



ENTERPRISE COMMUNITY PROFESSIONALS



OPERATIONAL MANUAL

VAAZHNDHU KAATTUVOM PROJECT



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CONTENTS

INTRODUCTION	
AN OVERVIEW	9
VAAZHNDHU KAATTUVOM PROJECT	9
WHO WILL BE ASSISTED BY VKP?	9
HOW THE PROJECT WILL SUPPORT?	9
ENTERPRISE COMMUNITY PROFESSIONALS	10
OPERATIONAL MANUAL FOR ECPS	10
VAAZHNDHU KAATTUVOM PROJECT (VKP)	
INTRODUCTION	11
VKP - PROJECT OBJECTIVES	11
BENEFICIARIES OF THE PROJECT	12
PROJECT TARGET	12
COMMUNITY BASED ORGANIZATIONS ASSOCIATED WITH VKP	12
COMPONENTS OF THE PROJECT	14
COMPONENT 1: RURAL ENTERPRISE ECOSYSTEM DEVELOPMENT	14
COMPONENT 2: ENTERPRISE BUSINESS PLAN FINANCING	17
COMPONENT 3: SKILLS AND JOBS OPPORTUNITIES	18
COMPONENT 4: PROJECT MANAGEMENT, RESULTS MONITORING & EVALUATION	18
IMPLEMENTATION STRUCTURE	18
ENTERPRISE COMMUNITY PROFESSIONALS IN THE PROJECT IMPLEMENTATION	18

ENTERPRISE COMMUNITY PROFESSIONALS (ECP)	
INTRODUCTION	21
WHO IS A COMMUNITY PROFESSIONAL?	21
APPOINTMENT AND PLACEMENT OF ECP	21
ROLES AND RESPONSIBILITIES OF ENTERPRISE COMMUNITY PROFESSIONALS (ECP)	22
CAPACITY BUILDING FOR ENTERPRISE COMMUNITY PROFESSIONALS (ECP)	23
REPORTING	26
MONITORING OF ENTERPRISE COMMUNITY PROFESSIONALS (ECP):	26
INDIVIDUAL ENTERPRISE DEVELOPMENT	
INTRODUCTION	27
WHAT IS AN ENTERPRISE?	27
WHO IS AN ENTREPRENEUR?	27
CHARACTERISTICS OF AN ENTREPRENEUR	27
STEPS FOR THE PROMOTION OF AN ENTERPRISE	27
TYPES OF ENTERPRISES	27
STORY FOR LEARNING: ENTERPRISE - AN ILLUSTRATION OF MURUGAN TEA SHOP	29
VKP SUPPORT FOR PROMOTION OF INDIVIDUAL ENTERPRISES	30
ROLE OF THE ECPS IN INDIVIDUAL ENTERPRISE DEVELOPMENT	31
STORY FOR LEARNING: MANPUZHU MARUDHAPPAN	34
ENTERPRISE GROUPS (EG)	
INTRODUCTION	37
WHAT IS AN ENTERPRISE GROUP?	37
ROLE OF ECP IN ENTERPRISE GROUP PROMOTION AND SUPPORT	37
STORY FOR LEARNING: COLLECTIVE SUCCESS - WOMEN IN DHAAL ENTERPRISE	42
PRODUCER GROUPS (PG)	
INTRODUCTION	44
WHO IS A PRIMARY PRODUCER?	44
WHAT IS A PRODUCER GROUP?	44
WHY PRODUCER GROUPS?	44
ADVANTAGES OF PRODUCER GROUPS	44
CORE FUNCTIONS OF PRODUCER GROUPS	45
SERVICES OF PRODUCER GROUPS	45
HOW TO PROMOTE PRODUCER GROUPS?	45
ROLE OF ECPS IN PROMOTING AND HANDHOLDING PGS	46
STORY FOR LEARNING: WHAT WENT WRONG IN THE PRODUCER GROUP?	50

PRODUCER COLLECTIVE (PC)	
INTRODUCTION	51
WHAT IS A PRODUCER COLLECTIVE?	51
WHY PRODUCER COLLECTIVE?	51
PRINCIPLES OF THE PRODUCER COLLECTIVES	51
FORMATION STEPS OF THE PRODUCER COLLECTIVES	53
STEPS TO BE FOLLOWED IN VKP PROJECT	54
STRUCTURE AND ROLES AND RESPONSIBILITIES OF A PC	55
ROLE OF ECP IN PRODUCER COLLECTIVES	55
SKILL DEVELOPMENT AND JOB CREATION	
INTRODUCTION	57
COMPONENTS OF SKILL DEVELOPMENT AND JOB CREATION	57
COMMUNITY FARM SCHOOL	58
COMMUNITY SKILL SCHOOL	59
CONVERGENCE WITH GOVERNMENT PROGRAMMES	
INTRODUCTION	61
ROLE OF ECP IN CONVERGENCE	61
CONVERGENCE FOR INDIVIDUAL ENTERPRISES	61
CONVERGENCE RELATED TO GROUP ENTERPRISES	62
PLANNING, MONITORING AND EVALUATION	
INTRODUCTION	63
OBJECTIVES OF M & E	63
MONTHLY PLANNING	63
PERFORMANCE INDICATORS	64
REPORTING	65
ECPS PLANNING AND REPORTING PROCESS FLOW	65
ANNEXURES	
1. GUIDELINES FOR CONDUCTING FGD WITH INDIVIDUAL ENTREPRENEURS	66
2. APPLICATION FORM FOR AN EXISTING ENTREPRENEUR	67
3. APPLICATION FORM FOR A NEW ENTREPRENEUR	68
4. CERTIFICATES AND LICENSES REQUIRED FOR ENTERPRISES	69
5. GOVERNMENT SCHEMES AVAILABLE FOR ENTERPRISE'S PROMOTION	70
6. GOVERNMENT SCHEMES FOR THE PRODUCER COLLECTIVES	72
7. SCHEMES AVAILABLE FOR NON-FARM SECTOR	74
8. MONTHLY REPORTING FORMAT OF FOR ECP	75

CHAPTER 1

INTRODUCTION

An overview

Tamil Nadu is the second largest state in India by GDP and is the most industrialised state in India. Over 60% of the state is urbanized, accounting for 10.6% of the urban population in the country, while only comprising 6% of India's total population. Services contribute to 55% of the economic activity in the state, followed by manufacturing at 34% and agriculture at 11%. Agriculture continues to be the predominant sector of the State economy, as 40% of the population is engaged in agriculture and allied activities for their livelihood.

Agriculture is heavily dependent on the river water and monsoon rains, followed by Tanks. Tamil Nadu is the highest producer of bananas and coconuts in the whole country. It is also a leading state in production of other crops such as sugarcane, cotton, pearl millet, groundnut and oil seeds. At present, Tamil Nadu is India's 4th largest producer of rice behind West Bengal, Uttar Pradesh and Punjab. The poverty in the state dropped from 51.7% in 1983 to 11.28% in 2013 as per the Reserve Bank of India's Report 2013 due to proactive social measures initiated by the state government in the field of social security, social assistance programs for nutritional security and schemes for unorganized poor.

Despite impressive growth in many fronts, stabilizing development in rural areas through modernization of agriculture and supporting traditional livelihoods amidst rapid urbanization remain critical concern areas for Tamil Nadu. In this context, the Tamil Nadu Government under its Department of Rural Development and Panchayat Raj has launched a Project with the assistance of World Bank, called "Vaazhndhu Kaattuvom Project (VKP)".

Vaazhndhu Kaattuvom Project

VKP is a transformative project that looks beyond poverty alleviation by building sustainability and prosperity of rural

communities through enterprise promotion, access to finance and employment opportunities. The project builds on the investments made by Tamil Nadu Empowerment and Poverty Reduction Project (TNEPRP), Tamil Nadu State Rural Livelihood Mission (TNSRLM) and National Rural Livelihood Project (NRLP) during the years 2005 to 2011. These projects enabled vulnerability reduction through building strong community institutional structures.

VKP project is implemented in 31 districts covering 120 blocks and 3994 village panchayats.

Who will be Assisted by VKP?

The project targets primarily the SHG households, organised and assisted by the previous projects such as TNEPRP and TNSRLM. These households have acquired basic level of assets, resources and skills and they need further assistance to transform into sustainable rural enterprises and successful entrepreneurs. The VKP under the "Rural Enterprise Eco-System Development" component tries to identify deserving and eligible people from among the target group such as SHG Women and their Family members, Rural Youth, Differently-abled, Small and marginal producers and entrepreneurs to get the support from the Project.

How the Project will Support?

The rural enterprise eco-system development involves three distinct components:

Firstly, the Project focuses on detailed analysis and planning for the Project Locations through diagnostic studies, value chain analysis, participatory growth plan. Potential enterprises are identified through participatory

methods for promotion of individual and group rural enterprises, strengthening of existing rural enterprises, identifying market and value chain development opportunities, providing business development support services and training on best practices on building sustainable enterprise, which will be led by women.

Secondly, the Project promotes and develops appropriate institutions and mechanisms for business development support services to the identified rural enterprises from initiation, managing and successfully running the businesses. The PLFs are taken as a fulcrum, which will move the Project at the ground level. An Enterprise Community Professional will be appointed at the Panchayat level to assist the PLF to undertake enterprise promotion and support activities. The Project will establish One-Stop-Facility (OSF) Centres in the District or sub-district level to provide business development services.

Thirdly, the Project will identify and promote existing and eligible enterprises, potential and new enterprises at the Village Panchayat level. Individual entrepreneurs will be identified and assisted to initiate or strengthen their enterprises through financial, technical and marketing assistance. Similarly, the groups of non-farm and farm-based enterprises will be identified and promoted as Enterprise Groups; the groups of farm Producers will be identified and promoted as Producer Groups. These two groups will be provided needed financial, technical and marketing assistance to enhance their production, productivity and profitability through group interventions.

In order to make these interventions benefit the entrepreneurs, VKP has evolved different packages of support like matching grant support, start-up grant assistance, financial support to innovative enterprises. Similarly, the Project offers various skill building interventions through setting up of Community Farm Schools, Community Skill Schools to provide skills required to initiate or scale-up the enterprises.

Enterprise Community Professionals

The entire execution of the Project at the Village Panchayat level to reach the last mile, last post, is greatly dependent

on efficient and committed grassroots level Community Professionals, who will support in implementation of all these Project Components with the rural enterprises. They are designated as Enterprise Community Professionals (ECPs). These ECPs will be guided by the Block Project Management Unit and One Stop Facility Centre, which are coordinated by the District Project Management Unit under the guidance of the State Project Management Unit. These professionals will be provided with technical trainings to assist the BPMU and OSF to execute all the aforesaid Project Components.



Operational Manual for ECPs

This operational manual has been prepared for the Enterprise Community Professionals to impart what, why and how of the Project implementation. The Manual has been prepared around nine inter-related components of the Project such as:

1. Introduction to Vaazhndhu Kaattuvom Project (VKP)
2. Enterprise Community Professionals (ECP)
3. Individual Enterprise Development
4. Enterprise Groups (EG)
5. Producer Groups (PG)
6. Producer Collective (PC)
7. Skills and Job Creation (CSS & CFS)
8. Convergence with Government Schemes
9. Monitoring, Evaluation and Reporting

In this manual, roles and responsibilities of ECPs in each of these Project activities at the Panchayat level along with required guidelines, steps and methods have been discussed in detail.

CHAPTER 2

VAAZHNDHU KAATTUVOM PROJECT (VKP)

Introduction

Building on the impressive outcomes of the earlier poverty alleviation initiatives of the State, the Vaazhndhu Kaattuvom Project aims at promoting sustainability and prosperity of rural communities through enterprise promotion, access to finance and employment opportunities. The project builds on the investments made by Tamil Nadu Empowerment and Poverty Reduction Project (TNEPRP), Tamil Nadu State Rural Livelihood Mission (TNSRLM) and National Rural Livelihood Project (NRLP) during the years 2005 to 2011. These projects enabled vulnerability reduction through building strong community institutional structures. The VKP Project focuses exclusively on creating favorable enterprise eco-system at the village level, so that the unorganized rural entrepreneurs get organised into viable and sustainable business enterprises to create skills and jobs to farmers, youth, women and other vulnerable groups like poor and differently abled.

VKP - Project Objectives

The primary objective of VKP is

To promote rural enterprises, create access to finance, and generate employment opportunities in the select blocks of Tamil Nadu

The project focuses specifically on:

- Promoting and strengthening producer and enterprise institutions.
- Creating an enabling eco-system for enterprise promotion and enhancing skills of the poor especially, women and youth.
- Facilitating financial capital for the Nano, Micro and Small-scale enterprises, individual entrepreneurs and producer groups.
- Promoting producer groups/producer collectives by organising households of producers.



Beneficiaries of the Project

The project will target primarily the SHG households, created in the previous projects, who have basic level of assets, resources and skills; the focus will be on

- SHGs Women and their Family members
- Youth
- Differently abled.
- Small and marginal producers and entrepreneurs

The participants and the target group will be drawn from the producer households of both farm and non-farm

sectors. They will be assisted to promote individual or collective enterprises for their economic development.

Project Target

The project targets primarily the SHG households, created in the previous projects, who have basic level of assets, resources and skills. Focus is given primarily on women, scheduled tribes, scheduled caste, youth and differently abled. The Project beneficiaries will be producer households, across farm and nonfarm sectors; producer groups/producer collectives and; entrepreneurs in the

Group Enterprises	5,000 Producer groups - each PG to have an average of 60 members		3,10,000
	1,000 Enterprise groups - each EG to have an average of 10 members		
Individual Enterprises	6,000 Nano Entrepreneurs	Entrepreneurs	93,682
	500 Micro Entrepreneurs		
	120 Small Entrepreneurs		
Skilling	40000 Individual Beneficiaries through convergence and 40000 through CSS		80,000
Total			4,83,682

selected project blocks. By supporting individual and collective enterprises, the Project is aimed at impacting more than 350,000 people directly.

Community Based Organizations Associated with VKP

The Project will build on existing institutional capital and investments made by TNEPRP, TNSRLM and NRLP. The project aims to support the members of the existing community organizations for enterprise development.

Self-Help Groups

Self Help Groups (SHG) is a group of 12 to 20 poor women in the age group of 18 to 60 years, hailing from a hamlet / village organised for a collective purpose. Self-Help Groups are self-governed, peer controlled, and informal group. The initial operations of SHGs start with collecting savings from members. These groups inculcate the habit of thrift among the members. The primary purpose of an SHG is to reduce poverty of its members by way of promoting savings and internal lending among its members and encouraging the practice of meeting regularly and taking decisions collectively and democratically. SHGs work towards economic and social empowerment of its women members by providing regular financial and non-financial services, and building their capacities to govern themselves.

Panchayat Level Federation-(PLF)

Panchayat Level Federations have been promoted as the Community Based Organizations to strengthen and lead the SHGs by providing various financial and other services.

The PLFs are registered under the Tamil Nadu Societies Registration Act, 1975. The PLFs provide a common platform for the SHGs for their economic empowerment. As per our Project guidelines, every Panchayat will have a Panchayat Level Federation. All the SHGs in that Panchayat will be affiliated with the PLF for all their socio-economic development initiatives and the PLFs are expected to act as financial intermediaries.

The main responsibilities of the PLF are mobilizing all eligible women into Self Help Groups, bringing them under a common umbrella to ensure inclusiveness in the development and empowerment process, strengthening and furthering the activities of the SHGs, information dissemination among SHGs, preparation of Capacity Building Plan and arranging for grading, credit rating and credit linkages at right time. They extend support to the SHGs in the maintenance of accounts and audit, to undertake income generating activities and conflict resolution among SHGs, apart from networking with Government agencies and other external institutions like bank, insurance companies for benefiting their members.

Village Poverty Reduction Committee (VPRC)

Village Poverty Reduction Committee (VPRC) is an inclusive and autonomous body of the target poor in the Mission. The VPRC will take full responsibility of implementing the Project at the village level with full accountability to the Grama Sabha. VPRC functions as the most important link between the Project and the Village Community. The VPRC consists of 10-20 members with at least 50 per cent of members being the women and at least 30 per cent are from scheduled castes/tribes. A VPRC

typically consists of the President of Gram Panchayat as its ex-officio Chairman, along with Secretary of PLF, two representatives from Village Education Committee/ Village Forest Committee/ any other appropriate committee, one differently abled person from target group, and at least a woman SHG member elected/selected by the target population. The members of VPRCs are to hold office for a maximum period of two years. The structure and processes of VPRCs facilitate decision making within the Panchayat and without external influence against the interests of the target people. This Committee is responsible for the management and administration of the funds allocated to the village. It can decide on the interventions for the poorest of the poor and the most disadvantaged households of the community. The VPRC is required to undertake preparation of Village Development Plan, considering the minimum needs of the village. The VPRC Fund requirement, identified based on the plan duly approved by the Gram Sabha, form the basis for grant of approval by the Government.

Different forms of CBOs for Financial Intermediation

Different forms of CBOs for Business Intermediation

CBOs Ensuring Inclusion into VKP

The community-based organizations tabulated above are functioning with different purposes and playing different roles, but each of the organization is interlinked and support each other. SHGs' main focus is thrift & savings and financial linkage to members through bank linkage, SHGs federated into PLF and PLFs are functioning as financial intermediary for SHGs and support to SHG members for micro enterprise, VPRCs are focusing on vulnerable reduction through convergence and also support to youth skill development for better employment opportunities. JLGs are supporting loan assistance to their members through bank. EG are directly involved in business development activities. PGs are working with

Particulars	SHGs	JLGs	PLF	VPRC
Member Size	12-20	5-20	Minimum of 10 SHGs	10-20
Objectives	Socio – Economic Development	Economic activities with loan facility	Coordinating self-help groups. The development of self-help groups and members	Upholding the fundamental rights of the target people
Registration	Not required	Not required	Tamilnadu Societies Registration Act	Not required
Decision Making	Members	Members	Executive committee, General Body	Members
Access to loan	Avail the loan	Avail the loan	Avail the loan	Not to avail the loan
Savings	Compulsory Savings	Not required, savings by willingness	Not required	Not applicable
Service to the members	Savings, loan, insurance and enterprise development	Loan and enterprise development	Trainings and Loans	Guidance for claiming their entitlement and rights

Particulars	SHGs	JLGs	PLF
Member Size	30 -150 Producers	10-30	300 Producers
Objectives	Coordinating measures to increase production, Providing inputs, machinery / equipment's for agricultural production	Production of goods and doing business.	Purchase of bulk inputs, aggregation of products. Value addition of marketable products Increasing the income of farmer
Registration	Not Required, if required registered	Not Required. Can be registers if needed	Tamilnadu Societies Registration Act. Producer Company Act
Decision Making	Members / Executive committee	Members	Board of Directors
Access to loan	Less possibilities	Avail the loan	Avail the loan
Savings	Not required	Not required, willingness savings	No savings, Contribution of Shares.
Service to the members	Activities to reduce the cost of production and increase revenue	Business development. Product integration activities	Business Development Activities (Activities like Finance, Marketing, New Technologies)

PC or independently for collective action for business development. Through this set up VKP are developing enterprises. VKP aims to address the financial needs of the enterprises that are identified and promoted through the project by Matching Grant. Apart from the Matching Grant Program, it also adopts different mechanisms such as linkages through Panchayat Level Federation (PLF), Village Poverty Reduction Committee (VPRC)/Community Based Organizations (CBOs), and Linkages through Block level federation (BLF) etc.

Each community organization will support the project activities through various ways and means. Hence, it is necessary to ensure that the functioning of the community organizations that are existing and to be formed for the project for the benefit of the members and implementing project activities. The opportunities and eco system required for the enterprise development of self-help group women are created by the Project and it is necessary to focus on quality production and marketing in order to sustain them in the enterprise eco-system in which they are functioning. Accordingly, sustainability in socio-economic progress occurs when the following five measures are taken.

- The effective functioning of Community organizations such as self-help groups (SHGs), Panchayat Level Federations (PLF) and the Village Poverty Reduction Committee (VPRC) should be ensured. Follow of the enterprise loan implemented

through community organization with project funding.

- Select all eligible members for the Enterprise Group, Producer Group and Individual Enterprise Promotion from the SHG/ Community Organizations.
- Enterprise groups, Producer groups and Producer collectives should be formed with support of existing community organization.
- PLF should assist in the business development activities of the Enterprise group, Producer group and Producer collectives such as Business Planning, Financial Institution Linkages, Production, Services and Marketing, Value Chain and Value Addition, Target and Turnover, etc.

Components of the Project

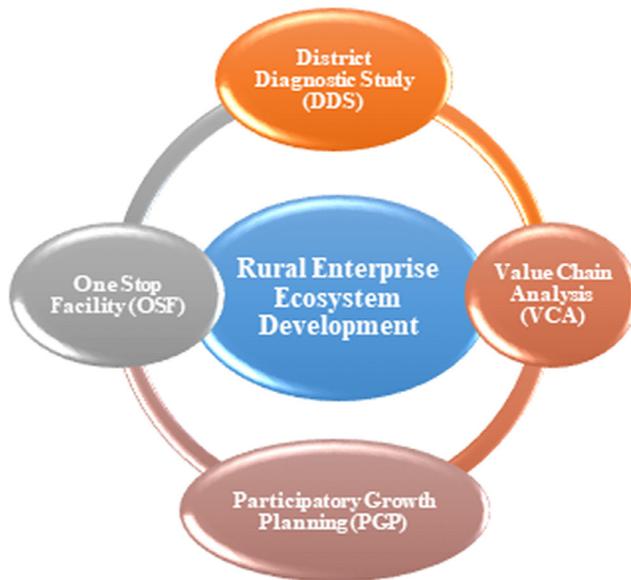
This Project comprises of the following four major components:

Component 1: Rural Enterprise Ecosystem Development

Inclusive Strategic Investment Analytics and Planning

The prime objective of this component is to facilitate an enabling rural enterprise ecosystem. This will include preparation of District Diagnostic Study (DDS), Value Chain Analysis (VCA), Participatory Growth Plan (PGP) and creation of One Stop Facility (OSF).

This component gives emphasis on identification of potential enterprises through participatory methods for promotion of individual and group rural enterprises, strengthening of existing rural enterprises, identifying market and value chain development opportunities, providing business development support services and training on best practices on building sustainable enterprise, which will be led by women. This component also focuses on promoting women-led enterprises and green enterprises.



District Diagnostic Study (DDS)

The objective of conducting DDS is to identify and prioritize major sectors/sub sectors and commodities for enterprise promotion in the local context. DDS is the first level of analysis based on stakeholder consultations and analysis of secondary information. This includes in-depth evaluation of opportunities and challenges in specific sectors, sub sectors and commodities exist at the district for next level of analysis through value chain approach. This DDS reports are approved by the district committee headed by the District Collectors concerned.

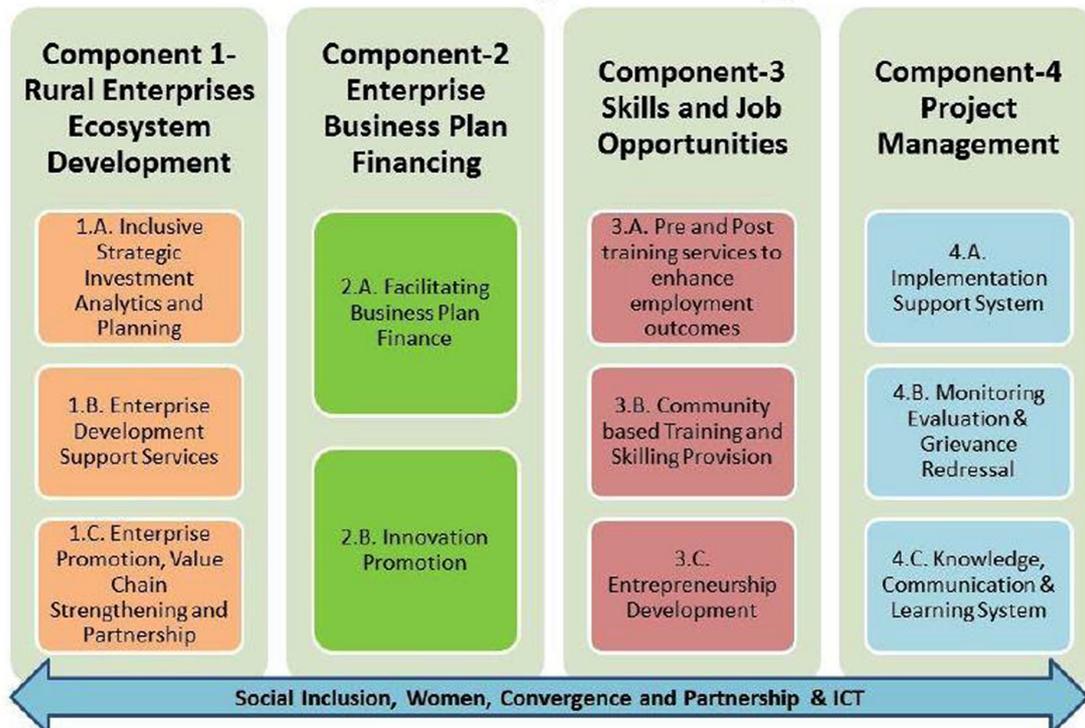
Value Chain Analysis (VCA)

Value Chain Analysis is done to deep dive into the prioritized commodities/ sub-sectors (identified through DDS) and gain deeper understanding on the opportunities, challenges and risks that help evolve strategies for enterprise promotion with specific focus on women, tribal and differently abled. This study will offer insights on market opportunities and constraints and facilitate design VKP project interventions and investments for enterprise promotion.

