

Udyamita Udaan

Start-Up Village Entrepreneurship Programme*

*The Start Up Village Entrepreneurship Programme (SVEP) is a sub-scheme under the National Rural Livelihoods Mission (NRLM), Ministry of Rural Development, Government of India. The objective of SVEP is to build an ecosystem that creates, nurtures and sustains rural entrepreneurs and thus brings the rural poor out of poverty.

A Sweet Start for a Deserving Half Centurion

For Rajesh Devi, the transition from agricultural labourer to first-time entrepreneur has come about after years of struggle and hardship. Mother of four and widowed at a young age, her journey is one which should not go untold.



Rajesh Devi is from the village of Kirawad in Bawani Khera block. In a relatively prosperous area, she and her family struggled because they came from a backward community and fell victim to unfortunate circumstances. She is illiterate and prior to starting her enterprise, was working as a seasonal wage labourer and earning anything between Rs. 2,000 - Rs.4,000 a month. She was

married at the age of 20 and was widowed five years into her marriage when her alcoholic husband died, leaving her to take care of her two sons and two daughters. After her husband's death, Rajesh Devi was left with no choice but to work as a labourer in order to feed her young and growing family. In her words, "*Main roz khet mein jaati thi, pooro din garmi mein mazdoori karne ke bad bhi 200 rupees milte the, voh bhi season mein 10 -15 din.*" She recalls days of suffering; when there was not enough food to eat and her family remained hungry. She was not able to provide her children with proper education and they all ended up doing wage labourer in order to make ends meet. Her children are now between the ages of 21 and 25 and are all married. Her youngest, Ashok is also a seasonal labourer and earns Rs.4,000 a month. Rajesh Devi receives a monthly widow's pension of Rs. 2,000 from the state government.

Her situation improved once she became a member of *Shakti* SHG, which was formed in April 2013.

SAY NAMASTE

Ms. Lufta

CRP-EP in Dinhata-1,
West Bengal



6 years of community
experience

Mr. Sourabh

BPM - Rajpur
Madhya Pradesh



Has a green thumb
and is growing his
own vegetable garden

Mr. Jaleshwar

Block Mentor
Kurud, Chhattisgarh



Enjoys playing table
tennis

She is also a member of *Jeevan Saathi* VO and both community institutions have provided her with a supportive environment that enabled her to learn about the different initiatives happening in the community. During the course of her involvement with her VO and SHG, she participated in a Women's Day Program as well as a Banking Awareness Program. Two years ago, she borrowed Rs.20,000 from her SHG to pay for the wedding function of her daughter. She has repaid this loan.

Rajesh Devi learnt about SVEP in July 2017, when her local CRP-EP, Poonam, conducted a triggering meeting in her village. Rajesh Devi was interested in starting her own enterprise, but she always felt she lacked the acumen and the knowledge. At a deeper level, she did not have the belief in herself to become an entrepreneur. When she spoke to her son Ashok, he discouraged her from applying because he felt that the risk of default was high. Rajesh Devi knew that she had to persuade him to see the potential in her and called upon Poonam to give her support. Poonam counselled Ashok and explained the benefits of entrepreneurship as well as the support that his mother would receive under SVEP. She showed him some success story videos which finally convinced him to support his mother in starting an enterprise.

Poonam assisted Rajesh Devi and Ashok to choose the most appropriate enterprise based on a market survey. They came up with a Fresh Juice Bar as there was none in the village, and considering the long and hot summers which take place in Haryana, it seemed to be a suitable idea. Poonam developed a business plan around this concept and helped Rajesh Devi with the loan application. Her application and business plan was sanctioned by the BRC. They received the CEF amount of Rs.40,000 from the BRC in August 2017 and invested Rs. 10,000 from their savings to start the shop, located in front of a government school. They felt that this location would be ideal for attracting school children and their parents, who could enjoy a refreshing drink during the hot summers, and a healthy vegetable juice during the cold winters.



The display board of Rajesh Devi's Fresh Juice Bar

Poonam has given Rajesh Devi and her son a general orientation to Business Management in which they developed soft skills in demand estimation, inventory management and bookkeeping activities. They both maintain books of accounts (such as sales and profits for the day, credit lent and credit borrowed) and fill in the enterprise performance format provided by the BRC, the latter being an important aspect in monitoring the programme's overall impact on the enterprise. As per the business plan prepared by Poonam, the shop will break even in mid-2018. They will make around Rs.15,000 in sales and have a net profit of Rs.9,000 per month. In their first full month of operations, they made an impressive Rs.9,000 in sales and from that, earned Rs.4,000.

