

# Startup Village Entrepreneurship Programme (SVEP)



## Training Module

Community Based Organisation  
Members



Deen Dayal Antyodaya Yojana-  
National Rural Livelihoods  
(DAY-NRLM)



Entrepreneurship  
Development Institute  
of India, Ahmedabad

**Training module**  
**for**  
**Community Based Organizations (CBOs)**



**Developed by**  
**Entrepreneurship Development Institute of India (EDII),**  
**Ahmedabad**  
**(October 2024)**

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## Session Plans

**For Self Help Group (SHG) Members - (Basic 1 Day)**

No.	Subject	Sub-topic	Training methods
1.	About SVEP	<ul style="list-style-type: none"> <li>• Target of the Block</li> <li>• Potential Beneficiaries</li> <li>• Skill Development</li> <li>• Seed capital for enterprises</li> <li>• Types of Enterprises</li> <li>• Handholding Support to Entrepreneurs by CRP-EPs</li> <li>• BRC-EP as a Resource Center</li> </ul>	Learning through Lectures and Group Discussions
2.	Livelihood and Entrepreneurship	<ul style="list-style-type: none"> <li>• Meaning of livelihood</li> <li>• Entrepreneurship &amp; Enterprise- Meaning and Nature</li> <li>• Qualities of a Successful Entrepreneur</li> <li>• Business Opportunity Identification</li> </ul>	Learning through Lecture, Role-play, and Group Discussion
3.	Procedure for Selection of Beneficiaries	<ul style="list-style-type: none"> <li>• Physical verification – with respect to existing enterprises</li> <li>• Market and gap potential in current enterprises</li> <li>• Scope for development</li> <li>• Developing ideas for new business</li> <li>• CEF Approval and Disbursal to beneficiaries</li> </ul>	Lectures, role plays and group discussions in smaller groups

**For BLF/CLF/ Sub-Committees/ BRC-EP - office bearers (Basic 2 days)**

No.	Subject	Sub-topic	Training Method
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1.	About SVEP	<ul style="list-style-type: none"> <li>• Target of the Block</li> <li>• Potential Beneficiaries</li> <li>• Skill Development</li> <li>• Seed capital for enterprises</li> <li>• Types of Enterprises</li> <li>• Handholding Support to Entrepreneurs by CRP-EPs</li> <li>• BRC-EP as a Resource Center</li> </ul>	Learning through Lectures and Group Discussions
2.	Procedure for Selection of Beneficiaries	<ul style="list-style-type: none"> <li>• Scrutiny of application by sub-committees at CLF level</li> <li>• Physical verification – with respect to existing Enterprises</li> <li>• Market Potential &amp; gap in current Enterprises</li> <li>• Scope for development</li> <li>• Developing ideas for new business</li> <li>• CEF Approval and Payment to beneficiaries</li> </ul>	Lectures, role plays and small size group discussions

**For BLF/CLF/ Sub-Committees/ BRC -EP office bearers (Basic 3 days)**

No.	Subject	Sub-topic	Training Method
1.	Basic rules of CEF approval	<ul style="list-style-type: none"> <li>• Basics of Business Plan Evaluation</li> <li>• Assessment of Income and Credit</li> <li>• CEF Loan Approval</li> </ul>	Learning through Lectures and Group Discussions

**For BLF/CLF/ Sub-Committees/ BRC –EP office bearers (Advance 1 day)**

No.	Subject	Sub-topic	Training Ritual
1.	Financial Management - BRC – EP	<ul style="list-style-type: none"> <li>• Monthly Plan - Operating Expenses</li> <li>• Monitoring of CEF Funds / Record Keeping</li> <li>• Conducting verification of claims for final settlement of Financial Accounts - Quarterly</li> <li>• Revenue Production - BRC - EP</li> <li>• Term Deposit / Investment in Bank - CEF Amount</li> </ul>	Lectures, Group Activities and small size group discussions

**For BLF/CLF/ Sub-Committees/ BRC –EP office bearers (Advance 2 days)**

No.	Subject	Sub-topic	Training Ritual
1.	Stabilization of BRC -EP	<ul style="list-style-type: none"> <li>• Part coordination with members of VO/SHG through basic computer literacy and VE-IT app</li> <li>• Need Based Investment</li> <li>• Periodic Training /Capacity Building CRP – EP &amp; Office-bearers of BRC-EP</li> <li>• Recruitment of competent CRP-EP</li> <li>• Planning and review of work of CRP-EP</li> <li>• Liaisoning with Banks and other allied departments and institutions</li> </ul>	Lectures, role-plays and group discussions in small groups, accompanied by practical exercises

➤ Separate training will be organized for computer literacy and VE-IT app usage.

**For BLF/CLF/ Sub-Committees/ BRC –EP office bearers (Advance 3 days)**

No.	Subject	Sub-topic	Training Ritual
1.	Administration - BRC - EP	<ul style="list-style-type: none"> <li>• Roles and Responsibilities of BRC-EP Officers bearers</li> <li>• Conflict management with beneficiaries</li> <li>• BRC – EP Fund Management and Operations</li> <li>• Selection of office bearers of BRC-EP</li> <li>• Welfare schemes for CRP - EP</li> <li>• Compliance with legal matters</li> <li>• Award for Best CRP-EP and Entrepreneurs - Half Yearly meetings and other events / workshops</li> </ul>	Lectures, small-group discussions, accompanied by practical exercises

➤ **Please note:**

- Training Pedagogy– Lectures, Presentations, Posters, Audio & Video, Personal Observation, Interaction with Officers/Leaders of Community Organizations, Site Visit etc.
- Conducting periodic experiential learning and training of office bearers of BLF, CLF and BRC-EP through CRP-EP and BPM participating in SVEP activities in the block.
- Resource Person - Mentor, BPM & CRP - EP (CRP-EP will only conduct SHG members orientation about SVEP scheme and External Resource Person - State Anchor Person and RSETI Faculty, Resource Centers etc.
- The training period can be extended as per the requirement of the trainees during the actual implementation.



## 1 Information about training

Community based organizations will have a greater role than missions in implementation under the SVEP Programme. The Community based Organizations will be provided with comprehensive financial assistance, along with guidance on creating a robust business plan, to empower them towards financial independence. In order to speed up this work, all the aims of the mission and NRO have to carry out their responsibilities in coordination.

Skill development of manpower at every level is needed to promote every business/enterprises target achievement in the block along with effective planning and management. In this program, technical institutes on entrepreneurship development are focusing on making an effective plan to achieve the desired results. Apart from this, the Government of India has also started a new Ministry "Ministry of Skill Development and Entrepreneurship" as an initiative.