Participatory Growth Planning (PGP)

Participatory Growth Planning is a method to develop inclusive investment plans at village, block and district level for enterprise promotion and for the development of rural communities. PGP is prepared in consultation with

TNRTP Project Design



the local people using participatory methods like focus group discussion.

Enterprise Development Support Services

The objective of this sub-component is “to develop appropriate institutions and mechanism for business development support services to the enterprises from

initiation, managing and successfully running the businesses”.

Community led service delivery by Panchayat Level Federation (PLF)

Panchayat Level Federations have been promoted as the Community Based Organizations to strengthen and lead

the SHGs by providing various financial and other services. The PLFs are registered under the Tamil Nadu Societies Registration Act, 1975. The PLFs provide a common platform for the SHGs for their economic empowerment. As per our Project guidelines, every Panchayat will have a Panchayat Level Federation. All the SHGs in that Panchayat will be affiliated with the PLF for all their socio-economic development initiatives and the PLFs are expected to act as financial intermediaries.

Appointment of Enterprise Community Professionals-ECPs by PLF

Enterprise Community Professionals are going to be the anchor the project at the Panchayat/ village level. The ECPs will coordinate with all four project components like identifying beneficiaries, promotion of individual and group enterprises, providing capacity building, nurturing and handholding the individual and group enterprises, facilitation role in acquiring skills and technology for productivity enhancement, and financial linkages.



One Stop Facility (OSF)

One Stop Facility is a business facilitation center to be established for every three blocks or one per district through which the rural entrepreneurs and enterprises can get access to a range of business development support services viz., business ideation and conceptualization, business plan preparation and its appraisal, handholding support to initiate the business, support to access the required finance, technology, skills, regulation and compliances, market information and linkages.

Enterprise promotion, Value chain strengthening and partnerships

This sub component will promote individual and collective enterprises in prioritized commodities/ sub-sectoral value chain activities and enhance their capacity to engage with markets and other stakeholders effectively. Strategic partnerships will also be established with different stakeholders based on the need derived from value chain analytics.

Individual Enterprises

Individual enterprise is the one which is owned by an individual or more than one individual in partnership. In the contexts of this project, an individual enterprise is classified based on following parameters.

- The size of investment
- Business Turnover
- Employment generated

Collective enterprises

Three types of Collective enterprises will be promoted through the project and the key differences between various group enterprises are detailed below:

a. Enterprise Groups (EGs)

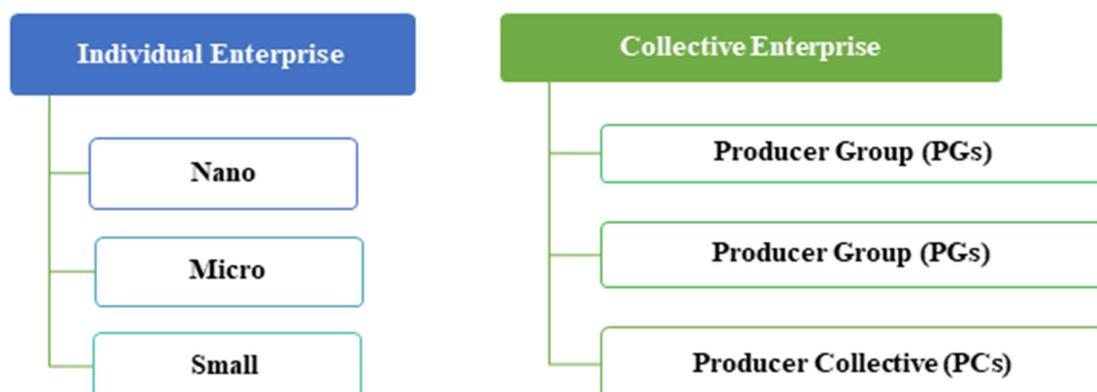
An Enterprise group is a group of 10-30 people working together in a manufacturing, trading or service activity. The enterprise group is an organization that works collectively to reduce production costs, improve quality and increase their revenue.



The enterprise group can carry out all kinds of services such as manufacturing new products with raw materials, buying and selling manufactured goods, repairing machineries, sewing, rental car, laundry, tools and machinery rental.

b. Producer Groups (PGs)

A producer group (PG) is the organization promoted at village or panchayat level with 30-150 producers involved in the same livelihood activity with the objective of increasing their income through reducing cost of production and increasing the production through adopting relevant technologies. In Tribal and hilly areas,



the minimum membership in the PG could be 15. The Producer Group is a self-managed, independent and interdependent organisation with a shared goal and interests. The members work together to achieve the goal

by pooling their available resources and share the benefits among themselves. Producer Groups are formed at the village panchayat level for the following purposes.

Enterprise category	Investment	Turn over	Employment generation
Nano	Up to 5 lakhs	10-15lakhs	1 +
Micro	5-15 lakhs	15-25 lakhs	8 +
Small	15 – 30 lakhs	25 lakhs – 2.5 Crore	15 +



- Production planning, quality management and traceability
- Bulk procurement and distribution of inputs at a lesser cost
- Access to better production techniques and latest technological innovations.
- Utilize common group infrastructure
- Linkage with technical experts and business development services
- Better access to finance through convergences and bank linkages
- Aggregation of produce thereby ensuring better market prices

c. Producer Collectives

Producer Collective (PC) is a formal and higher- level collective of producers for aggregation, value addition, marketing and extension of services based on the economies of scale. A PC will have membership of more than 300 producers and focus on certain commodities. In the sparsely populated tribal areas, the size of the PC may be as low as 150 producers.

Component 2: Enterprise Business Plan Financing

The VKP extends or facilitates needed financial assistance for the individual as well as group enterprises to support the business plan prepared by each of the eligible

enterprises. Matching Grant Program (MGP) provides financial assistance to selected eligible beneficiaries through financial institutions.

Matching Grant Program

The Matching Grant Programme (MGP) helps bridging the gaps between supply and demand of financial resources for the newly started individual and group enterprises by way of channelizing finance from formal financial institutions. Matching grants are intended for aiding first generation entrepreneurs, women-led businesses, enterprise groups and producer collectives, enterprises run by the differently-abled and other enterprises facing hurdles in accessing finance.

MGP intends to incentivize borrowers who oblige proper repayment and generate momentum amongst the financial institutions to lend to these enterprises. Matching Grant will be made available to the borrowers together with the loans sanctioned by the PFI (Participating Financial Institutions). On prompt repayment of 70% of the loan amount, the borrower is eligible for 30% waiver from the Project. This programme facilitates the entrepreneurs/ groups to concentrate fully in their enterprises to run it profitably and to repay the loan promptly. For an effective implementation and monitoring of this programme, a Transaction Manager will aid the SPMU.

Assisting Innovative Pilot Projects

The Project evolves high impact and high potential innovations in rural livelihoods across various sectors and facilitate linkages with relevant stakeholders like markets, research and development agencies, financial institutions for developing a scalable and innovative enterprises. It will take up focused promotion of such creative enterprises by fostering linkages with investments, facilitating partnerships for incubation, refinement and scaling up of innovations. VKP will evolve and roll-out innovative pilots in the following areas:

- Artisanal and creative like Weaving, pottery, metal works, sculpture and fine arts to support rural artisans.

- Agri food hub facility to promote culinary sector especially native and traditional food.
- Green enterprises such as solar power-based activities and bio-degradable Sanitary Napkins to promote menstrual hygiene among women

Component 3: Skills and Jobs opportunities

The Project facilitates skilling and employment through convergence, community based training, entrepreneurship development to enable both wage and self-employment in farm, non-farm and service sectors. The objectives of this component are to;

- Create sustainable wage and self-employment opportunities
- Promote relevant skills for high-value agriculture and allied activities
- Enable entrepreneurs through market responsive skills and entrepreneurship
- Upgrade skills of rural youth particularly women to ensure employment opportunities through community skill schools and community farm schools.

These objectives are achieved through promotion of community farms schools for the farm based producers and through community skill school which is promoted for the non-farm producers and entrepreneurs.

Community Skill Schools (CSS)

There is a high demand for certain traditional skills such as weaving, metal works, paintings, pottery, basket and mat making etc., among rural communities, for which experienced master practitioners are available locally. Such practitioners/experts will be identified as Trainers and facilitated to set up community skill schools with simple and minimum required infrastructure to train the interested local people to revive these ancient arts and ensure enterprise promotion.



Trainers in trades like two/four-wheeler mechanism, home appliance service, masonry, plumbing, welding, electrician, mobile phone repair, ICT enabled (computer) services etc., will be identified and they will be facilitated to train the communities under CSS to promote more rural enterprises.

Community Farm School (CFS)

Community Farm Schools (CFS) seek to develop a cadre of self-employed technical service providers (SPARKS) in

agriculture and allied sub sectors who will, in turn build skills among the community members.



The CFS will identify specific skill gaps in the farm related occupations and bring in required technical expertise offering solutions. It will identify and train the SPARKS to impart suitable technical skills to fellow farmers. The CFS will work with the individual and group enterprises promoted by the project for effecting better synergy.

Component 4: Project Management, Results Monitoring & Evaluation

For effective implementation of the VKP, this component aims to provide support services, develop management and monitoring systems, create delivery processes for Financial Management, Procurement Management, Human Resource Management, Social, Environmental and Tribal welfare and Information Communication Technology (ICT).

Monitoring and Evaluation

M&E is a continuous activity to generate feedback on the performance of the project activities and support project managers to take timely corrective measures to address any shortcomings and deviations. M&E system will provide realistic, real time and easily understandable information on various aspects of project implementation. The M&E will play the following roles that are very critical for the successful implementation of VKP.

- Impact Evaluation through Baseline and Mid Term Evaluation Survey
- Project Monitoring including physical and financial achievement against the target.
- Thematic Studies & Case Studies
- Overall assistance to the Project to design an MIS for monitoring.

Implementation structure

Enterprise Community Professionals in the Project Implementation

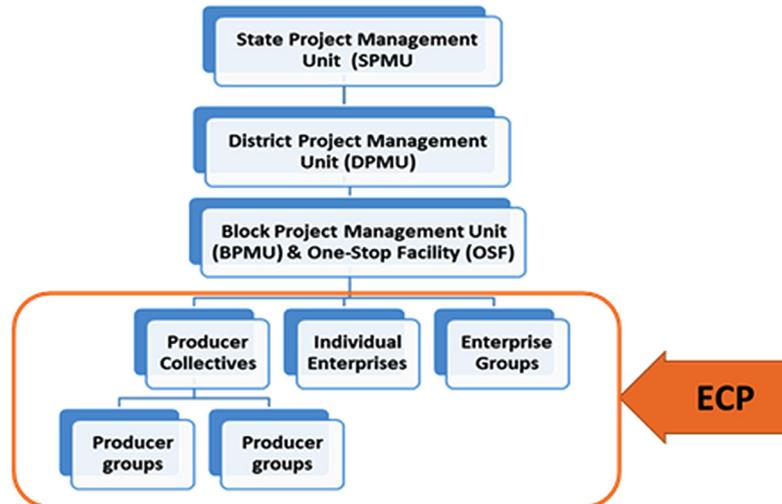
The most important institutional entity for implementing the project is the community level institutional model. In the same blocks, TNSRLM has already invested in building social capital in terms of SHGs and their federations (PLF) and VPRC over many years, on which the VKP leverages upon. Thus, the village and cluster level activities will be executed by the Enterprise Community Professionals (ECPs). These ECPs will be guided by the BPMU and One

Stop Facility. These professionals will be provided with technical trainings to assist the BPMU and OSF in to execute all the Project Components discussed above. The Enterprise Community Professionals will be responsible for:

- Supporting new and existing individual enterprises
- Forming and Strengthening of Enterprise Groups
- Forming and strengthening of the Producer Groups

- Identifying and facilitating of youth for skilling through CSS & CFS
- Assisting beneficiaries to access business support services through convergence
- Assisting PLF and VPRC through ensuring repayment from individuals and enterprises.

In the subsequent chapters, roles and responsibilities of ECPs in each of these Project activities at the Panchayat level have been discussed in detail.



CHAPTER 3

ENTERPRISE COMMUNITY PROFESSIONALS (ECP)

Introduction

The objective of VKP is to improve the economic status of small and marginal producers through enterprise promotion and skill building interventions. The responsibility of facilitating this process is given to the community organisations promoted as part of SHG movement. To perform this role effectively the PLF appoints a personnel having the desired capacity, attitude and the potential to grow as the enterprise professional. They are designated as ENTERPRISE COMMUNITY PROFESSIONALS.

Who is a Community Professional?

In general parlance, Professional is a skilled practitioner with a commitment for public service, who often exhibits high standard of performance, integrity, ethics, and behaviors.

Community Professional is the one who strives to enhance the capacity of people to address their own needs, promotes and works with the community organisations to enhance and sustain the well-being of individuals, families and communities.

Community Professionals are expected to act with integrity, always provide a high standard of service, treat others with respect, take responsibility and have regard for sustainability throughout her work.

Appointment and Placement of ECP

Community Professionals are drawn from the community itself. In the VKP Project, community members who are experienced in community mobilization and have developed service delivery skills are identified, groomed and placed as 'Enterprise Community Professionals (ECP). As mentioned in the previous chapter, the major roles of the ECPs are to mobilize, promote and build

individual and collective enterprises and provide field level implementation support to the project.

The operating area

The project will engage one ECP per Village Panchayat through respective PLF to support the activities envisaged by the project.

Eligibility criteria

- Should be a female member, resident of the particular village panchayat. If no suitable / eligible female member is able to be selected, then male members from SHG households of the same village panchayat may be considered.
- The age of the ECP to be selected shall be between 25 to 45 years.
- Should have a minimum educational qualification with a graduate degree in business administration, banking, commerce, social work, agriculture, food science, dairy and similar fields. If candidates from these educational backgrounds are not available, then candidates from other academic backgrounds may be selected.
- Should possess an android phone and have knowledge in operating android applications.
- Preference should be given to persons who already have experience in the field of livelihood and enterprise support activities.
- Should not be an office bearer of any CBOs and should not be an elected representative of the local body.

Characteristics and Traits of an ECP

Competency

First of all, an ECP is expected and required that she will continuously update her knowledge and skills throughout her work, so that she can always deliver work of the highest quality, in accordance with the expectations of the Project.

Reliability and accountability

ECP should always honour her commitments and can be relied upon to always get the job done – they deliver what they said they would deliver, and on time. But if things are not going exactly to plan, she does not look for excuses but do their best to put tasks and project deliverables back on track. If mistakes are made, she accepts responsibility.

Honesty and integrity

Accountability is closely linked to honesty and integrity, another two qualities expected from an ECP. She should always tell the truth and never compromise her values. She will do the right thing at all times and in all circumstances, even if it means others will disagree or disapprove.

Self-control

ECP should always exercise self-control at times of conflicts erupts in the field work, she should stay calm and business-like, and she must do everything she can to understand and help resolve the issue, consider the emotions and needs of others.

Flexibility

ECP should be flexible enough to stretch herself to get a task or project finished on time. She should be flexible enough to adjust to any changes that comes up in the middle of the Project implementation. She should devote adequate time for the community work.

Communicative

ECP should have an excellent communication skill, the ability to communicate accurate information to the public in a timely manner and the ability to communicate information in a way that people can understand, and the ability to absorb feedback and information from members.

Influencing

ECP should be capable of encouraging members to start businesses, provide ideas for new businesses, motivate other ECPs to do their work better.

Leadership

ECP should possess leadership skills, express it in her day-to-day work. She should lead by example. She should coordinate with people and resource institutes effectively. She should demonstrate honesty and integrity in all the circumstances without deviation.

Knowledgeable

ECP should possess adequate knowledge required to implement the Project activities. She should be aware of various aspects of enterprises, prevailing market situation, various government and private agencies, government

programmes available to tap support in favour of entrepreneurs. She should update her knowledge to handle IT tools like Android Mobile Phone.

Place and procedure of Appointment

After the recruitment by PLF adopting the due process (refer recruitment guideline) proposed by the VKP project the ECP will be formally appointed by the Panchayat Level Federations (PLF) by passing formal resolution at their general body meeting. Panchayat Level Federation, ECP and VKP project will made tripartite agreement for the appointment of ECP which will have the terms & conditions of placement and roles and responsibilities. Apart from this project will also provide guideline to PLF time by time based on the need and growth of the project.

Honorarium

The honorarium to the Enterprise Community Professional will be on deliverable basis for maximum 20 days work per month at the rate of Rs. 250/- per day as their honorarium. Based on the performance indicators and initiatives facilitated by the ECPs, incentives will be extended by the project. This incentive over a period of time will be converted as user/service charges to be paid by the beneficiaries to ECPs beyond project period (the activities/initiatives/performance-based incentive will be worked out by the project based on the emerging needs).

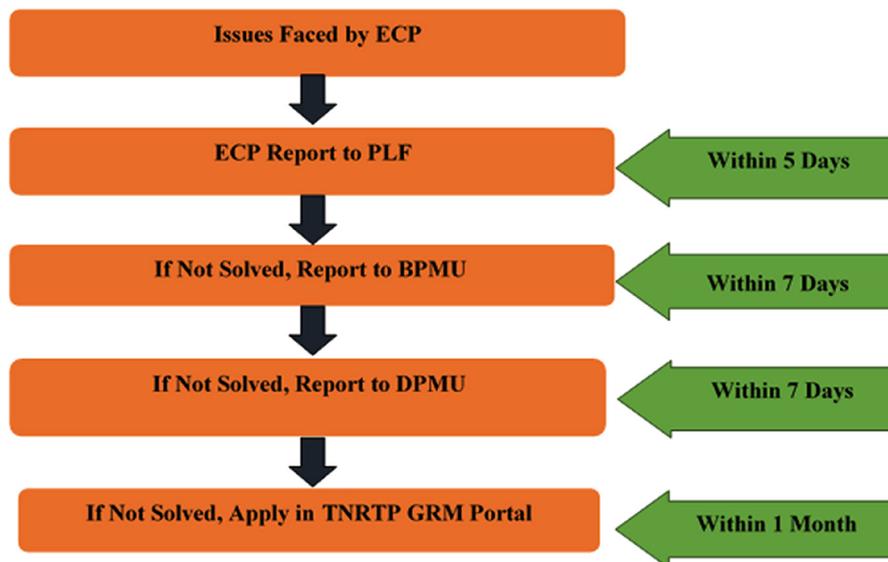
Method of payment

The Enterprise Community Professionals will submit their monthly work report to PLF (Refer Annexure 4). The PLF Secretary will review and verify the monthly report. After the work assessment, honorarium will be directly credited to the bank account of the ECP by the PLF. The actual travel costs will be reimbursed to the ECP for travelling to the block office or DPMU for meetings/training or any other activities. The travel bills can be submitted for reimbursement to the respective BPMU / DPMU. For delivering this coordination assistance, PLF will get a service cost of 5% from the project.

Termination of Enterprise Community Professionals (ECP):

The agreement of ECPs engaged will be terminated if found with the following delinquency,

- Abstaining from their regular work without prior information to PLF or BPMU.
- Failing to achieve project deliverables/indicators
- Not performing the work allotted to them.
- If involved in any unlawful activity.
- If any issues / misbehavior found with ECPs
- The block project team will review the issues with concerned ECPs and PLF office bearers.
- The decision made in the BPMU will be forwarded to the DPMU for their approval. District project office will review the cases and take a final decision.
- The PLF will act upon the decision made by the DPMU and communicate to the ECP for further necessary actions.



Grievance Redressal Mechanism

A Grievance Redressal mechanism is in place for the Community professionals to get their concerns addressed. If ECPs have any grievance related to their work in the community and project management they should adopt the following mechanism:

Note: Separate grievance register is maintained at PLF, BPMU and DPMU. The grievance register will contain report received date, enquiry process, case handled team members, decision, closed date.

Roles and Responsibilities of Enterprise Community Professionals (ECP)

ECPs are the Frontline Workers of the Project, who plays an important role in implementing the Project at the Village Panchayat level. They will play

1. Promotional role by mobilising people involved in individual enterprises, organising Enterprise Groups and Producer Groups.

2. Support role in providing business development support services to enterprises with the guidance of OSF
3. Facilitation role in identifying and linking youth for the training under Community Skill Schools and Community Farm Schools
4. Monitoring and reporting role in data generation from Individual Enterprises, EG and PGs for business planning, tracking their progress
5. Financial role in generating applications for Project assistance, repayment of loans to concerned Financial Institutions, Accounts and Book Keeping.

Role of ECP in TNSRLM project

The Vaazhndhu Kaattuvom Project undertakes many project activities in collaboration with various government departments, private sector, and banks for the business development of producers and entrepreneurs. It works with the Tamil Nadu State Rural Livelihood Program to implement the project at the panchayat level. The Tamil

Role of ECP



S.No	Activity	Roles
1	Individual enterprises Nano Micro Small	<ul style="list-style-type: none"> • Identification/ shortlisting the Individual enterprises at village level which will also require assessment of Self-Help Group loan records of the Entrepreneurs, who are seeking enterprise loan • Fact checking of CAP beneficiaries based on MIS available and lead generation for partner FIs. • Disseminate information on project activities to the primary stakeholders. • Providing services to enterprises, to access business development support services with all stake holders (OSF, Banks, Projects, Govt. Department etc.) <ol style="list-style-type: none"> 1. Collection of applications from entrepreneurs 2. Scrutiny of applications. 3. Facilitation support for business plan preparation. 4. Training and capacity building 5. Environmental and Social Management Framework (ESMF) - Facilitating social and environmental appraisals and necessary compliances, implementation • Facilitating access to finance (NEFF or commercial finance); identify the business needs of the enterprise and facilitate connections with functional experts / mentors • Ensuring enterprise records and track its financial transactions • Helping enterprises obtain all necessary licenses and permits help with market linkages (forward and backward); regular handholding support • Follow-up and ensure loan repayments to PLF/VPRC/Partner financial institutions.
2	Collectives: Producer Group	<ol style="list-style-type: none"> 1. Analyse the potential producers in village Panchayat. 2. Mobilization of producers into Producer groups. 3. Facilitate Training to producer groups in convergence with relevant line departments 4. Facilitate preparation of activity plans for the PGs. 5. Facilitate access to business development services and technical trainings. 6. Facilitate integration of safeguards/ESMF requirements (into business plans) and implementation 7. Assist in mobilization of producers for Community Farm School (CFS) Regular handholding of PGs 8. Assist in getting project funding and facilitate assistance from other relevant departments and projects 9. Data collection from PGs, monitoring the existing and newly promoted PGs 10. Build and maintain smooth and working relationship with PCs

3	Collectives: Enterprise Group	<ol style="list-style-type: none"> 1. Analyse the potential enterprises in village Panchayat. 2. Formation of Enterprise Group (EG) 3. Facilitate business plan preparation 4. Support EGs to access business development support services. 5. Assist in mobilization of EG members for community skill school (CSS). 6. Arrange training for EG members. 7. Assist EGs to access project funds and bank linkages 8. Assist EGs to obtain and maintain relevant licenses to run their business. 9. Facilitate integration of safeguards/ESMF requirements (into business plans) and implementation 10. Ensure book keeping and regular audit by the EGs 11. Regular handholding and monitoring of EGs. 12. Data collection from EGs.
4	Collectives: Producer collectives	<ol style="list-style-type: none"> 1. Help PGs to access the business development services from producer collectives 2. Assist PGs to build and maintain relationship with higher order collectives such as PCs, federations, etc. 3. Assist Producer collective in mutual enterprise business support and services.
5	Village Poverty Reduction Committee (VPRC) and Panchayat Level Federation (PLF)	<p>ECP will work jointly with Village Poverty Reduction Committee (VPRC) and Panchayat Level Federation (PLF) for implementing Project activities through above said organisations. ECP is responsible for the field level project implementation and accountable to these organizations. Main activities to be performed by the ECPs are:</p> <ol style="list-style-type: none"> 1. With the support and guidance from BPMU, ECP will train the VPRC and PLF members on VKP project activities and thematic components. 2. ECP will work as field level staff to implement the project activities for the VPRC and PLF 3. Identify eligible vulnerable, tribal and youth to avail project benefits offered by VPRC and identify eligible SHG members to avail project support through PLF 4. Monitor the SHG members'/beneficiaries' whether they promptly repay the loans availed for enterprises activity through CAP/NEFF through VPRC and PLFs 5. Assist in selecting eligible beneficiaries for other activities of the project. 6. Support VPRC and PLF level for maintaining relevant records about the project activities. 7. Prepare success stories of project beneficiaries and submit to VPRC and PLF.

