

FAQs under Start up Village Entrepreneurship Programme (SVEP)

1. What is the funding pattern under SVEP?

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

2. What is the eligibility criteria for beneficiaries?

Eligibility criteria for selection of beneficiaries:

There are 2 types of beneficiaries –

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

a. Selection criteria for the CRP-EP beneficiary

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

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

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

b. Selection criteria for the entrepreneur beneficiary

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

1st stage

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

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

There is no age limit nor is the beneficiary expected to be a woman only.

2nd stage

i. Post the training and completing the viability test by the potential entrepreneur; the potential entrepreneur may seek a loan from the dedicated CIF under this scheme (applicable only for entrepreneur beneficiaries who are part of the SHG eco-system).

ii. This loan shall be recommended by the CRP-EP based on the assessment of the viability of the enterprise and the potential entrepreneur's ability to run the enterprise viably.

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

The guideline specifies that preference should be given to the highly vulnerable beneficiaries under MGNREGA, marginalized sections, women, SC and ST communities and should also include rural artisans.

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

3. What is the rate of interest to be charged to the entrepreneur borrower, who will borrow money from the CIF under SVEP?

The rate of interest charged by the SHG to the entrepreneur should ideally not exceed 12%. The rate of interest should be decided and agreed by the CBO and CRP-EP facilitated by the SRLM and PIA. The rate of interest should be decided ensuring that the enterprises supported are financially viable at that rate of interest. Ideally the same rate of interest should be charged to all the entrepreneurs in the block. But the rate of interest charged from the enterprise may vary among different blocks in the state.

4. What shall be the repayment schedule for loans? Is there any scope for a moratorium period for the loans?

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

5. How do we budget for the scheme/ per block?

The budget has been estimated per enterprise per block. For the budgeting process of the AAP, we need to assume Rs.24,907 per enterprise and 2400 enterprises per block. The total budget per block is Rs.5,97,76,800 (Rupees 5 crores, ninety seven lakh seventy six thousand eight hundred only) per block. The first instalment of funds shall be released based on this figure (Rs.5,97,76,800) per block.

Estimated Upper limit Budget for the SVEP per block

Figures in Rs. lakhs

	Per enterprise cost Rs.	Year 1	Year 2	Year 3	Year 4	Total
No of enterprises estimated to be supported		600	950	650	200	2400
Cost of skill building of entrepreneurs including block level professional support costs (incl. PIA/CRP costs and baseline cost etc.)	14,293	85.76	135.78	92.90	28.59	343.03
Community Enterprise Fund	9,591	57.55	91.11	62.34	19.18	230.18
Administrative cost	1,023	6.14	9.72	6.65	2.05	24.55
Total	24,907	149.44	236.62	161.90	49.81	597.77

In case the number of enterprises that can be supported change after doing the baseline and market potential studies, the budget for the block may be revised downwards at the time of submitting the DPR.

6. What is the criteria for selection of NRO by the states?

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

7. What is the criteria for selection of PIA by the states?

- a. The SRLM may select a PIA from among the finalists of the Innovation forums held by the states and who have been notified by the Ministry of Rural Development.
- b. The SRLM may also select a PIA based on the following criteria and get the same approved from the appropriate authority at the state level after conducting a desk and field appraisal of the PIA.

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

1. PIA should be registered, non- political and secular in nature.
2. PIA should not be black listed by any government department.
3. The PIA should have at least 2 years of relevant experience of implementing enterprise - promotion related livelihood activities, with the poor, especially in the state for which it is being proposed. The PIA should also have experience in promoting enterprises in the non farm sector. Experience of working with community participation, in the rural areas, where the PIAs propose to work, under SVEP, would be an advantage.
4. The PIA should have minimum annual turnover of Rs.20 lakhs in the past two years [as evidenced in the past two years audited financial statements].
5. The PIA should have worked with at least 100 enterprises / or members of producer groups.
6. The PIA should have transparency in financial matters, material handling, benefit sharing and fulfillment of legal compliances and should have processes and people in place to ensure the same.
7. The PIA should have adequate infrastructure and human resources with respect to the proposed project and should be willing to provide the undertaking for continuing working in the area for the project duration.

