided by the CBO and CRP-EP with facilitation from SRLM. This repayment schedule has to be decided based on the need of the enterprise being promoted and may vary depending upon the type of enterprise being supported. There is no need for all the entrepreneurs in a block to have the same repayment schedule.

- f. Maximum amount that can be lent from the CEF to an individual entrepreneur and to a group enterprise

To ensure equity in the usage of the CEF and to prevent cornering of the CEF funds by a few, it is suggested that the maximum amount of loan from the SVEP CEF that can be given to one individual entrepreneur be fixed at Rs.1 lakh. Similarly, in the case of a group enterprise, the maximum amount that can be given as loan to a group enterprise is Rs. 5 lakhs and the maximum loan per member of a group enterprise cannot cross the individual threshold of Rs.1 lakh.

Any enterprise which has been regular in the repayment of the SVEP loan and requires additional capital for business expansion during the tenancy of the CEF loan, should be facilitated for getting the same from a bank. Only if any amount is required for meeting the owner's contribution for the bank loan, this bridge amount may be given as a top-up loan from the CEF.

Also, in case of distress (like the Covid induced lock-downs), if any enterprise needs a top up loan for business continuity purposes and has been regular in repayment of the first tranche of loan, then the subsequent tranche of top up loan to the same enterprise for business continuity can be given.

However, the state /BLF may take a call on these based on the local conditions, the available CEF and the number of enterprises to be promoted. However, the underlying principle of equity should be adhered to.

Chapter VI

Monitoring, reporting and audit requirements under SVEP

Monitoring and review of the Projects sanctioned and implemented will be done at two levels i.e. at the Central level by a designated agency or the NMMU and at the State level by the SRLM.

I. State Level:

For monitoring and periodic review of the sanctioned project, a Committee should be formed at the State level, headed by the Mission Director, SRLM. The State Committee should have participation from the relevant state departments like Forest and Environment, tribal development, Women and Child Development, MSME, KVIC, textiles, and domain experts etc.

The Committee should undertake quarterly reviews with the PIAs/NROs. The State governments may also constitute a State Level Technical Project Support Group to assist the PIAs in the implementation of the Projects. NMMU members should be invited for this review meeting.

The minutes of such monitoring committee meetings must be shared with the NRLM within 10 days of the meeting being held.

Apart from the committee, the SPM in charge of SVEP and the SMD (whenever possible) should review the progress of the program and its physical and financial achievements every month.

The SRLM should own the project and should develop capability to roll-out the program in all blocks of the states, using its own human resources after the establishing the success of the pilot.

The SRLM also has to play a facilitating role in setting up state level benchmark setting committee which shall comprise members from SRLM including the SRLM (SPM/BPM-SVEP), other SPM (livelihoods), and expert practitioners of the trade and industry experts. This committee shall validate the business performance benchmarks for each group of enterprises for the blocks, as generated from collating data, by the MIS software. This committee is also expected to send out seasonal advisories to various kinds of enterprises – to help them maximize incomes based on seasonal demand and minimize losses due to seasonal stocks left with them, due to the end of a seasonal demand. The state is also expected to empanel sectoral experts (experts in the type of enterprise – food retail, apparel retail, apparel stitching, food processing etc.) and functional experts (experts in manufacturing, packaging, logistics, retail, procurement, marketing, finance and accounts, etc.) to support the enterprises / CRP-EPs under the SVEP.

Apart from these activities, the committee or another committee formed specifically for this purpose is also expected to facilitate consolidation of demand and supply of all the enterprises in the block/

district /state and use the same for facilitating better trade terms for the enterprises capitalizing on collective bargaining power.

The sitting fees and honorarium to the members of these committee and the sectoral and functional experts empanelled by the state for the support to the enterprises may be paid out the NRLM IB & CB budget head.

II. Central Level:

At the Central Level, the NMMU and the monitoring committee of the NMMU will periodically review and monitor the SVEP projects (minimum at quarterly intervals), sanctioned under the scheme. This monitoring and advisory body including the representatives from private organizations, industries, marketing firms etc. would be constituted at the Central Level to give necessary advice to the Ministry of Rural Development on the implementation of SVEP.

Submission of progress reports:

The implementing agency/coordinating agency shall submit the progress report of the project by 15th of the month succeeding every quarter in the format prescribed by the Ministry. Failure to furnish the progress report would make implementing/ coordinating agency liable to refund the Central funds released for the Project along with interest.

It shall be open to the Ministry of Rural Development to prescribe such conditions, as it deems fit, from time to time to ensure proper execution of the project.

The progress reports shall cover achievement of physical targets and financial targets, and shall also include, mandatorily updating the relevant data, by the PIA, after the same is vetted by the SRLM, in the centralized MIS and operating software, to be provided by the Ministry of Rural Development, on a regular (monthly and quarterly) basis.

Some of the KPIs that should be monitored at all levels are:

SRLM related KPIs

- i. Progress of DPR's vs. AAP approved and adherence to timelines
- ii. Progress of implementation vs timelines
- iii. Timeliness of funds released for the project to the CBO's
- iv. Deployment of the requisite number of staff at various levels for effective implementation of the program, as defined in the guidelines
- v. Formation of the relevant committees for the monitoring and guidance to the program
- vi. Regular review meetings and monitoring by the SRLM

Enterprise promotion Program implementation related KPIs

- i. Number of enterprises supported vs. target
- ii. Number of manufacturing enterprises supported vs. targets
- iii. Number of enterprises based on social / gender parameters (SC, ST, and minority communities/ specially abled / women vs. target).
- iv. Capturing business Performance information of the enterprises supported.
- v. Number and amount of Bank Loans
- vi. Utilisation percentage of funds under various budget heads
- vii. Number of large and scalable enterprises promoted vs targets

BRC related KPIs

- i. Sustainability of the BRC – is the annual P&L showing a profit adequate to sustain the BRC without project grants
- ii. CEF Management – idle funds in the CEF, rotation of funds in the CEF, effective interest earned from the CEF
- iii. No. of Loan Defaulters, NPA% and reasons for loan default
- iv. Regularity of BRC meetings (Review meetings)
- v. Regular monitoring of the loans disbursed for proper utilisation and Institution of the Community based recovery mechanism for NPAs.
- vi. Timely Conduct of Audit of the books of the BRC and no qualifications in the audit report
- vii. The amount earned by BRC as interest on loan and amount shared with the subsidiary CBO's
- viii. Time lag between Business plans submitted and business plans approved

CRP related KPIs

- i. Number of CRP-EPs vs. targets and their certifications
- ii. % of women CRP-EPs vs. targets / % of CRP-EPs from SHG families vs. targets
- iii. Number of enterprises supported per CRP-EP
- iv. Number of enterprises for which PTS is being done regularly vs. target
- v. Delivery of services and Customer Satisfaction
- vi. Number/volume of marketing/sales facilitated
- vii. Number of bank linkages facilitated
- viii. Number of enterprises per CRP-EP attaining aspirational income for the enterprise
- ix. Number of CRP-EPs who've become self-sustainable
- x. Number of CRP-EPs prepared for higher order roles – trainers / mentors / BDSPs etc

Enterprise related KPIs

- i. Increase in Revenue and Profit Percentage
- ii. Absolute Profit against the projected profit in Business Plan
- iii. Timely repayment
- iv. Maintenance of records
- v. Employment generated

- vi. Being able to access formal banking channels for finance for growth
- vii. Able to access outside block markets – thru ecommerce etc.
- viii. Take home Income against the Aspirational Income

Certifications of the CRP-EPs and mentors:

All the mentors placed in the block by the PIAs, the CRP-EPs trained by the PIA, the block project managers placed in the block for the implementation of the SVEP by the SRLM and the PIA, shall have to be certified by an independent certification process approved by NRLM, and this shall be a critical milestone in the implementation of the project. National Academy of Rudseti, (NAR) has been selected by the MoRD for these certifications.

