

Startup Village Entrepreneurship Programme (SVEP)

Training Module

For CRP-EP



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



Entrepreneurship
Development Institute
of India, Ahmedabad

Training module
For
Community Resource person-Enterprise Promotion (CRP-EP)



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

Training module
CRP-EP Basic training
Startup Village Entrepreneurship Program (SVEP)

Training Module

1. Introduction of SVEP -2 days (1 day class + 1 day Exposure Visit)

- Introductory session
- National Rural Livelihood Mission (NRLM) Ecosystem
- Introduction of SVEP
- Institutions under SVEP
- Roles and responsibilities of various stakeholders
- Conversation with CBO

2. Skill Training for Entrepreneurs -6 days (4 days class + 2 days campus tour)

- Community Organization
- Practical skills and Business communication skills
- Entrepreneurship and entrepreneurs
- Rural Resource Mapping

3. Fundamentals of Business Management -8 Days(5 Days Class + 3 Days Campus Visit)

- General Aptitude
- Business information and operating plan
- Information about marketing and sales
- Business Expenses, Accounting
- Financial and business planning in industry

4. Business Assessment and Maintenance -5 days(3 days classroom + 2 days campus tour)

- Business Appraisal - Levels and Processes
- Business performance improvement and collaboration
- Hand holding (cooperation, help)
- Maintenance and control of business

Total Days of Training – 21 (13 Days Class + 8 Days Campus Visit)

Module 1 - Getting Started with SVEP

No.	Chapter	Topics	Class	Area tour days	Training Pedagogy
1	Introduction session	Micro Lab	0.5		Lecture, discussion on group work, definition of exercise
2	Ecosystem of National Rural Livelihood Mission (NRLM).	Organization based on implementation structure, work, financial aspects, community			Lectures, Discussions
3	Information about SVEP	Program objective, salient features, coordination with NRLM staff and CBO			Lectures, Discussions
4	Institutions under SVEP	BRC-EP Concept, Key Principles, Structure, Function, CEF-, Directions, Application Process, Financial Flow	0.5		Lectures, Discussions
5	Roles and responsibilities of various stakeholders	Role and Responsibilities of SRLM, NRO, PIA, CBO			Lectures, Discussions
6	Conversation with CBO	Meeting with CBO	0	1	Exposure visit

Module 2 - Skill Training of Entrepreneurs

No.	Chapter	Topics	No of Class	Area tour days	Training Pedagogy
1	Community Organization	Organizational methods and techniques, providing Consultation services	1		Games and activities, videos and lectures
2	Practical skills and professional communication	Solving problems, making decisions, managing conflicts and Motivation	1		Lectures, games, plays, individual and group work
3	Entrepreneurship and entrepreneurs	Motivation to entrepreneurs, Identification of entrepreneurs	1		Motivation, incentive training, games, videos, campus tours
4	Village resource planning	Collecting information from rural sources	1		Lectures, Discussions

Work in a real workplace		
1	First day	Profile of two villages
2	Second day	Attending meetings of rural associations to understand the possible financial implications of the proceedings.

Module 3 - Fundamentals of Business Management

No.	Chapter	Topics	No of Class	Area tour days	Training Pedagogy
1	General Mathematics	Share, percentage, average, discount/discount, simple interest and compound interest	1		Lectures, individual work
2	Business information and operating plan	Business definition, types, business based on seasons, opportunity cost and potential, boat game study	1		Lectures, group work, boat games
3	Information about marketing and sales	Sales Process, Marketing Mix	1		Class lectures, group work
4	Business Expenses, Accounting	Cash Book, Sales Book, Purchase Book, Stock Register, Financial Statement	1	1	Class lectures, individual study, campus level studies to understand current industries
5	Financial and business planning	Estimated fixed and working capital for a business, outline of a business plan, example for making a business plan	1		Class lectures, individual study, individual work

Work in a real workplace		
1	First day	Knowledge of rural resources and potential means of livelihood
2	Second day	Outline of rural divisions established earlier
3	Third day	Seasonal calendar of rural resources

Module 4 - Business Assessment and Maintenance

No.	Chapter	Topics	No of Class	Area tour days	Training Pedagogy
1	Business Appraisal - Levels and Processes	Importance of plan evaluation, entrepreneur evaluation and business evaluation	0.5	1	Classroom sessions, plays, interviews with entrepreneurs
2	Business performance improvement and Support	Fundamentals of Supply Chain Management, Management of Business Risks, Importance of Quality, Innovation and Vigilance at Work	0.5		Classroom sessions, small group meetings
3	Hand holding	Sharing of best practices and information, review and coordination, feedback after training	1		Classroom sessions, small group meetings, role playing
4	Maintenance and control of business	Evaluation of business findings and business planning of entrepreneurs, development of Management Information System (MIS) to monitor the expansion and progress of the industry, design for Management Information System (MIS), monitoring of repayment of loans taken by	1	1	Classroom sessions, exposure visit, Monitoring equipment's

		entrepreneurs. , monitoring the accounts of the entrepreneur, making sound business decisions through Management Information System (MIS), preparing monthly Management Information System (MIS).			
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Work in a real workplace		
1	First day	Evaluation of CEF
2	Second day	Tracking / getting information about the developments of the industry through the app

Introduction to SVEP

(Module - 1)

Publisher

Entrepreneurship Development Institute of India
(EDII)

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1. Micro Lab - Ice-Breaking Activity

The Micro Lab program is a hands-on and interactive learning experience to motivate and engage rural youth. Rural youth often have unique traits that can affect how well they respond to training. They tend to be more reserved and take longer to open up to new people and environments. This shyness can sometimes prevent them from fully participating in training programs, which may limit their growth and potential. To overcome this, specialized programs are needed to inspire and empower rural youth, creating a positive and supportive environment where they feel comfortable participating actively. The objective behind such activity is to:

To promote open communication and trust among participants.

- Foster a sense of unity within the group.
- Build clear expectations in the minds of participants.
- Emphasize the value of mutual discussion in the learning process.

Activity Instruction –

- **Gather Participants:**
 - Assemble all participants in an open area, like a garden or hall.
 - Have them sit in a circle with their heads down, creating a calm and reflective atmosphere.
- **Guided Instructions:**
 - The trainer will walk slowly around the circle, offering guidance or instructions.
 - Participants should listen attentively and begin thinking based on the trainer's cues.
- **Group Discussion:**
 - After receiving the instructions, divide participants into two or three smaller groups.
 - Each participant will share their thoughts with the group for 1-2 minutes.
- **Regroup and Reflect:**
 - Once everyone has shared, bring the participants back into a circle.
 - The trainer will again provide instructions while moving slowly among them, encouraging further reflection.

- **Reorganize Groups:**
 - Now, divide the participants into new groups, ensuring that the members are different from the previous ones.
 - In these new groups, ask them to discuss a fresh topic, following the same process.
- **Repeat the Process:**
 - Continue this cycle 5 to 6 times, changing the discussion topic with each round to stimulate diverse thinking and engagement.
- **Engagement through Icebreakers:**
 - After completing these discussions, introduce other ice-breaking activities, such as role-playing or concentration-based games.
 - These activities will energize participants and help them feel more comfortable in the program.
- **Linking Learning to Training:**
 - Throughout the process, ensure the discussions and activities are connected to core training elements.
 - For example, the trainer may ask participants to recall earlier discussions and relate them to key entrepreneurial characteristics. This helps reinforce learning and connects their experiences to the main objectives of the program.

2. NRLM Ecosystem

The National Rural Livelihoods Mission (NRLM) was launched by the Ministry of Rural Development, Government of India, with financial support from the World Bank. Through self-managed Self-Help Groups (SHGs) and community organizations, NRLM has provided livelihood support to numerous villages across the country. The NRLM ecosystem includes:

- Ministry of Rural Development (MORD)
- World Bank
- Training Institute

The objective of NRLM is to enhance the livelihood of the poor and unemployed in rural areas by providing them with financial services and empowering them to increase their household income. The NRLM provides information, knowledge, skills, equipment, financial assistance etc. to promote livelihood to the poor.

Implementation structure of NRLM

The National Rural Livelihoods Mission (NRLM) is a highly process-driven program, building on the capabilities developed under the Swarnjayanti Gram Swarozgar Yojana (SGSY). Two major policy changes were made, incorporating best practices from successful rural livelihood programs across various states in India. These changes align with the lessons learned from SGSY and aim to enhance the program's effectiveness.

1. NRLM is designed to be flexible, allowing states to create livelihood-based poverty alleviation schemes tailored to their specific needs and conditions.
2. NRLM provides an effective and collaborative framework for implementing the program efficiently.