Key roles and responsibilities of community based organizations under this programme are mentioned below:

- Suggesting suitable location for BRC
- Providing complete support to NRO on base line survey and Market research study.  
Providing a list of potential CRP-EPs
- Adhering to guidelines for capacity building workshops
- Proper selection of potential entrepreneurs/beneficiaries
- Evaluating the enterprises performance after 3 to 6 months of CEF disbursal.

### Main Objectives of Training

1. To understand CEF disbursal & repayment process
2. To identify the important factors that contributes to the sustainability of an enterprise
3. Introducing Entrepreneurial systems to an existing enterprise
4. Understanding growth the need for enterprises
5. To understand the problems and challenges faced in business and to encourage the entrepreneur to solve them
6. Understanding the managerial process

## 2 Information about SVEP

### What is SVEP?

The Startup Village Entrepreneurship Programme, is a sub-scheme under the National Rural Livelihoods Mission, Ministry of Rural Development, and has the following objectives.

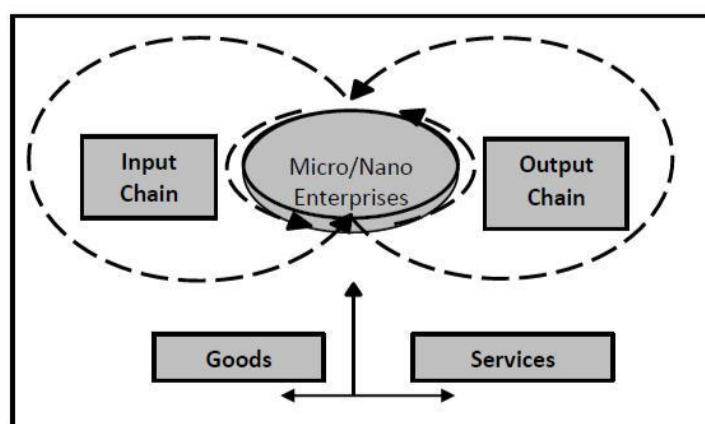
### Rationale –

The overall objective is to accelerate the economic development of the village by providing assistance in starting rural enterprises, to implement the efforts of the government by eradicating poverty and unemployment.

The main objectives are as follows –

- To enable rural poor to set up their enterprises, in its proof of concept phase, by developing a sustainable model for Village Entrepreneurship promotion through integrated ICT techniques and tools for training and capacity building, enterprise advisory services and to provide loans from banks/SHG & federations.
- Develop local resources by training a pool of village level community cadre (CRP EP) and build the capacity of the NRLM and SHG federations to monitor and direct the work of the CRP EPs.
- Help the rural entrepreneurs to access finance for starting their enterprises from the NRLM SHG and federations, the banking systems including the proposed MUDRA bank.

Input Chain	Micro / Nano Enterprises	output Chain
Goods		Services



### **Key Principles of the program-**

- i. Establishment of Block Resource Center - Enterprise Development (BRC-EP): It will act as the nodal center for implementing SVEP program at Block level.
- ii. Cluster Level Federation (CLF) / VO/ BLF will function as Nodal body till the block level federation (BLF) is formed.
- iii. CRP-EP and (Bank Mitra) will provide support to BRC. BRC Will provide tools and reference materials including videos, manuals etc.
- iv. Helping businesses get funding from banks using IT based software to prepare business feasibility plans, assess credit requirement and monitor business performance.
- v. Using community enterprise fund, providing seed capital to the enterprises
- vi. For SVEP implementation all the required arrangement will be done by the National Rural Livelihood Missions (NRLM) through State Rural Livelihood Missions (SRLMs)

### **Block Resource Center**

Block Resource Center (BRC) will act as SVEP Implementation Center at block level. The objective of SVEP is to provide a comprehensive service to enterprises in rural areas. SVEP will help the rural people not only to start business but also to establish the business as a whole to bring them out of the cycle of poverty.

### **Objectives-**

- Developing new business acumen and launching businesses in an efficient manner.
- To provide Community Enterprises Fund, provide start-up capital easily and at low interest rates, as well as connect poor entrepreneurs with banks and other financial institutions.
- CRP-EP- will provide continuous handholding support to established businesses under SVEP.

### **Structure**

The BRC will have a total of at least 15 members, of which three members will be from the nodal CLF. Other members will be elected at the block level through representatives of the village organization, with equal participation as in all complex areas. The tenure of the BRC is of two years, after which all members other than the members of the CLF shall be re-elected.

### **Leadership**

The BRC will be headed by five members, including the BRC Chairman, Secretary and Treasurer. The Vice President as well as the Deputy Secretary will be elected by all members of the BRC.

### **Subcommittee**

The operation and implementation of BRC will be led by experienced people from the community; BPM SVEPs will form all kinds of sub-committees as well as assist the community leadership in running the BRC. Subcommittees will have an effective role in the governance of SVEP. Some of these sub-committees are as follows -

### **Loan Subcommittee**

The Loan Sub-Committee shall have at least two members, including all the office bearers of the BRC and all other members shall be elected by common consensus of the BRC. The members of the loan sub-committee will study the B-plans sent by the village organization after which the beneficiaries can be selected for the CEF. The loan sub-committee will meet at least twice in a month.

### **Monitoring Sub Committee**

The Monitoring sub Committee shall consist of at least five members, elected through the BRC. The following are the major functions of the Monitoring Committee:

- To inform BRC about proper utilization of CEF loans allocated.
- Monitoring the activities of CRP-EP works and their remunerations.
- Time to time monitoring activities through BRC

Apart from these sub committees BRC may form other committees as per need from time to time. The same rules of procurement will apply to BRCs as are applicable to Nodal Community Based Organizations and no sub-committee can be constituted for any procurement in the BRC, the Procurement Committee of the Nodal Community Based Organization will carry out the procurement functions of the BRC.

### **Functions of Block Resource Center**

BRC will do all the work under SVEP from management to monitoring of works. Key responsibilities as follows -

- Activities related to capacity building of community based organizations, entrepreneurs & CRP-EPs

- To increase awareness of SVEP and entrepreneurship among community organizations and their members
- Gathering complete information about surrounding markets and other available tools and conveying it to entrepreneurs and CRP-EPs.
- Assisting enterprises in business planning, so that they can achieve financial stability.
- To hold loan repayment meeting in first week of March, first week of June and first week of December for CEF repayment from village associations.
- To evaluate the business plans and after approval provide them with CEF and other benefits related to SVEP.
- Helping entrepreneurs get started with their enterprise.
- Study and observe the financial and other affairs of the enterprises for at least the initial six months
- Scrutiny and monitoring of the work of CRP - EP and sub-committees
- Allocating CEF and ensuring its repayment.
- Complete maintenance of office and other assets of BRC
- To enhance our services as per the demands of the industries.
- Creating new partnerships for marketing.
- To provide facilities to entrepreneurs for marketing, procurement and other services related to industries.
- Overseeing the work of sub-committees and CRP-EP

Financial assistance will be given to BRC for these works; mainly the following expenses can be booked.