Audits:

There are two kinds of audits envisaged under the SVEP:

- i. The Ministry of Rural Development retains the right to carry out internal audit of funds and financial implications of the project, if deemed necessary. Regular annual financial audit is to be carried out by the Chartered Accountant of the Project Implementing Agency or any other authority appointed by the State Government. The audit report together with action taken on the auditor's observations and physical progress under the project shall be furnished at the time of release of 2nd / 3rd installment of the Central funds and at the end of every financial year. These audit reports would clearly state that the grant funds utilized under SVEP have not been used to create any individual assets or for purchase of vehicles or used for any activity prohibited under the NRLM. Only funds loaned to the entrepreneurs from the CEF under the SVEP, can be used to create individual assets required for the running of the enterprise, including vehicles if required for the running of the enterprise to get set up.

The accounts of the BRC (Block resource center) specially the accounts of the CEF under SVEP, would be maintained separately and should be audited by the SRLM or its deputed auditors. These audit reports have to form the part of the SRLM's audit report for the SVEP to be submitted at the same frequency as discussed above. The accounts of the BRC shall also have to be supported by certificates from the VO's/SHGs, clearly stating the SVEP CEF funds borrowed by the SHG/VO's have been used only for on-lending to SVEP supported entrepreneurs.

The accounts of the BRC shall necessarily be maintained in software and shall be maintained by a qualified CA firm. This CA firm shall ensure monthly closing of the all accounts and shall submit reports to this effect to the BRC and SRLM. The accountant of the BRC shall be trained by the CA firm's accountant and should be capacitated to maintain accounts in the software independently before the end of the project period. Funds for the CA firm and the BRC accountant have been budgeted (Maximum amount that can be paid) as under :

Accounting & Audit fees	Mntly Salary	Yr 1	Yr 2	Yr 3	Yr 4	Total
Accountant Outsourced	₹ 30,000	₹ 360,000	₹ 385,200	₹ 412,164	₹ 441,015	₹ 1,598,379
Book-keeper (Nodal CLF employee)	₹ 9,000	₹ 108,000	₹ 115,560	₹ 123,649	₹ 132,305	₹ 479,514
Audit fees		₹ 50,000	₹ 52,500	₹ 55,125	₹ 57,881	₹ 215,506
Total ACCOUNTING SUPPORT		₹ 518,000	₹ 553,260	₹ 590,938	₹ 631,201	₹ 2,293,400
* Annual increment considered @ 8%						

[As part of the mandate of the CA firm, the firm shall take balance confirmation certificates for the outstanding loan amounts from all the players in the channel - CLF/VO/SHG and entrepreneur. The CRP-EPs may be used for providing these balance confirmation certificates.](#)

Kind of expenses not allowed under SVEP

No individual assets can be created from the funds under SVEP, apart from the funds specified for the CEF.(CEF funds, which are given to the entrepreneur as repayable loans, can be used to buy individual assets, but which are needed for running the enterprise.)

Only funds loaned to the entrepreneurs from the CEF under SVEP, can be used to create individual assets required for the running of the enterprise, including vehicles if required for the running of the enterprise being set up.

Any assets created using the funds of the SVEP, (e.g. computer, tablets, printer, office furniture etc.) shall be owned by the individual/ community organizations and not by the PIA/ SRLM /CRP-EPs. All assets of the BRC should be insured against loss by theft, fire, natural calamity etc.

The state can use the expenses incurred under SVEP to draw upon and use the administrative funds up to a maximum of 6% allowed under the extant guidelines for NRLM from the NRLM budget for the SRLM.

Block level staff to be provided :

The SRLM shall depute an officer as Block Program Officer -SVEP. This person shall be a dedicated Program Manager for SVEP- to be placed at the blocks where the SVEP is being implemented in the state. This BPO shall co-ordinate the implementation of the SVEP in the pilot blocks of the state for the period of implantation of the SVEP.

Wherever the PMU is implementing SVEP, and the criteria defined in the table below is met, the SRLM shall also depute a mentor at the block for the guidance and management of the CRP-EPs and for carrying out the other tasks for the implementation of the SVEP in the block.

Criteria for positioning manpower in block as part of PMMU	No's	BPO	Mentor
No. of enterprises to be supported in a block	> 1600	Yes	Yes
No. of CRP-EP's proposed to be deployed in a block	> 32	Yes	Yes

No. of enterprises to be supported in a block	< 1600	Yes	No
No. of CRP-EP's proposed to be deployed in a block	< 32	Yes	No

The cost of these 2 professionals has been budgeted as under :

Fixed Manpower costs Budget						
	Mntly Salary	Yr 1	Yr 2	Yr 3	Yr 4	Total
Mentor Salary per month	₹ 40,000	₹ 480,000	₹ 518,400	₹ 559,872	₹ 604,662	₹ 2,162,934
Mentor travel costs etc	30%	₹ 144,000	₹ 155,520	₹ 167,962	₹ 181,399	₹ 648,880
		₹ 624,000	₹ 673,920	₹ 727,834	₹ 786,060	₹ 2,811,814
PIA/SRLM Overheads	10%	₹ 62,332	₹ 67,319	₹ 72,704	₹ 78,521	₹ 280,877
TOTAL MENTOR COSTS		₹ 686,332	₹ 741,239	₹ 800,538	₹ 864,581	₹ 3,092,690
BPM SVEP salary	₹ 40,000	₹ 480,000	₹ 518,400	₹ 559,872	₹ 604,662	₹ 2,162,934
BPM SVEP travel etc	30%	₹ 144,000	₹ 155,520	₹ 167,962	₹ 180,700	₹ 648,181
TOTAL BPM (SVEP) SALARY		₹ 624,000	₹ 673,920	₹ 727,834	₹ 785,361	₹ 2,811,115
* Annual increment considered @ 8%						

The KRA's, KPI's and competencies of Block positions

Position: Block Program Officer – SVEP

Purpose of the position – To co-ordinate between the PIA/NRO and the SRLM project team, and the community organizations (SHGs/VOs/CLFs) and ensure the SVEP gets implemented as per the plan and schedule (on all parameters – physical, financial and timelines).