The mission is being carried out across almost all districts in the country, implemented in phases from the state level.

Initial steps for implementation-

1. Under NRLM, a Nodal Officer is appointed to oversee the movement and coordination of activities across different locations. Ideally, the Commissioner or Director serves as the Nodal Officer at the state level. In states and Union Territories where a specialized society already exists under SGSY, the CEO or State Project Director (SPD) of that society will be designated as the Nodal Officer for NRLM.
2. Under SRLM, a team will be formed to handle the initial work involving the collaboration of various stakeholders, including government representatives, banks, civil society organizations

(CSOs), and educational institutions. This team will focus on several key areas, including social inclusion, economic inclusion, livelihood development, manpower training, and program management, ensuring a comprehensive approach to achieving the mission's objectives.

3. SRLM will be established as an autonomous organization, responsible for appointing State Mission Directors on behalf of the State Government. The State Mission Management Units (SMMUs) will be tasked with inquiring about the status of the organization and overseeing the appointment of employees within the program.
4. For initial operations, NRLM/SMMU will provide technical assistance in the following ways:
 - **Exposure Visits:** Organizing visits to other states to gather information on best practices and successful implementations.
 - **Annual Action Plan:** Developing an initial annual action plan to guide program activities.
 - **Stakeholder Analysis:** Conducting an analysis of the current situation, gathering responses from stakeholders, and organizing policy workshops to foster collaboration.
 - **HR Policy and Recruitment:** Establishing human resource policies, recruitment processes, and incentives for key personnel, along with capacity-building initiatives.
 - **State Approach and Implementation Plan:** Formulating a comprehensive state approach and implementation plan to effectively execute the program.

Work of NRLM

The National Rural Livelihoods Mission (NRLM) aims to improve the livelihoods of the rural poor and unemployed by offering them financial services and empowering them to increase their household income. To support the creation of sustainable livelihoods, NRLM provides various forms of assistance, including information, knowledge, skills, tools, and financial aid. The three key functions of NRLM are:

- Creating new livelihood options and enhancing existing ones for the rural poor.
- Equipping individuals with the skills needed to succeed not only in local markets but also in wider, even international markets.
- Encouraging and assisting individuals to pursue self-employment and entrepreneurial ventures.

In addition to this, the functions of NRLM are as follows:

- Implement the currently assigned action plans as needed.
- Assist states in developing livelihood-based poverty alleviation plans.
- Ensure a strong focus on objectives, deliverables, and timely execution.
- Foster sustainable capacity-building in the organized sector by providing necessary skills and creating livelihood opportunities for economically weaker sections.
- Oversee the implementation and outcomes of the action plans.
- Develop an annual action plan.
- Implement the plans and monitor progress based on experiences and feedback.

Funds- NRLM does not provide direct financial assistance to individual members. Instead, financial support is structured through various funds, including the Revolving Fund, Vulnerability Reduction Fund, and Community Investment Fund. These funds are made available to Community-Based Organizations (CBOs) to enable them to support their members effectively.

Revolving Fund The Revolving Fund provided by NRLM to Self-Help Groups (SHGs) is available for a period of 3 to 6 months to assist SHGs in adhering to five key principles, known as the five sutras: regular meetings, regular savings, regular internal borrowing, regular debt collection, and regular auditing of accounts. This fund is exclusively granted to SHGs that have not previously received it. The minimum amount allocated is ₹10,000, while the maximum limit is ₹15,000 per SHG.

Vulnerability Reduction Fund- The Vulnerability Reduction Fund under NRLM is provided at the block level to Self-Help Groups (SHGs). This fund is intended for members to address essential needs related to food security, health facilities, and support for economically weaker sections. The maximum limit of this fund is ₹1,500 per member.

Community Investment Fund-

The Community Investment Fund (CIF) provides ₹3,000 to each Self-Help Group (SHG), while the Self-Help Group Federation (SHGF) is allocated additional funds. This fund is maintained in a resource-instrument format by the Federation.

The CIF is utilized by SHGs to advance loans or to undertake collective socio-economic programs. Initially, in the absence of the CIF, ₹50,000 is made available directly to the SHGs to help them develop their Micro Credit Yojana (MCY) or Micro Plan at the village level through the Federation.

Interest subsidy- Under NRLM, a loan subsidy is provided to women in Self-Help Groups (SHGs). This interest subsidy helps cover the difference between the interest rate charged by banks or financial institutions and 7% on loans taken, with a maximum subsidy amount of ₹300,000.

Information about CBO

Community-Based Organizations (CBOs) are established at the block level and play a crucial role in various functions to support local development. They suggest suitable locations for Block Resource Centers (BRCs) and assist in conducting baseline assessments and market feasibility studies in collaboration with the National Rural Livelihoods Organization (NRO). CBOs help by providing lists of potential Community Resource Entrepreneurs (CREPs) and following guidelines for capacity-building workshops. They also ensure the proper selection of members for beneficiaries and conduct assessments of enterprise performance after 3 to 6 months of Community Enterprise Fund (CEF) income. Examples of community organizations involved in these efforts include:

- Self Help Groups (SHG)
- Village Development Center - Gram Vikas Kendra (VDC)
- Cluster Level Federation (CLF)
- Block Level Federation (BLF)

3. About SVEP

A brief introduction

On July 10, 2014, during the budget session for the 2014-15 fiscal year, the Hon'ble Finance Minister proposed the initiation of the Startup Village Entrepreneurship Program (SVEP) to promote entrepreneurship among rural youth. In this announcement, the Minister allocated ₹100 crores to encourage local-level entrepreneurship development. This initiative aligns with the objectives of the National Rural Livelihoods Mission and aims to foster economic growth and self-sufficiency in rural areas by providing essential support and resources to aspiring entrepreneurs.

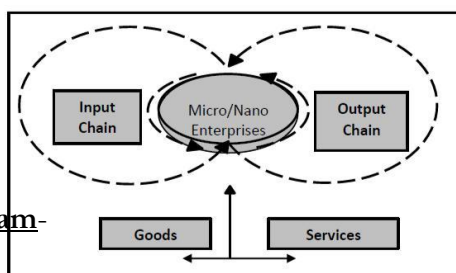
Objectives of- SVEP

The overall objective of the Startup Village Entrepreneurship Program (SVEP) is to accelerate economic development in rural areas by facilitating the creation and growth of sustainable rural enterprises. It aims to contribute to poverty alleviation and reduce unemployment by empowering local entrepreneurs. Below are the main objectives of SVEP:

- 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-



- Establishment of Block Resource Center - Enterprise Development (BRC-EP): It will act as the nodal center for implementing SVEP program at Block level.
- Cluster Level Federation (CLF) / VO/ BLF will function as Nodal body till the block level federation (BLF) is formed.
- CRP-EP and (Bank Mitra) will provide support to BRC. BRC will provide tools and reference materials including videos, manuals etc.
- Helping businesses get funding from banks using IT-based software to prepare business feasibility plans, assess credit requirements and monitor business performance.
- Providing seed capital to the enterprises by using community enterprise funds.

For SVEP implementation all the required arrangements will be carried out by the National Rural Livelihood Missions (NRLM) with the help of State Rural Livelihood Missions (SRLMs).

Challenges in Starting New Enterprises

Aspiring youth in rural areas face numerous challenges when starting their own businesses, including:

- Many aspiring entrepreneurs lack essential knowledge about business operations, management practices, and market trends, which can impede their ability to start and sustain a successful enterprise.
- There is a lack of organizations offering consulting services or mentorship, restricting young entrepreneurs' access to guidance and expert advice for starting and managing their businesses.
- The lack of an institutional framework for banking and financial assistance makes it difficult for young entrepreneurs to secure loans or grants necessary for funding their business ventures.

This scheme aims to address these major challenges through a dedicated effort. In its initial phase, it focuses on 125 development blocks across 24 states over four years, with the goal of benefiting approximately 200,000 entrepreneurs. Each state will initially have two designated development areas in the first year, with additional areas being added annually.

Need of SVEP

The Start-up Village Entrepreneurship Program (SVEP), initiated by the Ministry of Rural Development, Government of India, is a sub-scheme of the National Rural Livelihoods Mission aimed at promoting and supporting rural entrepreneurship. The need for this program arises from the pressing challenges faced by rural communities, including high unemployment rates, limited access to financial resources, and a lack of opportunities for business development. SVEP addresses these issues by creating a structured framework that empowers rural populations to become self-reliant through entrepreneurship..