Most village enterprises are operated in the context of a family unit rather than an individual unit. Rajesh Devi and her son work together as a team, with the rest of the family also helping out. She tells us that the most popular juice sold is their Papeeta Shake, which went down well with the locals during summertime. Other popular products are their Banana Shake, Mausami Juice, Vegetable Juice and Amla juice. With the slow onset of winter, the variety of fruit reduces and so they have decided to add products like wafers and chips which are in high demand thanks to the school children and parents, some of whom have become regular customers. Rajesh Devi has an ambitious outlook and wants to double her income by 2020. She feels more confident about running the business because she

knows she has Poonam to give her technical support. There are times when she calls Poonam everyday, should she stumble upon an operational aspect of the business for which she requires assistance. Under SVEP, entrepreneurs receive hand-holding and business advisory services from local community resource persons who have been trained in enterprise promotion. Both Rajesh Devi

and her son now regard themselves as entrepreneurs and no longer labourers. She tells us “*Badlav toh aaya hai pehle aur ab mein, aur yeh badlav bahut zaruri tha mere aur mere ghar ke liye.*” They have been humbled by the support from their local community and are looking forward to sweeter times ahead.

Ideas for Sub-Sector Related Enterprises

Case studies on value addition of natural resources

CUSTARD APPLE PULP PROCESSING UNIT- NARHARPUR, CHHATTISGARH

There is no disputing that custard apples are one of the best fruits to enjoy once the monsoon rains have subsided. At first bite, the creamy texture of its flesh can be so easily mistaken for a more decadent dessert. Deep in the interiors of Chhattisgarh, in a village called Kishanpuri, a custard apple pulping centre has been set up and promoted under the ATMA project, run by the Department of Agriculture in Kanker district. Two other pulping centres exist in the district. Custard apples grow wild in this region and are said to taste better because no chemicals or fertiliser are used when growing them. Due to less rainfall this year, there was not as much fruit produced.

There are 19 trained members involved and the unit has been registered under the Societies Act. The members are looking at how SVEP can assist them with market linkages, as that has been the biggest challenge for them to date.

Initial share amount invested per member	Rs.1,000
Membership Fee	Rs.110
Procurement Details Cost of purchasing graded custard apples Cost of collecting custard apples from village Cost of transport for collection from village	Rs.50/carton (6 - 8 pieces) Rs.130/crate (20kg) Rs.600/day (TATA Magic van)
Stages of processing	1. Collection 2. Grading 3. Scooping pulp (manual work) 4. Pulping (machine) 5. Packaging 6. Storing
Input	5kg custard apple
Output	1kg pulp
Selling price	Rs.120 - Rs.150/kg

Spooning of custard apple pulp (left) and pulping machine (right)