1. CRPEP Remuneration – BRC shall appoint CRP-EP to assist entrepreneurs and fulfill other objectives of SVEP. Appropriate honorarium may be paid to the CRP EP at the appropriate time through the BRC.
2. Meeting Expenses - Monthly meetings of the BRC, or other meetings convened by BRC officials in addition to them, where representatives of constituent community based organizations or other persons attending the meeting discuss BRC implementation or related issues. In addition to conducting a participatory planning for the fulfillment of the objectives of the SVEP, several meetings of community activists are held as well as various sub-

committee meetings. These meetings are a fundamental part of capacity building of community level organizations.

### **Community Enterprise Fund (C E F)**

It is corpus amount given to the BRC by the MoRD for providing seed capital to the enterprises established under SVEP. The maximum amount of Rs.5.00 Lakhs can be availed by group enterprises and a maximum of Rs. 1.00 lakhs for individual enterprises based on the requirement of the business undertaken. The maximum time period to repay loan amount is 36 month for group enterprises and 24 months for individual enterprises. This seed capital is given as loan to the entrepreneur at an interest rate not more than 12% per annum.

### **Examination of the entrepreneur's business plan by the SHG**

The entrepreneur's request letter is first presented by the SHG members in the SHG meeting. The SHG and CRP-EP considers the following points while examining:

- What is the entrepreneur's relationship with the SHG?
- What is the entrepreneur's education and experience?
- What is the remaining amount owed by the entrepreneur to the SHG? Should not exceed Rs.25000/-.
- What is the scope of the business plan presented by the entrepreneur?
- Is the business plan presented likely to succeed?

If the answers to the above questions are positive, the SHG will stamp and sign the entrepreneur's application form and submit it to the concerned village organization and CLF within a week.

Self Help Groups (SHGs) are a very important part of SVEP programme. The SHG is an important part of the entire journey from identifying potential entrepreneur till repayment of the loan. The entrepreneur's business proposal reaches the BRC from the SHG through the village organization. The aim is to get complete information about each entrepreneur. For this, 25% of the interest earned on the loan taken by each entrepreneur is given by the BRC to the self-help groups and village organizations.

### **Nodal Village Organizations and their functions**

The BRC will act as Livelihood Committee, which will be the focal point for non-agricultural livelihood activities in the entire block. The block level federation will be responsible for the running of BRC; the responsibilities of the Village organization will be as follows –

- Establishment of BRC as per SVEP guidelines
- Opening a separate bank account for handling the amount received from SVEP
- Full compliance with the SVEP guidelines laid down by the Mission
- All expenses sanctioned by BRC will be met from the amount received in SVEP
- To monitor the affairs of BRC from time to time and give proper guidance
- To review all the activities of BRC and report it to all CLFs in BLF meeting in February or August every year.

### 3 Livelihood and Entrepreneurship

Livelihood is a set of activities done to sustain one's life. The purpose of earning money from such work is primarily for livelihood, not saving money, whereas entrepreneurship is an ability to create and build a vision from practically nothing.

Entrepreneurship depends on the entrepreneur's ability to take risks, efforts to incorporate resources into productive work, enthusiasm to implement new ideas, ability to take advantage of future challenges. Entrepreneurship creates new jobs, accelerates the economy, and ensures proper utilization of the nation's resources. It can be understood in the form of a tree.

#### What is Micro Enterprise / Business



#### Business - a tree

The example of a tree is very appropriate to understand what business is.

- A business is like a tree. Thought is the seed of this tree. From this seed the business starts to take root.
- If a tree wants to grow, it needs to be watered. Similarly, a businessman invests capital in his business.



- Just as a tree depends on its roots firmly planted in the ground, business is based on resources,. This includes the raw material, transportation system etc. required for the business.
- Just like a tree has many branches, a business has many different departments. It is very important to have harmony between all these departments.
- Marketing / selling in a business is like flowers on a tree. Just as a flower attracts everyone to a tree, so does business
- As the product is manufactured, the product should also be attractive and of good quality, so that the consumers are attracted towards it.
- Profits to an entrepreneur after sales are like the fruits of a tree.
- No tree stays the same forever, sometimes it is covered with leaves and flowers, there are many fruits on it and sometimes the tree becomes leafless, just like in business sometimes there is profit and sometimes loss.

To start any business/enterprise it is necessary to collect all the information related to it, like planning, complete information about production technology, purchase and installation of machines, factory construction and management of all departments like production, sales, quality control, personnel, financial provision etc. A business can be simple or complex. Must have knowledge of planning, purchasing, sales, inventory control and financial management. A grocery store is a relatively simple business. But a service business can be complicated. Setting up and running a photo copy center may be a simple business but making, packing and selling the broken wheat is a complicated process.

First of all you should decide which field to choose for business. Will your business be a manufacturing, trading or service business? It depends on what you are capable of and what you want to do. Starting a business or service industry is easier than manufacturing any product. Starting a small venture takes less time and profits start early, but starting a big venture takes a lot of time and profits comes late. One of the biggest advantages of owning a business is that it gives one the freedom to innovate and move forward and be your own boss.

Nowadays there are many examples where people have preferred to start their own business/enterprise.

Awadhesh Kumar quit his good job and started manufacturing organic fertilizers in his hometown. There were difficulties in the beginning but today their business is making good profits.

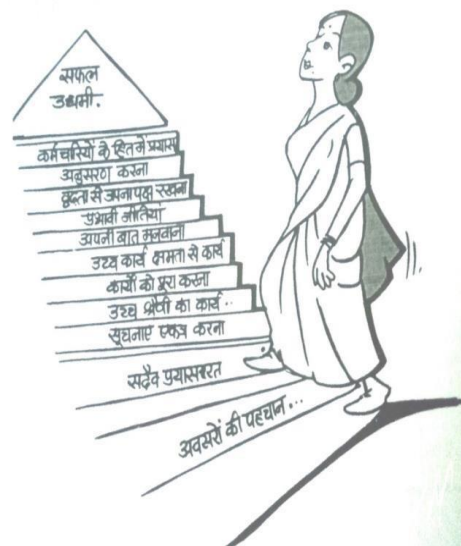
Awadhesh says that once I attended a workshop at an organization. I got an understanding of the business and after that

To be a successful entrepreneur one must have the ability to choose the right business and the art of maintaining the enthusiasm & zeal along with many other qualities. You should be very conscious and honest towards your business, only then you can become a successful entrepreneur.