- SVEP is crucial to create a structured and lasting framework that can foster sustainable entrepreneurship at the grassroots level, empowering rural communities to become self-reliant. By promoting diverse sectors—manufacturing, services, and trade—it addresses both traditional and emerging market needs.
- The program is vital for providing crucial financial linkages, skills training, and expert guidance, helping rural entrepreneurs overcome barriers and break the cycle of poverty. It is designed to create a self-sustaining ecosystem where rural enterprises can thrive, contributing to broader economic development and livelihood generation across the country.
- The program work closely with Self Help Groups, Village Associations, and Panchayats to promote rural development through coordinated efforts and active local governance.

Decisions will be made in consultation with the Ministry of Micro, Small, and Medium Enterprises, the Ministry of Textiles, and other relevant ministries to ensure that their current plans are centralized and do not overlap.

Silent features of SVEP

Objectives of Entrepreneurship

The program aims to promote 2,400 rural industries in each development area, with a focus on fostering economic growth and entrepreneurship. In the initial financial year, efforts will concentrate on establishing 600 rural enterprises; however, the final number of enterprises will be determined based on insights gathered from baseline surveys and market analysis to ensure alignment with local needs and opportunities.

Identification, training and support of entrepreneurs

The identification, training, and support of entrepreneurs will involve a collaborative approach with community organizations and Community Resource Persons-Enterprise Promotion (CRP-EP). Entrepreneurs will be selected based on their poverty levels and efficiency in managing entrepreneurial operations, with no age restrictions for eligibility. This initiative will not only focus on new entrepreneurs but will also encourage those already in business. To support enterprise initiation, the Community Investment Fund (CIF) will be made available as start-up capital. Furthermore, the program will offer comprehensive assistance to rural entrepreneurs through business skill training, tourism development, and start-up loans. It will also facilitate linkages with banks and other government schemes to ensure robust support for emerging industries.

Role of NRO/PIA

The baseline survey and market condition analysis will be conducted by selected Community Resource Persons-Enterprise Promotion (CRP-EP) in the development areas under the program, in collaboration with designated Non-Resident Organizations (NRO) and Project Implementation Agencies (PIA). This initiative aims to provide comprehensive support for new entrepreneurs in partnership with community organizations and village Panchayats. Additionally, an internet-based Management Information System (MIS) will be developed by the NRO/PIA to facilitate effective monitoring and informed decision-making throughout the program.

Establishment of BRC

Under the program, a Block Resource Center (BRC) will be established in the selected development area, serving as the nodal center for various initiatives. The BRC will operate with the support of Community Resource Persons-Enterprise Promotion (CRP-EP) and Bank Coordinators/Bank Mitras, functioning as an independent entity to promote entrepreneurship and facilitate support services. In the interim period, until the BRC is fully operational, the functions will be carried out by the Village Sanghatan or the Cluster Level Federation (CLF) to ensure continuity of services and support for local entrepreneurs.

Eligibility for selection as CRP-EP

Decisions regarding the eligibility and selection of Community Resource Persons-Enterprise Promotion (CRP-EP) will be made collaboratively by the Non-Resident Organizations (NRO),

Project Implementation Agencies (PIA), and the National Rural Livelihoods Mission (NRLM). Eligibility criteria include being a literate individual aged between 18 and 45 years, proficient in the local language, a resident of the block, possessing basic knowledge of entrepreneurship, and preferably being a family member of a self-help group. The selection process for CRP-EP will be open and transparent, involving a written examination for eligible candidates conducted by the NRO/PIA and SRLM.

Block Program Manager

SVEP will work for coordination and implementation with NRO/PIA as well as SRLM team and community organizations (SHGs/VO/CLF) in the SVEP program in the selected development areas, which will ensure physical and financial progress by completing the work within the agreed plan and time frame.

Involvement of NRLM Staff and CBO in the implementation process

The involvement of NRLM employees and Community-Based Organizations (CBOs) is crucial for effective coordination at the block level. The activities undertaken by NRLM at this level are communicated to the relevant stakeholders, ensuring that all developments align with the objectives outlined in the prepared annual action plan. This collaboration facilitates regular monitoring and evaluation of progress, enabling timely adjustments and improvements to enhance the overall effectiveness of the program.

The Startup Village Entrepreneurship Program (SVEP), implemented by the Project Implementation Agencies (PIA) and Non-Resident Organizations (NRO), relies on effective coordination with the National Rural Livelihoods Mission (NRLM) to ensure successful execution. NRLM plays a vital role in facilitating collaboration between the planning team and community organizations, including self-help groups, village organizations, and cluster-level teams. This coordination ensures that SVEP is implemented effectively within the specified financial and time constraints outlined in the program guidelines, enabling the achievement of project goals and the promotion of rural entrepreneurship.

The implementation of the Startup Village Entrepreneurship Program (SVEP) will take place across two development areas, with a strong focus on monitoring progress and encouraging effective practices. The SVEP team will be actively involved in overseeing the implementation process, assessing the effectiveness of various initiatives, and incorporating any necessary improvements

based on ongoing evaluations. In the initial two blocks, efforts will be concentrated on achieving the best possible outcomes in implementation, promoting entrepreneurship, and fostering a supportive environment for rural enterprises to thrive.

EDII-NRO

4. Information About different Institutions under SVEP

Block Resource Center

The Block Resource Center (BRC) will function as the SVEP Implementation Center at the block level. The primary objective of the Startup Village Entrepreneurship Program (SVEP) is to offer facility-based services to enterprises in rural areas. SVEP aims to assist rural residents in not only launching their businesses but also in establishing and sustaining these enterprises as a whole, thereby helping them escape the vicious cycle of poverty.

Major Objectives of Block Resource Centre-

- The program focuses on developing new business skills and launching enterprises effectively, ensuring entrepreneurs have the necessary knowledge and tools to succeed.
- To facilitate business growth, the program will provide a Community Enterprises Fund, offering start-up capital at low interest rates and connecting underprivileged entrepreneurs with banks and other financial institutions for easier access to funding.
- Community Resource Persons-Enterprise Promotion (CRP-EP) will continue to assist businesses by providing support and access to related resources, ensuring that entrepreneurs have the guidance they need throughout their journey.

Structure of Block Resource Center

The Block Resource Center (BRC) will consist of a minimum of 15 members, including three representatives from the nodal community organization. The remaining members will be elected at the development block level, ensuring equal participation from representatives of the village association across all areas. The tenure for BRC members will be set for two years, after which all members, except for those from the nodal community organization, will be subject to re-election to maintain fresh perspectives and engagement within the center.

Leadership Roles in BRC

The Block Resource Center (BRC) will be led by a team of five members, including the Chairman, Secretary, and Treasurer. Additionally, the Vice President and Deputy Secretary will be elected by all BRC members, ensuring that leadership roles are filled through a democratic process that reflects the collective input of the center's members.

Subcommittee

The operation and implementation of the Block Resource Center (BRC) will be spearheaded by experienced individuals from the community. The Block Project Manager (BPM) for SVEP will establish various sub-committees to support community leadership in managing the BRC effectively. These sub-committees will play a vital role in the governance of the SVEP. Some examples of these sub-committees include:

Debt Subcommittee

The Loan Sub-Committee will consist of at least two members, including all office-bearers of the Block Resource Center (BRC). The remaining members will be elected by consensus among the BRC members. This sub-committee will be responsible for reviewing the schemes submitted by the village association, after which they will select beneficiaries for the Community Enterprises Fund (CEF). To ensure effective oversight and timely decision-making, the Loan Sub-Committee will convene at least twice a month.

Monitoring Committee

The Monitoring Committee will consist of at least five members, elected by the Block Resource Center (BRC). Its primary functions will include:

- To inform BRC about the proper utilization of CEF loans allocated.
- Commenting on maintenance of CRP-EP works as well as their remuneration.
- Carrying out other maintenance-related works from time to time through BRC.

In addition to the established committees, the Block Resource Center (BRC) may form additional committees as needed over time. The same procurement rules that apply to Nodal Community Organizations will also be applicable to the BRC. It is important to note that no sub-committee can be created specifically for procurement purposes within the BRC; instead, all procurement functions will be carried out by the Procurement Committee of the Nodal Community Organization. This structure ensures consistency and adherence to established procurement guidelines while promoting accountability and effective resource management.

Functions of Block Resource Center

BRC will do all the work under SVEP up to the management and monitoring of all works. The major works are as follows -

- Activities related to capacity building of community organizations and entrepreneurs
- 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 planning scheme and after approval provide them with CEF and other benefits related to SVEP.
- Helping entrepreneurs get started in their enterprise.
- Study and observation of 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
- Disbursement of 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. **CRP-EP Remuneration** – BRC shall appoint CRP-EP to assist entrepreneurs and fulfill other objectives of CRP-EP. Appropriate remuneration 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 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.