Nadu State Rural Livelihood Project has been working for the socio-economic development of its members by forming various community organizations such as Self-Help Groups, Village Poverty Reduction Committee, Panchayat Level Federation and Producers Collectives. Therefore, it is necessary for the ECPs to coordinate with the staff of the Tamil Nadu State Rural Livelihood project at the Block level and the community-based organizations created through the program.

All the beneficiaries of the Vaazhndhu Kaattuvom Project are selected from the Self-Help Group or from their family. Planning and creating awareness for the implementation of the project at the panchayat level beneficiary selection, conduct of training, formation of producer groups, formation of Enterprise groups, promoting entrepreneurs and other business development activities are carried out at the panchayat level with the help of self-help groups and federations. Hence, the cooperation of the Tamil Nadu State Rural Livelihoods Project is indispensable to

implement the Vaazhndhu Kaattuvom Project. Therefore, ECPs should seek the co-operation of TNSRLM staff and community organizations at the panchayat level in carrying out project activities.

The ECPs are going to play an important role as mentor to both the individual and group enterprises. For this to happen, they have updated their knowledge in enterprise development activities, improve their ability to communication and leadership qualities.

Capacity building for Enterprise Community Professionals (ECP)

Trainings

The project will provide a 7-day basic training to the ECPs in various aspects of the project such as general objectives of the project and their roles and responsibilities. In later

thematic/sectoral specific training will be organised to impart content relevant to their work. The project will also provide periodic refresher training to ECPs for delivering enterprise support services. The respective block team and project executives will handhold the ECPs.

The following are the tentative ECP capacity building themes

- Orientation about VKP Project components
- Roles and responsibilities of ECPs.
- Enterprise promotion and related thematic components- PG, EG formation and grooming, Identification of Individual enterprise and delivering project enterprise development 33support services.
- Environment and social appraisal mechanisms.
- Community Skill School and Community Farm School.
- Entrepreneurial Development Programs.

Knowledge	Attitude	Skills
<p>ECP should acquire knowledge on the following areas</p> <ul style="list-style-type: none"> • Basics of Enterprise and Enterprise promotion • Procedure and process of identification of new business • How to prepare Business plan for an enterprise? • Procedure for getting financial assistance for enterprises. • Use of various ICT tools (Android Mobile, computer, mobile applications, internet) • Various government schemes which support enterprises. • Various training institutes and incubation services available in the district. 	<ul style="list-style-type: none"> • Should have interest in encouraging members to start businesses, providing ideas for new businesses, and encouraging fellow ECPs to improve their careers. • Behave honestly and fairly in public. • Knowledge dissemination • Ready to adopt new technology. • Positivity towards resolving troubles • Business Mindset • Belief in Community Oriented processes 	<ul style="list-style-type: none"> • Excellent communication skills. • Ability to coordinate and work with people. • Leadership qualities. • Problem solving quality • Book keeping and record maintenance. • Business planning • Convergence

- Monitoring the project deliverables in the field
- Tracking Enterprise financial linkages and Book keeping and promoting adoption of digital payments by entrepreneurs.
- Any other project related activities based on need

Peer learning for Enterprise Community Professionals (ECP):

In order to enhance the capacities of the Community professionals, the project will facilitate Cross leanings within the district and across the region for the Enterprise Community Professionals at least once in six months. The Regular review meetings for CPs will also serve as a platform for peer learning in the respective districts. In the Block level review meetings, Block team leader will identify the best cases for facilitating peer learning. In this peer learning sessions, a minimum of 2 to 3 success stories will

be showcased and experience sharing will be arranged. Similarly, in the District level review meetings, DEO will identify the best cases with the support of EOs for the peer learning, wherein a minimum of 2 to 3 success stories will be showcased.

Reporting

Enterprise Community Professionals are required to submit a monthly report to the panchayat level federation on a specific date each month. (A monthly report format is annexed). The monthly progress report form will undergo modifications suiting to the changing plans and implementation arrangements, the ECPs will be required to report in the revised forms as and when needed. Their report includes details of their routine works and special tasks.

CHAPTER 4

INDIVIDUAL ENTERPRISE DEVELOPMENT

Introduction

The major focus of VKP is promotion of individual and collective enterprises, and enhancing their capacities to engage with the markets, financial and technical institutions. The primary role of an ECP is to facilitate promotion of new enterprises and strengthening of existing enterprises run by individuals at Panchayat level.

What is an Enterprise?

Enterprise is a for-profit venture involving trade or service, also, it is more often associated with entrepreneurs. People who have proven success in their ventures are often referred to as "enterprising."

Who is an Entrepreneur?

An entrepreneur is an individual who initiates a new enterprise, bearing most of the risks and enjoying most of the rewards. A successful entrepreneur will coordinate the factors of production like land, labor, capital and organisation wisely in her enterprise, encounter the risks boldly and work tirelessly to earn and sustain the profits. Entrepreneurship is the process of designing launching and running a new business.

Characteristics of an Entrepreneur

A successful entrepreneur will possess a few or combination of all the following qualities.

Organising: She should be capable of bringing together the labour, material, machine and money to execute the plans, which necessitates efficient coordination, integration and leadership skills.

Risk bearing: A brave organizer has to shoulder certain insurable and non-insurable risks associated with the

enterprise. She should be bold enough to encounter such risks.

Decision making: She should be capable of taking timely and appropriate decision on what, how and how much to produce, based on the demand for the commodity, availability of land, labor, capital and raw materials.

Futuristic: Entrepreneurs should be able to plan and think for the future. He should be able to anticipate possibilities that lie beyond the present.

Innovative: She must be an innovator to survive in the market and to retain the same position for her products. Innovation is influenced by market dynamics and changing consumer preferences. It calls for boldness, confidence and perseverance for an entrepreneur to always seek new ways of doing business.

Responsible: She should always be prepared to take responsibility and possess remarkable skills in organizing work and human resources.

Flexible: Achievement oriented entrepreneurs should be adaptable and flexible to adjust with the changed circumstance

Steps for the Promotion of an Enterprise

An enterprise involves a large number of formalities which are grouped under preliminary stage and implementation stage.

Types of Enterprises

Based on the nature and type of activity, enterprises can generally be grouped under three sectors such as manufacturing-oriented primary sector, business-oriented secondary sector and tertiary or service sector.

Preliminary Stage

Decision to be self-employed

Preparation of Business Plan

Appraisal of Business Plan

Selection of location and site

Scanning the business environment

Selection of idea,
deciding organizational structure

Provisional registration and enquiry
for machinery and technology

Implementation Stage

Statutory license arrangement of finance

Application for financial assistance and
obtaining the building construction

Procurement of plant and machinery,
other fixed assets, power & water

Recruitment of personnel & training

Raw material procurement

Installations, commissioning of plant and
machinery, initiate Production

Marketing

Repayment of loan

Primary / Manufacturing Sector



Economic activities usually depend on the environment of that specific region. The economic activities in a primary industry revolve around the usage of the natural resources of the planet like vegetation, water, minerals, earth, etc. Major economic activities are harvesting and hunting, fisheries, pastoral activities, mining, agriculture, extraction, and afforestation. Example of enterprises in this sector are:

- Agriculture / Food Products
- Production of livestock, fish, products
- Readymade garments
- Handicraft
- Household appliances

Secondary / Business Sector



Economic activities revolve around adding value to the natural resources by transforming the various raw materials into usable and valuable products. This is done via several processing, manufacturing, and construction industries. Example of enterprises in this sector are:

- Retail wholesale
- Auto spare parts
- Clothing business



Tertiary / Service Sector

Major economic activities include exchange and production. Production usually involves the "provision" of a large range of services consumed on a large scale by consumers. When we talk of exchange, this involves transportation, trade, and communication facilities that are often used to overcome distances. Example of enterprises in this sector are:

- Machinery repair
- Restaurants
- Maintenance of commercial premises
- Building, water pipe maintenance
- Farm machinery rental

Based on the size of investment and annual turnover, the Government of India has classified the enterprises into three categories, Micro, Small and Medium Enterprises that are engaged in the production, manufacturing, processing or preservation of goods and commodities.

Enterprise category	Investment	Annual Turnover
Micro	Not more than Rs 1 crore	Not more than Rs 5 crore
Small	Not more than Rs 10 crore	Not more than Rs 50 crore
Medium	Not more than Rs 50 crore	Not more than Rs 250 crore

Story for Learning: Enterprise - An Illustration of Murugan Tea Shop

Enterprise is a business activity with certain principles of management, whether it is a small business or a large corporate company, all the business components should be implemented in the same way based on the principles of enterprise management. We can see it from the example below.

For example, Murugan runs a Tea Shop in a Sub-urban area of town. He wakes up early in the morning to buy milk from the village milkman. He buys tea powder, sugar and other groceries at the Pandian grocery store. He buys vegetables from the Kathiravan vegetables shops. Murugan and his wife Sundari work together in the Shop, sharing responsibility of making tea and cooking food. They have employed Ramu, a local youth for supply and supply tea to nearby shops and Government offices. Sales is going on well. Every day Murugan looks at the income and expenditure for the day before closing the shop. He does stock taking of the tea powder, sugar, groceries to check how much is left over, is there a need to buy more for next day, and decide to how much to buy for the next day. What is he doing business for? He is doing for income. He buys milk, tea powder, groceries, vegetables, pays the hotel staff, paying the shop rents, etc... He has to earn more than all the expenses he makes. For that he has to sell more tea and food. Murugan's profit is just what he earns more than he has spent.

Murugan calculates the amount of milk, tea powder and groceries is known as inventory control, based on which he decides the required items (Purchase). Tea, Breakfast, cooking meals are Production activities. From buying groceries to making tea and food to serving customers (Operation Management). Making delicious tea for customers' needs, cooking food, making friendship with the customers and making them permanent customers (Marketing). The name board of the tea stall and display of eatables in front of the shop are advertisements of his business (Advertisement).



Accounting for budgeting, paying salaries, and allocating money to buy goods are all part of Finance Management. Both Murugan and his wife relate well with the worker Ramu to get the jobs done smoothly without any problem (Personnel management). Murugan sees to it that all the work is done properly, that is, General Management. It is the business that combines all these and makes a profit - that is, "Enterprise".

The local Murugan Tea Stall has all the segments of the business of production, operation, marketing, financial management, human resource management and public /customer relation, as is the case with Tata Taj Hotels, a large corporate five-star hotel worldwide.

The difference is that the management methods at the tea stall are not strictly adhered to. So if done properly, the enterprise will prosper. So entrepreneurs need to be knowledgeable about the enterprise and the management methods.

VKP Support for Promotion of Individual Enterprises

One of the core components of VKP is Rural Enterprise Ecosystem Development, under which the Project supports individual and collective enterprises. The Project will support individual entrepreneurs running enterprises and wanting to expand or scale up their enterprises as well as persons with interest and willingness to set-up and run a new enterprise. Based on the level of investment, annual turnover and potential job creation, VKP has classified the individual enterprises are into Nano, Micro and Small Enterprises.



Nano Enterprise

Investment: Up to Rs. 5 lakhs

Annual Turnover: Rs 10 to 15 lakhs

Job creation: At least 1 person



Micro Enterprise

Investment: Rs. 5-15 lakhs

Annual Turnover: Rs. 20-25 lakhs

Job creation: At least 8 persons



Small Enterprise

Investment: Rs. 15 - 30 lakh

Annual Turnover: Rs. 25 lakhs - 2.25 crores

Job creation: At least 15 persons

The individuals who fulfill the following eligibility conditions are chosen for the Project Assistance. She should be;

- A member of a self-help group or family member of a self-help group member.
- Interested in business activity
- Willing to create employment through her enterprise
- Eligible person for a bank loan
- Possess business experience

Irrespective of the category, the Project will extend assistance to an eligible enterprise fulfilling these requirements, up to 30% of the investment needed as per the business plan in the form of a back-ended subsidy. The banks will be provided with this subsidy and asked to retain it until the entrepreneur / beneficiary repays 70% of the principal and adjust with the outstanding thereafter, and close the loan.

All the required business development services will be provided through "One Stop Facility Center (OSF)", which is set up with experts from various fields at Block level. The center will provide guidance on business development, ideas for new business start-ups, business planning, banking, technical assistance, sector specific consultation, marketing, legal and statutory compliances.

The ECPs will assist the OSF by way of identifying suitable enterprise, generating and forwarding applications, arranging training for the entrepreneurs, preparing business plan for the enterprise, facilitating bank loans to the entrepreneurs. Elaborate roles and responsibilities of ECPs with respect to individual enterprise development are given below.

Role of the ECPs in Individual Enterprise Development

There are several governmental and non-governmental business counseling centers that can help entrepreneurs recover from these problems and provide business

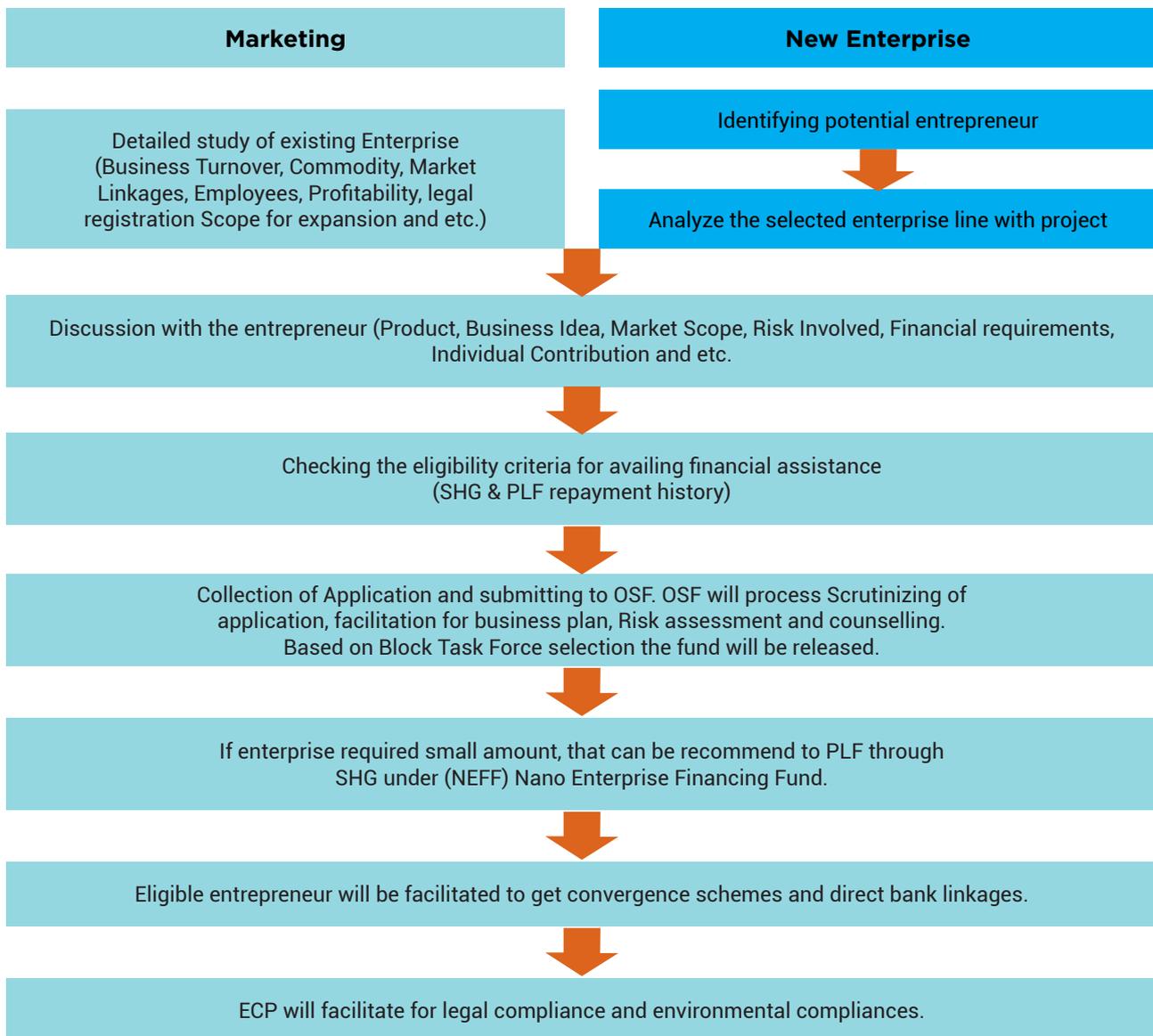
development advice. But the people in the rural areas are not able to use the government schemes and institutions for their development due to lack of awareness about such facilities.

The VKP is a project designed to bridge this gap and promote small and micro enterprises. The project requires ECPs working at the field level to link entrepreneurs with the appropriate institutions to promote individual businesses, which will help them set-up and run new enterprises and strengthen their existing enterprise.

There are steps defined for ECPs to follow when planning with an individual entrepreneur. Adopting the enterprise promotion steps and the project facilities available for enterprise promotion, ECPs should perform the following roles and responsibilities.

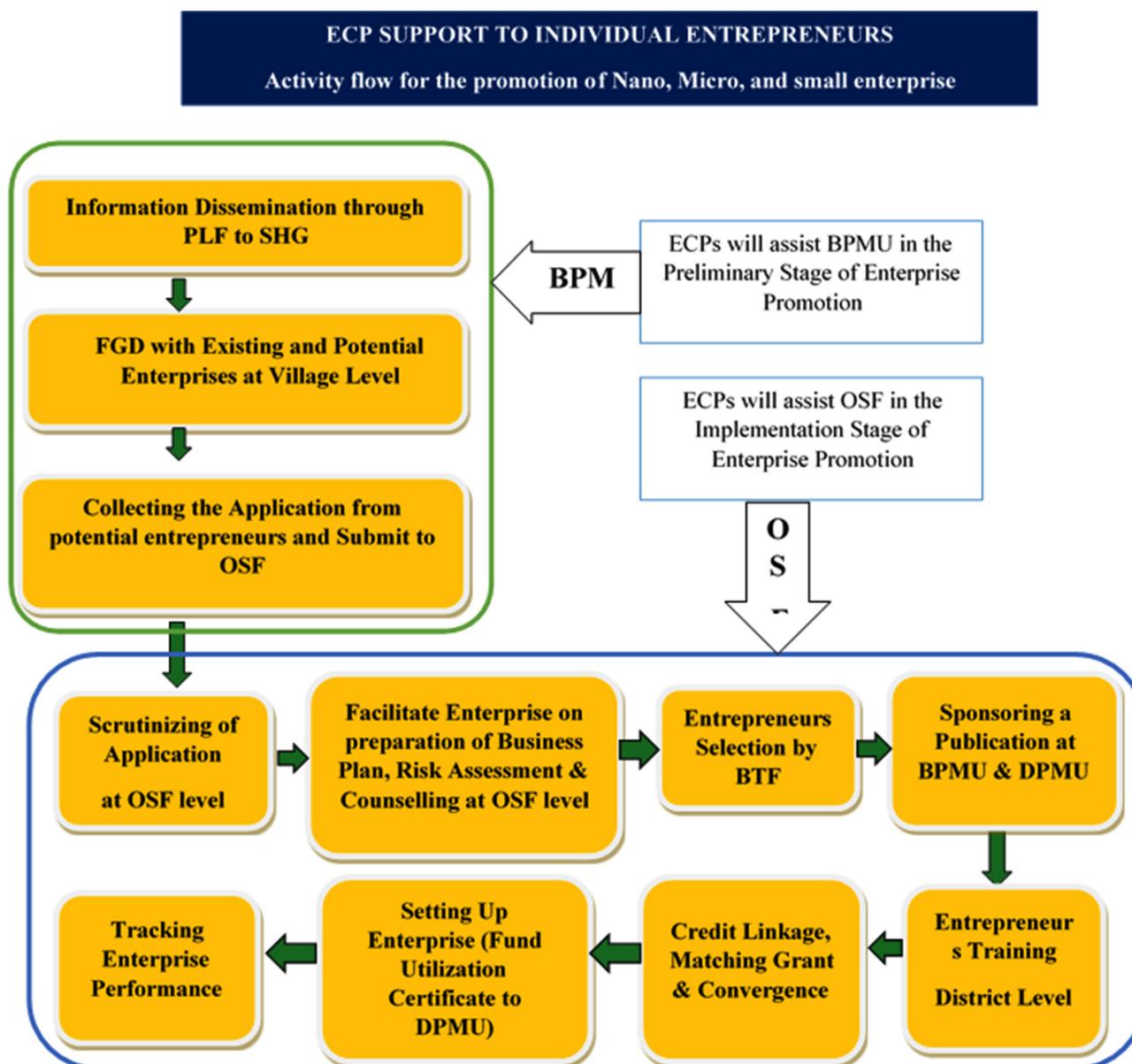
Support to Existing and New Enterprises

Enterprise Community Professionals main role in the individual enterprises development is supporting to existing and new enterprise at village level. ECP shall adopt following sequence of steps for enterprise promotion.



Process steps for the assisting individual Enterprise by the ECP

The ECPs play a critical role at both Preliminary Stage and Implementation Stage of the support being extended by VKP.



Information Dissemination through PLF to SHG

Orienting PLF: ECP will provide information on individual enterprise development to PLF and orient them on different categories of Individual enterprise and eligibility criteria to get support from VKP, and she will facilitate the PLF to make a necessary resolution. She will display pamphlet, poster and other communication material in the PLF office.

Taking the information to SHGs: After getting oriented by the ECP, the PLF in turn will disseminate the information about the individual enterprise development by involving ECP and Community SHG trainer. The SHG members will be oriented in their meeting and facilitated to take necessary resolution in the SHG.

Display the IEC material: To disseminate the information to the larger village community, the ECP will display the posters and other material in different places of Panchayat about Enterprise development.

Conducting FGD with Existing and Potential Enterprises at village level

After providing orientation at both PLF and SHG level, ECP should conduct FGD with existing and potential enterprises. Members currently running enterprises and aspiring to initiate a new enterprise should be made to participate in the FGD.

How to conduct Focus Group Discussion?

- ECP will conduct FGDs at the village level with existing entrepreneurs identified through the PGP process and will be briefed about the project design, prioritized commodities, potential areas for enterprise promotion, probable partnership requirement and detailing the process of participation. (Refer Annexure 1 for guidelines for FGD)
- During the FGD, ECP will specifically motivate and counsel the women members from vulnerable

communities and physically challenged members etc., to participate in the enterprise activity. For such proactive measures the ECP will visit the hamlet or individual houses.

- After the completion of FGD, the ECP will seek consent from existing and potential entrepreneurs to be part of the project and make a note of members who are interested in higher level of deliberation and share it with the OSF and block team.

The ECP will have two lists of existing and potential enterprises and entrepreneurs that can be approached for the collection of applications.

- Listing the Existing and Potential Enterprises of that panchayat: Based on PGP report and Focus group discussion list the Existing and Potential Enterprises of that panchayat
- Listing the Existing Entrepreneurs and willingness potential new Entrepreneurs: Based on PGP report and through SHG/PLF discussion list the Existing Entrepreneurs and willingness potential new Entrepreneurs.

Collection and submission of application from potential entrepreneurs to OSF

After the FGD, the existing and potential entrepreneurs, who are willing to participate in the Project should be contacted by ECP to collect application from them. Once the applications are collected, they need to be placed in the respective SHG and subsequently in the PLF to check the loan track record of the applicant with the SHG and PLF loan records. Upon verification of loan records, the eligible applications need to be submitted to OSF. (Application formats are given in Annexure 2 & 3)

Scrutiny, Approval and Disbursement of loan by OSF

After receiving applications from PLF through the BPMU, the OSF will scrutinize the application and facilitate counselling of the entrepreneur, help her in preparation of Business Plan and conduct risk assessment. Block Task force committee will select the beneficiaries for granting loan with matching Grant. In this stage, the ECP will extend support in business plan preparation by way of collecting relevant information from the entrepreneurs and link her with OSF.