### **Qualities of a successful entrepreneur–**

If you are going to become an entrepreneur now, you need to understand, what are the qualities of a successful entrepreneur. An entrepreneur is a person who shows confidence and initiative to undertake some particular work related to manufacturing/trading/services. These qualities need not to be present in any person by birth; instead they can acquire these qualities through training, market research and experience. The qualities of successful entrepreneur are as follows:

1. Desire to get something
2. Risk taking according to capacity
3. Having positive thoughts about yourself
4. Trying to keep the purpose of work in mind
5. Problem solving
6. Being optimistic about the future
7. Having the ability to understand the environment
8. Setting goals
9. Identifying opportunities
10. Be persistent
11. Collection of information
12. Doing high quality work
13. Striving to get the work done
14. Working with high efficiency
15. Convincing others of your ideas
16. Using effective strategies
17. Making your point effectively



**The qualities of a successful entrepreneur can be easily understood through the following example;**

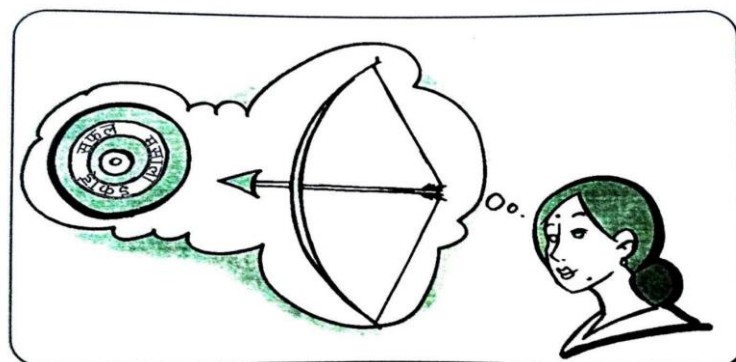
Geeta and Sarla are sisters. There is an age gap of one year between the two. Both were educated in the same school and share mutual friend. Today Sarla's masala making business is running successfully whereas, Geeta is unemployed due to lack of finances.



Their differing natures stem from their distinct mindsets: Geeta is a bit negative whereas Sarla's is positive and success-driven

Sarla always wanted to do something that no one around her was doing. So she started making masala. When she made this decision, she thought hard and decided to invest only as much capital as she could afford to lose. She initially produced as many masala as she could sell. No one asked Sarla to start this business. So this was her own thought.

For that, she predicted the problems that might arise in the business and chose a business with fewer problems given her own situation. Sarla was always optimistic about her business. People told her about problems in starting a business but she was not deterred because she believed in her abilities. While choosing a business, she collected all the information about it, like raw materials, machines, shopkeepers, customers etc. and analyzed it. Accordingly decisions like product quality, selling price, conditions, and packaging were taken. If Sarla had not analyzed all this, she would not have been able to build the business. Then she prepared a plan for setting up the business, how long to get the loan, when to get the space, when to start the business etc.



Sarla realized that there was an opportunity in the masala making business, she made a plan accordingly and was successful as she took advantage of the opportunity at the right time. She also faced many difficulties while setting up her business, had to try many times to get electricity connection but she did not give up, she kept trying. Finally she got electricity connection. Sarla collected all the necessary information and sought guidance from organizations working for entrepreneurship development. She is always careful that there should be no harshness in her prepared masala, as she wants to make masala better than other masala in the market so that her products are of superior quality and people buy with confidence. Sarla earns profits by utilizing the capacity of its machines to the full, producing according to market demand. She too needed a loan to start a business, for which she made an effective plan so that she could convince the bank manager about the success of her business. After gathering information about the market, machines, competition in the market, etc., she presented the plan to the bank manager, so the bank manager agreed with her and sanctioned her loan. When Sarla was told by the bank officials that collateral would be required for the loan, she very firmly told the bank officials that the scheme under which she had applied for the loan was exempted from collateral. The main reason for the success of Sarla's business is that every month she keeps track of the goods produced, expenditure on various items, sales, borrowings etc. in her business. Considers the welfare of the employees who helps her in business, helps them financially from time to time.

You may have noticed that you already possess most of the qualities mentioned above. You must have used these points at one point or another. The truth is, we all have these qualities. We need to develop those qualities. By using them, gradually these qualities develop in us and our thought process becomes like a successful entrepreneur.

### **Business opportunities**

An entrepreneur should first observe his surroundings so that he can understand the local demand for his business, and also whether the business will be sustainable in the long run. An entrepreneur's business may depend on various factors, conditions, such as –

#### **➤ Based on demand-**

Entrepreneurs can start their business accordingly by getting information about which items are in high demand from customers and whether their supply is sufficient or not. For example, if there is a high demand for cotton clothes in the market, such clothes can be made.

### ➤ **Based on resources-**

Entrepreneurs have lot of resources available around themselves to choose your business.

If agriculture is increasing in the area, supplementing agriculture, based business can be started. If there is a forest area So wood can be available. Sea, riverside

If there is a region, fish farming, antler farming

Such businesses can be done. Cow, buffalo, Chicken or goat rearing business can also be done.



### ➤ **Based on skills-**

If the potential entrepreneur has some skills within himself, like, Furniture making, Motorcycle repair, Sewing, Pottery, Items like brooms, shoes, wallets, incense sticks, candles etc. One can start a business based on it. Likewise, these skills can also be learned through training as well.

### ➤ **Based on the market-**

By concluding market survey the local as well as neighboring markets, you can understand which products are in high demand and availability in that market. Based on this information he can choose his business.

### ➤ **Local Specialty**

Local specialty means special characteristic of a place. If a particular item of a place is famous far and wide or a place is a religious pilgrimage or a famous tourist spot then these things should be considered while choosing a business. For example, if there is a famous temple in a place, one can start a business of making items needed by devotees like flowers, garlands, incense sticks etc.

### **Selection of products / services-**

While selecting the products and services, the business environment, available tools, demand and supply in local or foreign markets are taken into consideration. A businessman should choose products or services which are not supplied in the market or the quality of the products available in the market is not particularly good. Doing so can attract customers to their products. For example, if soybeans are grown extensively in your area, you can choose from a variety of products made from soybeans.

This to be done based on the market ,while selecting the product, the needs of the customers are taken into consideration, which product the customer likes the most, what changes they want in the available products, how much a product is currently available, what is its market price. This includes the type, quantity, size, color, design, brand, packing etc. of the item.