CEF

Entrepreneurs will be selected in collaboration with community organizations and CRP-EP based on the entrepreneur's needs, poverty, and enterprise operational efficiency. There is no age restriction for choosing an entrepreneur. It will also encourage the entrepreneurs who are already running along with the start-up. 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 industry, a business plan is drawn up for the loan, it consists of the following components –

- Name and identity of the product/service as well as demand potential in the market
- Proposed capacity or total sales of the industry
- Shop rent
- Machines and other materials
- Raw material
- Salaries and wages
- Other incidental expenses
- Capital to be used in actual work
- Total plan 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.

- Management of financial discipline as well as regular repayment of loans
- Indicating the creditworthiness of the poor to banks and other financial institutions.
- The availability of margin money 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 and loan repayment information in the meeting and informing the CRP-EP.
- After deliberation by the group, the representatives of the group will submit it to the executive committee of the village association 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 group when the proposal is valid.
- The group will deposit the amount in the entrepreneur's account after receiving the instruction through BRC. Intimation of payment of amount will be given to the entrepreneur through CRP-EP to BRC as well as the village association.
- As decided earlier, the entrepreneur will repay the loan through the group. 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 group.

Repayment of loan

The entrepreneur will repay the CEF to his respective group at a monthly interest rate of 1 percent from one month after receiving the loan. The group 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 cheque (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 group as per the repayment plan. The CEF will be reimbursed by the group to the village organization, then from the village organization to the nodal community organization. If the BRC is operated through the BLF, the reimbursement from the village association will be made to the CLF of the concerned village association. The repayment

of CEF by the village association 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 a maximum 6 months. The duration of the moratorium period will be agreed between the group 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 group will be mutually agreed upon and will be mentioned in the industry appraisal. The loan repayment period for individual businesses can be a maximum of 24 months. The loan repayment period for collective enterprises can be up to a maximum of 36 months.

With CEF providing financial assistance to entrepreneurs for starting successful businesses, capital is crucial for any enterprise. The maximum interest rate for Group CEF loan repayment by entrepreneurs has been fixed at 12% per annum to stabilize the industry. The CEF interest repayment rate from the group to the Village Association is 9%, and the loan repayment rate from the Village Association to the Nodal Community Organization is 6% per annum.

5. Roles and responsibilities of various stakeholders

In the context of rural entrepreneurship promotion under the Startup Village Entrepreneurship Program (SVEP), various stakeholders play distinct roles to ensure the success of the program. Each group contributes to different aspects of planning, implementation, and monitoring. Below is an outline of the roles and responsibilities of the key stakeholders.

- **Role of SRLM Staff**

Conducting workshops, discussing with village organization for establishment of DMMU-BRC, assisting and promoting at field level in preparation of baseline and market feasibility study, assisting BRC in the selection of CRP-EP, organizing programs and providing assistance at the state level, regular, quarterly monitoring with NRO, evaluation,

implementation of necessary strategic initiatives, ensuring that the ownership and responsibility of the program will be carried out by State Rural Livelihood Mission.

- **Role of Community Organizations**

Propose suitable location for BRC, provide full assistance to NROs in baseline and market feasibility studies, provide list of potential CREPs, follow guidelines for capacity building workshops, properly select members for beneficiaries, assess industry after 3 to 6 months to obtain CEF.

- **Role of NRO/PIA**

The selected NRO/PIA will first identify and select CRP-EPs (Community Resource Persons - Enterprise Promotion) in the designated development areas under the program to conduct baseline assessments and market situation analysis. Additionally, the organization will support the development of new entrepreneurs by collaborating and coordinating with community organizations and Gram Panchayats. An Management Information System will be developed through the NRO to assist with monitoring and decision-making processes.

The preparation of Detailed Project Reports, assisting with CRP-EP selection tools, providing training modules, trainers, and training materials, conducting regular reviews, presenting policies, and collecting information for communication purposes are some of the key roles of NRO/PIA.

Important facts about SVEP

- ❖ The financial arrangement under this program will be 60% and 40% contribution from the Central Government and State Government respectively as per NRLM.
- ❖ Beneficiaries under the program will be selected in two ways - 1. Community Resource Person, 2. entrepreneur
- ❖ Beneficiaries will be selected by the community organization based on their needs, entrepreneurial ability, etc. There is no age restriction. Beneficiary can be either male or female.
- ❖ Industries other than agriculture are eligible under this program.
- ❖ Rural artisans have been included in this scheme.
- ❖ Unlimited possibilities of working in a cluster approach can also be seen under this program by bringing together the artisans or families involved in traditional skills and occupations in a federation or other form.

- ❖ Preference will be given to persons belonging to MNREGA, women, members of poor and disadvantaged classes, members of Scheduled Castes, Scheduled Tribes etc. among the beneficiaries.
- ❖ There is no provision of subsidy in the scheme, only loans will be sought to set up the enterprise.
- ❖ Generally not more than 12% interest should be taken by group or federated entrepreneurs. Interest rates will be determined and agreed upon by the CBO. Guidance in this regard should be done through SRLM and PIA. A development area should have a uniform rate of interest, which would be considered the ideal condition.
- ❖ The duration of this program is four years (48 months).
- ❖ Entrepreneurs can set up any type of business under this program.
- ❖ In addition to the service, business, and manufacturing sectors, artisans with traditional skills can also participate in this program.
- ❖ Handloom work and similar activities are also eligible.
- ❖ Entrepreneurs have the flexibility to operate individually or as part of a group for financial matters.

Meeting and discussion with CBO

After meeting and discussing with the CBO and NRLM under the SVEP, the implementation of the formulated plans will be reviewed. Additionally, the ongoing work of the CBO, records of entrepreneurs, and other related activities will be observed and discussed.

Qualities of Entrepreneurs

(Module -2)

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Module 2

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1. Community Organization

Community organization brings together people from the same area, regardless of background or profession, to work towards a common goal. By building connections and cooperation, individuals can support each other's businesses and solve problems collectively. For instance, a businessman producing flour can source wheat from fellow farmer members, fostering mutual growth. The primary objectives of community organization include empowering communities to address their own challenges, promoting resource sharing and expertise, and cultivating strong relationships. Through this collective approach, community groups can unlock their potential, drive local development, and enhance overall well-being.

1. Foster meaningful relationships among community members.
2. Promote self-employment and job creation.
3. Optimize utilization of available resources and tools.
4. Support business growth and success.
5. Enhance the economic well-being of the target community.
6. Increase income levels among target households.
7. Improve overall standard of living.
8. Empower target communities towards self-sufficiency.
9. Drive economic development for socially and economically disadvantaged groups.

Effective Organization: Methods and Techniques

1. Community Assessment

To establish an effective community organization, it's crucial to begin with a thorough analysis of the community. This involves understanding the demographic characteristics, such as age, gender, education, and occupation, as well as identifying the total population and household numbers. Additionally, determining employment status, recognizing skills and technical abilities, and assessing socio-economic conditions are essential.

2. Analysis of Community Needs and Available Resources

Before establishing a community organization, it's crucial to conduct a thorough study to understand the community's needs and available resources. This study helps determine the organization's objectives, identifies gaps in services or resources, and informs effective strategies for addressing community needs.

3. Involvement of right people

Involve people in your survey who can help you in making your efforts successful and if you want to push yourself, you can take the help of the local CBO.

4. Selection of Competent and Effective Leadership

Effective community leadership is crucial for driving progress and positive change. To ensure the success of your community initiative, it's essential to seek members' opinions and feedback to identify a competent leader within the community. This leader should possess key qualities such as strong communication skills, visionary thinking, emotional intelligence, integrity, and the ability to inspire and motivate.

5. Clarify goals and strategies

Clarifying goals and strategies is crucial when establishing a community-focused initiative. Forming a group and defining its mission, goals, policies, and strategies provide a clear direction. The primary objective is to empower the community through self-employment and entrepreneurship, fostering a sustainable business ecosystem that meets their needs.

6. A process of regularly monitoring progress

Regular group meetings are an effective way to monitor progress and foster collaboration. Schedule recurring meetings, such as monthly or quarterly, to encourage open discussion and feedback. Review progress, goals, and challenges, and set new objectives and strategies as needed. This collaborative approach helps build credibility and trust within the community.

7. Providing consultancy services

Providing consultancy services is a vital step in empowering community members to embrace self-employment. Organize community meetings to offer expert advice and guidance on the benefits of entrepreneurship, and provide valuable insights and support to help overcome business challenges. These consultancy services may include business planning and strategy, market research and analysis, financial management and planning, marketing and branding, and operational efficiency.