B. Preferred qualities in the PIA:

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

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

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

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

8. What is the period of the program?

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

However, the Ministry of Rural Development has the mandate to fund the program for the years 2015-16 and 2016-17 (current plan period) only. After the completion of the first 2 years of the program, there shall be a mandatory review by a third party, and the program may be extended post the outcome of this review exercise.

9. What kind of reports are to be submitted by the SRLM/PIA and what shall be the consequences of not submitting the progress reports?

Submission of progress reports:

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

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

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

10. What is the process of quality control or certification of the CRP-EPs trained by the PIAs?

All the CRP-EPs created by the PIA shall have to be certified by an independent certification process approved by NRLM, and this shall be a critical milestone in the implementation of the project.

11. What shall be the monitoring mechanisms for the SVEP at the state and central levels?

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

I. State Level:

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

The Committee should undertake quarterly reviews with the PIAs/NROs. The State governments may also constitute a State Level Technical Project Support Group to assist the PIAs in the implementation of the Projects.

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

II. Central Level:

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

12. What are the audit requirements for the projects?

There are two kinds of audits envisaged under the SVEP:

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

The accounts of the BRC (Block resource center) specially the accounts of the CIF under SVEP, would be maintained separately and should be audited by the SRLM or its deputed auditors. These audit reports have to form the part of the SRLM's audit report for the SVEP to be submitted at the same frequency as discussed above.

13. What are the kinds of expenses which are not allowed under SVEP?

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

No motorized vehicles can be purchased using SVEP funds.

Any assets created using the funds of the SVEP, (e.g. computer, tablets, printer, office furniture etc.) shall be owned by the community organizations and not by the PIA/ SRLM.

The SRLM can buy assets for the SRLM from the component of administrative funds only.

14. What kind of enterprises would be supported under SVEP?

Any kind of enterprise, be it in trading, manufacturing (including traditional artisanal production – like handloom or handicraft) or service sectors which can be run by a village based individual or village based group, and which is allowed by law, can be supported under SVEP.

15. How would the funds under SVEP be disbursed to the PIA/CBO/RSETIs?

The funds would be released by NRLM to the respective states SRLM.

The SRLMs in turn would release funds to the PIA based on the fund release norms of the state – which ideally should be a blend of part initial release of funds at the commencement of the project, followed by release of subsequent instalments based on part utilization of the earlier instalment and the PIA meeting physical targets.

For release of funds to the community based organizations, the SRLM shall transfer the CIF component and working capital for operations of the Block Resource Centre (BRC) to the selected Community Based Organization, directly in a single instalment, but with adequate safeguards about it being used for the intended purpose.

The CIF has to be used only for funding of enterprises of entrepreneurs/ groups who have been selected, have undergone training and their business viability has been checked under SVEP. (Please refer to the selection criteria of enterprise above). Also, a part of the CIF has to be used as a Community Based Credit Guarantee fund. The CIF under SVEP cannot be utilized as a general CIF to be used by all the SHG members.

The accounts of the BRC especially with respect to the CIF under SVEP, would be maintained separately and should be audited by the SRLM or its deputed auditors.(Also explained above as part of the audit)

In blocks where a block level RSETI is being set up, the fund allocated towards cost of the RSETI director and other employees, for the duration of the SVEP (4 years) would be reimbursed to the bank setting up the RSETI, after an MOU to this effect is signed between the SRLM and the concerned bank.

In blocks where the block level RSETI is not being set up, the fund allocated towards cost of the RSETI director and other employees, for the duration of the SVEP (4 years), totaling Rs. 25 lakhs, should be added to the CIF for enterprise promotion that is being given to the CBO.