Youths who are willing to start self-employment in rural areas mainly face the following problems –

- The CBO should first select the entrepreneur after considering his necessary qualifications.

The development resident should be an active member of the Self Help Group or his family members (unmarried son/daughter, unmarried brother/sister, husband, parents).

Along with having a good record, good financial credit, there should be no mistakes in self-help group loans.

The outstanding amount of loan owed to the SHG should not exceed 25000 while applying for setting up a new enterprise. This rule is not applicable in loan applications for already functioning



businesses. However BRCs will ensure the creditworthiness of the applicant before sanctioning the loan.

The CRP-EP will prepare a business plan for the industry for which the application is made.

Application will be recommended through Self Help Groups as well as Village Associations.

MNREGA beneficiaries, underprivileged classes, women, scheduled castes/tribes and rural artisans should be given priority.

- Selection of Entrepreneurs In collaboration with community organization and CRP-EP, the selection of entrepreneurs will be based on poverty and efficiency in entrepreneurship operations. There is no age restriction for choosing an entrepreneur. In this along with the start of the business, the entrepreneurs who are already working will also be encouraged. Community Investment Fund (CIF) will be provided in the form of start-up capital for the purpose of starting an enterprise. The program will provide assistance to rural entrepreneurs through business skill training, tourism and start-up loans for the industry along with linkages with banks and other government schemes.
- When an entrepreneur repeatedly goes to the market, meets various potential buyers / sellers, business relationships are formed between them, in the future these same buyers / sellers become partners with each other and buy and sell products.
- Through the market survey, the entrepreneur can understand how much and in what form the exact need for the product is, according to which he can make changes in his product. For example, an entrepreneur wants to start a business manufacturing plastic mugs. After surveying the market, he realizes that instead of plastic mugs, there will be more demand for soap containers. He can change his product accordingly.
- Market survey helps the entrepreneur to understand the demand in the market for the product he is going to make. Accordingly, the confidence and enthusiasm of the entrepreneur increases.
- A market survey helps an entrepreneur to understand the reactions of various individuals. Thus the entrepreneur gets guidance and can learn from the mistakes of other entrepreneurs.
- An entrepreneur can influence financial institutions by presenting the data collected through market surveys to financial institutions.
- While selecting the products and services, the business environment, available tools, demand and supply in local or foreign markets are taken into consideration. A businessman should

choose products or services which are not supplied in the market or the quality of the products available in the market is not particularly good. Doing so can attract customers to their products. For example, if soybeans are grown extensively in your area, you can choose from a variety of products made from soybeans.

- Market demand means customer needs. While selecting the product, the needs of the customers are taken into consideration, which product the customer likes the most, what changes they want in the available products, how much a product is currently available, what is its market price. This includes the type, quantity, size, color, design, brand, packing etc. of the item.
- A marketing network includes the identification of an entrepreneur in the market, product promotion, distribution and sales. For a marketing network, a businessman advertises his product, decides to whom and in what quantity to sell his product, whether to sell to wholesalers or retailers, or to open his own store and sell directly to consumers.
- After choosing the industry it is mandatory to make CEF approval and loan repayment schedule.
- With the help of CRP-EP, the entrepreneur's credit rating graph should be prepared.
- CRP-EP will present the loan graph as well as the loan repayment schedule in the group meeting.
- After consultation with the group, the group representative will submit it to the village association for approval. The matter will then be presented to the Credit Committee of BRC.
- After the recommendation of BRC, the loan will be provided to the entrepreneur through the group.
- The entrepreneur will repay the loan through the group. Under no circumstances will the loan be disbursed in cash.



## 4 Community Enterprise Fund (CEF)

Entrepreneurs will be selected in collaboration with community based organizations and CRP-EP based on entrepreneur's need, and enterprise operational efficiency. There is no age restriction for choosing an entrepreneur. It will also encourage the entrepreneurs who are already running an enterprise. As much as taking a loan is necessary, so is creating a business plan. If the plan is not properly evaluated, the entrepreneur may face many problems in the future. After selecting the business, a business plan is drawn up for the loan; it consists of the following components –

- Name the product/service as well as demand potential in the market
- Proposed capacity or total sales of the enterprise
- Shop rent
- Machines and other materials
- Raw material
- Salaries and wages
- Other incidental expenses
- Capital to be used in actual work
- Total project cost
- Financial management
- Production costs
- Profit / Loss

While evaluating the business plan, attention should be paid to the above aspects.

Arrangements have been made under this scheme to provide Community Enterprise Fund (CEF) in the form of seed capital to start up an enterprise. CEFs also increase the risk-taking capacity of entrepreneurs and their readiness in terms of:

- Financial discipline as well as regular repayment of loans
- Indicating the creditworthiness of the poor to banks and other financial institutions.
- Availability of margin money which helps in obtaining loans from banks and other financial institutions

### **Getting loan from CEF**

- First of all, the entrepreneur's credit rating graph should be prepared with the help of CRP - EP.
- Presenting the loan graph as well as the loan repayment information in the meeting and informing the CRP-EP.
- After deliberation by the SHG, the representatives of the SHG will submit it to the executive committee of the village organization for approval. The Executive Committee may approve any application or return it for reconsideration.
- After this the case will be presented to the Credit Committee of BRC through CRP-EP and entrepreneurs for final payment by BRC.
- BRC will evaluate the proposal to ensure that all guidelines are followed. The loan amount will be credited to the account of the respective SHG when the proposal is approved.
- The SHG will deposit the amount in the entrepreneur's account after receiving the instruction through BRC. Intimation of payment will be given to the entrepreneur through CRP-EP to BRC as well as village organization.
- As decided earlier, the entrepreneur will repay the loan through the SHG. Under no circumstances will the loan be disbursed in cash.
- After the entrepreneur fully repays the loan, BRC will issue a loan clearance certificate to the entrepreneur and the SHG.

### **Repayment of loan**

The entrepreneur will repay the CEF to his respective SHG at a monthly interest rate of 1 percent from one month after receiving the loan. The SHG will remit 75% of the loan principal and interest amount to their village organization, the village organization will keep 25% of the interest amount in their organization and send the remaining amount through a check (in the name of BRC) to the CLF, from which the BRC members will collect the cheque. The CEF will be repaid through the entrepreneur to the SHG as per the repayment plan. The CEF will be reimbursed by the SHG to the village organization, then from the village organization to the nodal CLF. If the BRC is operated through the BLF, the reimbursement from the village organization will be made to the CLF of the concerned village organization. The repayment of CEF by the village organization to the BRC will

be done in a special meeting organized by the BRC. This meeting will be held in February or August and BRC will inform all village associations about the date of this meeting.