8. Organization / Group meeting procedure and agenda

Empowering community members through consultancy services is a vital step in fostering self-employment and entrepreneurship. By organizing community meetings, experts can offer valuable guidance and advice on the benefits of starting a business, helping individuals overcome challenges and achieve success.

To ensure productive and organized meetings, a structured agenda and procedure should be followed.

- **Meeting Arrangements:** The meeting setup should foster equality and openness. Round seating enables all members to see each other, promoting a sense of unity and visibility.
- **Initial Proceedings:** Begin with a prayer or chant to create a peaceful atmosphere. Introduce members to each other, encouraging free dialogue and confidence.
- **Mutual recognition-** Mutual recognition is a crucial aspect of community meetings. By introducing each other, members begin to speak freely, increasing their confidence and fostering an open environment.
- **Setting the Agenda-** Deciding on meeting topics in advance enables proper time allocation and focused discussion. This includes: Reviewing previous meeting decisions to address outstanding points, discussing specific topics of interest, and Ensuring continuity and progress.
- **Reading of the proceedings of the previous meeting-** By reading the proceedings of the previous meeting, even the absent members are informed about it and everyone remembers the previous things properly. Ensures compliance with stipulated obligations and balances are understood, verifiable.
- **Taking attendance at community meetings:** It will serve as a vital tool to track member participation, identify absent members, monitor savings submissions, and promote overall accountability and community engagement.
- **Savings deposit-** Regular savings deposits are tracked to ensure timely accumulation, and facilitate informed decision-making within the community.
- **Repayment of loan-** The community tracks loan repayments to monitor timely reimbursement, enabling swift action against defaulters and ensuring accountability among borrowers.
- **Debt Exchange-** Members can ask for loan if needed. All loan requests will be considered and prioritized. Loans can be decided as per the amount available within the group.
- **Other issues-** The meeting also addresses and resolves other member-related issues, providing a platform for discussion and collective problem-solving.
- **A decision can be taken regarding the next meeting.**
- **Income - Expenditure-** In the meeting, after income and expenditure, the remaining amount can be understood and decisions are taken regarding keeping the remaining amount.

- **Account-** Write down the details of the proceedings and read them out to all the members so that all the members can understand if there are any points left after being reminded again.
- **Signatures of members-** This shows the participation of all the members. At the end, the signatures of the secretary must be there.

The process and discussions of the meeting can be easily understood through the following details:

On May 2, 2015, a meeting of the Rani Laxmibai Self-Help Group was organized by its President, Savitri Devi, in the village of Shyampur. All members attended the meeting on time, sitting in a circle and beginning with a prayer. Savitri Devi brought all relevant documents, including the books of accounts, decisions from the previous meeting, and the agenda for the current one. The attendance was first registered, and it was noted that Kamala was absent due to illness, though she had sent her savings with Sarla. Savitri Devi read aloud the decisions from the previous meeting, after which the members' savings were collected and recorded in the accounting savings book. Reviewing the loan book, she updated the group on the status of ongoing loans and collected repayments, recording them accordingly.

During the meeting, Premalata, a member of the group, expressed a need for a loan. The group discussed her request and calculated the amount available. Since the group did not have enough funds to meet her requirements, they decided to apply for a loan under the Startup Village Entrepreneurship Program (SVEP), with Savitri Devi agreeing to assist Premalata in the application process. The members then shared updates on their individual work, sales, income, and expenses from the past two months. Each member presented their challenges, and the group worked together to suggest solutions. The most effective solutions were chosen, while unresolved issues were documented for future discussion.

As the meeting concluded, Savitri Devi read out the key decisions and issues discussed. The signatures of all members were taken, along with Savitri Devi's, marking the official end of the meeting. The date for the next meeting was also set.

2. Professional Communication Skills

Professional business communication skills are essential qualities of a successful entrepreneur that are crucial for effectively running a business. Professional skills enable an entrepreneur to make informed decisions, adopt proper management procedures, and implement them efficiently. These skills help the entrepreneur build strong relationships with employees, distributors, suppliers, and other stakeholders, ensuring that objectives are met on time. These abilities set them apart from others, allowing them to create a unique identity in the business world. The key practical skills of a successful entrepreneur include:

- **Problem-solving Skills-** Every business faces a variety of challenges and an entrepreneur needs to recognize these problems early and work towards resolving them before they escalate. To effectively solve a problem, one must thoroughly understand its root cause and continuously strive to find a solution. People approach problem-solving differently—some seek alternative solutions, some avoid the issues altogether, while others show little interest in solving problems and make no efforts to address them.

A successful entrepreneur, however, must be proactive in identifying their own strengths and addressing issues by categorizing the problems and developing practical solutions. These problems can stem from personal challenges or from business-related aspects such as dealing with employees, suppliers, or customers. It is crucial to tackle these issues systematically to ensure the long-term success of the business.

- **Making the right decisions-** A successful entrepreneur faces many problems and risks in business. A successful entrepreneur is one who has the ability to make the right decision at the right time. For example, If the market demand for the product is high then a decision should be taken to increase the production. If there is a sudden drop in demand, then a decision should be made to reduce production.
- **Conflict Resolution-** An effective entrepreneur must possess conflict resolution skills to manage interpersonal contradictions and conflicts, addressing opposition and concerns through open communication, clarification, and persuasion to ensure acceptance and alignment with their decisions. When faced with opposition to decisions, effective leaders address conflicts by convening meetings to clearly communicate the decision's rationale,

benefits, and needs, listening to concerns, and working to achieve mutual understanding and satisfaction.

- **Foster encouragement:** Successful entrepreneurs foster productivity by encouraging employees through recognition, rewards, and incentives, thereby enhancing their efficiency, effectiveness, and overall job satisfaction.
- **Promote Participation:** Entrepreneurs should stay engaged in every facet of their business, leveraging firsthand knowledge to drive informed decision-making and promote a culture of employee accountability.
- **Presentation Skills:** Presentation means presenting oneself to others in an effective manner. A successful entrepreneur must have self-belief, a positive mindset. So they can effectively present their thoughts to others and encourage customers, sellers to buy the products.
- **Effective Communication skills-** Communication skills refer to the ability to convey messages clearly and effectively in front of others. For an entrepreneur to succeed, it's essential to speak concisely yet ensure that the message is easily understood. Speaking at length without effectively conveying the intended point is not helpful if the audience doesn't grasp the core message. The key to good communication is not how much you say but how well your ideas are understood by others, allowing for more productive interactions and decision-making.
- **Contact (Networking):** Networking is all about connecting with the right people. A successful entrepreneur should be able to distinguish himself in the market, so that he does not face any problem in selling his products, timely supply of raw materials and other tools in the business.
- **Stress management:** Every business has risks. As a business grows, so does risk, which creates stress for entrepreneurs? It is necessary for entrepreneurs to solve problems and get out of stress by taking right decisions at the right time.
- **Adaptability:** Adaptability is one of the most important qualities of a successful entrepreneur. An entrepreneur should transform himself and his business, it is not right to stick to stereotypes. This variability is what helps them to maintain influence in the market.
- **Time management:** An entrepreneur should manage time properly and complete the work on time. If the work is not completed on time, the reputation in the market is damaged and the business gradually deteriorates.

3. Entrepreneurship and entrepreneurs

Starting any new business is entrepreneurship. Running a business well requires enough risk taking and hard work. Instead of staying at one place, it is an effort to move forward and develop.

A person who starts a business is called an entrepreneur. 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.

Motivation for Entrepreneurs -

Motivation refers to the driving force behind human actions, rooted in the fulfillment of various needs. These needs can be holistic, encompassing physical, emotional, social, and psychological aspects. In simple terms, whenever a person takes action, there is a need that pushes them toward it. This need serves as the source of motivation. Motivation, therefore, is the desire to fulfill a need, leading a person to engage in specific behaviors or tasks.

A motivator is one who triggers this process. It is the experience or realization of a need that encourages a person to take action. In essence, motivation is the internal process that pushes individuals to meet their needs, while motivators are the external or internal stimuli that ignite this drive.

Factors and causes of motivation-

There are two factors of motivation

1. financial -

Financial motivation is the desire to make a profit. The main objective of any business is to make profit. Financial motivation is necessary because the profit generated by the business allows the entrepreneur to meet all his needs.

2. Other than financial-

In this the entrepreneur does not just want to make profit but still wants to do something different. This motivation helps in creating high quality products, which allows the entrepreneur to stay ahead of his competitors.