Note: Refer MGP Guidelines for more information

ECP Facilitating role for access to Finance and other Business Support Services

After the final selection by the OSF, ECP through the OSF will support the entrepreneur in setting up of the enterprise and to initiate her business activities. After the initiation of business activities, the Nano, Micro and Small enterprises will undergo specialized trainings in entrepreneur motivation, entrepreneurship, risk taking, basic book keeping, procurement, inventory management, pricing mechanism developed by specialized institutes. Throughout the process, ECP will play a facilitating role between the entrepreneurs and the project staff/OSF. They will help the entrepreneurs in getting linked to various stakeholders of the project like financial institutions and relevant government departments. The ECP will also be regularly visiting the entrepreneurs, fortnightly and report

the progress to OSF. Specific Roles of the ECP for the Enterprises supported by the Project in her Panchayat are:

Assisting the Entrepreneurs through PLF and VPRC

Apart from facilitating credit assistance from OSF, the ECP will assist enterprises requiring smaller amounts of working capital through PLF and VPRC. The Project has supported PLF and VPRC with revolving fund assistance – Covid Assistance Package (CAP) to assist Nano-enterprises set-up and run by SHG member and vulnerable persons. ECP will identify such existing and potential new entrepreneurs from among SHG members, help them prepare application and forward to PLF with the recommendation from SHGs. PLF will appraise the application and extend loan assistance if the applicants are found eligible based on priority and availability of the corpus amount under Nano Enterprise Financing Fund (NEFF).

Similarly, the ECP will identify vulnerable people of SHG member or SHG household member, who are willing to initiate/strengthen enterprise. She will assist them to prepare application and submit to VPRC. The VPRC will take decision on the application for the loan.

ECP will keep the list of beneficiaries assisted with the CAP Revolving Fund and regularly monitor and support for the further development of their enterprise. She will identify eligible entrepreneurs and link with OSF or Banks for financial assistance. ECP will also ensure the prompt repayment to the PLF / VPRC. She will check with the PLF/ VPRC records for repayment status of the beneficiaries. She will contact the members, who have overdue and irregular in repayment, assess the situation and motivate them for prompt repayment.

Assisting enterprises to access business development support services

ECP will provide continuous assistance to enterprises to access business development services. She will facilitate the entrepreneurs to get appropriate services from the OSF, Banks, Insurance companies, convergences with Government schemes and other institutional linkages. In addition, ECP can help entrepreneurs by following up with legal compliances to obtain necessary licenses, permits and business certifications through OSF. She needs to be in constant touch with the OSF to facilitate project benefits and contact related line-departments to find suitable business development support programmes for the eligible beneficiaries in her Panchayat and link them.

Support to access the skills through technical institution and Master trainer

The primary responsibility of the Enterprise Community Professional is to connect the entrepreneur with relevant technical training centers and mentoring institutes with support of project team. ECP should facilitate participation of beneficiaries in the trainings organized by the project such as Entrepreneurship Development Programme, Business plan preparation, basic accounting & auditing, legal compliance etc.

Following -up of Environmental and Social Management Framework (ESMF)

All individual enterprises promoted by VKP interventions should be compliant with the laws and regulations of the

country and the state i.e. the legal and regulatory frameworks based on Government of India and Government of Tamil Nadu. Compliance with these rules and regulations will ensure the enterprises adhere to sustainable management of natural resources. Framework. OSF will provide needed orientation and guidelines for ECP to create awareness and educate the entrepreneurs on Environmental and Social Management Framework (ESMF), in turn she will train the SHGs, PLF and entrepreneurs. With the guidance of OSF, ECP will facilitate the social and environmental appraisals and necessary compliances, implementation for the enterprises. ECP will ensure that assistance is provided only to enterprises that are in low risk category. Also, she will ensure that the environment safeguards measures are followed by the enterprises assisted by the Project.

Role of ECP in Matching grant program

Matching grant is intended for eligible entrepreneurs, differently abled and other types of enterprises perceived as challenging by the financial sector. The Matching Grant Program is set up, to incentivize the repayment of borrowers and generate momentum amongst the financial institutions to lend these enterprises. Matching Grant will be available, to the borrowers, together with the loans sanctioned by the OSF. On prompt repayment of 70% of the loan amount, the borrower is eligible for 30% waiver off which will be contributed by the Project. For example, if the loan sanctioned by OSF is Rs. 50,000/- on prompt

repayment of 70% of the loan (Rs. 35,000/-) balance 30% (Rs. 15,000) will be waived off, which will be contributed by the project. ECP should facilitate eligible individual enterprises to obtain this support by

- Spreading awareness among locals on the project objectives and its provisions; specifically, among SHGs.
- Identifying and conducting baseline profiling of potential entrepreneurs, specifically, people who have a business idea or have started their business.
- Building awareness and orienting promising/potential entrepreneurs on the details of MGP provisions of Screening and profiling of clients.
- Facilitating document preparation for the potential entrepreneurs and introducing them to the One Stop Facility for the completion of loan application and required documents.
- Monitoring and reporting the beneficiaries' utilization of funds and asset creation
- Engaging with entrepreneurs to inculcate discipline of loan repayment, maintaining business records, etc.
- Submitting periodic reports (in the prescribed format) to BPMU and OSF (Once a fortnight) One Stop Facility.

Story for Learning: Manpuzhu Marudhappan

This is the case of a small farmer who chose to be different from the typical resource- poor farmers struggling to make a living in the degraded drylands. His deep 'love for life' has not only earned him a decent living, but more importantly, it has inspired many other farmers to emulate him.

Marudhappan, a young farmer, is known as 'Nursery Marudhappan' before and 'Vermicompost Marudhappan' now. He has earned Rs. 1.4 lakhs from the sale of vermicompost and earthworms in three years. It has now become a fairy tale in the region where the average annual earnings for a small farmer like him does not exceed Rs. 15000.

An ideal village, an unfavourable setting, Marudhappan lives in Saptur, a village with 650 households in Peraiyur Taluk of Madurai District of Tamil Nadu. The village has about 3322 ha. of which 15% is dryland and 3.5% is under bore well irrigation. The remaining 2695 ha. (81.5%) is common land that includes wasteland, common grazing land and the 'reserve forest' where only shrubs and bushes are seen, occasionally. The terrain, in general, has shallow red sandy soils. With boulders scattered all over, it is not an ideal village for remunerative farming. With less than 500 mm. average annual rainfall, the farmers are forced into a gamble with groundnut cultivation, the only cash crop grown year after year. Over 30 years of mono-cropping, with groundnut and groundnut alone, has resulted in the yield levels declining to a dismal 8 q./ha. Though agriculture is hardly a lucrative proposition, majority of the people still depend on agriculture and wage labour for their livelihoods. Naturally, the village witnesses' migration of men folk for most part of the year.



Small farmer with big hopes

In a village where agriculture hardly throws up surprises, Marudhappan's case demonstrates that keen interest and self-belief can make agriculture a dependable enterprise. For, it is not a story of overnight success but one of a systematic effort to utilize opportunities offered to the farmers in the village from a variety of agencies.

Coming from a poor farming family, Marudhappan has inherited 3 acres of dryland of which one acre is uncultivable wasteland. Wage labour, hence, was more important a source of livelihood for the family than agriculture in the two-acre land. His parents wanted their only son to study. It was however not possible for him to go beyond the pre-university level, owing to poverty. He was forced to return and join his parents in farming. Marudhappan joined a Self-Help Group Farmers' Group.

The triggering point

In 2000, Marudhappan participated in a training on nursery raising organised for his group. But, he was more curious to know about vermicomposting, a parallel training session being organised for another group of farmers at the same time. He would join the group whenever possible. He got excited about rearing earthworms and preparing vermicompost.

On his return from nursery training, his group was given an opportunity to raise a nursery of 15,000 seedlings. The task was entrusted to Marudhappan. Marudhappan raised nursery for three consecutive years starting from the year 2000. His nursery was rated the best in the watershed project in 2003 and Marudhappan became popular as 'Nursery Marudhappan'.

A modest beginning and a spectacular surge His curiosity about vermicomposting continued. With the little knowledge that he had gained during the training, he tried multiplying local species of earthworms in coconut shells. However, they did not survive.

In 2003, Marudhappan built four vermicompost pits of size 6x3x3 cu.ft. with the support of support from his Group. He didn't know how to use the pits, though. A field associate of his Group then brought 2 kg. of earthworms which costed Marudhappan Rs. 300. With the 2 kg. earthworms, he produced 20 q. vermicompost which he applied to his 2 acres of ragi crop. Growing ragi itself was an experiment in his village as no one had grown ragi in the village before. He got 14 q. from 2 acres.

In 2004, he applied 6 q. of good quality vermicompost and 2 tractor loads of FYM (2 tons) along with a bag of DAP to 2 acres. This time he cultivated groundnut and obtained an yield of 20 bags weighing 9 q. of groundnuts.

Visiting tree-based farming systems, interacting with farmers who had been successful in composting and vermicomposting helped him in getting a broader idea about sustainable agriculture. He learnt more about vermicomposting with his visit to another progressive farmer in nearby village, Sedapatti.

In the year 2005, Marudhappan applied 6 q. vermicompost to one-acre PTD plot along with sets of combination of practices like summer ploughing, seed treatment with bio agents (Rhizobium and Trichoderma), application of Gypsum (50 kg.), using a higher-than-normal seed rate (45 kg.), growing intercrops and border crops. The yield went up to 13 bags from one acre giving him 6.5 q. groundnuts. It was the highest yield recorded by a farmer from one acre in the last four years. What was remarkable was the weight of each bag, which ranged between 50 and 60 kg. While his 25 bags weighed 13 q., his neighbour Sathappan's 40 bags, weighed only 13 q. The trader buying the produce could not believe this. In fact, the traders forced him to pour the contents out of the bag to make sure the bag did not contain stones. It was unusual that a bag of groundnut pods weighed more than 50 kgs. The uniform pod maturity and proper filling had improved the quality of groundnuts significantly.

Vermicomposting, a lucrative enterprise

Marudhappan did not stop at producing vermicompost and applying it to his two-acre land. He started selling both the earthworms and the vermicompost from 2004. In 2004, He sold 124 kg. earthworms at Rs. 150 per kg. earning Rs. 18,600. He earned another Rs. 7500 by selling 15 q. vermicompost at Rs. 500/q. On the whole, he earned around Rs. 26,100.

Inspired by an income higher than the one from groundnut, he intensified production and sale of worms and compost in 2005. In the process, he learned some lessons the hard way. He once packed 30 kg. of earthworms in soil culture for selling, which died before the deal was over. Later, he started selling worms packed in cow dung. When the watershed project, in its concluding year, offered more vermicompost pits to large number of farmers, the demand for earthworms further increased. He could earn Rs. 41,700 from sale of 278 kg. worms (at Rs. 150/kg.) and Rs. 11,500 from the sale of 23 q. compost at Rs. 500/q. That brought him a total of Rs. 53,200 in 2005. He further increased the number of vermicomposting pits. He started looking out for more crop residues and agricultural wastes. The four pongemia trees in his field, the biomass from the trees along the canal and the dry eucalyptus leaves provided raw material for his vermicompost pits. Realising the need for cow dung for vermicomposting, He started maintaining a pair of bullocks, a cow and 20 hens.

The returns are on the rise, consistently. In the year 2006, in a year that witnessed unprecedented drought-like situation that was not seen in the last 50 years, He still managed to earn Rs. 58,750 by way of selling 285 kg. worms and 32 q. of vermicompost. His total earning since 2003 has been Rs. 1,38,050. The actual earnings could be much more. The Rs. 1.4 lakhs he earned is recorded in the account he has maintained by offering receipts. His 'customers' are mostly the SHGs and farmers coming from nearby Virudhunagar and Theni Districts, who insist on bills. There are individual farmers buying compost or worms without asking for bills, in which case no records are available on the transactions. Now, he is offering a special price of Rs.100/kg. for SHGs, whereas others have to pay Rs.150. The nearby customers get an additional after-sales service from him. He visits his customer's farms and if the survival of worms is not satisfactory, he provides some more worms, free of cost.

The beacon of hope for the hopeless

The popular name 'Nursery Marudhappan' has now changed to 'Manpuzhu Marudhappan'. A modest mud house is now getting extended with cement walls along with the increasing number of vermicomposting pits in the backyard. He has already inspired many farmers in his village to try out alternative farming practices in general and take up vermicomposting in particular. The self-motivated farmers like Marudhappan are just the kind of catalysts who can convert small successes into mass movements. It is just the right kind of urge many resources poor farmers need to overcome the limitations and defy the odds.

Source: Adapted from Success Stories of AME Foundation, Bangalore

CHAPTER 5

ENTERPRISE GROUPS (EG)

Introduction

Collective Enterprises are voluntarily established associations of community members, who collectively initiate, organize and operate a business enterprise. They collectively own the assets, make investments, operate the enterprise and share the benefits. One of the components of VKP is promoting such collective enterprises and enabling the rural enterprises to become sustainable. It promotes Enterprise Groups (EGs) at Panchayat level by organising new EGs or identifying existing EGs to provide handholding support. The ECP at the Panchayat level plays a key role in identifying potential enterprises for promoting EGs, organising them into Groups, extend needed support under the guidance of BPMU and OSF for strengthening the enterprise with needed technological, financial and market linkages.

What is an Enterprise Group?

An Enterprise group is a group of 10-30 people working together in a manufacturing, trading or service activity. The enterprise group is an organization that works collectively to reduce production costs, improve quality and increase their revenue.

The enterprise group can carry out all kinds of services such as manufacturing new products with raw materials, buying and selling manufactured goods, repairing machineries, sewing, rental car, laundry, tools and machinery rental.

Why do we Promote Enterprise Groups?

The entrepreneurship is usually tougher in rural areas due to the lack of a supportive ecosystem of resources including technology, finance and market. One of the major problems rural enterprises face is their inability to market their products and services. Secondly, often they become entrepreneurs not by choice and hence lack aptitude or passion. There is an absence of requisite skills in improved production and marketing. It necessitates aggregation of production and marketing, which in turn require the people to come together and promote an Enterprise Group in

order to

- Increase productivity
- Get good price by product aggregation and sale
- Share technologies
- Reduce the cost of production
- Increase incomes through collective action

How to Select Enterprise Group Members?

Enterprise group consist of 10 - 30 members who are engaged in similar activity and execute their activity together in a common place. It is important to select a group member for EGs considering the following criteria.

- Must be a self-help group member
- Must be a volunteer in selecting a business and ready to work together and extend financial contribution to it.
- Profit sharing will be based on the quantity of material supplied by the members and profits earned out of it.
- Only one person per family should be a member
- Provide cooperation to carry out collective marketing

Role of ECP in Enterprise Group Promotion and Support

ECPs play a major role in formation, nurturing and handholding of the Enterprise group. Following are the roles and responsibilities of ECPs in Enterprise Groups.

Analyse the potential enterprises in village Panchayat.

Each panchayat has prepared a Panchayat Level Investment Plan through Participatory Growth Plan exercise. In this plan, a list of existing and potential enterprise activities and beneficiaries were identified for the promotion or strengthening of enterprise groups. The ECP will operationalize the Village Investment Plan (VIP) by understanding the gaps identified in the value chain intervention, promote EGs to address those gaps.

Formation of Enterprise Group

ECPs are expected to identify potential enterprises that are currently being run by a group of people, which require assistance to scale-up. Similarly, they can identify a group of people who are aspiring to initiate a new enterprise with the support of the Project. ECP should follow the following steps to initiate a new Enterprise Groups.

In the case of taking up an existing enterprise group for Project Assistance, the ECP along with BPMU will conduct



a grading exercise and based on the results of the grading exercise, she will have to prepare a detailed plan for strengthening the EG.

Steps for Promoting an Enterprises Group

Information through the Panchayat Level Federation

The list of potential members to be included in the Enterprise Group, identified from Participatory Growth Plan and Village Investment Plan should be communicated at the PLF.

Introductory meeting with selected members

Inform the selected members about the Vaazhndhu Kaattuvom Project, and explain them about Enterprise Group, elaborate its activities, legislation, procedures to be followed, and its benefits in detail.

Selection of office bearers at the first meeting with selected members and formulation of bylaws

Steps for Promoting Enterprise Group

Analyse the Protential Enterprises at Village Panchayat Level

Generate a list of potential Entrepreneurs to organise EG

Focus group discussion with identified Entrepreneurs

1st Meeting with potential Entrepreneurs

Introduce the importance Enterprise Group

2nd Meeting: Setting up the group norms and selection of office bearers

3rd Meeting: Collection of membership / subscription fees and resolutions for open a bank account.

The following tasks should be performed at the first group meeting with the selected members

- Name for the group
- Selection of Office bearers (President, Secretary and Treasurer)
- Deciding on monthly meeting date
- Determining working capital or fixed capital requirement
- Selecting the bank and the authorized persons to open and operate the bank account (preferably a

current account) for the Group. Preferably a current account. The current account should be opened in the name of the EG which will be operated by any two of the president, secretary and treasurer of the EG as signatories.

- Evolve the rules of the group as required and get them approved through a resolution.

Rules / Bylaws

Rules / Bylaws are essential for an enterprise groups to function well and ensure its sustainability. Therefore, it is essential that the group leaders should guide the members on evolving appropriate rules and regulations, and adopt resolutions. Enterprise Community Professional from VKP who guides the group should encourage members to formulate their own rules and norms.

Documents required for opening a bank account in the name of the Enterprise Group

1. Income Tax Permanent Account Number (PAN Card) in the name of the Enterprise Group / Producers Group is required to open a bank account. Therefore, once the group is formed, the EG should apply for an income tax permanent account number (PAN Card) in the name of the Enterprises group.
2. A copy of the group resolution
3. The Enterprise group should adopt a resolution to open a bank account as per the Act. A resolution should be passed regarding the opening of a bank account at a bank branch and the position of the bank account holders, their power to operate the account.
4. Proof of address and Identity of bank account operators should be submitted.
5. Passport size photos of bank account operators.
6. Fill Bank application.
7. UDYAM Registration in MSME is required for the Enterprise group.
8. Recommendation letter from the project (some bank branches may request this) By submitting the above documents to the bank, a bank account can be opened for the Enterprise and Producer groups.

Obtaining Income Tax Permanent Account Number (PAN) for the Enterprises Group

The Income Tax Permanent Account Number Card (PAN Card) can be obtained by submitting the following documents to the Income Tax Permanent Account Number (PAN) concerned office or Agents providing such services.

1. Application Form. The application must be completed, stamped and signed by the office bearers.
2. Certificate of commencement of Enterprise/ Producer Group.
1. If the EG is registered under any of the legal provisions, a certified copy of it can be submitted. If not registered, a certified copy of the UDYAM Registration for MSME (UDYAM Registration) can

be submitted. Otherwise, the EG/PG can provide a self- declaration, stating "We are operating under the guidance of the Vaazhndhu Kaattuvom Project in the name of Enterprise Group, the office bearers should certify with the seal of the group stating the address at which it operates, the resolution for obtaining the Income Tax Permanent Account No. etc.

2. Address and proof of identity of the Chief Executive Officer and contact number.
3. We can get the Income Tax Permanent Account Number quickly by providing the email address.

Deciding on Legal Form

Enterprise groups is a registered body. The nature of legal entity for the EGs would be decided based on the nature and volume of business. The various options for the EG registration are given as below:

1. MSME Registration
2. Partnership firm
3. Limited Liability Firm

UDYAM Registration

The enterprise group can get registered under UDYAM for their business. To register a business under UDYAM, we should produce group's permanent bank account number (PAN), details of business activities and the Chief Executive's Aadhaar card.

UDYAM Aadhaar registration can be done by registering ourselves on its website (<https://udyamregistration.gov.in/>) and obtaining a certificate or seeking the help of a common service center. We can also register with the assistance of project's one-stop facility centre.

Partnership firm

Partnership refers to the coming together of two or more people to carry out a certain task. In the corporate structure of India, the Indian Partnership Act 1932 defines partnership as "the relation between two or more persons who have agreed to share the profits of a business carried on by all or any of them acting for all." In a proprietary business an individual has constraints on the ability, skill and capital to run the business, besides liability that can occur anytime.

Any firm which falls under the category of a small or medium scale business can prevail under the partnership, as there are limited legal compliance. It is not mandatory to register as a partnership firm under the Act, but registering a firm gives the partnership a legal identity and has several advantages in case of disputes among the partners, settling claim against third party.

A partnership is governed by a partnership deed, which must be a written document duly signed by all the partners. The deed fulfils the requirement of dissipating information about the firm – name, partners' details, nature of the business, the location of the business and others. Without much hassle to accumulate a minimum capital, two or more people can start a partnership firm, as there is no minimum capital requirement under the Act.

Limited Liability Partnership (LLP)

Limited Liability Partnership (LLP) is a partnership in which partners have limited liability. It can exhibit characteristics

of both partnerships and companies. In an LLP, an individual partner is not responsible or liable for any other partner's misconduct or negligence. LLP was introduced in India in the Limited Liability Partnership Act, 2008.

What to Consider?

While choosing a legal form, the following factors may be kept in consideration:

- The legal form needs to fit into its business needs, organizational priorities, capital and management capacity.
- The Enterprise Groups can preferably be register under UDYAM in MSME category rather than going for another category

Facilitating business plan preparation

A business plan is a written document containing the goals/objectives of an Enterprise, the methods for attaining those goals/objectives, and the time-frame for the achievement of the goals. It also describes the nature of the enterprise, background information on the EG, the financial projections, and the strategies it intends to implement to achieve the stated targets.

In its entirety, this document serves as a road-map that provides direction to the Enterprise. These business plans are often required to obtain a bank loan or financing from the Project. A guided process of business planning is required for the Enterprise Groups for the business development and to obtain financial support from the banks / financial institutions.

ECPs will facilitate the entire process of Business Plan preparation for the EG with the support of Block Project team/OSF/TSA detailing the business activities of the Enterprise group. She is expected to provide needed data or information from the Enterprise Group and make them participate in the process by explaining goals, objectives, activities, methodologies, process and outputs. The business plan would be prepared with the help and support of TSA/thematic experts empaneled by the OSF.

The Business plan will have following components:

Assisting in mobilization of EG members for Community Skill School

Constraints to skilling the rural youth is a challenge. The Community Skill Schools (CSS) are established by the Project focused on traditional and region specific enterprises, which are in high demand but opportunities for skilling is not there. The CSS will offer skilling programmes for job skills that are scalable and has potential for earning higher incomes weaving, jewelry making, basket making, pottery, etc.

- The ECPs will act as an interface between the CSS and the village youth, who are willing to acquire skills. She will identify such youths and connect them with the CSS.
- She will assess the technical requirement for the enterprise promotion with the help of SPARKS and technical training institutes.
- She will consolidate the skill requirements of enterprise member and link with the concerned community skill school.

Training members of Enterprise Group

Capacity Building should be given to both EG members and EG Office bearers. The ECP's responsibility is to ensure the EG members and office bearers receive a basic orientation training on the purposes and functions of EG, responsibilities of members and office bearer's, conduct of meetings, book-keeping. ECP will conduct these trainings with the support of Block team.

She will also facilitate the EGs to undergo training on Business Planning, Business management, Book keeping and accounting with the assistance of trainers from BPMU / OSF.

The ECP along with the Project team will link the EG members with technical institutions and expert for imparting technical and specialised trainings needed to scale-up their enterprise.

Description of Business	Details of business activity to be taken up by EG
Business generation plan	<ul style="list-style-type: none"> • Procurement plan- Detailing on the operational cycle, input procurement and the raw material requirement. • Processing plan- The details of production cycle, drying, sorting, storing demand and supply etc., • Sales and Marketing plan – Describes the target customers, description of the product, price, place and Promotion plans. Marketing channel. • financial plan- Details out the Fixed capital, Working capital requirement, Source of funds, Cash flow, Income etc.
Human resources Requirement	<ul style="list-style-type: none"> • Skilled man power and the Capacity building of the members required in production, branding, packing and marketing
Technical Support Requirement	<ul style="list-style-type: none"> • The Innovative and cost-effective technologies that can support the business
Screening for ESMF/Safeguards	<ul style="list-style-type: none"> • ESMF/Safeguard's screening

Assisting EGs to access project funds and bank linkages

ECPs will facilitate the Process of getting Startup Fund for EGs from the Project. ECP will help EGs to prepare and submit the application for the EGs that are found eligible as per the EG project guidelines to the BPMU.