The minimum moratorium period in repayment of CEF will be 3 months and maximum 6 months. The duration of the moratorium period will be agreed between the SHG and the entrepreneur. After this the above instruction will be applied for CEF. SHGs can only claim interest on CEF during the moratorium period. The principal amount will not be payable during this period. If the entrepreneur voluntarily wants to return the principal amount, the SHG will accept it.

The repayment period from the entrepreneurs to the SHG will be mutually agreed upon and will be mentioned in the business plan appraisal. Loan repayment period for individual business can be maximum 24 months. The loan repayment period for group enterprises can be up to a maximum of 36 months. With CEF providing financial assistance to entrepreneurs to start a successful business, capital is very important for any business. The maximum interest rate for Group CEF repayment by the business has been fixed at 12% per annum to stabilize the business. The CEF interest repayment rate from the SHG to the village organization is 9% and the loan repayment rate from the village organization to the nodal CLF is 6% per annum.

### **How will CEF be repaid?**

- ❖ BRC will continue to function as a permanent institution and resource center.
- ❖ In SVEP the B RC is to function as a resource center and the CRP EP will serve as key resource persons and service providers, operating out of the BRC
- ❖ BRC will continue to operate as a self-sustaining revenue model.
- ❖ BRC will emphasize every aspect of business, such as finding a sustainable business, financing, meeting with experts, creating a business plan.
- ❖ BRC will use IT-based software to prepare business feasibility plans, assessment credit and monitor business performance to help businesses access bank funding.

## 5 Accounts Management

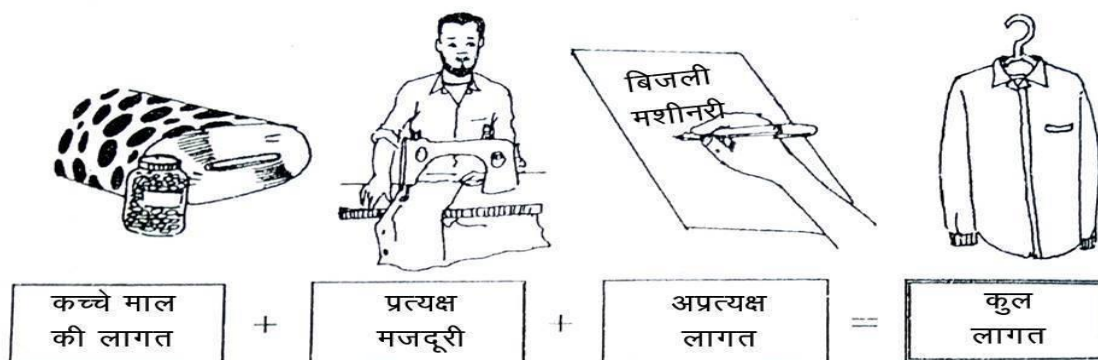
The success of any business depends on its efficient management. On the basis of management, an entrepreneur can control the affairs of his business. By coordinating various activities, profit and loss can be estimated by maintaining a balance between income and expenses of the business. The basic principles of management are as follows –

### Costs and their classification-

The money required to make any item is the cost incurred for that item. There are two types of costs - direct costs and indirect costs

- **Direct costs-** It includes raw materials and labor used in manufacturing the product.
- **Indirect costs-** Expenditure on machinery, electricity, rent, facility expenses, transport / communication, interest, depreciation, equipment expenses etc. is included in this.

While calculating the cost of any product, total cost can be understood by calculating both these types of costs. This is further explained further.



### Price determination process-

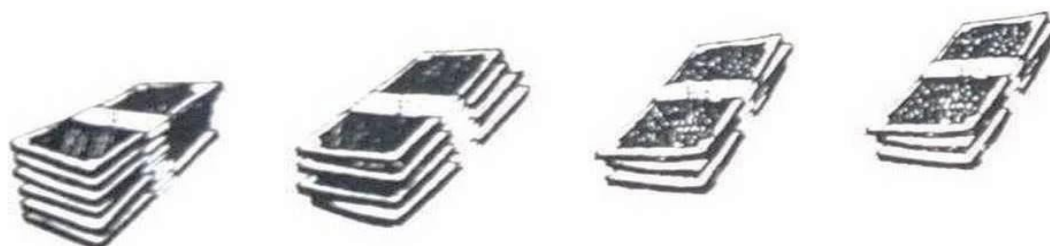
While determining the price of any good, the total cost of that good includes the direct costs of bringing the product to the market such as transportation costs, government taxes, warehousing costs, advertising costs, etc., and indirect taxes. The amount now due can be determined as the cost of that product or the value of that product. We can understand this as follows –

$$\boxed{\text{वस्तु की लागत}} + \boxed{\text{समस्त व्यय}} + \boxed{\text{लाभ का मार्जिन}} = \boxed{\text{उत्पाद का मूल्य}}$$

For example, if the total cost of goods is Rs.30, Rs.15 is spent on getting the product to the market after finishing, and the entrepreneur's own profit margin is Rs.5, then the total cost of the product is Rs.50.

### Profitability -

The ability to make a profit in a business is called profitability. A whole sale is not a profit for any business. The profit of the business is the amount left after deducting the total cost of the product from the sale proceeds. This can be understood as follows –



$$\text{कुल बिक्री} - \text{कुल लागत} - \text{समस्त व्यय} = \text{शुद्ध लाभ}$$

As we have understood above cost of production / product value if the commodity is sold at its fixed price i.e. 50 rupees, the cost incurred on it is 30 rupees and the cost of transporting the commodity to the market is 15 rupees then the profit of the entrepreneur is 5 rupees.

**Working capital-** Some expenses have to be incurred frequently in business, the capital used for this is working capital. For example, purchase of raw materials, expenses incurred on repairs, wages, communication, transportation expenses, stationery etc.

### **Occupational risk-**

When you are trying to complete an important, challenging, realistic objective within a certain time frame, you have to take a lot of risk. If you don't understand the risks in the conflict between success and failure, you can become distracted from the objective. If you want to succeed, you have to deal with challenges mentally and emotionally so that you can keep moving forward in the face of adversity. No matter what the challenging objective or opportunity, there are chances of success or failure. A person who strives for success has to go through many difficulties. The possibility of failure can never be completely ruled out. An attitude to face failure with the help of ability, practice, and morale builds strength in the individual to face risks and challenges.

### **Accounting records**

You know the benefits of keeping business accounting records. Accurate and clear records make it easy to understand how the business is doing and help to resolve any problems in the business.