Motivation to achieve

A successful entrepreneur while sharing the secret of his success wrote, "The poor are not those who don't have money, but the poor are those who don't have ideas, dreams." Ideas, thoughts lead a person towards achieving the goal. Our thoughts, our ideas give us an identity different from others and create a desire to achieve something in us. The ideas generated in the brain have a magnetic force that attracts the person towards their goal. Surveys have found that there are four types of ideas in the head of a person who wants to achieve something -

- **Desire to outperform others in competition:** This desire stems from a strong internal drive to excel and surpass others in competitive situations. Their thoughts and feelings reflect a clear determination to succeed, inspired by observing the accomplishments of others. They are often fueled by the belief that they too can reach or exceed the level of success attained by their counterparts. This competitive spirit can lead them to put in extra effort, sharpen their skills, and consistently strive for improvement.
- **Willingness to measure up to high standards set for oneself:** Individuals with this trait are driven by an internal desire to achieve excellence by meeting or exceeding the high standards they set for themselves. Rather than comparing their performance to others, they view themselves as their primary competition, constantly striving for self-improvement. This self-imposed challenge pushes them to refine their skills and enhance their abilities.
- **Desire to get something different; unique-**People with this type of feeling always want to do something different. They are thinking of inventing something new, doing something unusual. Their creativity in works sets them apart from others.
- **Desire to achieve long-term life goals-** People who have such a desire are constantly thinking and trying to achieve their specific goals. The desire to overcome problems and move towards goals is effective. They are constantly motivated by their thoughts and strive to achieve their goals.

Qualities of a successful entrepreneur–

The qualities of an entrepreneur help him to stand out from others. Generally, an entrepreneur is judged by his works. An entrepreneur is one who shows a special initiative, self-confidence to do some special work (Manufacturing/Trading/Service). By identifying the qualities of an entrepreneur and training him, the qualities can be developed. Following are the qualities that a successful entrepreneur must have -

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 job 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

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.

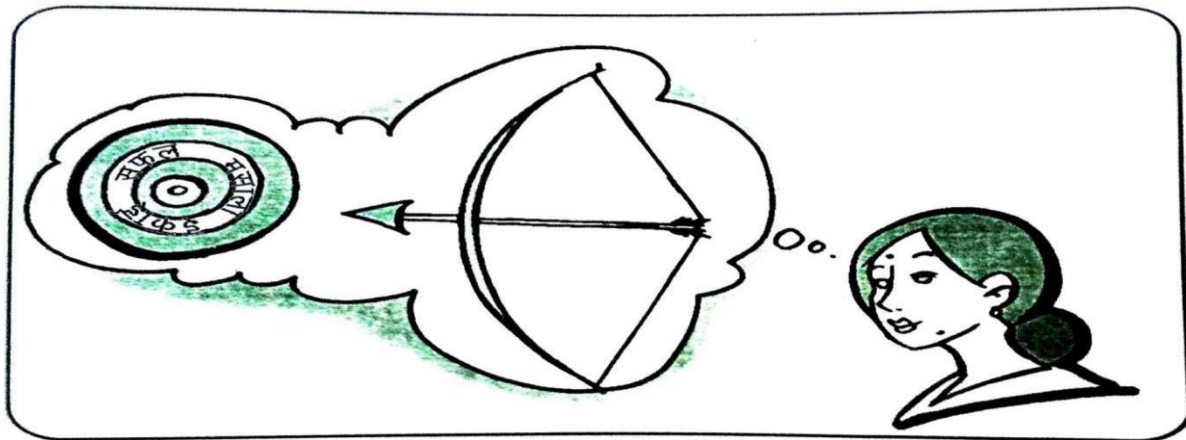
For that, she predicted the problems that might arise in the business and chose a business with fewer problems given her own situation. Sarla was always optimistic about her business. People told her about problems in starting a business but she was not deterred because she believed in her abilities. 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.



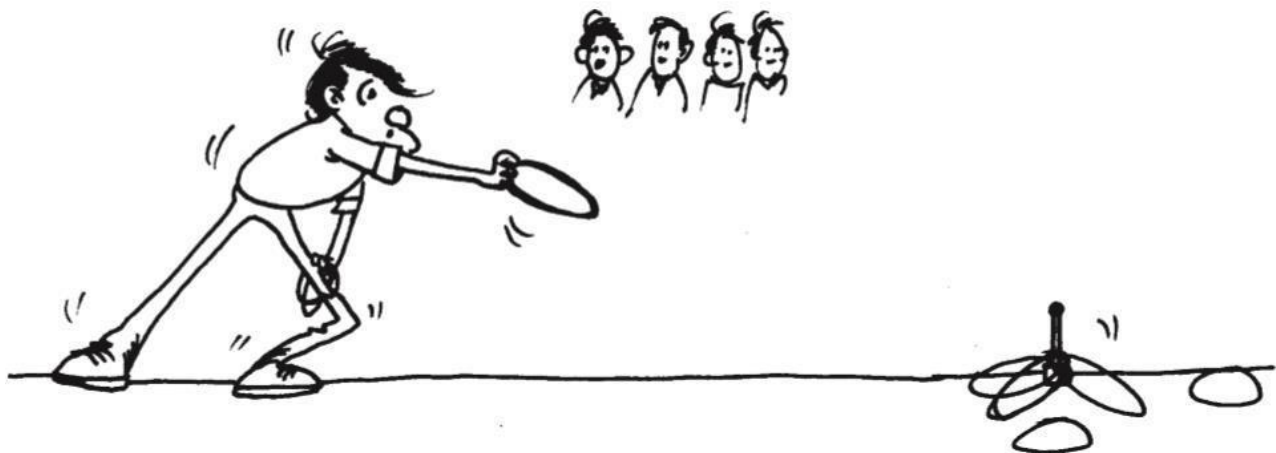
4. Management Game - Ring Toss

Every business carries some level of risk, with some being lower and others higher. New entrepreneurs often choose to pursue low-risk business opportunities or may even hesitate to start a business altogether to avoid risk. To help entrepreneurs understand the importance of setting goals and creating plans to achieve them, a simple game can be used. In this game, participants repeatedly try to throw a ring onto a stick. Through this activity, they can learn valuable lessons from their mistakes, improve their focus, and develop better management skills. The main goal of the game is to enhance the entrepreneurs' ability to manage their business effectively.

Before setting your objective, understand the situation well, get as much information as possible.

- Make a list of the tools and abilities available to you.
- Choose achievable, realistic, challenging goals and keep modifying them based on your experiences and those of others.
- Check your own risk-taking capacity, see how much risk you can take, low, medium or high.

How to play the game -



To play this game you need four rings about 8 inches in diameter and a stick 18 inches high. The instructor has a record sheet, in which he records the rings thrown by each participant.

In the first phase of the game, each participant tries to throw the ring one by one from a distance determined by themselves and into the stick. Other persons are not present there at this time.

In the second and third stage they try to throw the ring into the stick from a fixed distance in the presence of other persons. And also check the Number of rings thrown successfully.

In the fourth stage, based on the encouragement and enthusiasm received in the second or third stage, they decide the distance and try to put the ring inside the stick.

The coach will record on the record sheet the number of rings successfully inserted into the stick.

At the end of the session, the trainer will explain the lessons learned from the game to everyone.

Coaches tell them that success in business is related to their ability to take risks, set goals and put in the effort to achieve them.

Record sheet

No.	Name	First stage		Second stage		Third stage	
		The selected distance	Number of rings thrown successfully	The selected distance	Number of rings thrown successfully	The selected distance	Number of rings thrown successfully

5. Village Hunt - Search for information

(Time – 60 + 30 minutes)

(Field Work- 4 Hours)

Session requirements-

In today's times, there must be an active and conducive environment for self-employment and income generating activities at rural or urban level. Getting the right information about the tools at the right time and making the tools available according to the business needs is essential. A professional should gather the right information and analyze it to make the right decision.

Objectives of the session-

The objectives of conducting this session are as follows –

- Empowering the participants in the process of gathering necessary information based on experiences.
- To develop the practical skills (soft skills) required to gather information to the participants.
- Helping stakeholders to understand the importance of information gathering and also to make them understand what is important between product quality and product quantity and which one should be given priority. Skillfully gathering information and making plans to use it.

Expected results-

This session is expected to develop the following competencies in the participants –

- To develop the skill of selection of means to achieve the set objective.
- To develop the necessary skills to search for information among the participants.
- To develop skills necessary to analyze business information.

Pedagogy-

Case studies, Field work in groups, presentation and discussion.