To be involved in the implementation and monitoring the progress of the SVEP in the block and help to scale up the same after incorporating mid-course corrections, if any.

To document and share best practices, identified in the implementation of SVEP in the blocks.

Reporting To– Administratively to the Block Program Manager (SRLM) of the district chosen by the SRLM, and functionally to the State Program Manager (SVEP). He/she shall be based /posted in the blockwhere the SVEP is being implemented.

Key Responsibilities -

1. To ensure rollout of the SVEP program in the blocks, including completion of the baseline and market potential study and preparation of the DPR.
2. To co-ordinate and act as a bridge between the PIA/NRO, the community organizations and the Block and the village level project staff, wherever the SVEP is being implemented by the PMU, to be part of the implementation process of the SVEP
3. To participate in all the processes of implementation of the SVEP.
4. To help operationalize the MIS for SVEP, monitor progress of the SVEP and share the same

with all the stakeholders – SRLM/PIA/NRO/ NRLM.

5. To ensure adherence to norms and completion of processes related to procurement of equipment for the BRC.
6. To help institutionalize the Block Resource Centre and make it part of all the SRLM processes in the block.
7. Create and operationalize a course correction mechanism and a process for documenting and sharing best practices.
8. To help create a repository of business logics and training material at the BRCs.
9. To be part of the State level business advisory team for creating local benchmarks for enterprises, and for giving seasonality based business advisories.
10. Ensure that the enterprises supported meet their revenue, profitability and aspirational income targets.
11. Ensure that the BRC members are trained and certified
12. Ensure that BRC works towards financial sustainability
13. Ensure that the CRP-EP's are well trained, perform their work well and grow into higher order roles like specialists, trainers, mentors, BDSP's etc.
14. Ensure that the SVEP software is used for all the project implementation steps – CRP-EP work plan, enterprise business plan, PTS etc.
15. Fulfill the role of the mentor in the smaller blocks / blocks where the number of CRP-EPs are lesser than 32 in a block.

Key Performance Indicators –

1. Rollout of SVEP physical activities as per the timeline.
2. Managing the CRP-EPs and building their capacities and supporting their work
 - a. Number of CRP-EPs selected, trained, certified and retained vs. targets, for the period under review.
 - b. Number of Enterprises trained, supported to start /grow their business and increase in their incomes vs. targets, for the period under review.
 - c. Number of enterprises linked to banks for loans (CEF/Banks/ SHGs) for the business vs. targets for the period under review.
 - d. Regular Repayment of the loans from business profits vs. targets, for the period under review, including NPAs and reasons for the same.
3. Building capacity of the BRC and CBO members for independent management of the BRC.
 - a. Number of community organizations' members trained effectively on the SVEP vs. targets.
 - b. The BRC members capacitated to take decisions on the approval of enterprise loan requests based on a critical appreciation and analysis of the business plans
 - c. CEF Management – idle funds in the CEF, rotation of funds in the CEF, effective

- interest earned from the CEF
 - d. Institution of the Community based recovery mechanism for NPAs.
 - e. Timely Conduct of Audit of the books of the BRC and no qualifications in the audit report
 - f. The amount earned by BRC as interest on loan and amount shared with the subsidiary CBO's
4. Knowledge Management
 - a. Number of regional and village category wise benchmarks created for various groups of enterprises created.
 - b. Number of best practices and training materials, including ICT trainings documented and added to the repository.
 5. Timely reporting of the work done in the block as per various KPIs.

Educational Qualifications: Post graduate/Graduate in any subject with mathematics as a subject till class preferably from a management/ commerce or engineering background. Should have strong numeracy skills and business skills.

Core Competencies -

1. Understanding and hands-on experience of the non-farm livelihoods sector and its issues – having worked with either a business or a producer organization that has been successful, or having worked with the SRLM in a livelihoods profile or having worked with a SVEP-like project. The person should have at least 2 years of work experience.
2. Should have numerical and business finance understanding and skills.
3. Good team player, strong ability to work with teams and with people with no direct reporting relationships
4. Data driven, open to learning and adaptable, should be willing to adapt to ground realities.
5. Should be compassionate for the poor and should be willing to look at issues from their lens. Also, should be honest, fair and objective in work. The person should not discriminate anyone based on gender, caste, class, region or any other identity mark.
6. Should have a training and development orientation.
7. Should be self-driven and should be motivated by social change and impact at scale.
8. Should be willing to travel extensively in the field and be willing to stay in a village for approx. 15 days a month.

Position: Mentor – SVEP

Purpose of the position – To guide and manage the work of the CRP-EPs on behalf of the BRC, to coordinate between the SRLM project team and the BRC, and ensure the SVEP gets implemented as per the plan and schedule (on all parameters – physical, financial and timelines).

To be involved in the implementation and monitoring the progress of the SVEP in the block and help to scale up the same after giving feedback and suggestions for mid-course corrections, if any are

required.

To document and share best practices, identified in the implementation of SVEP in the block.

To train and guide the BRC members about all the aspects of the program, so that they are capacitated to manage themselves,

Reporting To – Administratively to the Block Program officer (SVEP). He/she shall be based /posted in the block where the SVEP is being implemented.

Key Responsibilities -

1. To ensure rollout of the SVEP program in the blocks, including completion of the baseline and market potential study and preparation of the DPR.
2. To co-ordinate and act as a bridge between the block staff of the SRLM, the community organizations and the village level project staff, be part of the implementation process of the SVEP
3. To guide and train the CRP-EPs on all aspects of their work
4. To guide and train the BRC members on all aspects of their work
5. To participate in all the processes of implementation of the SVEP.
6. To help operationalize the MIS for SVEP , monitor progress of the SVEP and share the same with all the stakeholders – SRLM/PIA/NRO/ NRLM.
7. To implement the program using the SVEP software
8. To ensure adherence to norms and completion of processes related to procurement of equipment for the BRC.
9. To help institutionalize the Block Resource Centre and make it part of all the SRLM processes in the block.
10. To help create a repository of business logics and training material at the BRCs.
11. To be part of the State level business advisory team for creating local benchmarks for enterprises and for giving seasonality based business advisories.

Key Performance Indicators –

1. Rollout of SVEP physical activities as per the timeline.
2. Number of CRP-EPs and community organizations' members trained effectively on the SVEP vs. targets.
3. Number of Business plans prepared / validated/ presented to BRC for approval and approved vs. targets
4. Number of loans disbursed to the entrepreneurs and % of entrepreneurs regularly repaying loans
5. % of CRP-EPs who's performance is satisfactory
6. Ensuring timely reporting of the work done and any deviation from plan is addressed or taken up at appropriate levels within the SRLM
7. Ensure the Sustainability of the BRC – covering various both Financial and institutional parameters.
 - a. Annual P&L showing a profit adequate to sustain the BRC without project

grants

b.CEF Management – idle funds in the CEF, rotation of funds in the CEF, effective interest earned from the CEF

c.No. of Loan Defaulters, NPA % and reasons for loan default, Institution of the Community based recovery mechanism for NPAs

Educational Qualifications: Post graduate/Graduate in any subject with mathematics as a subject till class XII, Preferably from a management/ commerce or engineering background. Should have strong numeracy skills and business skills. The educational qualifications could be relaxed in case an existing community member – CRP-EPs / MEC has been shortlisted as a mentor based on her capability and skills .