- If your business is doing well, you can use records to understand why and make it better.
- If the business is not doing well, you can use the records to understand the exact problem and create a plan to solve the problem.
- Business accounting records provide you with information on other organizations as well as on an individual level about the products or services the business needs. Contracts you enter into with suppliers or customers are also part of your business records.

**The major benefits of keeping accounting records are –**

1. Cash transactions can be controlled by keeping accounting records – Records show how much cash an entrepreneur has and what activities he can use it for.



2. Accounting records show the actual position of the business – If there is any problem in the business, it is noticed from the accounting records. You can use records to understand that the business is running smoothly, nothing is going wrong, costs are not increasing or sales are not falling.



3. Accounting records can present the performance of a business to others – An entrepreneur needs business records for loans, tax payments and other business functions. Entrepreneur can submit his account for all these.



4. Future Planning – Records show you how your business has performed in the past and how it is now. If you understand the weaknesses of the business or the strengths of the business, you can effectively plan for the future accordingly.



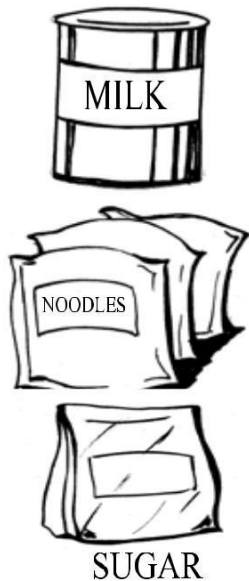
Record keeping means writing down all the information that is important to the business

- How much did you earn in business?
- How much money was paid off from your business?
- How many sales were made on credit in your business?
- To what extent do other people own your business?
- What is the cost of equipment purchased in your business?
- How much capital is invested in your business?
- Contracts with suppliers or customers in your business



## Easy way to register business

A record of cash sales made each day



दैनिक नगद बिक्री का हिसाब –किताब				
दिनांक – 11/07/2017				
वस्तु (1)	बेची गयी वस्तु की संख्या (2)	प्रति वस्तु मूल्य (3)	कुल मूल्य (4)	
दूध	<input checked="" type="checkbox"/>	5	10	50
नूडल्स	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	14	5	70
शक्कर	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	15	10	150

If your business is selling inexpensive products that are sold every day, you need to record cash sales every day.

**Record 1:** Record all the items you sell.

**Record 2:** When you sell an item, make a mark in another Rakana and at the end of the day count the marks you have made and add up the total.

**Record 3:** Write the cost of each item.

**Record 4:** Multiply the total number of items sold and the cost of each item in this column.

At the end of the day write the sum of the Record 4. This will tell you how much you got from the sale of all these items. You need to keep a record of sales every day. So make a notebook in which you can make entries for many days.

If you sell many inexpensive products or services in your business, use both receipts and daily cash sales records. Receipts should be used for expensive and low selling products and daily sales records should be used for cheap and regularly selling items.

**Capital expended by business -**

Always get a receipt for every expense when you use the capital from your cash box for the day's expenses.

- Receipt of purchase of raw materials and products for resale
- Pay slip / Receipt of payment of wages and salaries
- Bills for rent, electricity, telephone and other business expenses

If the supplier doesn't give you a written receipt, you should make a note of the transaction yourself so you don't forget it. You can use paper to write the above information / entries. The following must be written in it.

- Date of exchange
- Who is involved in the transaction?
- What was the transaction about?
- How much money was spent in exchange?

If you do not have any written proof of expenditure, you should write down the details of the transaction yourself. Apart from that you can hire a skilled accountant in your business, who can prepare other business records like profit and loss details, balance sheet etc., which will help you understand the exact status of your business.

## 6 Marketing Strategy for New Entrepreneur

After production, it is a necessary and important task to sell it within a certain time frame. The entrepreneur has to plan for this in advance, so that the product reaches the market on time, consumers use it on time and the entrepreneur does not suffer losses. This requires understanding the fundamentals of marketing

### Importance of market survey-

Market survey is important as it helps to understand the exact market conditions. How many other manufacturers are there who make products like us, how many goods they make, what kind of goods are in demand in the market, how much they sell, information about the prices of competing manufacturers etc. Apart from this, there are many more benefits of market research

- When an entrepreneur repeatedly goes to the market, meets various potential buyers / sellers, business relationships are formed between them, in the future these same buyers / sellers become partners with each other and buy and sell products.
- Through the market survey, the entrepreneur can understand how much and in what form the exact need for the product is, according to which he can make changes in his product. For example, an entrepreneur wants to start a business manufacturing plastic mugs. After surveying the market, he realizes that instead of plastic mugs, there will be more demand for soap containers. He can change his product accordingly.
- Market survey helps the entrepreneur to understand the demand in the market for the product he is going to make. Accordingly, the confidence and enthusiasm of the entrepreneur increases.
- A market survey helps an entrepreneur to understand the reactions of various individuals. Thus the entrepreneur gets guidance and can learn from the mistakes of other entrepreneurs.
- An entrepreneur can influence financial institutions by presenting the data collected through market surveys to financial institutions.

## 4P Theory –

The 4P theory is based on four elements; these four elements are as follows –



**Promotion** - Promotion of a product means promoting, disseminating or advertising it. The contribution of advertisement in the sale of a product is important because the more effective the advertisement is, the more consumers will be attracted to it and buy it. Many of us choose the things we need by watching advertisements on TV. This requires knowledge of the following –

- Type of Advertisement – Posters, leaflets etc.
- Advertising costs

**Produce** -Introducing the product to the market is the first step of a business. Information about a product can be obtained from several sources. The easiest way to do this is through market research. By surveying the market, one can get the information about the advantages and disadvantages of the product and if necessary, changes in the product and improvement in its quality can be made. The following information is required for this –

- Product quality
- Color of the product
- Product size
- Product packaging
- Additional parts of the product
- Necessary changes in the product

**Price / Value-** Determining price / value are not as easy a task as it sounds. There are many competing products in the market. A fair price must be decided by adding up all the costs of production and keeping a fixed margin. People should be attracted to buy a good quality product at the right price. It should have all the following information –

- Estimated cost of production
- Consumers in the product market
- The price at which competitors of the same product sell their products
- Value determined by the entrepreneur himself
- Reason for choosing this value
- How much discount an entrepreneur can give if required
- Reason for Exemption
- To which buyers / sellers goods can be loaned
- Reason for lending

**Location-** Before starting a business, an entrepreneur needs to choose a suitable location for his product. This location should be such that he gets enough distributors for his product. It requires all the following information –

- A place for business
- Reason for choosing location
- Information from distributors - customers, wholesalers, retailers or others

### **Class division and determination of objectives-**

Before selecting the product, the entrepreneur should segment the class so that he can easily determine his objectives. Class segmentation means that the entrepreneur should look at the customer segment of the product he is making, i.e. whether the product is for children, youth or the elderly, and also what class these people belong to, upper class, middle class or poor or below poverty line. This class segmentation helps the entrepreneur to determine his product and its price.