Instructions for Trainers –

- The trainer must know the definition of information demand as well as its importance.
- The trainer must be personally involved in gathering and analyzing information regarding customers, suppliers, competitors.
- Remember all the guidelines so that you can explain them to the people involved.

- Pre-select a place or area in the village for the assignment. Also arrange other materials like case study hand out etc. in advance and use it for actual work in the area.
- Arrange in advance to reward the winning group.

The process of running a session–

- **Introduction of the Session:** Begin by informing the participants that the objective of the session is to observe a case study and understand the importance of using the correct tools in business management.
- **Gathering Information:** Instruct participants to thoroughly study the case study provided. Emphasize the need to analyze its practical aspects and gather all the necessary information.
- **Identifying Key Information:** Ensure that participants have reviewed the case study to determine what key information is important and what is missing. Encourage them to identify what data they will need to gather when conducting fieldwork.
- **Group Division and Task Assignment:** Divide the participants into groups of up to 6 members. Ask each group to carefully review their formulated questions. If any information is incomplete, instruct them to work toward gathering the missing data.
- **Preparation of Questions:** Distribute a list of essential questions to the participants that they will need to answer during their field research. These questions should guide their data collection and analysis.
- **Announcement of the Prize:** Announce that a prize will be awarded to the group that performs the best, motivating participants to engage actively in the session.
- **Fieldwork Evaluation:** Once the groups have completed their fieldwork, select two examiners who will evaluate the groups' presentations based on the accuracy and completeness of the information gathered.
- **Organization of Research Groups:** Before sending participants to gather information, instruct them to organize themselves into a functional research group. Clearly communicate the time limit for the entire presentation process.
- **Documenting Collected Information:** Instruct the participants to carefully document all the information they collect in their notebooks, so they can present it clearly to the examiners with relevant explanations.

- **Materials and Presentation Time:** Give the participants 45 minutes to prepare their presentations. Provide them with materials such as flip charts, markers, etc., to allow them to present their findings using visual aids like pictures and diagrams.
- **Presentation Time Allocation:** Allocate 15 minutes for each group to present their findings to the examiners.
- **Winning Group Announcement:** The group that collects the most accurate and complete information according to the provided questionnaire should be declared the winner. Announce the winning group and award the prize.
- This structured approach will encourage active participation, teamwork, and a deeper understanding of business management tools through practical observation and hands-on learning.

Fundamentals of Business Management

(Module-3)

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1. General Mathematics-

An entrepreneur needs a good understanding of general mathematics to effectively manage and grow his business. Mathematical skills enable them to calculate his profits, losses, costs and investment, identify errors and mistakes and improve his business processes. Some general calculations an entrepreneur must be familiar which include:

Ratio- Ratio is used to show the comparison of two or more equal amounts, quantity of anything, etc. To find a ratio, dividing two numbers by some number produces the smallest number. The ratio between two quantities X and Y is denoted as X:Y.

For example,

Ram has Rs 50 for expenses while Shyam has Rs 100. Find the ratio of the amount held by these two.

Answer- To find a ratio, the smallest number is found by dividing two numbers whole by some number.

$$50 / 50 = 1$$

$$100 / 50 = 2$$

That means Ram and Shyam have money in the ratio of 1:2.

Percentage-

Percentage represents a fraction of 100 and is used to express how much a part or quantity is of a whole. The symbol for percentage is %, and it is commonly used to compare proportion.

Formula- Profit Percentage = Profit / Cost of Purchase * 100

$$\text{Loss Percentage} = \text{Loss} / \text{Cost of purchase} * 100$$

Example-

Deepak bought a book for Rs 100 and sold it to Raju for Rs 120. This made Deepak a profit of Rs.20. What is the percentage of profit made by Deepak?

Answer- According to the above example, the profit percentage can be calculated as follows.

$$\text{Profit percentage} = 20 / 100 * 100$$

$$\text{Profit percentage} = 2000 / 100$$

2000 divided by 100 gives the answer 20

So Deepak's profit percentage is 20%.

Average-

Average is the sum of the number of items in the data set divided by the total number of items. The average is also known as the mean or expected mean of the data set.

Formula- Average = Sum of items in in the data set / Total number of items

For example,

Ramesh spent Rs 200 in the first week, Rs 300 in the second week, Rs 200 in the third week and Rs 500 in the fourth week in his business in the month of April. So how many rupees did he spend on average each week of the month?

Answer- The following method is used to find out the average.

$$\text{Average} = 200 + 300 + 200 + 500 / 4$$

$$\text{Average} = 1200 / 4$$

1200 divided by 4 gives the answer 300.

Hence Average = Rs.300.

Ramesh spent an average of Rs 300 every week that month.

Discount

A discount refers to the reduction in the selling price of an item below its original cost, typically expressed as a percentage (e.g., 10%) or a fixed amount (e.g., Rs.100), aimed at enticing customers and driving sales.

For example,

Mahesh offers a 15% discount on readymade clothes. If a pair of jeans is originally priced at Rs.1000, what is the discounted selling price?

Answer–

Jeans cost Rs.1000

Percentage of discount to be given is 15%

$$\begin{aligned} \text{Discount amount} &= 1000 * 15 / 100 \\ &= 15000 / 100 \end{aligned}$$

15000 divided by 100 gives equals 150

Hence discount = Rs.150

$$\begin{aligned}\text{Price of jeans after giving this discount} &= \text{Price of jeans} - \text{discount amount} \\ &= 1000 - 150 \\ &= 850\end{aligned}$$

That means after giving the discount the price of jeans will be Rs.850.

Simple Interest and Compound Interest-

When you take a loan from a bank or a financial institution, you must pay an additional amount on top of the loan amount. This additional amount is called interest. There are two types of interest:

Simple Interest- When an entrepreneur takes a loan from a bank, they must pay an additional amount for using that money. This extra amount is called interest. When the interest is calculated on the loan amount, it is referred to as simple interest.

Formula – Simple Interest = Principal Amount * Rate of Interest * Time / 100
(Principal amount means loan amount).

For example,

Mahesh took a loan of Rs. 2,00,000 from a bank with a 10% annual interest rate for 2 years; calculate the simple interest.

Simple Interest = Principal Amount * Rate of Interest * Term of Loan / 100

Simple Interest = 2, 00,000 * 10 * 2 / 100

Simple Interest = 40, 00,000 / 100

Simple interest = 40,000

Therefore, on a loan of Rs 2, 00,000 taken for 2 years, Mahesh has to pay Rs 40,000 simple interest to the bank.

Compound interest-

When interest is also calculated on the principal amount, it is called compound interest.

Formula – Total amount = Principal Amount * $\left(1 + \frac{r}{100}\right)^n$

(r means rate of interest and n means duration)

For example,

Gaurav has taken a loan of Rs 2, 00,000 from a bank at 10% interest rate. What will be the compound interest on this amount for 2 years?

$$\text{Mixed amount} = 2, 00,000 * \left(1 + \frac{10}{100}\right)^2$$

Dividing 10 / 100 by 10 gives the answer 1 / 10.

$$\text{Mixed amount} = 2, 00,000 * \left(1 + \frac{1}{10}\right)^2$$

$$\text{Mixed amount} = 2,00,000 * \left(\frac{1 \times 10 + 1}{10}\right)^2$$

$$\text{Mixed amount} = 2, 00,000 * \left(\frac{11}{10}\right) \times \left(\frac{11}{10}\right)$$

(Dividing 2, 00,000 by 10 written earlier gives answer 20,000 and dividing by second 10 gives answer 2,000)

$$\text{Mixed Amount} = 2,000 * 11 * 11$$

$$\text{Total Amount} = 2, 42,000$$

$$\text{Compound Interest Amount} = \text{Compound Amount} - \text{Principal Amount}$$

$$\text{Amount of compound interest} = 2, 42,000 - 2, 00,000$$

$$\text{Amount of compound interest} = 42,000$$

So after 2 years Gaurav will have to pay Rs 42,000 as compound interest to the bank in addition to the principal amount.

2. Business Information

Definition of business-

A business is an activity started with the primary goal of earning a profit by exchanging goods or services. A businessman typically produces goods and sells them to customers to generate this profit. Running a business involves significant risks and requires consistent effort. Business is about innovation—going beyond routine actions and trying to implement new ideas.

The success of any business largely depends on the qualities of the entrepreneur. This includes the ability to take risks, the determination to apply new ideas, and the capacity to use resources efficiently. Entrepreneurs are also adept at overcoming challenges and seizing future opportunities. Entrepreneurship not only creates new jobs but also drives economic growth and ensures the effective use of a nation's resources.