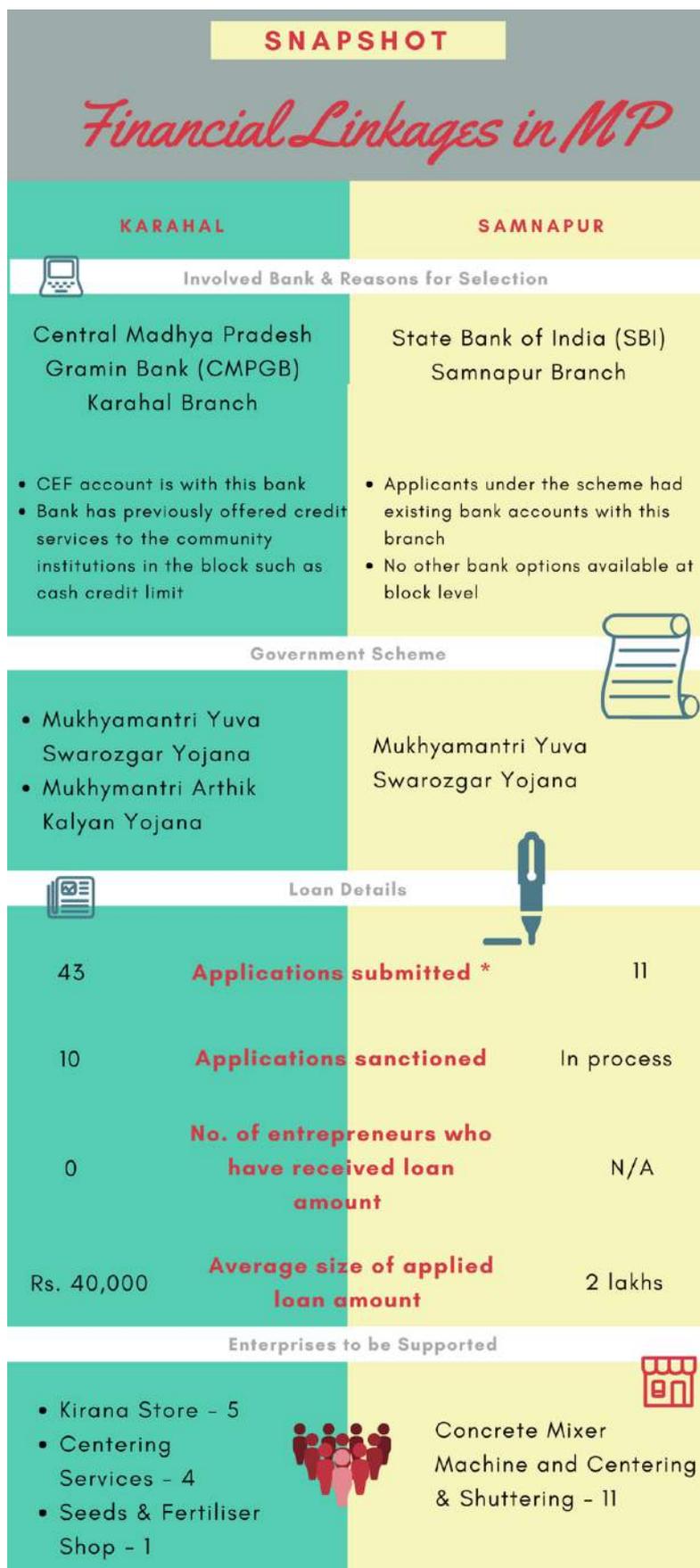


Developing Access to Sustainable Financing Avenues in Rural India

We examine the efforts taking place in Madhya Pradesh to link SVEP entrepreneurs with banks.

One of SVEP’s core objectives is to develop a banking ecosystem in rural India to provide timely delivery of need-based finance. Beneficiaries under the programme have access to a Community Enterprise Fund (CEF), which is a government grant for blocks covered by SVEP and used to lend to existing and new entrepreneurs. The CEF also aims to enhance the creditworthiness of entrepreneurs and to build the confidence of banks and financial institutions in working with rural entrepreneurs. However, the CEF, as a loan product, is like a sunset clause; it is limited to the duration of the programme unless otherwise specified by its creator (in this case, the government). Another restriction of the CEF is in its capacity to freely lend. Since it is a community fund, it has a cap on the amount which can be lent and the number of times it can lent to an individual or group. The CEF is a starting point for rural entrepreneurs, but one of the desired outcomes of SVEP is to involve the local bank personnel in the loan appraisal process, so that they develop an understanding of the financial needs of rural entrepreneurs and design, or help influence the design of, products which cater to those needs.

With that as a pretext, we now closely examine the blocks of Samnapur and Karahal in Madhya Pradesh, both of which have made initial progress in linking first-time SVEP entrepreneurs with other financial institutions. The efforts in both blocks have also incorporated another important element of SVEP - convergence with state government schemes, a topic which we covered in the previous edition of this e-newsletter.* We look at the steps taken to initiate financial linkages, the key stakeholders involved as well as the challenges faced and best practices emerging.



Part 1: Salient features of State Schemes

SVEP enterprises are being converged with and financially linked to two government schemes; *Mukhyamantri Yuva Swarozgar Yojana* (MMYSY) and *Mukhyamantri Arthik Kalyan Yojana* (MMAKY). The main difference between the two is that beneficiaries under MMAKY must fall under the ST/SC category, or be female, and the subsidy offered to them is 30% of the loan amount granted.

<p><i>Objective</i> </p> <p>Promote entrepreneurship in MP without the need for collateral security by assisting people to obtain loans from banks to set up their own small business.</p>	<p><i>Eligibility Criteria</i> </p> <ul style="list-style-type: none"> • Open to residents of MP • Applicant should be between ages of 18 - 55 & be a minimum 5th standard pass-out • Applicant should not already be a recipient under any state-run schemes • Applicant should not be declared as a defaulter by banks
<p><i>Key Features</i> </p> <ul style="list-style-type: none"> • Offers subsidies ranging between 15% - 30% • Low interest rate of 5% p.a. and repayment period of up to 7 years • Provision for margin money assistance, interest subsidy, loan guarantee and training to the beneficiaries. 	