Core Competencies -

1. Understanding and hands-on experience of the non-farm livelihoods sector and its issues – having worked with either a business or a producer organization that has been successful, or having worked with the SRLM in a livelihoods profile or having worked with a SVEP-like project. The person should have at least 2 years of work experience.
2. Should have numerical and business finance understanding and skills.
3. Good team player, strong ability to work with teams and with people with no direct reporting relationships
4. Data driven, open to learning and adaptable, should be willing to adapt to ground realities.
5. Should be compassionate for the poor and should be willing to look at issues from their lens. Also, should be honest, fair and objective in work. The person should not discriminate anyone based on gender, caste, class, region or any other identity mark.
6. Should have a training and development orientation.
7. Should be self-driven and should be motivated by social change and impact at scale.
8. Should be willing to travel extensively in the field and be willing to stay in a village for approx. 15 days to 20 a month.

Chapter VII

Transition Strategy in SVEP Blocks

Context

As defined above, The Start-up Village Entrepreneurship Programme (SVEP) is a sub – scheme under NRLM to promote enterprises in rural areas. It aims to set-up an eco-system for enterprise development in a block. This consists of a cadre of Community Resource Persons-Enterprise Promotion (CRP-EP) to provide business advisory services, training and capacity building of entrepreneurs, seed capital for starting enterprises, marketing support for products and services etc. are also provided under SVEP. Besides, the Block Resource Centre (BRC), the single point solution for enterprise promotion is also developed as part of the eco-system which is also expected to continue beyond the 4-year duration of the project.

It is needed to plan for transition in SVEP blocks well before the project end so that when the project comes to an end, the enterprise promotion activities are continued in the block. The transition to a new process in the SVEP block is expected to support the higher order and value chain-based enterprises. States need to adopt the saturation approach to take the enterprise promotion agenda forward.

Micro Enterprise Development (MED) is the first step to create the enabling environment in the blocks and developing the understanding towards enterprise promotion. At the second stage, SVEP programme should be implemented in the Block and once the project comes to end, the transition approach needs to help create OSF type of structure to support higher order and value chain based enterprises.



In this transition phase, the BPM-SVEP/Block Project Officer – SVEP will continue to work in the blocks with responsibilities of identifying and handholding higher order enterprises in addition to the ongoing responsibility of closure of the ongoing SVEP programme in the Block.

The transition planning will start from the 2nd year of the SVEP projects.

Specific responsibilities of various stakeholders shall be as follows:

Responsibilities of various stakeholders

State Rural Livelihoods Mission (SRLM)

SRLMs are required to utilize the SVEP project duration, 2nd year onwards of the project, for the preparatory activities for the blocks to graduate into the models to support higher order enterprises. To ensure the same

the state must do the following:

- Identification of Enterprise for growth using PTS and other sources (at least 10% of the total enterprise supported)
- Action plan preparation for value chain based and higher order enterprise
- State shall prepare one year action plan
- Building the capacity of BRC to take up non-Farm activities on its own.
- Training & Certifying the BPM-SVEP for supporting higher order enterprises
- Development of BRC-MC as Master Trainer for other BRCs
- Assessment ranking of CRP-EP and preparation for training them for
 - Supporting growth enterprises as BDSP
 - Specialisation as trainers or mentor CRP-EPs
 - Graduation into mentors for other blocks where SVEP shall be implemented
 - Specialisation into functional areas like – marketing/ online sales / Sales / Procurement/ Production/ finance and accounts etc. – to enable them to be the community managers for the cluster / collective enterprises being set up.

At least 10% of the CRP-EPs in each block should be facilitated and trained to reach these higher /more skilled roles.

Specific tasks of SRLMs

1. Prepare a report on the status of SVEP implementation that includes the total number of enterprises supported (including specific details regarding how many enterprises are functional, how many enterprises are profitable and out of all the enterprises supported under SVEP, how many are ready for growth), total CEF funds provided and interest earned on the CEF, details of total expenditure item-wise (apart from loan), loan repayment status and a clear & detailed statement regarding outstanding loans.
2. Identification of growth enterprises of the SHG members (identification from Performance Tracking System (PTS) and other sources) in the block which can be supported in the next phase. This number is expected to be at least 10% of total supported enterprises.
3. State shall prepare year-wise action plan in the SVEP blocks with specific details regarding proposed no. of value chain-based and higher order enterprises in the Blocks.
4. Plan needs to be prepared for linking identified growth enterprises with formal financial institutions. FI teams needs to be involved to finalize the bank linkage plan and strategy for identified enterprises.
5. Impact evaluation study to be completed in the 4th year in SVEP block. A budget provision of Rs. 5 lakhs for evaluation study is already available in the SVEP project budget for each block.

6. Involve the IB-CB and FI team of the SMMU & BMMU in all the discussions related to transition. This should be planned and monitored at SMMU level for effective coordination among different programme verticals.
7. Inform BRC about the status and discussion on the steps for running the programme. This step shall help them to be equipped with the required information for taking overall responsibility.
8. Services of trained & certified BPM-SVEP has to be continued in the SVEP blocks and placement of adequate human resources with relevant skills has to be ensured to ensure the ongoing enterprise promotion and handholding. This is mandatory as per the scheme guidelines.
9. Ensure that statutory audit of SVEP BRC account is conducted every year. This is also mandatory as per the SVEP master guidelines. SRLMs shall ensure that all these audit reports are submitted to NRLM by July every year.
10. SRLM shall ensure that sufficient training is provided to the CRP-EPs and BRC Committee for ongoing SVEP and other trainings to support higher order enterprises. Training resource materials shall be provided by NRLM.
11. Report on enterprises which have taken 2nd round of loan and also on the enterprises for which the bank linkage has been facilitated to be prepared at quarterly basis (QPR) and submitted to NRLM.
12. State should take steps to ensure that these CRP-EPs trained under SVEP are utilized in any manner relevant to the SRLM so that the skills imparted are utilized for enterprise promotion.
13. Ensure BPM-SVEP is retrained, trained and certified.

Project Implementation Agency (PIA) (This can be the PIA/NRO or PMU team of the state)

15. PIA/NRO shall be responsible to handhold BRC-MC, make detailed document (all financial reports/statements/ asset register) and submit the same to SRLM on quarterly basis. PIA needs to submit at-least 10 success stories in detail, each year, including financial and social impact from the project.
16. Assessment rating and certification of existing CRP-EPs and their ranking in terms of the understanding of the project and performance. The role for which CRP-EPs should be identified are – (i) Business Development Service Providers (BDSP) equivalent role, (ii) mentor role, (iii) specialized functional expert for higher order enterprises and (iv) internal CRP (ICRP) for training of CRP-EPs in new blocks.
17. PIA & SRLM together shall identify the BRC members who has the potential to become master trainers for other BRC members. Training needs for these identified BRC members should be clearly defined and documented by PIA by end of 2nd year of the project. SRLM shall plan the necessary training for these BRC members.