Once detailed bankable business plan is prepared with the support of OSF, the ECP will facilitate the process of preparation and submission of MGP application to the project & bank.

Assisting EGs to obtain and maintain relevant licenses to run their business

ECP has to facilitate and support EG to obtain licenses and permits from the respective government departments and institutions depending upon the enterprise. If the enterprise is involved in food production / anything related to food business need to get registered under Food Safety Compliance System (FoSCoS) of FSSAI. In general, all enterprises need to register the following: (Certificates and Licenses Required for Enterprises is given in Annexure 4).

- Permanent account number (PAN)
- Goods and service tax (GST)
- MSME – Udyam registration, Partnership and LLP

Facilitating integration of safeguards/ESMF requirements and implementation

The Enterprises that are likely to be promoted under VKP will be classified into two categories i) Low risk and ii) High risk, based on the amount of the usage of natural resources and impact on the environment. The mitigation measures/guidelines will vary accordingly.

ESMF suggests the following tools to measure the greenness of enterprise.

- Environmental friendliness – compliance, water and energy use, waste management.
- Social parameters – worker safety and standards, consumer concerns.
- Economic viability.

Ensure book keeping and regular audit of the Enterprise Groups

The ECP ensure on a monthly basis verify all the books of accounts and documents of the enterprise groups. Following are the Financial Records to be maintained at EGs:

- Receipts and Vouchers
- Cash Book & Bank Book
- Cheque book Register
- General Ledger Book
- Cheque book & Bank pass book

Related to Enterprise, the EGs are to maintain the following records/registers:

- Purchase/Input record
- Stock Register
- Asset Register
- Labour record
- Production records
- Sales record
- Membership Register

- Minutes Book
- Training Register
- Visitor's register

ECPs should provide training to the office bearers for the safe up-keep of these records and updating them on a regular basis. She should verify these books regularly.

Regular handholding and monitoring

The Role of an ECP is to support EG in the regular and smooth conduct of business. She will be trained by BPMU and OSF on these aspects and she will ensure the following activities:

- Conduct / organise regular meeting on monthly basis.
- Facilitate to prepare a production plan it including purchase raw material and assign the man power and marketing plan
- Assist the members to attend the CSS for skill upgradation or learn new / innovative technology
- Financial management aspects, cost and pricing, loan repayment

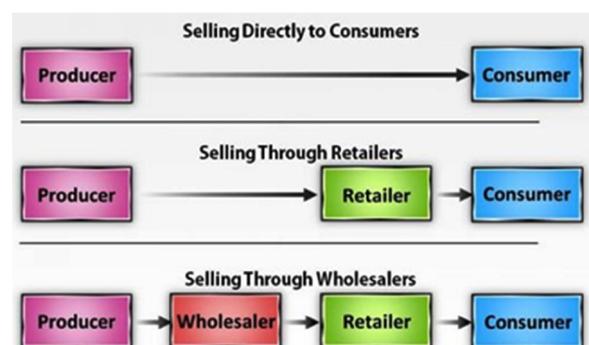
Data collection and Reporting

Collection and management of data is an important aspect of an Enterprise as it will express the health of an enterprise, detect problems and take appropriate decisions. ECP will collect data from EGs at different periodicity and report to BPMU.

- Collection of baseline data for the enterprise and its members
- Preparation of Monthly progress reports in the following aspects
 - Monthly income and expenditures
 - Loan repayment
 - No of employment and wages generated
- Information for case studies and success stories

Facilitating Market and business linkages for EGs

A market is a place where buyers and sellers meet to facilitate the exchange of goods and services. The market may be physical like a retail outlet, where people meet face-to-face, or virtual like an online market, where there is no direct physical contact between buyers and sellers. There are different types of marketing channel exist in practice. Middlemen, wholesalers, processors and retailers and consumers are part of the Channel.



There are different ways and options for an EG to sell its product to the buyers. This includes selling directly consumers or they may decide to sell to traders. EG

can also send or take their product to nearby or distant markets. EG may also decide to establish retail units in nearby district centres or reach consumers in distant urban centres.

Linking with different types of market is one of the very important services required for bringing product to the market. With the guidance of BPMU and OSF, the ECP should assist the EG to find suitable market. Key functions of an ECP in establishing market linkages are:

Inviting traders to meet with an Enterprise Group

- Explore with the traders interested in doing business with EGs.
- Assist traders to find new market outlets
- Identify market opportunities for traders to explore and support them in expo or national events or international events

Promoting new market places

- Encouraging the establishment of a common facility centre or a market in a local town and assisting them in planning

Providing information and negotiation support to EG

- The producers can be assisted by providing them with names and contacts of important businesses such as suppliers of packaging, transport companies, market agents and traders and private contractors.
- EG can be guided with pricing, packaging, comparative transport costs, and agents with good reputations
- Supporting the start-up of new trading relationships
- Act as a third party supporting in any disputes and communication

Story for Learning: Collective Success - Women in Dhaal Enterprise

Nagalapuram in Thoothukudi district of Tamil Nadu is a drought prone village in the Southern agro-climatic Zone in the State. It gets around 750 mm rainfall that is distributed erratically from mid-October to November. The village is dominated by small and marginal farmers who cultivate their parched lands for a single season. During the dry periods, farmers migrate to far off places, in search of employment.

Red gram is an important crop in this area, along with sorghum and maize. The traditional practice after harvesting Red gram, was to split the produce by hand operated grinding stones. This operation was generally done by men. Ever since the men started migrating from the village, this practice almost ceased to continue. On the contrary, this tiny village producing a lot of red gram, started selling it in the market for a paltry Rs 30 to 40 a kg and bought dhaal for a higher price at Rs 100 to 140 a kg., for domestic consumption.

Women in the Nagalapuram village decided to break the typical 'selling cheap and buying costly' syndrome in their village and had discussions with the villagers. The villagers agreed to the proposal of processing the red gram within the village to make enough dhaal, at least, for the domestic consumption. The women from an SHG functioning in the village motivated and mobilized needed support from the Department of Agriculture. Accordingly, a simple dhaal mill was installed in the village. Following installation, farmers were trained in handling the machine.

The SHG mobilised money to pay towards power consumption. It fixed the cost of milling a kilogram of dhaal. Thus, the villagers could get their red gram milled at a reasonable cost besides getting grain husk as nutritive fodder.

However, the dhaal milled in the village could not fetch good price in the market, as it did not have the shine and the color. Therefore, the milled dhaal had to be used for domestic consumption only. Now the mill is working in full swing turning the red gram in to dhaal (with almost 90% recovery) and bringing smiles on villagers' faces. The women are happy as they are able to cook and taste what their family cultivates. They expressed that they have access to increased nutrition at a lesser price, as dhaal is the cheapest source of protein.

In the meantime, the SHG women, who went to Madurai to attend a state level Expo of SHG Products met another group in Madurai, which is selling organic products through its retail outlet in Madurai. These women came to know that unpolished dhaal has a very good demand among the customers visiting the shop. Also, they understood that red-gram grown in their village was entirely organic as they never applied any pesticide or herbicide. The red-gram is grown along with other pulses and oilseeds in the field. The price for unpolished dhaal was Rs. 205 per Kg, whereas the price of polished dhaal was Rs. 120 per Kg. The women from Nagalapuram understood the value of their produce. They have got an assurance from Madurai SHG Shop to buy their produce at Rs. 175 per kg.



After their visit, the women sat and discussed in their group meeting. They decided to market their produce to Madurai, and they planned to create a brand for their produce. They named it "Surabi" Dhaal and sell it in One Kilogram Pack with an attractive polythene bag with their brand and logo printed. They also, came to know that this kind of food processing require a registration with the FSSAI, only than it can be marketed in the shops. With the help of their SHG coordinator, they have got support for registration as well. Everything fell in place. Within a month, they began supplying directly to Madurai. They used to send the supply by regular lorry service from Thoothukudi to Madurai.

Every month, they supply 2000 Kgs of Dhaal. They get a gross profit of Rs. 80,000, and after meeting their expenses including packaging and transportation, they get a net profit of Rs. 45,000. Which is shared by all the 16 members in the SHG.

Three factors have been responsible for the success of the dhaal-mill. Firstly, the operation of the mill was very simple and was similar to that of handling a typical floor mill, seen in any village. Secondly, the method of splitting red gram was compatible to the villagers' indigenous practice of soaking the red gram overnight and sun-drying for 2-3 days before milling. Lastly, the simple dhaal mill operated on single-phase power supply, suitable for Nagalapuram which has no three phase power supply.

The success of the dhaal-mill has spread to the neighbouring villages. People from other villages are getting their red gram milled in Nagalapuram. Now the SHG in Nagalapuram is planning to buy one Mill for the village. Enthused by the outcome at Nagalapuram, the idea is being successfully tried out in other places of Thoothukudi district, where red-gram is grown abundantly.

CHAPTER 6

PRODUCER GROUPS (PG)

Introduction

VKP promotes producer collectives at village and at block level with an intent to develop and create the access to production ecosystem viz., finance, production credit, raw materials, marketing and technology. Promotion of producer group is one of the major roles of ECP. Under this the main responsibilities are organizing the producers and creating access to production ecosystem through establishing convergence with the relevant line departments and training institutes. This chapter covers the details of promotion of producer groups and the specific roles to be performed by the ECP in promotion and handholding of PG's. (The other details of management and growth phases of PG can be referred from the PG manual).

Who is a Primary Producer?

Primary Producer is a person who is involved in the extraction or production of products consisting of raw materials, as in agriculture, fishing, forestry, hunting, or mining. Primary producers grow the raw product which is then processed or manufactured into the item which eventually reaches the shelves and consumers, who are the end users.

What is a producer group?

A producer group (PG) is the organization promoted at village or panchayat level with 30-150 members (In Tribal and hilly areas, the minimum membership in the PG could be 15.) by including the primary producers involved in the same livelihood activity with the objective of increasing their income through reducing cost of production and increasing the production through adopting relevant technologies.

It is a self-managed, independent and interdependent organisation with a shared goal and interests. The members work together to achieve the goal by pooling their existing resources and share the benefits among themselves.

Existing Producer groups formed by various departments and NGOs can also be taken and strengthened with required services in the project panchayats.

Why Producer Groups?

The Primary Producers in the rural areas are characterized by small and marginal productive assets like land and water resources. They do not have access to institutional credit and other financial assistances, they lack adequate knowledge and awareness on the new and improved production methods, they are constrained by the exploitative market system, which is dominated by the middlemen and traders. Combination of all these factors have made the Producers to view farming as a less-fortunate source of living. The Producer organisations are promoted to address these problems with the collective strength of the Producers. Producer Group is one such an intervention designed by the VKP under Enterprise Ecosystem Development.

Advantages of Producer Groups

Producer Groups are promoted to assist the primary producers (farmers) with following benefits:

1. **Self-help and mutuality:** By joining the PGs, the farmers are made to help themselves and help other fellow farmers to strengthen their economic growth and sustain.
2. **More income:** PGs help their members through collectivization of products and direct market access. It helps them increase production, reduce costs, resulting in increased income.
3. **Possibility to pool resources:** PGs facilitate access to savings, credit and insurance through SHGs and farmer's groups. Also, there is a possibility of pooling labour to carry out labour-demanding jobs and aggregated marketing by consolidating the member's products
4. **Economies of scale:** PGs offer scale advantage by collective procurement and supply of inputs at prices lesser than the market and collective marketing of their produces reduces cost of marketing and offer better price.
5. **Better access to outside support services:** There are a number of support programmes available for the farmers with the public and private institutions. PGs offer a platform for channelizing

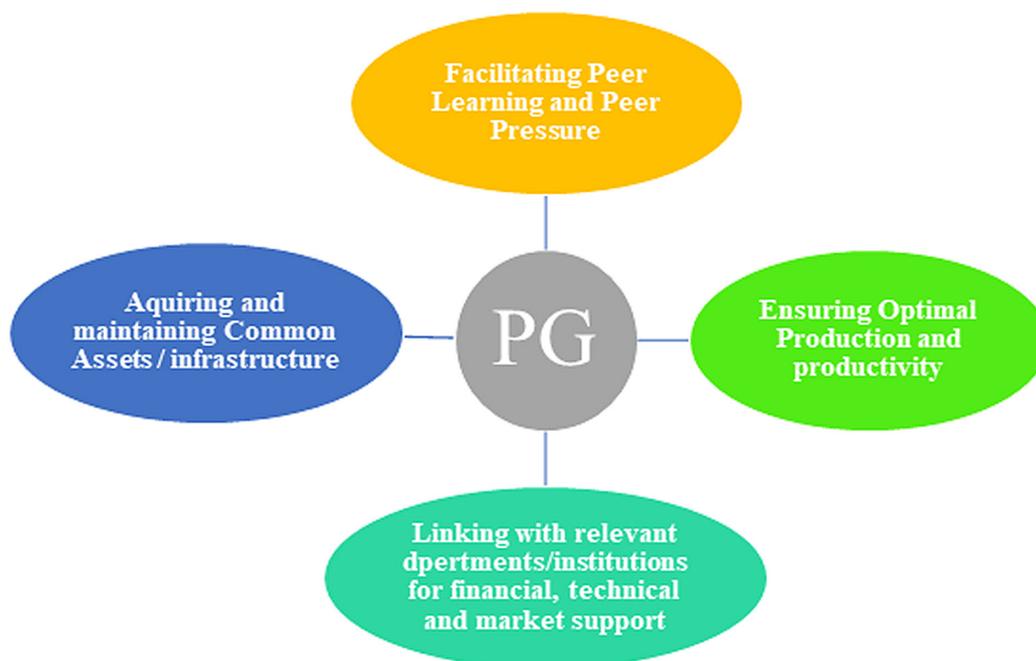
those services in favour of farmers for increasing production and marketing.

6. Risk Sharing: PGs function as a risk sharing arrangement by absorbing the losses caused by the marketing fluctuations through the profit accumulated over a period.
7. Co-learning: PGs facilitate members to learn from each other and exchange useful information about the new and improved technologies for production enhancement, market information and cost reduction methods. The group becomes forum for training and information sharing and focal point for technology dissemination and capacity building.
8. Identity creation: By joining the PGs, farmers gain a sense of belonging in an institution, acquire more status within the village through their innovation adoption, achievements in farming and asset creation. They create an identity for themselves being a member in a PG.
9. Conflict management: PGs offer space for development and enforcement of rules, which helps in resolving conflicts or constraints related to production or marketing.

Core functions of Producer Groups

The Central focus of a PG is to enable its members to increase and sustain the incomes of the members through increased production, reduced costs involved in production and marketing.

- PGs act as a platform for peer-learning and peer-pressure, which makes the farmers for technology adoption, resource sharing, conservation of resources, adhering quality standards in production.
- PGs ensure optimal production by facilitating collective production planning and execution, leading to fulfilling the market and household food security needs
- PGs maintain common infrastructure – farm machinery, farm ponds, bore wells, tractors, storage godowns, drying platforms, primary processing units etc. and equipment which cannot be afforded by one farmer but can be owned by 20 and more farmers together
- PGs link the producers with the local government at panchayat level to obtain access to governmental programmes like agriculture and allied sector development programmes/funds etc.



Services of Producer Groups

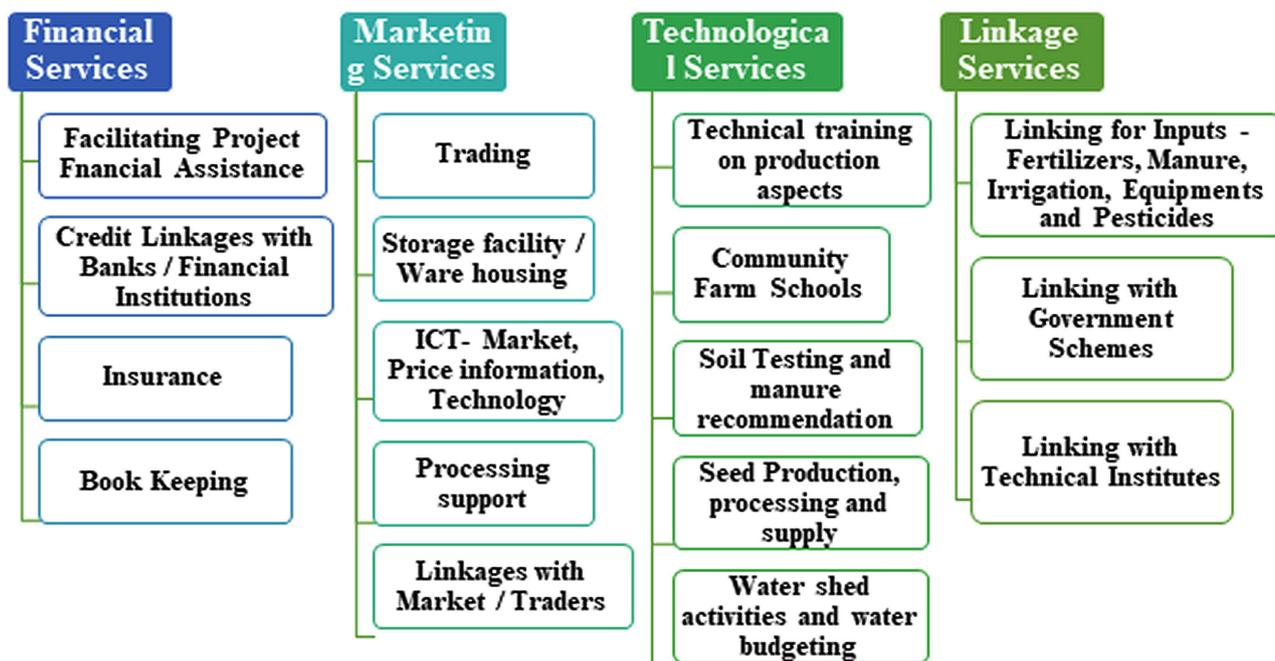
In order to execute its core functions, the Producer Groups provide a number of services for its members. The ECPs are expected to play a key role in delivering all these services under the guidance of BPMU or OSF.

How to Promote Producer Groups?

Who can become members in a PG?

Only producers can become members in a PG. They can either be a farmer cultivating in the land owned by him or leased-in lands. Only one member can be included from one household and 65% of the members of PG should be women. They should be;

- Belonging to the same panchayat/nearby panchayat.
- A member from SHG or SHG Household.
- Aged 18 years and above.
- A practicing farmer or producer and from small and marginal category.
- Having common needs, common problems, common interest in production
- Having willingness and aspiration to increase the production and income
- Having trust and confidence on the mutuality and collective process.
- Not defaulted in the SHG and PLF.
- Producing similar commodity, have social affinity and homogeneity in socio-economic status.



Approaches in PG formation

In VKP project, PGs will be formed with two approaches as follows,

1. Direct approach
2. Aggregating of FIGs/Subgroups Approach.

1. Direct Approach

Under this approach, ECP and project team will mobilize the producers identified through PGP exercise. Producer Groups will be directly formed with 30-150 members. The Producers cultivating or producing same commodity /or from the same subsector will be mobilized and organized under the PG. If there is no potential in one panchayat, the adjoining panchayat will be included.

2. Aggregating Sub Group/Farmer Interest Group (FIG)

Farmer Interest Group (FIGs)/Subgroup

A collective of 10-20 farmer producers engaged in a particular commodity may form a FIG/Subgroup, generally at the village level. This will primarily serve the purpose of aggregation, productivity enhancement at producer (member) level.

PG formation with sub groups/FIGs

Five or more FIGs may be organized and associated to form a Producer Group (PG) covering one village or 2-3 adjacent villages. These are formed to undertake primary level aggregation and value addition activities at the village level.

Non-negotiables

- The principles of PG need to be adhered while promoting the group.
- The voluntary membership should be encouraged.
- The participatory processes should be followed in every step.
- The experienced members and leaders should be involved to build the trust and confidence
- Should not give any false commitments
- The communication of the promoter should not give a message to members that every work will be done by ECP.
- The members should be made to be aware that after the project period the PG should be on its own by acquiring knowledge, skills and resources.

Steps for promotion of PG

ECP should undertake a lot of preparatory steps while promoting the PG taking into non-negotiables detailed above. Only when the processes are duly followed without any short-circuiting of the processes, the PGs can be promoted with quality, which will form the foundation for executing all other programme components. A well-formed PG will reduce the work-load of the ECP and the PG will reach sustainability very soon. Process steps for forming a PG is as followed:

Role of ECPs in Promoting and Handholding PGs

The major role of the ECP in promotion of the group can be classified under three major heads

1. Promotion and Development of PG: strengthening the groups' leadership, organizational and planning capacity
2. Training and facilitation: transfer of knowledge and skills to leaders of PG through conducting participatory training and demonstration

3. Linkage Building: facilitating communication between the groups and government and NGO development services.

Promotion and Development of PG

Analyse the potential producers in village Panchayat.

Each panchayat has prepared a Panchayat Level Investment Plan through Participatory Growth Plan exercise. Based on this VIP, ECP will prepare a list of primary producers covered in the existing PGs and left out producers. ECP will analyze the priority crops identified by the VCA and Village Investment Plan. She will identify potential primary producers interested and willing to join the PGs. The ECP will operationalize the Village Investment Plan (VIP)

by understanding the gaps identified in the value chain intervention, promote PGs to address those gaps. Either the member who joins with the producer group or any one of his/her family member should be a member of the Self-Help Group and or part of Panchayat Level Federation (PLF).

Mobilization of producers into Producer groups.

Formation of PG is one of the primary tasks of an ECP. Based on Village Investment plan ECP will identify the producers involved in farm and non-farm producer activities. Mobilize the identified producers and conduct the orientation meeting. The orientation meeting should be convened with all the selected members and orient about



the Vaazhndhu Kaattuvom Project and the concept of producer groups, its functions, rules and regulations, need for producer groups and advantages of forming producer group must be explained in detail among the selected members of producer group.

ECP will form the PG with direct approach, if more than 50 producers are available in the same village or panchayat. If the available producers are less than 50 in the panchayat, then choose the FIG / Sub group approach. First, she has to form the FIG/Sub groups with 10-20 members and federate into PG from one panchayat or combining FIGs from more than one panchayat.

Steps for formation of PG

In the case of existing Producer Group, based on their willingness, the project will conduct grading exercise with support of ECP and block project management unit. Based on the grading results, a detailed plan for strengthening the PG will be worked out and followed.

Facilitating Training to PGs in convergence with relevant line departments

Trainings on Institutional Development

Capacity Building should be given to both PG members and PG Office bearers. The ECP's responsibility is to ensure the PG members and office bearers receive a basic orientation training on the purposes and functions of PG, responsibilities of members and office bearer's, conduct of meetings, book-keeping. ECP will conduct these trainings with the support of Block team.

Mobilization of producers for Community Farm School (CFS)

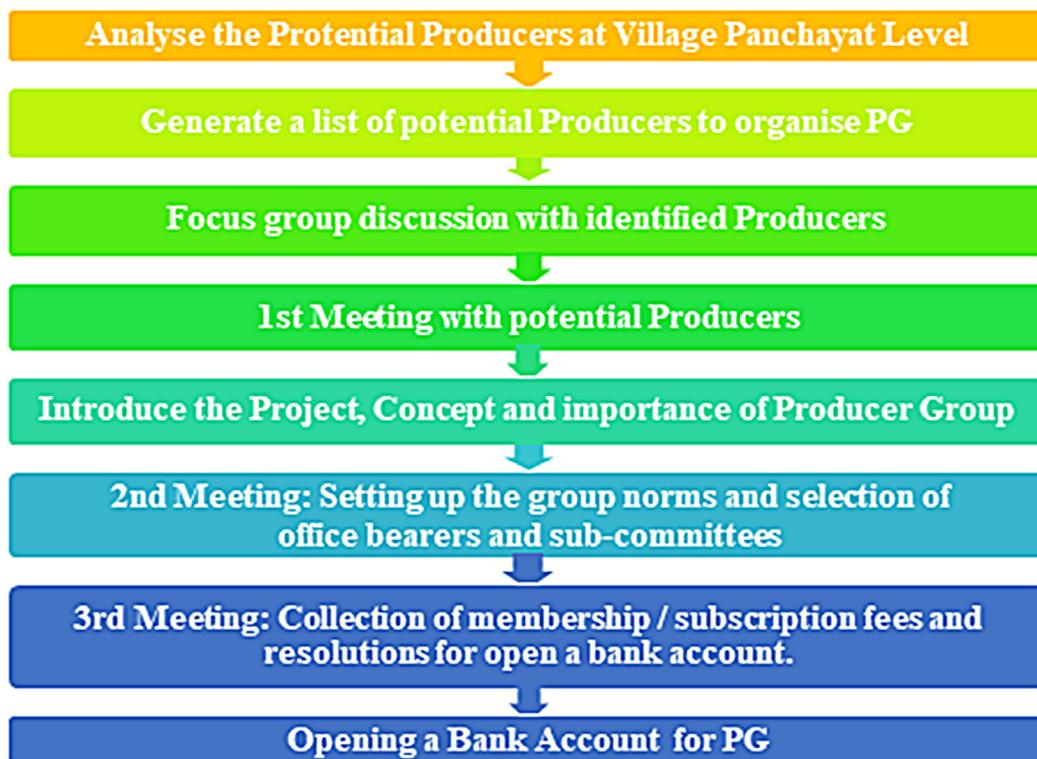
Constraints to enhancing quantity and quality of production is still a major challenge for the rural producers. The Community Farm Schools are established by the Project focused on bridging this gap. The CFS will offer concurrent onsite training programmes for the producers on advanced

production methods, cost saving technologies, judicious application of inputs, eco-friendly production methods.