If an entrepreneur wants to make a product for children, he also has to decide whether the product is for children under five years of age, school children, and children under 15 years of age, if so, toys, and clothes can be manufactured.

If products are to be made for school children then items such as pens, notebooks, bags, school uniforms etc. can be made.

An entrepreneur can decide the price of his product according to whether the customers are upper class, middle or poor class or below poverty line.

### **Consumer Behavior / Tendency–**

There are certain motivations, purposes, decisions and buying processes behind which consumers buy a product. The process that consumers follow while purchasing a product is called consumer behavior.

For example, some consumers value the scent of soap while buying it. Some customers are impressed by its packaging while others value the price. Therefore, it is essential to understand customer behavior. Accordingly the entrepreneur can change his product.

### **Quality-**

An integral part of any product is its quality,. No matter how attractive your product is, no matter how low its price, if it is not of good quality, once purchased, customers will not buy it again. Therefore, attention should be paid to the quality of the product, for which the market should be surveyed and improved based on customer demand.

## 7 Financial management

In any business, money is the lifeline of that business. Financial management is a part of business management. In financial management, an entrepreneur makes a plan according to the money he has, how much money he wants to use and where, so that the business can run smoothly with the money available to him.

### Management of working capital

In any business it is necessary to manage capital, so that balance between income and expenses can be maintained. An entrepreneur manages the working capital in advance to meet the day-to-day and necessary expenses incurred in the business according to the money available to him, so that the work does not stop due to lack of any equipment or facility. We can understand this from the following example –



## Understanding Cash Flow

Cash flows (records of how much cash is brought into the business and how much is spent) account for the amount of cash coming into and out of the business between two accounting periods. The opening balance of the business at the beginning of each period and the remaining balance at the end are shown. Such financial statement may be made monthly, weekly or for any other regular period. We can understand from the following picture how much goods and money the entrepreneur had at the beginning and how much money and goods were left at the end of a certain period of time.

सप्ताह के प्रारंभ में



वस्तु



पैसा

सप्ताह के अंत में



वस्तु



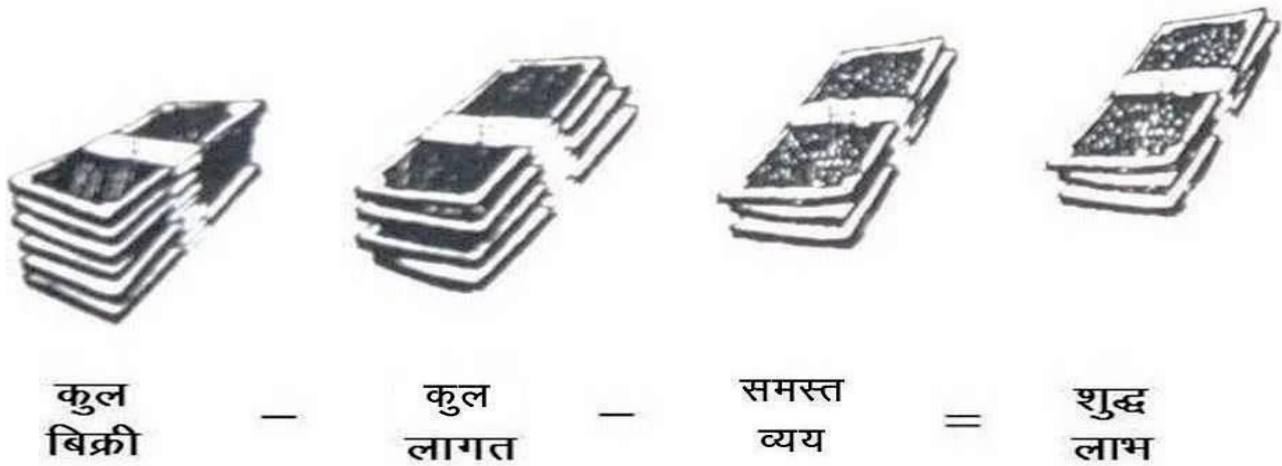
पैसा

सप्ताह में  
बिक्री के  
बाद



### Profitability -

As we have already seen before, the ability to make a profit in business is called profitability. A whole sale is not a profit for any business. After deducting the total cost of the product, all direct and indirect costs, wages, etc., from the amount received after selling the product, the profit is the profit of the business. This can be understood as follows –



The diagram illustrates the calculation of profit using stacks of money. It shows four stacks of money. The first stack is labeled 'कुल बिक्री' (Total Sales). The second stack is labeled 'कुल लागत' (Total Cost). The third stack is labeled 'समस्त व्यय' (Total Expense). The fourth stack is labeled 'शुद्ध लाभ' (Net Profit). The equation is represented as: कुल बिक्री — कुल लागत — समस्त व्यय = शुद्ध लाभ.

### Repayment of business loans and capital

The entrepreneur needs to repay the business loan on time so that a good relationship with the financial institutions like bank etc. can be established and the entrepreneur can get a loan easily if needed in the future.



An entrepreneur can prepare a list to repay the loan. In this one can write all the accounts such as the amount paid every month and the remaining amount of the loan as well as the amount remaining with him.

month		January	February	March	April	May
<b>Loan received from bank</b>		10,000/-	--	--	--	--
<b>Amount Repaid</b>		1,000/-	1,000/-	1,000/-	1,000/-	1,000/-
<b>Remaining amount</b>	<b>2,000/-</b>	11,000/-	10,000/-	9,000/-	8,000/-	7,000/-

According to the above table an entrepreneur has Rs.2, 000/- at the beginning of the year and takes a loan of Rs.10, 000/- from the bank. Thus he gets Rs.12, 000. Out of this he pays Rs 1000 for the month of January. Then he is left with Rs.11, 000. In this way he records the defaulted amount every month. From this one can easily understand his current loan status from time to time.

### **Understanding the profitability / success of a business through accounts-**

We have already seen the benefits of having good accounting records in any business. The profit/success of the business can be easily understood from the accounts prepared by the entrepreneur as the accounting records contain records of every income and expenditure, purchase and sale. This allows the entrepreneur to understand whether he is making a profit or loss in the business and accordingly he can plan future operations.