- **Block Resource Centre (BRC)**

18. Identification of a pool of 4-5 Master CRP-EPs in each Block by 3rd year of the project to facilitate the implementation, consolidation and repayment. Specific responsibilities should be assigned to them in consultation with nodal CLF. Only women CRP-EPs will be selected while promoting them as Master CRP-EPs.
19. All SVEP loans repayment needs to be repaid within the defined repayment period. Repayment needs to be ensured through regular monitoring and community recovery mechanism. CRM should be used actively to recover the CEF money. The status of the same should be monitored at all levels (BMMU/DMMU/SMMU) monthly.
20. Prepare a detailed transition plan of BRC for supporting higher order enterprises in the Blocks. BRC should be involved and aware regarding the identification and interaction with enterprises in the blocks. The transition plan should be discussed in all the BRC Committee meetings.
21. Financial resources: following funds shall be used for one year support (BPM – non-farm/SVEP, CRP-EP payments and other expenses required as per the scheme guidelines) –
 - a. Training and capacity building components can be funded from the approved IB-CB fund of Annual Action Plan.
 - b. Budget approved for non-farm livelihood activities in AAP for the State.
 - c. Fund available in the approved budget heads under SVEP in the block
23. The Nodal CLF should be supported and its capacity built to take over the BRC for managing the non-farm livelihoods programme on its own after the completion of the project duration.

The State Rural Livelihood Missions needs to monitor the above-mentioned tasks on monthly basis. It should be ensured that all the stakeholders are well informed about the SVEP program. There should be a detailed planning and focused implementation strategy which should be discussed at all levels and documented in detail.

As part of the end line evaluation, the SRLM should ensure that it gets balance confirmation certificates from all the CLFs/ VO/SHGs/ enterprises who have loan outstanding from the CEF. The SRLM should also get an assessment report prepared of the fund requirement for the growth of the promoted SVEP enterprises.

At the end of the project period or at the end of the 5th year, the SRLM should ensure that the entire principal amount of the CEF (Rs.2.5 crores) is deposited in the bank account of the Nodal CLF s proof that at least an amount equal to the initial CEF has been repaid and collected.

Since the amount of accumulated interest and the CEF is expected to reach a figure of approximately Rs. 3.5 crores at the end of the 4 years of SVEP, the state should ensure that the SVEP creates enough enterprise with growth potential so that there is credit demand for this amount of approximately Rs. 3.5 crores.

List of Allowable expenses for the Nodal CLF from the interest earned on the CEF loans :

- a) Sharing of the interest among the various CBO's – SHG/VO/CLF – Half yearly basis
- b) Expenditure on the rent/maintenance/ upkeep of the BRC / Nodal CLF office space – to the extent not covered by the grant for the purpose under SVEP
- c) Expenditure on the book-keeping / accounting and audit of the CEF books – to the extent not covered by the grant for the purpose under SVEP
- d) Payment to honararium to CRP-EPs/ CBO leaders for the purpose of visits for the recovery of outstanding loans under CEF -- to the extent not covered by the grant for the purpose under SVEP
- e) Any other expense as decided by the SRLM as part of the guidelines for the management of the CEF

Annexure 1

Details of the activities under SVEP and the role of each participant.

I. Preparatory Phase (5 months)

Activity	NRO/PIA/ PMU	SHGs/NRLM institutions
Block Resource Centre setup at the Block Level	✓	✓
Identify BPO and Mentors	✓	
Train BPO and mentor	✓	
Position the BPO/ Mentors in the implementation blocks	✓	
BPO and Mentors identify potential CRP-EPs in the blocks	✓	✓
The potential CPR –EPs Screened	✓	✓
The potential CPR –EPs trained	✓	✓
The Potential CRP-EPs do Baseline study of the Existing enterprises in Blocks to build database And understand Businesses /market	✓	✓

II. Enterprise Selection & Start-Up Phase

Activity	NRO /PIA /PM U	SHGs/NRLM Institutions
Triggering meetings with potential entrepreneurs	✓	✓
Interested potential entrepreneurs apply for starting enterprises/existing enterprises apply for scaling up	✓	✓

Interested potential entrepreneurs screened by giving field test and their business model gets evaluated	✓	✓
Potential entrepreneurs with feasible business models shortlisted & their business plans prepared with support from CRP-EPs	✓	✓
Potential entrepreneurs with feasible business models and business plans inked for finances with SHGs/Nodal CLF /Banks	✓	✓ SHGs/Village Organizations evaluate potential proposals for funding based on local knowledge plus past SHG repayment History
Potential entrepreneurs with feasible business modelshelped to start enterprises. These new start-ups gets handholding support for minimum 24 or till the CEF loan is repaid months by the CRP-EP	✓	CLF/VOs monitor work of the CRP-EPs through BRCs

III. Enterprises Sustenance Phase

Activity	NRO/PIA/PMU	SHGs/ NRLM institution
Business P & L, Cash Flow for all the enterprises tracked in the SVEP software, so that business history and credit history can be created for both the entrepreneur to monitor his enterprise and for the bankers to get some comfort on the entrepreneurs /enterprise's ability and intent to repay loans	✓	✓
10% of enterprises with growth and finance needs linked to banks for funding	✓	✓
CRP-EPs continue to provide business monitoring support and are paid by the CBOs/Entrepreneurs for this support	✓	CLFs/VOs monitor borrower enterprises with the CRP-EPs

Annexure 2

Breakup of the costs per block into fixed and variable costs and calculation of costs per block based on the number of enterprises to be supported in the block

The success of the SVEP is based on the success of the enterprises supported under the programme.