- The ECPs will act as an interface between the CFS and the Producers, who are willing to participate in

the training. She will identify such producers and connect them with the CFS.

- CFS intervention will be based on opportunities in terms of prevalence of the activity in the region



and the communities' affinity for the selected commodities to launch CFS initiative. CFS will be identified in close collaboration with the Producer groups and Producer collectives.

- ECP will assist the Sparks to identify 20-30 members from PGs with high aspirations and willingness to learn and adopt new practices and she will regularly visit the PG and provide hand holding support to PG for performing the planned activities.
- ECP with the support of BPMU identify SPARKS from among the producers, who are interested farmers / producers, with willingness to allocate their land and ready to experiment the various field trials and demonstration in her own farm.

Facilitating Training in Convergence with Departments

In addition, the ECP will facilitate the PG members to attend various capacity building events organised by the relevant line departments. She will motivate and ensure that the PG members attend all the trainings organized by the project for the producer group.

Linkage Facilitation and Business Development Support

Facilitating preparation of activity plans for the PGs.

Every year, season wise activity plan has to be prepared by the PG. ECP will guide and support the PG to prepare this activity plan. PG activity plan will consist of

- Description of activity to be taken up by PG,
- Production related activities
- Member level plan for Production
- Production enhancement strategies
- Input requirement plan
- Farm machinery requirement
- Technical support requirement
- Human resource requirement
- Methods for increasing the quality
- Marketing plan

ECP will collect the member wise crop data, input requirement data before preparation of activity plan. Activity plan has to be approved in the PG meeting. ECP will monitor the follow up of the activity plan and guide the follow-up of the activity plan.

Facilitating access to business development services and technical trainings.

Generally, PG are linked with PC, hence no need of licenses. If any PG functioning as standalone, then registration and licenses are required. ECP has to facilitate to access following business development services and technical trainings. With support of project, OSF and TSA, she has to assist the PG to obtain required legal registration, permit and license like MSME registration, trade license, input business licenses.

Other Business Development services to be offered by ECP are:

- Participating in regular meetings of Producer Groups and provide handhold support to PGs in tandem with block teams, technical support agencies and OSF.
- Supporting Producer Groups in availing convergence benefits from on-going schemes and programs through district team.
- Ensuring group members to participate in capacity building training, technical training, refresher training, etc provided by project through TSA.
- Assisting BPMU in creating demonstration plots for CFS on best practices, peer learning, etc., with the Identified SPARKS.
- Motivating and ensuring the members of Producer Groups to participate in CFS training and input sessions organized by the project
- Linking PGs with CBOs, Banks and other financial institutions to access finance.
- Ensuring PGs to access all the business development services being offered by the PC.

Facilitating integration of safeguards/ ESMF requirements

Generally, PGs are not involved directly in the business activities, whereas they involve in aggregation process, supply of aggregated commodities to PC and other support activities for business of PC. At the same time, the PGs that function as standalone Groups, needs a lot business development assistance from the Project.

ECP should create awareness and educate the PGs on Environmental and Social Management Framework (ESMF) to the Producers. ECP Facilitate the social and environmental appraisals and necessary compliances, implementation for the enterprises. ECP should ensure that the environment safeguards measures are followed by the Producers and PGs. The support from the Project will be extended only for the environmentally low risk category of Production and will not support the Production involving high risk category enterprise.

Assist PGs to access funding & support from Relevant Departments/projects.

ECPs will facilitate the Process of getting Startup Fund for PGs from the Project. ECP will help the eligible PGs to prepare and submit the application to the BPMU.

ECP will facilitate the producer group to get financial assistance from Banks. She will be in constant touch with the relevant line departments to tap new schemes and support programmes, which are available with them. In addition, Enterprise Community professional can work with access with legal compliances to obtain necessary licenses, permits and business certifications for standalone PGs.

Data collection from PGs, monitoring the existing and newly promoted PGs

Collection and management of data is an important aspect of a Producer Group as it will express the health of the Group, detect problems and take appropriate decisions. ECP will collect data from PGs at different periodicity and report to BPMU.

ECP Update and manage all village level information of Producer Group through basic level Data updating as guided by VKP. She will collect the baseline data for the producer group, prepare activity plan, capture the data of progress, prepare monthly reports for the existing and new PGs. ECP will monitor the PG activities regularly and attend their meeting and guide them to update the registers regularly.

Build and maintain smooth and working relationship with PCs

ECP will mobilize members of PGs as shareholders of the PC and provide orientation training to PGs explaining the advantages of joining the PC. ECP will support to collect the share capital from the PG members. ECP will provide regular support to PC to carry out its activities at PG level. ECP will maintain smooth and working relationship with PG and PC. She will communicate the information related to PGs from PC with the members of PG in their meetings, and make sure that they participate actively in all the activities of PC.

Story for Learning: What went Wrong in the Producer Group?

The Kadaiyurmangalam Village is a small village in Tiruvannamalai District, Tamil Nadu. There are 200 Households in this village. The village has been endowed with water facility, fertile land, hard-working farmers are the features of this village. The village has abundant population of cattle. They cultivate crops like paddy, vegetables, groundnut and pulses. The productivity of crops is always high compared with nearby villages. But the farmers could not earn much more due to the dependency of middlemen's for marketing their products. The situation began to change since September 2018.

Subramani is a politician lives in this village with more than 10 acres of land, well known to everyone in the village. Money lending and trading of agricultural products are his side business. He had a chance to visit a Producer Group in a nearby district and he learnt the advantages of forming a Producer Group. He decided to form a PG in his village and he communicated this message to all the farmers in the village and organised a meeting for forming a Producer Group. Nearly 180 members participated in the meeting, most of them understood the benefits of the PG and expressed their willingness to join the group.

Subramani was tactical in allowing the members to join the group. He chose the members from his family members, close relatives and members who would accept whatever he says. He carefully avoided farmers, who will question and argue. Then, he selected his family members as office bearers, and he assumed as the President of the PG. He named the PG as "Kadaiyurmangalam Farmers Producer Group" with 100 members (in which male 92, female 8, no differently abled, 90% of the members are having more than 10 acres) on 05.10. 2018 and opened a bank account on 14.10.2018. He did not collect subscription from any member. Instead, he paid subscription from his pocket on behalf of them. Other members did not know this. He alone kept all the records of the PG including minutes' book, during the monthly meetings, the minutes recorded were not known clearly by others. Occasionally, he used to get signatures from them in the minutes' book.

He has not care about the PG thereafter. He did not pay attention to the needs of the members as well. He did not organise any training, credit facilities for farming and help them get any benefits under government schemes. But, he asked members to aggregate their produces for bulk sales with little bit profit. All those things not known by other members except his family members.

During Feb'19, he influenced the Assistant Agricultural Officer, for the sanction of grant Rs.5 lakhs from Agri dept. for the purchase of Tractor. The Agricultural Officer asked to conduct a special meeting for passing the resolution in this regard, and the copy of the same was to be attached with application for the grant of Rs. 5 Lakhs. He wrote the resolution and called all the members and got signature from them telling some other reason, the members were not aware of this tractor purchase. He purchased the tractor at the rate of Rs.7.8 lakhs, instead of paying the remaining amount of Rs.2.8 lakhs contributed by all members equally, he alone invested the balance amount and took the tractor. The members were not aware that the tractor was a common asset of the group, they were eligible to utilize the tractor without any additional cost. The income earned through the tractor were not entered in the PG accounts books as well as no log book for the tractor was not maintained for the usage.

After passing one year, as per the audit reports, the PG got loss of Rs.35000/- the tractor was also undervalued to Rs.7.5 lakhs instead of the original value of Rs.7.8 lakhs due to major repairs. there was no incremental income at member level. He continued to use the Tractor for his personal use and let other member farmers use it on rent.

And during June 2019, the PG again got a grant of Rs. 30 lakhs from MSDA scheme for the purpose of establishing Value Addition Centre and established the centre with two oil extraction machineries, one set of Urad Dhal skin peeling machineries, one flour mill. This time too, he followed the same tactics. He managed to establish the Value Addition Centre in his private land and for which he constructed a shed from his personal contribution.

Upto Aug 2020, for nearly more than a year after establishing the centre, there were no operation in the centre. During Sep 2020 due to the pressure from Agri. Dept. started operating it even through it did not benefit its members in any way. Here, the business plan for each activity was not prepared properly for running the centre and there was no activity plan in the PG. There was no profit earned during that year.

For reflection:

- What went wrong in this Producer Group?
- Whose problem is this?
- What are the gaps in the functioning of the PG?
- What would have been ideal process of forming a PG?
- What will you do to make it perform?

CHAPTER 7

PRODUCER COLLECTIVE (PC)

Introduction

Producer collective is the organization promoted by the producers or farmers on their own for their economic development. It is a legal entity. The purpose of promotion is to get the better price for their product through collective marketing and collective bargaining. Because small producers do not have the volume individually (both inputs and produce) to get the benefit of economies of scale. Besides, in agricultural marketing, there is a long chain of intermediaries who very often work non transparently leading to the situation where the producer receives only a small part of the value that the ultimate consumer pays. Through aggregation, the primary producers can avail the benefit of economies of scale. They will also have better bargaining power vis-à-vis the bulk buyers of produce and bulk suppliers of inputs. To achieve the objective of income increase VKP project plan to promote producer collective around a selected commodity of the area involving the producer group members or the individual shareholders.

The ECP may not have the direct role in managing the producer collective, but should facilitate the members of the PG which they are managing to join the PC by introducing the concept properly and in turn should ensure

that the members are getting the services form the producer collective.

Why Producer Collective?

Producer Collective is promoted to promote an enabling enterprise ecosystem that can impact the livelihoods of primary producers and their groups positively. The PCs are rendering the following services for the benefit of its shareholders.

1. Production, harvesting, procurement, grading, pooling, handling, marketing, selling, export of primary produce of members or import of goods or services for their benefit;
2. Processing including preserving, drying, distilling, brewing, venting, canning and packaging of produce of its members;
3. Rendering technical services, consultancy services, training, education, research and development and all other activities for the promotion of the interests of its members
4. Revitalization of land and water resources, their optimal use and conservation
5. Manufacture, sale or supply of machinery, equipment or consumables mainly to its members.
6. Promoting mutual assistance, welfare measures, financial services, insurance to producers or their primary produce

Principles of the Producer Collectives

PC principles guide them in all their activities, which is driven by values. They are:

Voluntary and Open Membership

PCs are voluntary organisations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

Democratic Farmer Member Control

PCs are democratic organisations controlled by their farmer-members who actively participate in setting their

ECP Should Work as a Link Worker Between Producer Groups (PG) & Producer Collective (PC)

What is a Producer Collective?

PC is a legal entity formed by group of farmers or primary producers, viz:

agriculture farmers, milk producers, fisherman, small Tea growers, weavers, craftsman etc. A PC can be a producer company, a cooperative society or any other legal form in which sharing of profits /benefits among the members can be done.

policies and making decisions. Men and women serving as elected representatives are accountable to the collective body of members. In primary PCs farmer-members have equal voting rights (one member, one vote) and PCs at other levels are also organised in a democratic manner.

Farmer-Member Economic Participation

Farmer-members contribute equitably to, and democratically control, the capital of their PC. At least part of that capital is usually the common property of the PC. Farmer-members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Farmer-members allocate surpluses for any or all of the following purposes: developing their PC, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the PC; and supporting other activities approved by the members.

Autonomy and Independence

PCs are autonomous, self-help organisations controlled by their farmer-members. If they enter into agreements with other organisations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their farmer-members and maintain their PC's autonomy.

Education, Training and Information

PCs operatives provide education and training for their farmer-members, elected representatives, managers, and employees so that they can contribute effectively to the

development of their PCs. They inform the general public – particularly young people and opinion leaders – about the nature and benefits of PCs.

Co-operation among PCs

PCs serve their members most effectively and strengthen the PC movement by working together through local, national, regional and international structures.

Concern for the Community and Environment

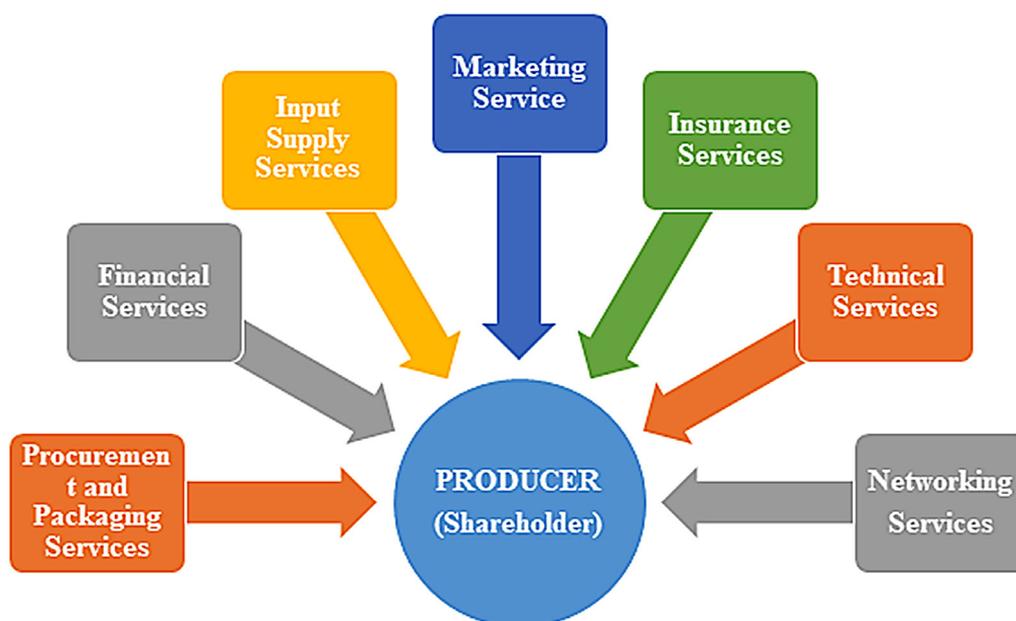
PCs work for the sustainable development of their communities through policies approved by their members. Also, the PCs should consider the environmental sustainability in all its programmes and interventions.

Services of PC

The primary function of a PC is to offer services to its shareholders to enhance the production and income at the household level and increase the value of their shares through sustainable business operations. In the both the ways, the PC will impact the shareholder with financial gains. For this to happen, PC will offer a package of services to its shareholders to increase quantum of their production, reduce their cost of production and assure more income to the members. Following are the basket of services offered by the PC.

Financial Services:

The PC will provide loans for crops, purchase of tractors, pump sets, construction of wells, laying of pipelines.



Input Supply Services

The PC will provide low cost and quality inputs to member farmers. It will supply fertilizers, pesticides, seeds, sprayers, pump sets, accessories, pipelines.

Procurement and Packaging Services

The PC will procure agriculture produce from its member farmers; will do the storage, value addition and packaging.

Marketing Services

The PC will do the direct marketing after procurement of agricultural produce. This will enable members to save in terms of time, transaction costs, weight losses, distress sales, price fluctuations, transportation, quality maintenance etc.

Insurance Services

The PC will provide various insurance like crop insurance, electric motors insurance and life insurance.

Technical Services

PC will promote best practices of farming, maintain marketing information system, diversifying and raising levels of knowledge and skills in agricultural production and post-harvest processing that adds value to products.

Networking Services

Making channels of information (e.g. about product specifications, market prices) and other business services accessible to rural producers; facilitating linkages with financial institutions, building linkages of producers, processors, traders and consumers, facilitating linkages with government programmes.

Formation steps of the Producer Collectives

Producer Collectives are formal and registered entities governed by Co-operative or Company Laws. It necessitates a range of legal and statutory compliances. With the requirement for formal structures, systems and processes, the formation of PC necessitates an in-depth processes and methods to lay a strong foundation. A well-

formed PC with adequate systems and processes will achieve institutional sustainability very soon. Following are the promotion steps of a PC:

Cluster Identification

Cluster of villages and panchayats cultivating the same crop will be identified for the project implementation.

Diagnostic Study

A Diagnostic Study will be conducted to assess the preliminary situation of the farmers and level of agriculture in the area. The study will also help in identifying the potential interventions required and understand the specific project implementation context.

Feasibility Analysis

Feasibility Analysis for the formation of PCs will be carried out involving experts and department officials. A normal feasibility study should cover aspects such as financial, technical, legal, political, socio-cultural, environmental, economic and resource feasibility. The Feasibility Analysis will establish a case for promotion of PCs in the prevailing specific regional environmental context of the PCs.



Baseline Assessment

Baseline Assessment will be carried out involving the field staff of the project the data related to the current prevailing situation of farming and small, marginal and tenant farmers. Baseline assessment will cover a variety of factors to identify the potential interventions, to plan development and business plans.

Business Planning

Business Planning will be carried out by the project team with the help of selected farmers' representatives. Business planning is a process through which the strategic and operational orientation of an emerging PC is shaped. While baseline assessment data will be important inputs to understand the level from which products and

services for farmers' members should be developed, more important will be the collective visualization of the future of the PC. Using a variety of tools and systematic collective reflections, a business plan with proper projections on various aspects needs to be developed. The key is to develop business plans in detail with at least 10 percent of PC farmer members to provide clear vision.

Mobilization of Farmers

Once a strong case has been established with the help of a selected group of farmers through the business planning process, the mobilization farmers under Farmers Interest Groups (FIGs) and eventually as farmer-members of PCs will be initiated. Mobilization of farmers should be done with a variety of communication aids like – pamphlets, documentary movies, posters, regular village-level meetings, proper vision development of promoter farmer-members.

Organizing and Formalizing

FIGs in an aggregated cluster together form PCs. Typically, around 50-70 FIGs can come together to form a PC. PCs can be registered under the Producer Company provision under the Companies Act. However, it must be clarified that the purpose of mobilizing farmers is not merely to achieve the target of registering a formal entity. The final form which the PC assumes (i.e. cooperative, producer company, multi- state cooperative etc.) must be a decision taken by FIG members at an appropriate time.

Resource Mobilization

Before initiating the operations of an PC all required resources should be mobilized by the PC representatives and board of directors. Financial, human (staff), technical and physical resources should be developed during this particular step. Based on the business plan the project anchor should liaise with various financing agencies and mobilize resources for hiring/purchasing and developing various resources.

Management Systems Development

Project team should facilitate the development of management systems in the PC. Guidelines for management systems should be able to address all requirements related to financial services, input and output management services. Systems related to management of finance, human resources, stock and inventory, procurement and quality management, marketing, internal audit, internal conflict resolution and other important functional areas should be developed. Standard operating procedures for the same should be established.

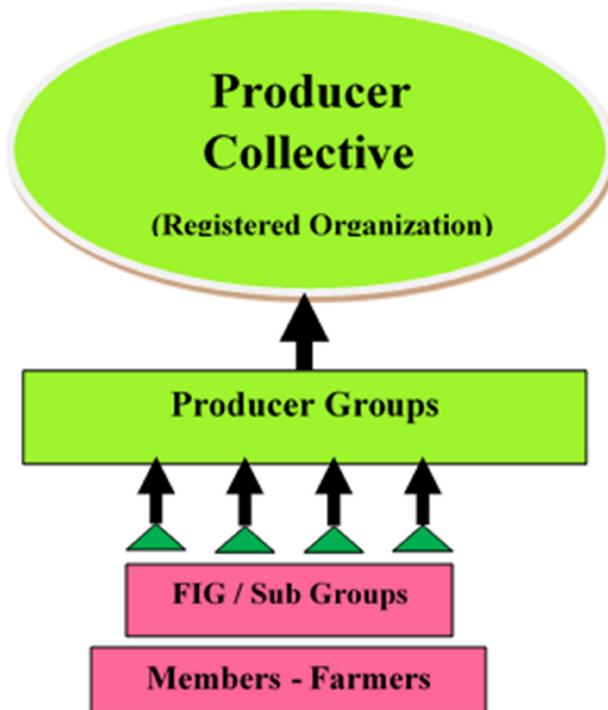
Business Operations

Business operations is the commencement of procurement, production, processing, marketing and financial service activities of a PC. The entire value-chain related to various agriculture and allied products and commodities needs to be initiated and managed.

Steps to be followed in VKP project

1. Village level producer groups are formed by the primary producers who are involved in producing similar agricultural produce in a village. These groups will continue to meet, discuss and decide on production enhancement and income increase plans. The producers should be made to understand the need for collectives and by making it clear that it is not possible to collectively market the products and sell them at a higher price just by remaining as village level groups.
2. Then bring in the leaders of the well-functioning producer collectives and make them share their experiences to explain the importance of the Collectives.
3. Training should be given to the group leaders who are involved in producing the same produce to understand the importance of the Collectives, the need for integration and the methods of forming the Collectives. Then, they can be asked to train at the group level along with other trainers.
4. Since the main purpose of the Collectives is business, it is important to understand that the members joining the Collectives should join as partners and that the shareholding should be determined by the members themselves.
5. The determined share is to be paid to the Collectives by the group.
6. Approved members will be on the General body.
7. The first step in the formation of Collectives is to hold a general body meeting to select directors and MoA and AoA.
8. The general body should elect 5-15 executive committee members to represent each panchayat.
9. After selecting three to five of the selected directors as executive members and opening a bank account with them, the shares are to be paid.
10. It is necessary to register the Collectives properly after this step.
11. Self-governance is lifeline of collective organisations managed by the people. The fact is that no organization can function sustainably unless the foundation is laid strong and resourceful, and in that sense the foundation of the Producers 'Collectives must be good. Only if this self-management works well the collectives will emerge stronger and move towards realizing the goal.

Structure and roles and Responsibilities of a PC



Primary Producers are members of Producers Group and Producers Collectives. They are members of the General Body of both the organizations. Producer groups, –all the 30-150 members will form the general body. Similarly, at the Producer Collective level, all the members doing the same business activity, come together (more than 300 members) and form the general body of the Producers Collectives. as the primary producers get enrolled as shareholders by paying share. Thus, they become the owners of an organizations / collectives. All members of the Producers' Collectives shall be members of the General Body. The entire power to administer a Producers' Collective rests solely with its general body.

Powers of the General Body

- General body has full authority over the management of a Producers' Collectives
- Reviewing and approving the budget for the financial year
- Approval of the company's annual budget
- Granting permission to provide incentives
- Appointment of Auditor
- Determining dividends
- Making amendments to the Constitution as required
- Determining the amount of credit, credit policies and terms and conditions for the Director and those in charge
- Appointment and reappointment of Directors
- Selling all the products and other products they produce through a group or federation
- Procurement of produce from the producer group and the collectives.

Board of Directors

The Board of Directors is a committee of persons selected by the General Body to implement the plans of the Collective. The committee will consist of 5-15 directors. Sub-committees will be formed and implemented on the Board of Directors based on the plans of the Federation. Each director will be the guide for each project. An elected director may hold office for a minimum of 1 year and a maximum of 5 years.

Powers of Directors

- Approve annual accounts and proposed financial plan.
- Approval of dividends.
- Issuance of bonus shares.
- Announcement of share dividend.
- Determining shares for members
- Determining the goals and strategies of the organization
- Appointment of Chief Executive Officer and Chartered Accountant.
- Maintaining the accounting records, preparing the annual budget and submitting to the members the audit report and the audit notes he points out at the annual general meeting.
- Buying and selling business related properties.
- Continuing to monitor and maintain the periodic growth of the company

Sub-Committee formation

Sub-committees are formed by the board of directors of a company. The following sub committees will be formed to support the functioning of the company: The sub - committee consist of 2 members from BOD & 1 member from GB.