Part 2: The Process

In Karahal, the SVEP team initiated the process with the help of the Block Programme Manager, District Programme Manager and other NRLM officials. The process followed was:

- a. Identify the government schemes applicable in the region
- b. Identify and motivate villagers to apply under the programme and scheme
- c. The Karahal SVEP team met with the Bank Manager of CMPGB to discuss their intention to link the schemes with the SVEP entrepreneurs
- d. SHG, VO, CLF, BPM, Block Mentor and the Project Approval Committee of the BRC personally interviewed the applicants and made a final selection before submitting the applications.
- e. 10 applications have been sanctioned with the disbursement of funds still pending.

The BRC Committee played an active role in furthering the linkages with CMPGB. Key members of the committee, such as the CLF President, the BPM and Mentor, met with the Bank Manager and shared the record of CEF repayment of SVEP entrepreneurs (through SHG members) to date. This meeting served to instil confidence with the Bank Manager that the programme has designed a robust system of repayment which makes not only the entrepreneur accountable, but also the SHG member and SHG itself. It also informed the Bank Manager that under SVEP, support has already been extended to a number of new and existing entrepreneurs which serves to mitigate the risk of inexperience when working with new entrepreneurs under the programme.

In Samnapur, the CEO of Janpad Panchayat led the initiative towards financial linkages. During the Block Level Core Committee meeting, at which key members like the Lead Bank Manager (LBM), NRLM and DIC officials were present, there was

encouragement towards linking SVEP with existing government schemes in the region. One such scheme is *Pradhan Mantri Awas Yojana*, under which there is a growing need for scantling - a specific construction-related service. Since this demand existed, it was decided to encourage SHG members to establish these enterprises.

During a VO meeting, the opportunity was presented to the members and 11 interested potential entrepreneurs came forward. The applications were prepared by the Block Programme Manager and members of the BRC team, approved by CLF members, sent to the NRLM District Office for further approval and finally, forwarded to the Samnapur Branch of SBI for appraisal upon their own due diligence and verification procedures being followed.

Part 3: Common Challenges & Best Practices Emerging

- ◆ Convincing the local bank about the creditworthiness of village entrepreneurs, especially when viewing the non-repayment history of members of the community.
- ◆ Staff do not accord the same level of attention to loan applications under government schemes as they would to an individual application.
- ◆ In Karahal, the bank has previously extended financial support to the community, both to individuals as well as to SHGs, but have not been duly repaid in some cases. This was done through different government schemes like MUDRA as well as MMYSY.
- ◆ In Samnapur, the shortage of bank staff at the block level has resulted in less community involvement as well as a delay in the process of approval and fund disbursement.

Best Practices Emerging

- The community institutions have actively collaborated with the bank during the loan approval process.
- In Karahal, the BRC Committee members have shared details of CEF repayment with relevant bank managers when convincing them to come on board. The Samnapur team plans to do the same.
- In Karahal, there has been participation and involvement of the Bank Manager during meetings of BRC Committee. In Samnapur, the SBI bank officials have been invited to do the same in the meetings to follow.

From the process narrated above, we can see how important the role of the community institutions are in assuring rural banks of the creditworthiness of rural entrepreneurs, especially where there exists a presumption of default. In the absence of proper orientation to and training of local bank officials on SVEP, there is little hope that they will show an interest in involvement or appreciate the programme’s scope as well as their role in nurturing the potential of village entrepreneurs to better the rural economy.