16. What is the role of the SRLM in the implementation of the SVEP?

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

The KRA's, KPI's and competencies of this position are detailed below:

Position: Block Program Manager – SVEP

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

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

To document and share best practices, identified in the implementation of SVEP in the initial 2 blocks.

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

Key Responsibilities -

1. To ensure rollout of the SVEP program across all the pilot blocks, including completion of the baseline and market potential study and preparation of the DPR.

2. To co-ordinate and act as a bridge between the PIA/NRO, the community organizations and the Block and the village level project staff.
3. To participate in all the processes of implementation of the SVEP.
4. To help operationalize the MIS for SVEP, monitor progress of the SVEP and share the same with all the stakeholders – SRLM/PIA/NRO/ NRLM.
5. To ensure adherence to norms and completion of processes related to procurement of tablets and other equipment for the BRC.
6. To help institutionalize the Block Resource Centre and make it part of all the SRLM processes in the block.
7. Create and operationalize a course correction mechanism and a process for documenting and sharing best practices.
8. To help create a repository of business logics and training material at the BRCs.
9. To be part of the State level business advisory team for creating local benchmarks for enterprises and for giving seasonality based business advisories.

Key Performance Indicators –

1. Rollout of SVEP physical activities as per the timeline.
2. Number of community organizations' members trained effectively on the SVEP vs targets.
3. Number of MIS reports sent timely per month.
4. Number of monthly reviews of the progress of the program with the PIA/NRO and the District Program Manager facilitated.
5. Ensuring timely reporting of the work done by the PIA, and any deviation from plan is addressed or taken up at appropriate levels within the SRLM, with respect to:
 - a. Number of CRP-EPs selected, trained and retained vs targets, for the period under review.
 - b. Number of Enterprises trained, supported to start /grow their business and increase in their incomes vs targets, for the period under review.
 - c. Number of enterprises linked to banks for loans for the business vs targets for the period under review.
 - d. Number of enterprises given loans (from banks or SHGs) and repayment of the loans from business profits vs targets, for the period under review.
6. Number of regional and village category wise benchmarks created for various groups of enterprises created.
7. Number of best practices and training materials, including ICT trainings documented and added to the repository.

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

Core Competencies -

1. Understanding and hands-on experience of the non-farm livelihoods sector and its issues – having worked with either a business or a producer organization that has been successful, or having worked with the SRLM in a livelihoods profile or having worked with a SVEP-like project. The person should have at least 2 years of work experience.
2. Should have numerical and business finance understanding and skills.
3. Good team player, strong ability to work with teams and with people with no direct reporting relationships
4. Data driven, open to learning and adaptable, should be willing to adapt to ground realities.
5. Should be compassionate for the poor and should be willing to look at issues from their lens. Also, should be honest, fair and objective in work. The person should not discriminate anyone based on gender, caste, class, region or any other identity mark.
6. Should have a training and development orientation.
7. Should be self-driven and should be motivated by social change and impact at scale.
8. Should be willing to travel extensively in the field and be willing to stay in a village for approx. 10 to 15 days a month.

Apart from this person being selected and deployed at the block, the SPM in charge of SVEP and the SMD (whenever possible) should review the progress of the program and its physical and financial achievements every month.

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

The SRLM also has to play a facilitating role in setting up state level benchmark setting committee which shall comprise members from SRLM including the SRLM (SPM/BPM-SVEP), other SPM (livelihoods), and expert practitioners of the trade and industry experts. This committee shall validate the business performance benchmarks for each group of enterprises for the blocks, as generated from collating data, by the MIS software. This committee is also expected to send out seasonal advisories to various kinds of enterprises – to help them maximize incomes based on seasonal demand and minimize losses due to seasonal stocks left with them, due to the end of a seasonal demand.

Apart from these activities, the committee is also expected to facilitate consolidation of demand and supply of all the enterprises in the block/ district /state and use the same for facilitating better trade terms for the enterprises capitalizing on collective bargaining power.