- Finance sub-committee (3 members)
- Production & Quality Assurance committee (3 members)
- Procurement & Marketing sub-committee (3 members)

Tenure of all sub committees will be two years. They will be selected in the General Body. The General Body can decide to have more sub- committees, in future, based on the requirement of the PC activities apart from the above sub committees.

Role of ECP in Producer collectives

Preparatory meetings with PGs/Producers for formation producer collectives

ECP will participate in the SHG meetings discuss and prepare eligible list of members for enrolling into the PG and PC. Eligible members who are already covered in other groups and the left out members list to be prepared by the ECP. The list of members who are Eligible and showing willingness should be prepared and submitted to the Project team. SHG's decision to be recorded in their minutes. Membership fee, subscription and share capital to be paid by the members also needs to be discussed during this meeting.

Enrolling Members

After completion of awareness campaign at habitation level PLF and SHG meeting, ECPs fix the date for conducting a mass enrolment campaign at panchayat level. Mass enrolment to be conducted with the block team.

Similarly, ECPs will assist PGs to build and maintain relationship with higher order collectives such as PC.

The DPMU/block & TSA should be proactive and organize meetings with PG Representatives / member at the village level with the support of BTLs and ECPs on formation of new collectives. In the PC Orientation meetings following points will be explained

- The need for collective's formation
- Appraising the need for effective forward and backward linkages to the producers.
- Opportunities and possible interventions in the value chain of the commodity/ commodities.

Preparatory meeting for Share capital collection

ECP will organise a meeting with PG members to explain about the share capital and benefits & use of the share capital by the DPMU/BPMU and TSA. The project team has to convince the shareholders for raising the share capital. The ECPs will support the representatives in collection of shares from the producers.

Assist Producer collective in Business Support and Services

- ECPs will facilitate obtaining required licenses and permits for functioning of PC along with the support BPMU and TSAs.
- Facilitate the aggregation and consolidation of Input requirement for the producer groups
- The ECPs / TSA will create awareness about the Matching Grant Programme (MGP) with the support of BoDs and CEO of the PC.
- The ECPs would facilitate the convergence with different line departments as per the convergence plan prepared by TSA and Block Team in consultation with the Producer collective and prepare a database of the different schemes available for the producer groups.

CHAPTER 8

SKILL DEVELOPMENT AND JOB CREATION

Introduction

Skilling of the productive workforce in the rural areas including both rural youth and farmers to enhance their productivity has been a concern for a long time. They constitute nearly 68% of the country's total population. The penetration of vocational training in rural India is abysmally low. Lack of quality trainers, inadequacies in training programmes and high dropout rates remain hurdles to skill development. Most training institutes are located in the nearest small towns, inaccessible to most, especially women. In the absence of skills most literate rural youth end up working as unskilled migrant workers in the nearest towns and cities. There is huge opportunity in rural areas for the growth of numerous off-farm sector activities.

The VKP lays special emphasis on skill development for both producers and youths in both on-farm and off-farm sectors. Individual entrepreneurs, enterprise and producer groups offer an ample scope for skill building. The ECPs are expected to play a critical role in identifying suitable people and connecting them with relevant skill building centres to be set-up by the Project as well as other formal training centres run by government institutions.

The objective of skill and job component is to create

- Sustainable wage and self-employment opportunities
- Promote relevant skills for higher value agriculture and allied activities
- Enable entrepreneurship through market responsive skills and entrepreneurship development".

Components of Skill Development and Job Creation

Pre and Post Training Services to Enhance Employment Outcomes

This sub component will primarily focus on pre and post skilling services to enhance employment outcomes and will be done through the following:

- Outreach meetings and FGD to understand youth's interests and aspirations
- Identification and mobilization of youth; and creation of youth database
- Collating training institutions' list and developing district-wise annual calendar of trainings provided through existing schemes
- Counselling youth on job opportunities, skilling opportunities and training partners
- Facilitating youth to join skill-training provided through flagship government programs
- Community monitoring of completion of training programs and placements
- Post placement services: Counselling, Job fairs, Migration Support and Post placement tracking

Community Based Training and Skilling Provision

Community managed skilling interventions through the Community Skills Schools (CSS) and Community Farm Schools (CFS) will be established to provide contextualized skill building programmes. Activities under this component are:

- Identifying sectors, sub-sectors and trades having a potential for employment and self-employment and is demanded by the community through DDS, PGP and VCA and state and District wise skill gap study by NSDC.
- Shortlist community experts in selected trades and engage professionals/agencies to build their expertise in conducting training modules to become effective community trainers.
- Facilitating the community and its experts to setup community managed skilling provisions.
- Provide systems for assessments and certifications by accredited third party agencies and access to job markets.
- Facilitating interested members to become entrepreneurs by linking them to OSF.
- Develop a plan to cater for those skills either through convergence or through the community-based skilling.

In the above said activities ECP has specific role in implementing the CSS and CFS. Hence these two components are elaborated here.

Community Farm school

Introduction

The Skills and Jobs opportunities component is the third component of the project that aims to create

- Sustainable wage and self-employment opportunities,
- Promote relevant skills for higher value agriculture and allied activities, and
- Enable entrepreneurship through market responsive skills and entrepreneurship development.

The project has envisaged to develop and deliver training through community-based skilling to build skills of service providers, entrepreneurs, and producer households in targeted value chains; and Improve access to skills training in rural areas, by developing Community Schools.

Community Farm Schools (CFS)

There are considerable productivity differences between farmers within the same community, pointing to the importance of factors such as access to knowledge, vital skills, availability of affordable financing, and limited access to markets to sell their yield. The Community Farm School (CFS) model seeks to identify specific skill gaps in farming-related occupations; recommending appropriate technical solutions with the help of field specialists; identify and train community professionals to deliver technical training and services to the community, and conduct regular "Farm Schools" for community members for transmission of the identified technical skills and services to them. Thus, Community Farm Schools primarily emphasize the capacity building of such

community members by practicing the required technical skills through skilled community experts. CFS seeks to develop a cadre of self-employed technical service providers (SPARKs) in selected agriculture and allied sub-sectors, who will in turn build skills amongst the community members in selected value chains through the Community Farm Schools.

Objectives of the CFS

The objectives of the CFS are to develop and roll out the knowledge generated through the project, eventually disseminating the same to the stakeholders. The knowledge generated will be used effectively for project implementation by way of learning and capacity building among the beneficiaries. Objectives of CFS are to:

- Facilitate ample opportunities for cross learnings from the experts through existing models, increase the productivity, reduce the factors affecting the outcome, and obtaining the desired results
- Facilitate knowledge sharing and learn the best practices from the peers.
- Promote relevant skills necessary for the farming and other allied livelihood activities
- Enable entrepreneurship through market responsive skills and entrepreneurship development
- Ensure sustainable and reliable wage and self-employment opportunities to the target beneficiaries
- Promote sustainable livelihood and empowering target women
- Encourage the usage of local resources
- Focus on cutting costs on farm inputs through innovative methods and increase productivity
- Ensure common procurement / services / market linkages

SPARK

SPARKs (Skillful, Personal Ability, Attitude, Relationship, and Knowledge) are community members with unusually high interest in the trade, who also show keenness to teach the community. SPARKs is a trainer with a specific knowledge, skills, involvement and excellent experience in agriculture in rural areas. He will be respected among his community members as an expert in a profession. SPARKs will be involved in sharing and training their knowledge



with community members at the village or block level. The project will identify such SPARKS and pave the way for community farm schools to guide, teach, train and support other community members.

Selection of Beneficiaries (Trainees) for Community farm school

- Member of a producer group/producer having willingness to become a member of a producer group
- The beneficiaries (he or she) should be keen to learn and adopt the new practices / technology
- He/she should be a regular practitioner of agriculture / allied activities
- He/she should have an unquenchable thirst for knowledge and learning
- Each CFS will benefit 20-30 members.
- The member's age should be from 18 years and above.
- A minimum of 65% of members should be women.
- CFS members belong to the same village or from 2 to 3 adjoining villages.
- The membership should be inclusive.

Training of households by SPARKS

SPARKs will provide a minimum of 36 hours training session (2-3 hours' session per week spread across 12 weeks) assisted by Flip Charts and Picture Books with demonstrations. Demonstrations would typically be held in trainees' homes. Over the rest of the week, SPARKs will conduct home visits and ensure that members are adopting and implementing the lessons learnt.

Role ECP in Community farm school

- The role of ECP in implementing the CFS is to provide support to identify 40-50 household members with high aspirations and willingness to learn and adopt new techniques of production to identify the members, the ECP will attend the PG meeting and disseminate the information about the Community Farm School in their panchayat and prepare list of interested farmers. If any further queries related to CFS from members, then ECP link the members to SPARK. SPARK will guide the farmers and admit the CFS.
- ECP with the support of BPMU and the SPARKs identify the interested farmers / producers who are having the willingness to give their land for various field trials and demonstration and should establish a model farm for conducting CFS.
- Assist the interested & selected members of Producer Groups to participate in CFS training and input sessions organized by the SPARK
- Support project in creating demonstration plots for CFS on best practices, peer learning, etc., with the Identified SPARKs.

Community Skill School Introduction

There are also those sectors that are traditional and have region-specific demand but such skilling is not offered i.e., weaving, jewelry making, basket making, pottery, etc. and

skilling will only be done for skills that are scalable and has potential for earning higher incomes. Constraints to skilling the rural population is a challenge; Community Skills Schools (CSSs) will provide much-needed opportunities to the young generation especially women to develop a source of income through those practitioners/ experts by sharing their domain knowledge and imparting the skill training with simple and minimally required infrastructure right in their community.



Community Skills Schools (CSSs)

There is a high demand for certain income-generating skills, which could be traditionally practiced by both men and women across communities. A few of them who are engaged in the traditional occupation for generations are considered 'Master Practitioners'. For instance, across the project areas, many communities have a tradition of sending their menfolk into the masonry, welding, automobile trade and they learned the skills mostly on the job.

Community Skills School (CSS) prepares an individual for a specific trade and it will enhance the rural communities to become self-reliant, widens the opportunities for people to find a job that fits with their talents and preferences, helps them to get a decent job and fair income, helps communities to come out of the poverty trap and provides skills to progress in their life. CSS focuses on a friendly environment for learning by recruiting local master practitioners, enhancing individual's employability both wage and self-employment and ability to adapt to changing technologies and labour market demands. CSS will also empower the trainees to initiate Nano, Micro, and Small enterprises. The core functions of a CSS are

- Identifying sectors, sub-sectors and trades having a potential for employment and self-employment and is demanded by the community through DDS, PGP, VCS, State and District wise skill gap study by NSDC.
- Shortlisting community experts in select trades and engage professionals/agencies to build their expertise in handling training modules to become effective community trainers.
- Facilitating the community and its experts to setup community managed skilling provisions.
- Providing systems for assessments and certifications by accredited third party agencies and access to job markets.

- Facilitating interested members to become entrepreneurs by linking them to OSF.
- Developing a plan to cater for those skills either through convergence or community-based skilling.

Objectives of the CSS

The objectives of the CSSs are to;

- Facilitate knowledge sharing and learn the best practices from the local master practitioners.
- Ensure sustainable and reliable wage and self-employment opportunities to the target beneficiaries
- Bridge the skill gaps and employable opportunities.
- Promote sustainable livelihood and empowering women and youth
- Encourage the usage of local resource-based skill development to meet the market needs
- Help the community members to understand the skilling curriculum through an easy learning process, discuss ideas and provide constructive feedback so that trainees can reflect on the skills gained in the training school.
- Learn together with their peers from a local practitioner to create a positive contribution to the household and the wider community.

Trainer for CSS

A local master practitioner will be appointed as a trainer to run the CSS, who will be proficient in the trade and keen to teach and share his/her technical knowledge: He / She should

- Have the ability to manage and organize the Community Skill School
- Possess wealth of knowledge, skill and adequate experience in the activity/enterprise/trade he or she practices
- Dedicate time to mobilize & impart training to the trainees¹⁰
- Be a community member who is engaged in one or more non-farm activity/ enterprise
- Have good credentials (good rapport) within the community member

Selection of Trainees

The Trainer for the CSS will be chosen based on the following criteria.

- Age group of 18-35 years (Relaxation of five years in age will be allowed for Differently abled and Widows), open to youth or aspiring individuals both male and female.
- PLF / VPRC will mobilize applications through ECPs from the aspirants/trainee. The PLF / VPRC should pass necessary resolution and enroll the trainees in the CSS. ECP should facilitate the process.

- The trainee (he or she) who joins CSS should be keen to learn and implement the technical knowledge. The trainees are expected to complete the full training process, after the assessment and certification process, they are expected to join any businesses or self-employment to improve their livelihood.

- Must be from SHG household.
- The trainees should be 35% Women, 5 % differently abled and tribal communities
- Trainees are expected to pay a portion as a contribution as part of the course fee. Each trainee should pay Rs. 500/- or 10% training cost as part of their course fee, whichever is the lesser (Course fee may differ based on the trade they choose to learn. For instance, for Masonry training the participants may pay less fees when compare to 4-wheeler mechanic training program).

Skilling at CSS

The trainees will be trained by the trainer, aided by Flip Charts and Picture Books with demonstrations. Attendance records will be maintained and safety measures as advised by the Master Trainer / Rural Self Employment Training Institute (RSETI) / Experts, strictly followed at all times. Punctuality will also be strictly adhered.

Role ECP in Community Skill School

- ECP main role is support to mobilize the interested youth for community skill school and prepare potential youth list up to date. Skill training will be provided by the Community Skill School.
- Mobilize the youth with support of youth forum, youth club, through VPRC/PLF office bearers, direct visit to home, using IEC material and conduct the meetings and disseminate the information about CSS and discuss with the youth about their future dreams and aspirations and help them to choose the career that suits them by taking the possible fields and their opportunities.
- Assist the District Project Implementation Unit and the Block Project Implementation Unit to identify competent specialists for training.
- ECPs will support along with BPMU to setup CSS in the selected location with the requisite design & layout, and safety aspects; also procuring relevant material, tools, and students kits for the trade. The CSS should be women-friendly and adhere to relevant safety guidelines.
- Monitor the performance and progress of young people who have been trained and joined the workforce or are self-employed. Collect data on the status of trainees once in three months and submit to the project.

CHAPTER 9

CONVERGENCE WITH GOVERNMENT PROGRAMMES

Introduction

Value chain centric FPO activities envisage tasks encompassing pre-production to consumption. To provide the services on all the identified needs of the farmers the FPO needs huge investment. For Eg., Having a common facility centre (CFC) by an FPO boosts its economic activities by way of

- Ensuring faith of the farmer members in investing in the equity
- Handling the primary processing and grading activities of the commodities and
- Storing the inputs that are required for their farmer members.

However, investing on common facility centre by the FPOs from their equity mobilised initially not possible and will lead to issues. But there are already developed infrastructure and poverty reduction programmes available with various departments. If these programmes or schemes are made available to the members and used effectively by them, all the members in a PC will get multi-fold benefit. Convergence is mainly for the FPO and its members to get their rights and entitlements. Hence the convergence with other schemes and departments should be taken as one of the core activities of ECP. The role of ECP in convergence is detailed in this chapter.

Role of ECP in convergence

- ECP must be aware of other department schemes related to farm, off farm and non-farm enterprise development. ECP should regularly update the available convergence schemes information by attending convergence meeting and training organized by the project.

- ECP should refer the information materials about available schemes before explaining them to producers. To get latest update on the scheme, she should visit the concerned department and collect the latest scheme information and application forms. She can also refer the websites of the departments.
- ECP should get updated information on schemes related to EG and PG from the TSA and OSF.
- ECP should be thorough with the details of each scheme including its objectives, eligibility criteria, any other conditions, benefits of the scheme, how to apply, whom to contact etc., and guide the members accordingly.
- ECP should maintain a separate register and file for convergence. In the register, she should record scheme wise details of members eligible and applied, and the status of obtaining the scheme benefits. This register will help track the application & follow up with the department concerned and for reporting.
- ECP should attend the EG and PG meeting regularly and in every meeting explain about one or two schemes and provide guidance to apply for the scheme for the interested and eligible persons. ECP will also disseminate the scheme information through PLF and SHGs.
- Distribute scheme pamphlet, information notices to the producers.

Convergence for Individual enterprises

Individual enterprise related convergence schemes are mostly available online and application are also accepted

online. ECP should identify the eligible members and guide them to apply with the support of OSF or independently with support of nearby e-Governance centres. Team of experts are available at the OSF and they will give counseling, check eligibility, support to preparation of business plan and apply the scheme. Schemes linked with subsidy and bank loan should be referred to OSF, they will support to get the scheme. Non-financial linked schemes shall be referred to directly concerned department or through TSA support.

To avail support from agriculture department, animal husbandry and fishery department scheme, ECPs can get guidance and support from the TSA and project team. During the block level review meeting, concerned department officials shall be invited to explain their scheme. ECP should facilitate the members to avail these schemes as per their guidelines.

Convergence related to group enterprises

For Group convergence and group enterprise ECPs should get guidance and support from TSA. TSA will facilitate get the Group convergence scheme from the concerned department. ECP with the support of TSA, will coordinate the EG and PG, and facilitate linkages with the schemes.

A list of schemes available with various departments are given here. This list needs to be updated periodically in consultation with the Project Team, TSA and contact persons from the departments concerned.

(A Detailed List of Convergence Programmes Available with Various Departments related to individual and group enterprises in both farm and non-farm sectors are given in the Annexures 5,6 & 7)

CHAPTER 10

PLANNING, MONITORING AND EVALUATION

Introduction

Planning, Monitoring and Evaluation is the process that allows the PLF /VPRCs, Block / District Project Teams to know, how effectively the of ECPs' performances is going on, whether there is any gap between the planned activities and accomplishments. Planning, Monitoring and Evaluation is a continuous process, which requires systematic collection, analysis and reporting of progress with authentic data. Collecting, collating and comparing the actual achievements against the planned activities will provide a lot of insights, help in identifying the gaps in progress. This will in turn help the project team at various level to guide the implementation, overcome the gaps and lead the ECPs to achieve the expected outcomes. Apart from the Project Teams, the ECPs are expected to report the progress to PLF / VPRCs. Hence, the regular submission of monthly reports by ECPs is very important to achieve the Project deliverables at the ground.

Objectives of M & E

The overarching goal of M&E at the Panchayat level is to track the pace and quality of implementation at the last mile, last post. It requires a foolproof monitoring and evaluation system that can be managed by the Project Team. Specific objectives of the M & E at the level of ECP are:

- To know the progress of "Enterprise Development" in the Panchayat.
- To Know whether the planned activities are progressing in a correct path towards the enterprise development.
- To understand the efficiency of ECPs' performance in terms of proper utilisation of their resources provided to them.
- To assess the effectiveness by measuring the level of achievement during a particular period.
- To understand the issues faced by ECPs towards executing their roles and tasks and to find the alternative ways to achieve them.
- To understand the impact of ECPs' performance by way of benefits obtained by the individual entrepreneurs and groups.
- To ensure the effective system of monitoring & evaluation at PLFs/VPRCs to help achieve sustainability by the rural enterprises.

Monthly Planning

ECP review meeting will be organised twice in a month at BPMU and once in a month by DPMU. ECP will prepare their monthly plan in consultation with PLF. Monthly work-plan will be prepared based on the approved yearly action plan and the project needs. ECP will submit copies of monthly work Progress report to PLF and BPMU.

Performance Indicators

Name of the Activity	Verifiable Indicators
Identification and Support to Individual Enterprise	<ul style="list-style-type: none"> No of existing enterprise identified for scale up- Nano, Micro and Small. No of new entrepreneurs identified- Nano, Micro and Small Facilitate with OSF for prepare Business Plan No of entrepreneur registered with MSME/FoSComs and other legal forms. Entrepreneurs linked with MGP through OSF. Business turnover
Promotion and Support to Producer Group (PG)	<ul style="list-style-type: none"> Producer Group Members Profile Regular maintenance of books and registers Opening of Bank account Preparation Activity plan Linkage with Producer Collective If standalone PG, guiding for Business activity
Promotion and Support to Enterprise Group (EG)	<ul style="list-style-type: none"> Enterprise Group Members Profile Regular maintenance of books and registers Opening of Bank account Business Plan prepared and submitted for financial assistance from the project and Bank No. of enterprises registered with MSME/FoSComs and other legal forms. Entrepreneurs linked with MGP through OSF. Business Turnover
Monitoring of NEFF Repayment PLF& VPRC regular activity	<ul style="list-style-type: none"> Ensuring prompt repayment Submission of monthly repayment report Financial planning for new entrepreneur
Linkage with Financial and Technical Institutions	<ul style="list-style-type: none"> No of enterprise and entrepreneur availed credit form Bank, project and convergence. No of enterprise and entrepreneur availed convergence from line department schemes No of enterprise and entrepreneur updated with new and innovative technologies. No of enterprise and entrepreneur linked with Markets.
Training and Capacity Building	<ul style="list-style-type: none"> No of members availed Skill training through CSS No of members availed production and marketing training through CFS No of members availed Management Training, book keeping No of leaders get governance training.

Reporting

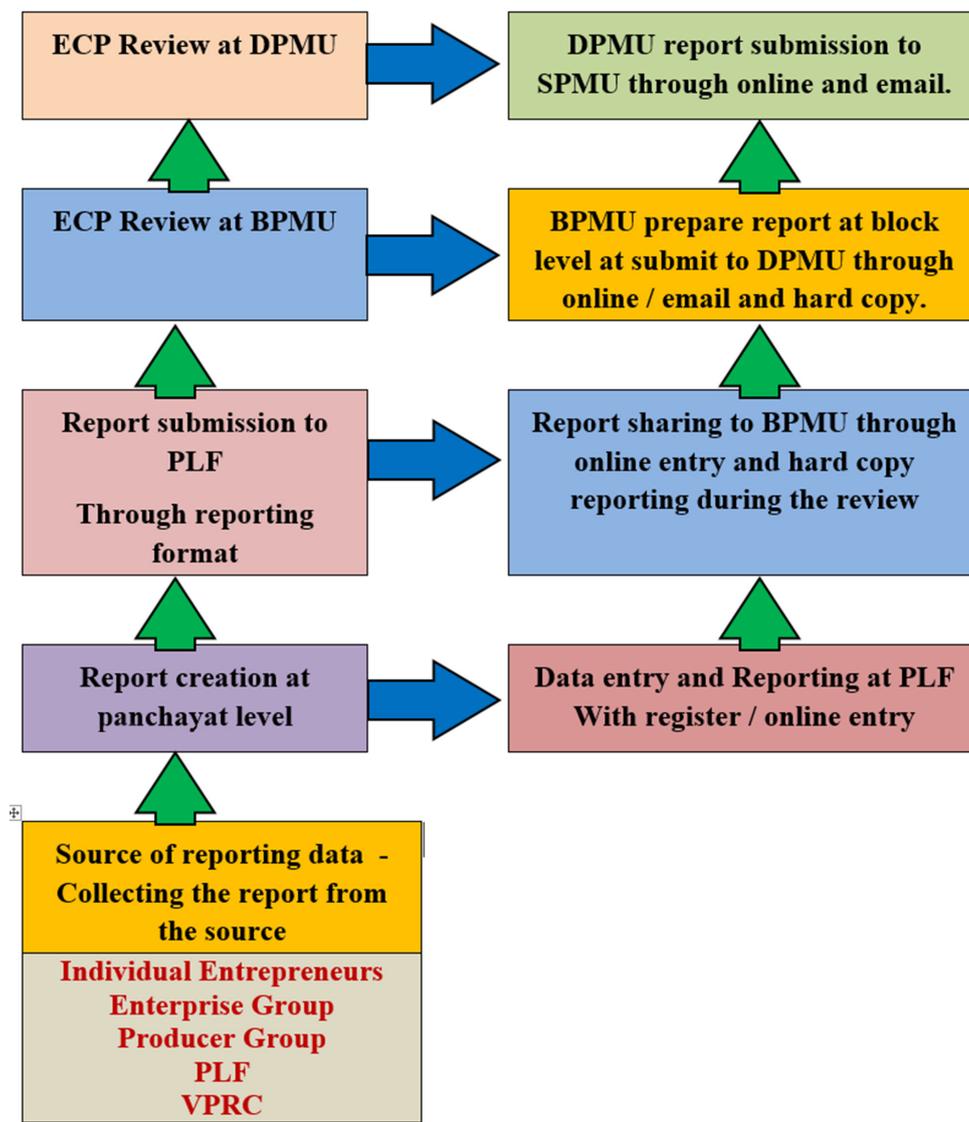
Reporting is an important part of most monitoring and evaluation (M&E) systems. It is an integral part of Project Management in VKP. Reports should present information to different levels of Project Management Units such as Block and District, in ways that make it easy for them to use.