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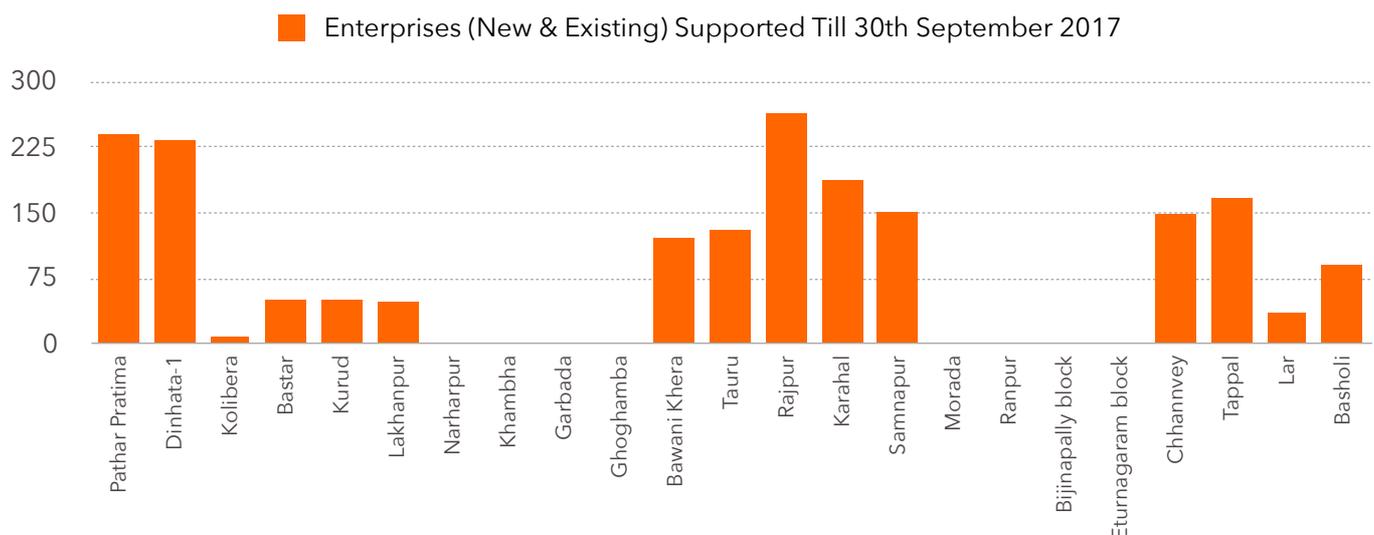
* Refer to *Udyamita Udaan* - August 2017

Progress Update from the States

SVEP’s outreach extends with each passing month. Here is an overview of the key numbers from across the states in which EDI is implementing the programme.

- ☑ The table below contains an overview of implementation across the states for the month of September 2017. The graph depicts overall enterprise promotion block-wise.

Indicator	September 2017
Total amount of CEF received (lakhs)	1,222
Total amount of CEF disbursed (lakhs)	516.7
No. of CRP-EPs	326
Enterprise Promotion	
Cumulative no. of business plans (new & existing) approved by BRC	4,362
Cumulative no. of entrepreneurs who have received CEF	1,983



- ☑ In the month of September, a total of 272 entrepreneurs were added under the fold of SVEP.
- ☑ The following reasons have been cited for delay between sanctioning of loans and disbursement of funds:
 - ❖ Fund disbursement takes place in the next meeting following BRC loan approval. The wait for the following meeting can be up to one month.
 - ❖ Release of state share of CEF fund to the BRC has been delayed
 - ❖ CEF has been depleted
- ☑ EDI has formalised the MoU with JSLPS for the addition of two new blocks in Jharkhand; Silli (Ranchi) and Thetaitanger (Simdega). UPSRLM has allocated to EDI an additional three blocks in which SVEP will be implemented, with the MoU being finalised in early September. These blocks are Nighasan (Kheri), Arajiline (Varanasi) and Duddhi (Sonebhadra).

Film Reel From the Field

Presentation by BRC member
Lakhanpur, Chhattisgarh

Entrepreneur Training
Rajpur, Madhya Pradesh

Entrepreneur verification
Basholi, Jammu & Kashmir



MoRD officials from SVEP-implementing states conduct a field visit
Tappal, Uttar Pradesh

CBO Meeting
Dinhata-1, West Bengal

From the 13th - 14th September, EDI-SVEP teams from Haryana, Jharkhand, Odisha, UP and West Bengal attended an SVEP interstate workshop. The objective was to build capacity of the state teams on the (1) implementation process, which was done through shared learning of tools & techniques, strategies and adopted best practices anchored by Mr. Gautam Mazumdar [Team Member –SVEP] and (2) Enterprise development under sub-sector. The resource person for sub-sector was Mr. Shyamal Gal, Project Director of Loka Kalyan Parishad



(LKP). This organisation is credited for the development of an implementation framework to engage grassroots producers to use agricultural resources and develop income generation projects. LKP works as a Project Implementation Agency for *Mahila Kisan Sashaktikaran Pariyojana* (MKSP) for West Bengal SRLM.

That’s a wrap for this month! In the editions to follow, we strive to bring you updates on the status of financial linkages in MP as well as cover some of the progress made in other states. In the next edition, we also aim to look at the impact of the festive season on our rural entrepreneurs and learn about the preparations they have made in the lead-up to Diwali.

If you would like to contribute stories, photos, updates or anything else SVEP-related which can be captured in the fold of this monthly e-newsletter, then please email conchita@ediindia.org. Additionally, your feedback on the content is welcome.