The budget for SVEP had been estimated per enterprise per block. For the budgeting process it was assumed that the cost would be Rs.27,803 per entrepreneur and the program would support 2400 entrepreneurs per block. Accordingly the total budget per block worked out to Rs.6,50,00,000 (Rupees Six crores Fifty lakh only) – details are given below:

Table 1 Estimated Upper limit Budget for the SVEP per block Figures in Rs. lakhs

S.No	Particulars	Fixed Costs for Block proposed	Variable Cost per Enterprise Proposed	Variable Cost Per Block @2,400 Enterprises Proposed	Total Cost Per Block @2,400 Enterprises Proposed
1	Skill Building of Entrepreneurs		₹ 1,353	₹ 3,248,000	₹ 3,248,000
2a	Training of Community Institutions BRC	₹ 780,960			₹ 780,960
2b	Training of Community Institutions VO etc by CRP-EP's	₹ 499,458			₹ 499,458
3	Handholding Support by CRP-EP incl PTS for loan duration		₹ 8,128	₹ 19,507,840	₹ 19,507,840
4	Training and Capacity Building of CRP-EPs (including 2 rounds of refresher trg)	₹ 3,196,232			₹ 3,196,232
5	Setting up of BRC-EP (incl all assets)	₹ 400,000			₹ 400,000
6	Working Capital for BRC-EP for operating expenses - excl. manpower	₹ 280,000			₹ 280,000
6a	BRC meeting and monitoring costs	₹ 1,890,000			₹ 1,890,000
7	M&E and PIA Support Cost				
7a	Baseline (including tablets for CRP-EPs)*	₹ 1,000,000			₹ 1,000,000
7b	Evaluation	₹ 500,000			₹ 500,000
7c	Mentor and Block Support	₹ 3,092,995			₹ 3,092,995
7d	Accounting support & audit cost Support	₹ 2,293,400			₹ 2,293,400
8	CEF and Credit Guarantee Fund	₹ 25,500,000			₹ 25,500,000
9	Administrative Cost (BPM SVEP costs etc)	₹ 2,811,115			₹ 2,811,115
	Total cost per block	₹ 42,244,160		₹ 22,755,840	₹ 65,000,000
	Total Per Enterprise	₹ 17,602	₹ 9,482		₹ 27,083
			35%		₹ 27,083
	* Tablets shall be purchased by the CRP-EP's themselves				

However, not all blocks in the state are similar and there are wide variations across states in terms of topography, distance from markets, income levels etc. To cater to this variance in the potential of the block to support number of entrepreneurs, we had asked the states, in the guidelines, to conduct a baseline and market potential study of the block.

Based on the outcome of this baseline and market potential study, the final number of entrepreneurs that can be supported in the block shall be estimated.

As per the EC approval the NRLM shall release Rs. 30 lakhs per block as the 1st tranche of the 1st installment we are releasing to the states for carrying out the baseline and market potential studies using the services of the PIA/NRO/PMU selected for the implementation of the SVEP and the CRP-EPs being trained under the project. In case the state is already implementing SVEP and already has funds released to it under the SVEP, then the state can utilise the funds available with it for carrying out this activity.

Based on this estimate of the number of enterprises, the final budget per block and the physical targets of the number of entrepreneurs that can be supported, would be arrived at. This number and budget shall form part of the Detailed Project Report (DPR) to be submitted by the SRLM.

In case the number of entrepreneurs the block can support arrives at a figure of lesser than 2400, then in that case the budget for the block would have to be revised downward.

Fixed and Variable costs

For this recalculation of the budget, the budget is to be calculated by breaking down the costs into fixed and variable costs, the fixed costs remains static for a block, irrespective of the number of enterprises that can be viably supported in the block, (Fixed cost per block is **₹ 42,244,160**) while the variable cost can be arrived at by multiplying the unit variable cost with the number of entrepreneurs planned to be supported in the block, as per the DPR. (Variable cost per enterprise is Rs.9482 per enterprise supported). The average cost per enterprise for a block supporting 2400 enterprises is Rs. 27,083.

Thus in the case of a block which can support 2000 entrepreneurs, the budgeted cost per block would come down from Rs6.50 crores to Rs. 6.12 crores, but the unit cost per entrepreneur would go up to Rs. 30,604 (as the fixed costs would be spread over a lesser number of entrepreneurs – please see table 3 below).

This change in the calculation is proposed so that the quality of support offered to the remote and poorer blocks does not suffer due to funds constraints, or the process of selection of subsequent blocks is not skewed towards only those blocks which have potential to support 2400 entrepreneurs.

The costs per enterprise, per block have been broken down into fixed costs and variable cost components.

Accordingly, a table is shared of the cost per enterprise and the budget per block for a few illustrative cases in the table below:

Table 3. Per enterprise variable cost ₹ 9842

No. of enterprises supported in block	Fixed cost	Variable cost/ enterprise	Total variable cost	Total cost for block	Unit Cost / enterprise supported
2,400	42,244,160	9,482	22,755,840	65,000,000	27,083
2,200	42,244,160	9,482	20,859,520	63,103,680	28,683
2,000	42,244,160	9,482	18,963,200	61,207,360	30,604
1,800	42,244,160	9,482	17,066,880	59,311,040	32,951
1,600	42,244,160	9,482	15,170,560	57,414,720	35,884
1,400	42,244,160	9,482	13,274,240	55,518,400	39,656
1,200	42,244,160	9,482	11,377,920	53,622,080	44,685

The rationale for treating the costs as fixed cost is as under:

a) Training of Community Institutions

Irrespective of the number of enterprises supported under SVEP, these costs would be incurred as the number of Community institutions (SHG's and VO's) per block, would remain more or less similar in a block which has more business potential and in a block which has less potential.

b) Training and Capacity Building of CRP-EPs

Though the number of CRP-EP's may reduce based on the number of enterprises supported under SVEP, but since the training cost would remain more or less the same, as the cost would not vary much very whether there are 80 or 60 CRP-EP's in the batch.

c) Setting up of BRC-EP (incl. all assets) and

d) Working Capital for BRC-EP for operating expenses

Irrespective of the number of enterprises supported under SVEP, one Block Resource Centre per block would have to be set up.

e) Baseline and

f) Evaluation

Irrespective of the number of enterprises supported under SVEP, the baseline and Market potential study and the evaluations study at the end of 2 years of the project would have to be carried out.

g) Mentor and Block Support costs

Irrespective of the number of enterprises supported under SVEP, the mentors and block project

manager from the PIA shall have to spend time in the block and support and handhold the implementation of the project and the CRP-EPs’.

h) CEF and Credit Guarantee Fund

This is treated as fixed, as the blocks where the market potential is lower for enterprises, the same would hold true for banks also. Empirically it has been noticed that the bank branches in the remote and poorer blocks are lesser than the bank branches in the more prosperous towns. The remote and poorer blocks hence would have greater difficulty in access to bank branches and consequently bank loans.

i) BPO cost :

Under the SVEP, we are asking the SRLM to provide a dedicated officer for the SVEP at the block level. This officer has to have experience and skills in enterprise promotion. Irrespective of the number of enterprises supported, this one person shall have to be posted at the block by the SRLM, hence this cost is treated as fixed.

Variable costs

The costs of trainings of the entrepreneurs of Rs.1353, includes the costs of organizing meetings and seeding the concept of entrepreneurship, selecting the entrepreneurs based on their willingness and readiness for the enterprise that they propose to start, the feasibility analysis for the enterprise proposed to be started by the entrepreneur and the training to the entrepreneur to start and run the enterprise provided by the CRP-EPs.

The CRP support costs to the entrepreneur include support for setting up the enterprise and then support for making the monthly P&L for a minimum period of 12 months from the start of the enterprise or till the loan is repaid whichever is later.

The mentor cost in the SRLM’s PMU implementation of the SVEP is variable, based on if the person is required to be placed in the block or not.

How to deal with very small size blocks?