Reporting has multiple uses and forms. It is a means to achieve the core purposes, for which the Project has been launched. These include providing information to enable project or programme management; communicating field learning; demonstrating accountability to different levels of Project Management Units at Block and District; recording issues and conflicts if any, so that they can

be tracked and monitored and many other different purposes.

ECPs are required to report the progress to BPMU and DPMU in a fixed periodicity and participate in the fortnightly review at the Block level and Monthly Review at the District level. The reports shared by the ECP will form the basis of such reviews and the Project Teams will provide feedback on the report of progress, critically look at the efforts and results, suggest mechanisms to enhance efficiency, plan for addressing the gaps. Also, this will help the Project Management Teams to design capacity building programmes for the ECPs based on the gaps identified in the reviews. ECPs planning and Reporting flow has been given below. (Reporting format for the ECP is given in the Annexure 8)

ECPs Planning and Reporting process flow



ANNEXURES

1. Guidelines for Conducting FGD with Individual Entrepreneurs

FGDs are a semi-structured interview led by a skilled moderator. The moderator asks broad questions to elicit responses and generate discussion among the participants. The moderator's goal is to generate the maximum amount of discussion and opinions within a given time period. An FGD should be between 60 and 90 minutes. If the FGD is shorter than 60 minutes, it is often difficult to fully explore the discussion topic. If the FGD is longer than 90 minutes, the discussion can become unproductive as participants get exhausted.

ECPs are required to conduct FGDs with individual entrepreneurs to understand the needs, opportunities, potential and issues in the identified enterprises, so that we can plan for addressing the gaps through support from the Project.

Generating Lead Questions

- It is important to take time to carefully plan your questions. Poorly-worded, biased, or awkward questions can derail a FGD and spoil the quality of your data.
- Keep the number of questions reasonable (under 10, if possible). This prevents the participants from getting confused or lose interest by a long discussion.
- Keep the questions simple and short. FGD participants won't get the chance to see the questions like in a survey.
- Ensure that the wording on questions is clear. Otherwise, participants will end up discussing the question itself, rather than what the question was trying to ask.
- Be careful that questions about sensitive topics are asked carefully. Otherwise, the FGD will stop just because people are too embarrassed to answer.
- Make sure that questions are worded in a way that cannot be answered with a simple "Yes" or "No" answer. Using words like "Why" and "How" will help elicit better responses from participants.

Lead Questions for FGD

1. What are your Products or Services?
2. Where is your market? local or nearby markets?
3. Who are your customers?
4. How do you get skilled manpower available for your enterprise?
5. What are the problems in availability of skilled manpower?
6. How do you source the raw material for the enterprise?
7. How and where do you source your finance for the enterprise
8. Whether your product or service is one the Customer would buy?
9. What are the price range for the produces, why fluctuations in price?
10. Where would they shop for such a product?
11. What type of product's packaging the customers like or dislike?
12. How high you can price your product or service?
13. What to name your business?

Moderating an FGD

The role of ECP is very important in FGD, as she plays the role of a moderator. She should ensure that all participants are comfortable and engaged with the discussion, and that their opinions are being heard. The following techniques are helpful:

- Remain neutral to ensure that everyone feels comfortable expressing their opinion. No nodding or shaking your head, raising eyebrows, agreeing or disagreeing with comments, or praising or denigrating participants.
- Elicit further information from shy participants with comments like "Can you tell me more about that?", "Help me understand what you mean", or "Can you give an example?"

- Deal with dominant participants by acknowledging their opinion and soliciting other opinions. Sentences like "Thank you. What do other people think?" can be helpful.
- Paraphrase or summarize long, unclear comments by participants. This shows participants that the moderator is actively listening, and it helps the moderator to ensure he or she has understood the participant's statement.
- Act spontaneously if needed. If the conversation goes in an unexpected, but productive direction, go with it and ask questions that were not on the initial questionnaire. Probe deeper into new topics and ideas, as long as the information being gained is valuable.

Conclusion

Close the FGD with a summary of the participants' comments and allow some time for attendees to add any additional thoughts. Keep in mind that the participants are potential future members of the Project. They will talk to others about their experience in the focus group, and this will spread the word about what is discussed in the Discussion. Make the closing remark politely and thank the participants for their time and input.

2. Application Form for an Existing Entrepreneur

Name	:	
Age	:	
Gender	:	
Community	:	General/BC/MBC/SC/ST
Number of years of experience in running the enterprise	:	
Type of Ownership of the Enterprise	:	Praetorship/Partnership
Any other secondary occupation	:	
Occupation Assets: Average Turnover/month	:	
Source of Finance for the existing enterprise	:	
Have you availed any bank loan before	:	Yes / No
If yes, Bank Linkage Details	:	
Bank Name Branch Account No.	:	
Other Sources of Finance, if any	:	
Market for the existing enterprise	:	
Do you think you can expand beyond the current market	:	Yes/No
If yes, what is your idea for market expansion?		
Have you attended any Entrepreneurship development trainings before?		
Have you availed any convergence schemes before?		
Skill Sets	:	
Business Idea for expansion/new enterprise	:	
Constraints in running the present enterprise	:	
1) Working capital		
2) Unwillingness of banks to lend loans		
3) Skilled/ desired Man power		
4) Market linkages		
5) Inconsistent input supply		

3. Application Form for a New Entrepreneur

Name : _____

Age : _____

Gender : _____

Community : General/BC/MBC/SC/ST

Primary Occupation : _____

Number of years of experience in the activity : _____

Any prior experience as an entrepreneur : Yes/No

If yes, how many years? _____

Reason for closure of enterprise : _____

- 1) Inadequate working capital
- 2) Business loss
- 3) Lack of availability of desired manpower
- 4) Inadequate market demand

Enterprise activity planned : _____

Business Idea for the new enterprise : _____

Market Potential for the new enterprise : _____

Reason for interest in starting up enterprise : _____

Occupation Assets (if any) : _____

Have you availed any bank loan before : Yes / No

If yes, Bank Linkage Details : _____

Bank Name Branch Account No. : _____

Other Sources of Finance, if any : _____

Skill Sets : _____

Certificates and Licenses	Enterprises / Entrepreneurs	Documents required for license and certificate	Application procedure
Income Tax Permanent Account Number (PAN Card).	All entrepreneurs	Proof of age, proof of address and proof of identity (photocopy) of all entrepreneurs Passport size photo Mobile number and email address. (we can get the permanent account number quickly by giving the email address)	Can be applied directly on the website or through the service center / agent.
UDYAM Registration	All entrepreneurs	All entrepreneurs have an AADHAR linked to their mobile number Permanent account number of the Income Tax Department Mobile number, job description, business investment details, number of employees, place of business, etc.	We can apply directly on the website or through the service center / agent. The one-stop facility center will also help you to get the UDYAM registration certificate.
Food Safety and Standard Authority of India (FSSAI) certificate	Food processing, Hotels and eateries	Aadhaar, Permanent Account Number of Income Tax Department, Registration, Mobile Number, Occupation Details, Place of Occupation etc.	We can apply directly on the website or through the service center / agent. The OSF will also assist in obtaining FSSAI registration certification.
Goods and Services Tax (GST)	Entrepreneurs with a cash flow of over Rs 20 lakhs per annum.	Aadhaar, passport size photo Department of Income Tax Permanent Account Number, Registration, Bank Account Details, Mobile Number, Occupation Details, Place of Business License (Rental Agreement If Rental) etc.	We can apply directly on the website or through the service center / agent. The one-stop service center will also help in getting the GST registration certificate.
Environment and Pollution control board	Those who do businesses that are likely to cause environmental damage.	Proof of identity and address of the entrepreneur. Enterprise registration and Project Report etc.	We can apply through the website / in the office of the Department of Environment.

5. Government schemes available for Enterprise's promotion

Department of Project Implementation	The name of the project	Age and Qualifications	Project Benefits	Documents required	Office to contact and application procedure
Khadi and Village Industries Commission	Prime Minister's Employment Generation Programme (PMEGP) Enhancing self-employment by establishing small businesses in non-agricultural sectors.	Age 18 – 60 At least VIII standard pass for projects costing above Rs.10 lakh in the manufacturing sector and above Rs. 5 lakhs in the business / service sector.	A maximum of Rs 25 lakh for manufacturing industries and up to Rs 10 lakh for business and service industries. The scheme is a combination of subsidy and bank loan. 25 per cent subsidy will be given to those belonging to the rural general category and 35 per cent subsidy will be given to Adhi Dravidar and other backward classes.	Proof of identity and address Project Report, Enterprise Certificate	Assistant Director of District Khadi Village industries commission Office / District industrial Centre. Must apply through the website. Website address to apply is https://www.kviconline.gov.in/pmegportal/jsp/pmegponline.jsp
Micro Small and Medium Enterprises Department	Employment Generation Scheme for Unemployed Youth	Age 18 – 45 Minimum Education Eligibility 8th std pass	It is a combination of a subsidy and a bank loan to start a business. 25 per cent subsidy, with a maximum subsidy of Rs 1.25 lakh.	School certificates, Proof of Identity and Address	District industrial Centre. Must apply through the website. Website address to apply https://msmeonline.tn.gov.in/uyegp/application
Micro Small and Medium Enterprises Department	The New Entrepreneur cum Enterprise Development Scheme (NEEDS)	Age 21 – 35 (special category up to 45) Minimum Education Eligibility Degree, Diploma, ITI / Vocational training from Recognized Institutions	To set up new Manufacturing and Service ventures. It is a combination of subsidy and a bank loan. Project cost above Rs.10.00 Lakh and not exceeding Rs.5.00 Crore. Subsidy 25% of the Project Cost, Projects costing more than Rs.1.20 crore, the subsidy will be restricted to Rs.30.00 lakh.	School certificates, Proof of Identity and Address. Project report, Quotation for the Machinery or Equipment's., Land document copy etc.,	District Industrial Centre. Must apply through the website. Website address to apply https://www.msmeonline.tn.gov.in/needs/
Tamil Nadu Adi Dravidar Housing and Development Corporation (TAHDCO)	Entrepreneur Development Scheme for Scheduled Tribes	18 - 60 years. The annual family income of the applicant should not exceed Rs.1.00 lakh	The minimum cost of the project is Rs. 1.50 lakh. Subsidy of 50% of project cost up to 7.50 lakh. Maximum of Rs.3.75 lakh subsidy per individual.	Community certificate, income certificate, Proof of identity and Address. Project report.	District Manager, TAHDCO Must apply through the website. Website address to apply www.tahdco.com/home/

Department of Project Implementation	The name of the project	Age and Qualifications	Project Benefits	Documents required	Office to contact and application procedure
Tamil Nadu Adi Dravidar Housing and Development Corporation (TAHDCO)	Self-Employment scheme for scheduled Tribes	18 - 45 years The annual family income of the applicant should not exceed Rs. 1.00 lakh	50% of the project cost or Rs.4 lakhs whichever is lower.	Community certificate, income certificate, Proof of Identity and Address. Project report.	District Manager, TAHDCO Must apply through the website. Website address to apply www.tahdco.com/home/
Tamil Nadu Adi Dravidar Housing and Development Corporation (TAHDCO)	Entrepreneur Development Scheme Scheduled Caste	18 - 60 years The annual family income of the applicant should not exceed Rs.1 lakh	30% of the project cost or Rs.2.25 lakhs whichever is lower.	Community & Income certificate, Address and ID Proof Project report.	District Manager, TAHDCO Must apply through the website. Website address to apply www.tahdco.com/home/
Tamil Nadu Adi Dravidar Housing and Development Corporation (TAHDCO)	Self-Employment scheme for Scheduled Caste	18 - 45 years The annual family income of the applicant should not exceed Rs. 1.00 lakh	30% of the project cost or Rs.2.25 lakhs whichever is lower.	Community certificate, income certificate, Proof of Identity and Address. Project report.	District Manager, TAHDCO Must apply through the website. Website address to apply www.tahdco.com/home/
Commercial Banks, RRBs, Small Finance Banks, MFIs and NBFCs.	Pradhan Mantri MUDRA Yojana (PMMY)	Age 18- 60 years	Providing loans up to 10 lakhs to the non-corporate, non-farm small/micro enterprises. Three categories of loan 1.Covering loans up to Rs.50,000 under Shishu, 2.Covering loan above Rs.50,000 to 5 lakhs under Kishore category 3.Covering loan above Rs.5,00,000 to 10,00,000 lakhs under Tarun category	Proof of identity and address Project Report, Enterprise Certificate	Commercial Banks, RRBs, Small Finance Banks, MFIs and NBFCs. Directly contact with concern Bank branch Manager/financial institution. Or apply through the website. Website address to apply www.udyamimitra.in

6. Government Schemes for the Producer Collectives

Department	Available schemes
<p>Small Farmers' Agri-Business Consortium-SFAC</p> <p>Dept. of Agriculture and Cooperation</p> <p>Government of India</p>	<p>1. Equity Grant</p> <p>The Equity Grant Fund enables eligible FPCs to receive a grant equivalent in amount to the equity contribution of their shareholder members in the FPC, thus enhancing the overall capital base of the FPC.</p> <p>Equity Grant in a maximum of two tranches (within a period of 2 years of the first application) subject to the cap of Rs 15.00 lakh per FPC.</p> <p>2. Credit Guarantee Fund Scheme</p> <ul style="list-style-type: none"> • Credit Guarantee Fund Scheme is Central Sector scheme. • The Credit guarantee Fund has been set up with the primary objective of providing a Credit Guarantee Cover to Eligible Lending Institutions (ELI's) which are providing collateral free loans to Farmer Producer Companies (FPCs). • The CGF shall be operated by Small Farmer's Agri Business Consortium (SFAC) through lending institutions. • The CGF will offer a cover of 85% to loans extended by banks to Farmers Producer Companies without collateral, up to a maximum of Rs.1.00 crore. <p>3. Venture Capital Assistance</p> <p>SFAC would provide Venture Capital to qualifying projects on the recommendations of the Notified Financial Institution financing the project. This venture capital will be repayable back to SFAC.</p> <p>The quantum of SFAC Venture Capital Assistance will depend on the project cost and will be the lowest of the following: 26% of the promoter's equity 50.00 lakhs.</p> <p>The cost of proposed agribusiness project would have to be 15 lakh & above, subject to a maximum of Rs. 500 lakh.</p>
<p>E-NAM</p> <p>National Agriculture Market (eNAM)</p>	<p>National Agriculture Market (eNAM) is a pan-India electronic trading portal which networks the existing APMC mandis to create a unified national market for agricultural commodities.</p> <p>Small Farmers Agribusiness Consortium (SFAC) is the lead agency for implementing eNAM under the aegis of Ministry of Agriculture and Farmers' Welfare, Government of India.</p>
<p>NABKISAN</p> <p>NABKISAN Finance Limited. NKFL is a subsidiary of NABARD</p>	<p>To ensure sustainability and economic viability of FPOs/POs, their nurturing plays an important role in taking up viable business activities like aggregation of produce, collective marketing, bulk procurement of inputs, primary processing, etc. To meet the credit requirements of FPOs/POs in various stages of their life viz. Initial phase, Growing phase, and Maturity phase, the loan products available in the NABKISAN.</p> <p>Loan facility to FPO/PCs with credit guarantee cover and without CGF scheme available.</p> <ol style="list-style-type: none"> 1. Term loan 2. Cash credit loan – Working capital
	<p>Loans to start up FPOs/POs with small size of business activities</p> <p>Normally it is expected that the FPOs/POs have to mobilise a minimum capital of Rs.3-5 lakhs to enable them to take up a business activity with an investment of Rs.15-20 lakhs so that they can meet the requirements of their members. The newly formed FPOs plan initial activities on a low scale covering the requirements of a few active members. This activity by the FPO would enable them in subsequent seasons to seek involvement of more members as also enhance the confidence of the existing/new members in the institution.</p>

	<p>Demonstration of active business activities by the FPOs even on a low scale, would facilitate the FPOs to enlarge membership and also increase equity participation by existing members.</p> <p>Taking these aspects into account, initial loan based on the capital of the FPO/PO will be provided on select basis without any collateral as per the following norms:</p> <ul style="list-style-type: none"> • PO/FPOs promoted by promoting institutes of high repute • To have a minimum net worth of Rs. one lakh • A debt equity ratio of 1:4
Paramparagat Krishi Vikas Yojana (PKVY)	<p>Paramparagat Krishi Vikas Yojana (PKVY)</p> <p>The Paramparagat Krishi Vikas Yojana (PKVY), an initiative to promote organic farming in the country, was launched by the NDA government in 2015.</p> <p>According to the scheme, farmers will be encouraged to form groups or clusters and take to organic farming methods over large areas in the country.</p> <p>The aim is to form 10,000 clusters over the next three years and bring about five lakh acres of agricultural area under organic farming. The government also intends to cover the certification costs and promote organic farming through the use of traditional resources.</p> <p>To avail the scheme, each cluster or group must have 50 farmers willing to take up organic farming under the PKVY and possess a total area of at least 50 acres. Each farmer enrolling in the scheme will be provided INR 20,000 per acre by the government spread over three years' time.</p>
Gramin Bhandaran Yojna	<p>Gramin Bhandaran Yojna</p> <p>Create scientific storage capacity with allied facilities in rural areas.</p> <ul style="list-style-type: none"> • To meet the requirements of farmers for storing farm produce, processed farm produce and agricultural inputs. • Promotion of grading, standardization and quality control of agricultural produce to improve their marketability. • Prevent distress sale immediately after harvest by providing the facility of pledge financing and marketing credit by strengthening agricultural marketing infrastructure in the country.
Mission for Sustainable Dry Land Agriculture (MSDA)	<p>Mission for Sustainable Dry Land Agriculture (MSDA): Details of Works under the Scheme</p> <ul style="list-style-type: none"> • Creation of Custom Hiring Centres: To improve the farm power availability at village level, farm machinery hubs are formed for promotion of suitable machinery for dry land cultivation for custom hiring. • Setting up of Value addition machinery: In order to enhance the value of agriculture produce subsidy assistance is allowed for setting up of value addition machinery to the PC/PG of the dry land clusters.
Mezzanine Capital Assistance- State Govt. Scheme	<p>Mezzanine Capital Assistance</p> <p>The Farmer Producer Companies in India largely constitute membership of small and marginal farmers. During initial stages of formation and nurturing, expenses towards registration, setting up of office, mobilization etc. are given as grant from the nodal agencies like NABARD, SFAC, TNIAMP etc. As such, the capacity of PC to mobilize a reasonable level of equity for the purpose of doing business is limited. To overcome this issue and with a view to create suitable ecosystem for sustainable development of PCs, in addition to assistance from SFAC, it introduced the "Margin fund corpus called Mezzanine capital. NABKISAN administers this scheme for financing the PC's.</p> <p>Mezzanine Capital Assistance is nothing but the margin fund corpus constituted with a lending agency which will invest in the capital of Farmer Producer Companies. The assistance of Rs. 10 lakhs per PC will be provided in the form of non-convertible cumulative redeemable long-term preferential capital or debenture at nominal rates. The preference capital or debenture will be redeemable after five years and repayment will be at the end of fifth year.</p>

7. Schemes Available for Non-Farm Sector

Department	Available schemes
<p>Development Commissioner DC (Handicrafts), Ministry of Textiles, Govt. of India</p>	<ol style="list-style-type: none"> 1. DastkarShashktikaran Yojana - Community empowerment for mobilization of artisans into self-help groups (SHGs)/Societies 2. Mega Cluster – Mega cluster approach is a Drive to scale up the infrastructural and production chain at Handicrafts clusters. 3. Marketing Support & Services – Promote and Market Handicrafts financial assistance will be provided to different eligible organizations to organize Craft Exhibitions in metropolitan cities/state capitals / places of tourist or commercial interest/ other places. Publicity and Brand Promotion, Buyer seller meet in India, Marketing workshops and Web Marketing. 4. Research and Development – This scheme was introduced to generate feedback on economic, social, aesthetic and promotional aspects of various crafts and artisans in the sector.
<p>Handlooms, Handicrafts, Textiles and Khadi Department.</p> <p>Government of Tamil Nadu</p>	<p>INTEGRATED HANDLOOMS DEVELOPMENT SCHEME</p> <p>The major 4 components of Integrated Handlooms Development Scheme are as follows: -</p> <ol style="list-style-type: none"> (i) Cluster Development Programme (ii) Group Approach for Development of Handlooms (iii) Assistance for Handloom Organisations (iv) Assistance for Innovative Ideas and Publicity, Monitoring, Supervision, Training and Evaluation of Scheme. <p>INTEREST SUBSIDY SCHEME</p> <p>Loan as working capital through District Central Co-operative Banks with the 3% interest subsidy scheme.</p>
<p>MSME -</p> <p>Scheme of Fund for Regeneration of Traditional Industries (SFURTI)</p> <p>SFURTI - MSME</p> <p>https://sfurti.msme.gov.in</p>	<p>This scheme will support MSMEs in provisioning of Infrastructure for their development through following 2 components:</p> <ol style="list-style-type: none"> 1. Scheme of Funds for Regeneration of Traditional Industries (SFURTI) 2. Micro and Small Enterprises-Cluster Development Programme (MSECDP) 3. Scheme Intervention <ol style="list-style-type: none"> 1. Software Interventions General awareness, Skill development and capacity building for the entire value chain, Institution development, Market promotion initiatives, Design and product development, Workshops etc., 2. Hardware Interventions <ul style="list-style-type: none"> • Common facility centres (CFCs) • Raw material banks (RMBs) • Up-gradation of production infrastructure • Warehousing facility • Technological up-gradation • Training centre • Value addition and processing centre/multi-products 3. Thematic interventions <ul style="list-style-type: none"> • Brand building and promotion campaign • New media marketing • e-Commerce initiatives • Innovation • Research & development initiatives • Developing institutional linkages with the existing & proposed clusters

8. Monthly reporting format of for ECP

Name of the ECP:

Name of the Village Panchayat:

Performance indicator report submitted for the month of

Sl. No.	Performance indicator	Planned	Actual progress			Remarks	Source of Information
			Up to last month	During the month	Up to this month		
INDIVIDUAL ENTERPRISES							
1	Number of individual beneficiary's loan repayment followed and collected.						PLF loan Register
2	Number of potential beneficiaries identified for Individual enterprises						VIP
3	Number of potential Nano enterprises beneficiaries identified for scaling to Micro and Small enterprises						VIP
4	Number of identified individual enterprises assisted with support for business development services with block team members						Individual enterprise register at PLF/OSF
5	Number of individual entrepreneurs linked with OSF for Business plan preparation						Individual enterprise business plan file at PLF/OSF
6	Number of individual enterprises application submitted for project assistance/Bank linkage/convergence support						Individual enterprise application File & Register at PLF/OSF
7	Facilitate the market linkages for the individual entrepreneurs with the support of OSF						Individual enterprise register / letter of agreements

Sl. No.	Performance indicator	Planned	Actual progress			Remarks	Source of Information
			Up to last month	During the month	Up to this month		
ENTERPRISE GROUPS							
8	Number of Enterprise Group not affiliated with any Producer Collective identified						VIP
9	Number of identified Enterprise Group assisted with support for business development with block team members /OSF						EG application register at PLF / OSF
10	Number of enterprise group linked with OSF for Business plan preparation						EG business plan file at PLF/ OSF
11	Number of project training/capacity building to Enterprise Group conducted						Training register at OSF
12	Number enterprise group identified for Startup fund from project						Startup fund Application file
13	Application prepare and submit for MGP from Project						MGP application file
14	Financial linkage with FIs						EG register at PLF
15	Number of Enterprise Group meeting attended and verified the Books and record maintenance						EG Minutes Book

Sl. No.	Performance indicator	Planned	Actual progress			Remarks	Source of Information
			Up to last month	During the month	Up to this month		
PRODUCER GROUPS							
16	Number of Producer Group not affiliated with any Producer Collective identified						VIP
17	Number of identified Producer Group assisted with support for business development with block team members						VIP
18	Number of project training/capacity building to Producer Group attended						Training register
19	Number of producer groups activities plan prepared						PG minutes book
20	Number of Producer Group meeting attended						PG minutes book
21	Mobilising share capital to Producer Collectives						Work Diary

Any other special initiatives:

- 1.
- 2.
- 3.
- 4
- 5.

Name of the ECP:

Signature:

Date:

Name of the PLF representative:

Signature:

Date:



VAAZHNDHU KAATTUVOM PROJECT

Department of Rural Development and Panchayat Raj

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