The unit of implementation and the estimated costs per block were estimated assuming that each block would have the following minimum criteria.

Parameters	Minimum size for a Block under SVEP
No of villages	> 50
Population	> 48000

Area	> 300 sq. km
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In case any block proposed by the state is smaller and does not meet any of these minimum criteria, then the state shall have to club more than one adjacent blocks and that combined entity shall be entitled to the fixed block costs under SVEP. However, in no cases should blocks be merged across districts, as that leads to a lot of administrative and operational issues.

Andhra Pradesh and Telangana have mandals and hence they have combined 3 mandals to make up a block equivalent for SVEP. Other states with smaller blocks shall have to do the same.

Most of these small blocks would be found in the North Eastern and hill states, or in areas where economic activity is not feasible – deserts, forests etc.

In states and blocks with scattered populations and difficult terrains, merging more blocks has been found to be impractical as the travel time between one part to another part is very high. Thus neither can the BRC members travel for meetings, nor can the CRP-EPs nor the mentors can travel for supporting enterprises in distant / remote areas.

Given the diverse situation in such states and in each block, a single cost norm would not be feasible for all the hill, tribal and NE states and ideally, the achievable targets for each block should be arrived at as part of the DPR and approved considering the above constraints.

DPR of such blocks shall be considered for approval with whatever the number of feasible enterprises possible in the block (or merged block as the case may be). The EC may take a call on the approval of the block and the costs for the implementation.

For such blocks, the DPR shall specify the estimated number of enterprises that can be supported in the block (or merged block wherever feasible) and the quantum of fixed costs and variable required (within the overall ceiling specified in the guidelines). The DPR and costs for such blocks shall be approved by the Chairperson of the EC, the Secretary (RD) on merit, on a case to case basis.

While the cost per enterprise may be higher in these blocks, the overall maximum cost per block shall remain the same – with some of the fund available for the block being interchanged between heads within the overall budget for each block under SVEP (currently Rs. 6.50 crores per block).

This flexibility shall help remove the practical difficulties faced by the for the NE / hill states / tribal areas where populations are scattered and the terrain is such that travel is very time consuming in implementing SVEP within the constraints of a universal guideline for the entire country.

Annexure 3

Funds release pattern under SVEP to the SRLMs to be in two installments of 50% each

The funds releases to SRLMs for the implementation of the SVEP, shall be released in two installments of 50% each, on the Annual Action Plan (AAP) route, similar to the way the funds for the AAP of the NRLM are released. The extant guidelines of the DOE shall be followed for these releases.

Expenditure for baseline and market potential report

The states can utilise upto Rs. 30 lakhs per block (both central and state share combined) from the funds released to them as part of AAP release for conducting the baseline and market potential study using the CRP-EPs to be trained under this program.

Post the baseline and market potential study being carried by the SRLM, the SRLM would submit Detailed Project Report (DPR) to the Ministry of Rural Development.

The final project cost would be calculated based on this DPR subject to the maximum cap of Rs.6.5 crores per block.

The final allowable budget for the block shall be arrived at on the basis of the DPR. The estimate of the funds per block shall be done using the fixed and variable cost formula of costs per block, except for very small blocks. The DPRs shall be approved by the EC of the MoRD.

2nd Installment

The 2nd installment of Central share for 50 % of the project cost will be released upon the following:

- a. Release of proportionate state share for all the funds released so far.
- b. Submission of a Utilization certificate along with an expenditure statement for at least 75% of the released 1st installment funds and contribution from state government. This UC shall be all the SVEP blocks in the state including existing blocks sanctioned earlier, and achievement of corresponding physical targets as specified in the DPRs of all the projects. The UC should have a narrative clearly detailing the convergence achieved in financial terms, for the project.
- c. Submission of year-wise audit reports of the funds utilized, if due (Audited reports for the previous year required only if the subsequent installment is being sought after the 30th September of the following year)
- d. Quarterly reporting of progress in the prescribed formats.
- e. A certificate from the Designated Agency that the project is being implemented as per the approved project proposal.
- f. All financial documents (UC, Audit report etc.) and the project report submitted by the Project Implementation Agencies should be scrutinized and authenticated by the SRLM before they are forwarded to the Ministry of Rural Development.

Utilization of Interest earned on Central release (s):

The interest amount accrued on Central Government releases, if any, shall be returned to the consolidated fund of India, as per the terms of the GFR.

Only in the case of the Community Investment Fund for enterprise promotion under SVEP, which shall be given to the Community based organization (CBO) – either the Cluster Level Federation (CLF) or a designated Village Organization (VO) in the block, any unutilized funds shall necessarily be kept by the CBO in a Fixed Deposit with a bank, and the interest income so earned, would be utilized by the CBO to supplement the corpus of the community credit guarantee fund / CEF, under the SVEP. These details should form part of the yearly accounts of the CBO which should be audited and submitted to the NRLM, for the duration of the project.

Releasing of Matching Share:

The State Government/other donor agency is required to release its corresponding matching share within a month of receipt of the respective installment of the central share. The release of tranches of the 1st, 2nd and subsequent installment of central share will be subject to release of state share against the central release already made and meeting all the requirements as specified by the DoE.

Annexure 4

Framework for funding the Head Office costs of the National Resource Organizations (NROs) under Start-up Village Entrepreneurship Program (SVEP).

1. This framework seeks to provide a basis for supporting the Head office (HO) costs of the NRO's based on the number of states and blocks supported by the NRO, for the implementation of the SVEP, as direct implementing partners with the states.
2. The NRO's are expected to have a two pronged role in the implementation of the SVEP :
 - 2.1 **Implementation Role:** Directly implement the SVEP in the blocks as implementing partners with the states – to establish proof of concept of the program in the states.
In this role the NROs need to deploy a team of senior professionals at their head office level, who are expected to do the following:
 - 2.1.1 Ensure mid-term course corrections are done wherever required and document the best practices, identified during implementation.
 - 2.1.2 Develop the processes - including written test, personality assessment tools etc. for the selection of Community Resource Persons for enterprise promotion (CRP-EP).
 - 2.1.3 Develop a module for doing a baseline and market potential study in the blocks.
 - 2.1.4 Develop a process for market scoping studies for new enterprises which be seeded in the blocks – based on the existing consumption and production of the block, the emerging opportunities of consumption and the opportunities based on government schemes and spends etc.
 - 2.1.5 Create a process of doing a financial feasibility analysis of the new enterprises proposed to be set up under the SVEP.
 - 2.1.6 Help create software for the support of the CRP-EP, the entrepreneur and also to maintain a transaction based MIS for the SVEP.
 - 2.1.7 Help establish processes of support to the enterprises using regional performance benchmarks based on the data captured in the software being developed for the SVEP.
 - 2.1.8 Along with NRLM, conduct the training and immersion of the Programme Implementation Agency's (PIA's) who are the implementation partners of some states for SVEP, in the first phase. The training shall be done to help the PIA's understand all the aspects of SVEP.
 - 2.1.9 Help develop the parameters for monitoring the progress of the program
 - 2.1.10 Partner in the process of all activities to be done for ensuring that the SVEP can be scaled up, including participating in review meetings and workshops.

- 2.1.11 Drive the implementation of the SVEP for the project duration to ensure all the targets and timelines as specified in the DPR are met.
- 2.1.12 **Programme Scale-up Role** : Based on the experience of implementation of the SVEP in the blocks and their prior experience on implementation of entrepreneurship development programmes and working with the NRLM structures, do the following activities :
- 2.1.13 Create standardised content and training pedagogy for training of the various stakeholders for the implementation of the SVEP - Programme Implementation Agency's (PIA) management, Mentor Community Resource Person for Enterprise Promotion (CRP-EP), CRP- EPs, members of the various community based organisations (CBO's) viz. Self Help Groups (SHG's) , Village Organisations (VOs) and Cluster Level Federations (CLF) , Entrepreneurs, bank officials, State Rural Livelihood Missions (SRLM) employees at the state, district and block level etc.
- 2.1.14 Create a repository of training material and ICT material for the implementation of the program.
- 2.1.15 Create a process of certification of the mentor CRP-EP's and the CRP-EPs.
- 2.1.16 Support creation of a process and criteria of identification and selection of PIA's who have the competence and ability to implement the SVEP across the country.

3. While the cost of direct implementation of the SVEP in the blocks are covered in the SVEP costs being given to the SRLM's, the HO and other costs of NRO's for doing the tasks for the scale up and institutionalization of the SVEP processes as detailed above are not funded. This framework seeks to define the processes of providing support to the NRO's for these costs and are part of the centralised support by the NRLM.

4. There are the costs of the senior professionals of the NRO, who'll need to be involved in the planning, execution and seeking learning's from the implementation of the program at the block level and ensuring leadership to drive and deliver the outcomes defined in points 3.1 above.

5. The costs for the following people and heads are sought to be supported under SVEP :

5.1 **Programme Lead**: S (he) is senior professional, who shall drive the implementation of the SVEP in the states where the NRO is implementing the program and also provide conceptual and leadership for the support role of the NRO. S (he) shall be responsible for the execution of the program in the states as per timelines. S (he) shall also ensure that whatever mid-term course corrections and decisions are needed to be taken are taken and the same are shared with all the states through the drive and create best practices, and shall be the one point contact for the NRLM for the implementation of SVEP by the NRO in the states, as a technical support agency.

5.2 **Office and administrative support for the Programme Lead**: This is the secretarial support for the Program Lead to help him/her track the progress of the SVEP implementation, documentation, MIS as well as co-ordinate other office and administrative work for the Programme Lead.

- 5.3 **Programme Manager:** These are mid to senior level professionals from the NRO who'll be expected to guide and monitor the implementation of the SVEP at the block level as well as co-ordinate with the states. Each person is expected to be able to provide support for implementation for 3 states or 8 blocks.
- 5.4 **Data Analyst :** SVEP is expected to generate a lot of data about the enterprises and their operations which needs to be analysed for using the same to help the enterprises access benefits of market linkages. One data analyst per 20 blocks per NRO has been provided for subject to a maximum to 2.
- 5.5 **Ecommerce and Market Linkage support Manager :** As the number of SVEP enterprises scale up, they would need guidance and help in market linkages especially with ecommerce platforms. One Manager in each NRO implementing 20 or more blocks has been provided for.
- 5.6 **Sectoral Experts:** One of the intentions of the SVEP and the MoRD is to support higher order enterprises / help the SVEP enterprises scale up. It is believed that the manufacturing enterprises have greater scope for growth. 2 and 3 Sectoral experts have been budgeted for the NROs implementing SVEP in more than 20 blocks and more than 40 blocks respectively.
- 5.7 **Travel, communication and office overheads for the NRO head office team:** This shall cover the costs of travel of the team to the states where implementation is taking place, as well as travel to NMMU for 4 visits a year for review of the progress of the SVEP.
6. The basis for funding of the costs for items 6.1 to 6.4 as mentioned above, which are largely programme monitoring and implementation roles, would be based on a matrix of the number of blocks/states supported for implementation by the NRO. The more the number of blocks/states supported, the more the people at the Head Office of NRO would be supported. The matrix of the number of people to be supported, the % of their cost which will be supported and the maximum cost which can be supported as per NRLM norms, is detailed overleaf:

No of states supported **		1-3	4-9	10-15	16-21	>21	1-3	4-9	10-15	16-21	>21	
No of blocks supported **		less than 7	7-19	20-31	32-42	>42	less than 7	7-19	20-31	32-42	>42	
Reimbursement to be made on whichever of the 2 above mentioned criteria is higher												
Manpower and admin travel costs to be supported	Experience	per annum costs Rs. Lakhs for 2022-23 *	% of cost to be supported	% of cost to be supported	% of cost to be supported	% of cost to be supported	% of cost to be supported	Amount to be paid Rs. Lakhs	Amount to be paid Rs. Lakhs	Amount to be paid Rs. Lakhs	Amount to be paid Rs. Lakhs	Amount to be paid Rs. Lakhs
Fixed HO costs support												
Program Lead	20 years exp	18.00		75%	90%	90%	90%	-	13.50	16.20	16.20	16.20
Program Lead	10 years exp	12.00	75%					9.00	-	-	-	-
Program Lead - Office Secretarial & admin. support cost	5 years exp	3.60	0	50%	75%	100%	100%	-	1.80	2.70	3.60	3.60
Program manager No's	10 years exp	12.00	0	1	1	1	1					
State co-ordinator/ Program manager	5 years exp	6.00	0	1	2	3	4					
Program manager	10 years exp	12.00	0	100%	100%	100%	100%	-	12.00	12.00	12.00	12.00
State co-ordinator/ Program manager	5 years exp	6.00	0	100%	100%	100%	100%	-	6.00	12.00	18.00	24.00
Data analyst	5 years exp	9.00	0	0	1	2	2					
Data analyst	5 years exp	9.00			100%	100%	100%			9.00	18.00	18.00
E commerce / Market linkage support Manager	5 years exp	9.00	0	0	1	1	1					
E commerce / Market linkage support Manager	5 years exp	9.00			100%	100%	100%			9.00	9.00	9.00
Sectoral experts	5 years exp	9.00	0	0	2	3	3					
Sectoral experts	5 years exp	9.00			100%	100%	100%			18.00	27.00	27.00
Total support for manpower cost								9.00	33.30	78.90	103.80	109.80
Travel, Comm and office costs		40% of salary cost						3.60	13.32	31.56	41.52	43.92
Total support for NRO HO Support costs per year								12.60	46.62	110.46	145.32	153.72

* The maximum cap of the salary for each position shall be increased by 5% per year from 2023-24 onwards to take care of inflationary increases

** The maximum number of active blocks / states at any time during the current and previous financial year shall be considered for the purpose of calculating the eligibility for reimbursement of secretariat costs