Types of business-

Businesses are mainly of two types.

1. Product based business
2. Service based business

Product based businesses-

In product-based businesses, the entrepreneur manufactures goods by utilizing available resources, such as raw materials, and then sells these finished products to customers. This type of business involves transforming raw materials into new, marketable products. For example:

- Furniture making.
- Spice making enterprises
- Clothe making
- Bricks making
- Incense stick production
- Candle making
- Jaggery making etc.

Service based Business-

In service-based businesses, entrepreneurs offer services to customers rather than physical goods, earning profit through the provision of these services. Examples include:

- Grocery store
- Mobile Repairing
- Motorcycle Repairing
- Tent house product related business
- Internet Cafe etc.

Business based on seasons-

Some businesses are carried out during certain seasons, during certain times of the year, like Jaggery production, sugarcane juice shops, etc., during the sugarcane season. Once a certain season or period is over, sales are reduced or these businesses are closed until the next year or the next favorable season/period. Some businesses based on seasons are as follows –

1. Shops for seasonal fruits
2. Green, fresh vegetable shops
3. Tent house business
4. Stores of corn kernels
5. Peanuts shop

Opportunity cost (value) and capacity-

Opportunity cost refers to the potential benefits a businessman misses out on when choosing one option over another. Instead of just focusing on the direct cost of a project or investment, a businessman can evaluate the next best alternative to what he/she forgoes by committing to his current choice. The profit or value from this alternative is considered as an opportunity cost.

A farmer is planning to lease out his farm land to his neighbors for farming at Rs 15,000. But then he himself decides what to do with that land, so that he can make more profit. Now, in this situation, the fixed benefit of leasing the land is its opportunity cost, because one can guess how much profit one will get from doing the farming itself, but it will not be guaranteed.

Thus the opportunity cost factor helps the businessman to choose the best options. For this it is also necessary for a professional to have risk taking ability and decision making ability, the more a professional is able to take risk, the more options he can generate and choose the best option. If the entrepreneur has little or no risk-taking ability, he will continue to consider the objective of obtaining a fixed profit.

Entrepreneurship opportunities in development areas

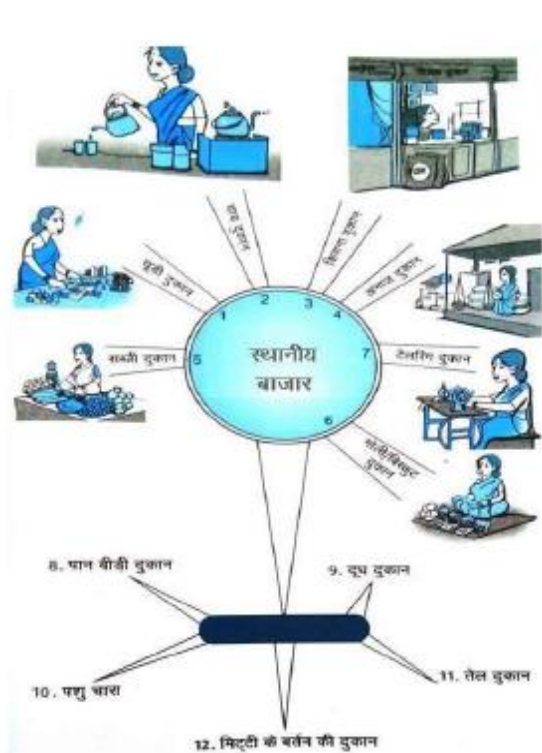
An entrepreneur should first observe his surroundings so that he can understand the local demand for his business, and also whether the business will be sustainable in the long run. The business of an entrepreneur may depend on various factors, conditions, like –

- **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-** An entrepreneur can base their business choices on the available resources and the surrounding environment. By observing the local landscape and resources, they can identify opportunities that align with the needs and demands of their community.

Here are some examples of how entrepreneurs can choose their businesses based on local resources: If agriculture is on the rise in an area, entrepreneurs can start businesses that supplement agricultural activities. In forest regions, wood can be a valuable resource for various enterprises. Coastal or riverside areas present opportunities for fish farming. Additionally, livestock rearing, including cows, buffaloes, chickens, or goats, can also be lucrative ventures. These options allow entrepreneurs to capitalize on the local environment and resources, fostering sustainable business growth



- **Based on skills-** If a businessman has some art himself, like furniture making, motorcycle repair, sewing, pottery making, brooms, footwear, bags, incense sticks, candles, etc., he can start a business based on that. Similarly, these skills can be learned through training.
- **Based on the market-** By surveying the local as well as neighboring markets, a businessman can understand which products are in high demand and availability in that market. Based on this information he can choose his profession.
- **Local Specialty –** A local specialty refers to the unique characteristics of a place. When an item or location is renowned—whether for a famous product, religious pilgrimage, or as a tourist destination—these factors should be taken into account when choosing a business. For example, if a place has a well-known temple, one could start a business providing items needed by devotees, such as flowers, garlands, incense sticks, and other offerings.
- **Local and foreign trade-** Local business means local level business in which a businessman can start his business even by starting a small shop locally.





Foreign trade means a business in which products and services are also made available in foreign regions. For example, making products and sending them to other parts for sale. For example, in Dindori village, Kodo-Kutki is produced and a collective business can be started to package it and sell it in other big cities and metros.

What is Micro Enterprise / Business can be understood from below picture



Business is like 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, 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 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.
- Just as no tree remains unchanged forever—sometimes full of leaves and flowers, and other times bare—businesses also experience changes in performance. There are periods of profit and success, as well as times of loss and challenges. This cycle emphasizes the importance of resilience, as entrepreneurs must navigate both the fruitful and lean seasons, understanding that ups and downs are part of the journey.

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.



Products made from soybeans

Market Demand -

Market demand refers to the needs and preferences of customers. When selecting a product, it's important to consider what customers like most, what improvements they want in existing products, how much of the product is available, and its current market price. Factors such as the type, quantity, size, color, design, brand, and packaging all play a role in meeting customer demand and should be considered when making business decisions.

Skills (professional and technology related)-

Skills are essential for running a business. While some professionals develop skills from scratch, it's not always necessary. Many skills can be learned through training and applied to traditional businesses. In fact, many professionals already have relevant skills because they've grown up watching family members perform specific tasks or have been involved in those activities since childhood.

For example, a professional furniture maker who wants to start a business can learn how to make furniture through training. Along with that, they can also take business or vocational training to manage all aspects of running the business effectively.

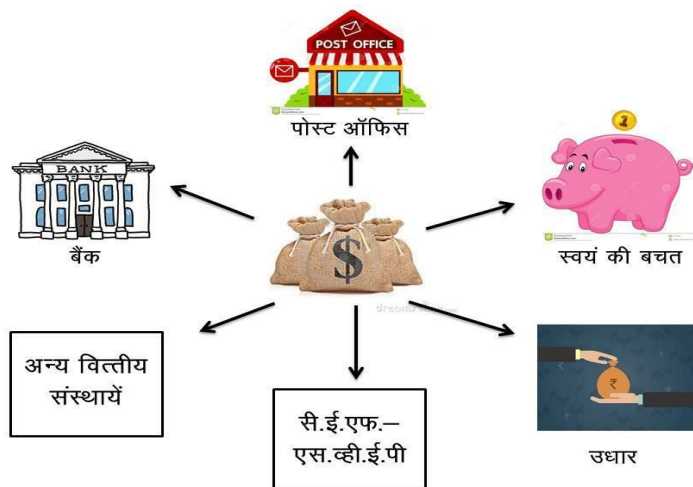


Assessment of financial need-

Before starting a business, an entrepreneur needs to figure out how much money will be required. They create a plan by estimating the costs for things like the business location, tools, raw materials, machines, accounting documents, transportation, packaging, storage, and other essentials needed to get the business up and running.

Fund arrangements

Based on the financial plan created by the entrepreneur, if a loan is needed, they must decide whether to use their own savings, borrow from others, or take a loan from a bank. If the entrepreneur chooses to take a loan, it's important to carefully research which bank is likely to approve the loan. Having this information in advance helps the entrepreneur be better prepared.



If an entrepreneur wants to take a loan, he needs to know exactly what the bank looks for in granting the loan. If this information is known, the entrepreneur can be prepared in advance. For that, the entrepreneur should keep the following things in mind, so that there is no hindrance in his loan approval -

(A) Personal capacity-

- Approach the bank with confidence.
- Submit all necessary business documents properly.
- Choose the right enterprise
- Gather complete information about the chosen industry

(B) Capacity of machinery used in the unit

- Ensure the technology and machinery are suitable and tested.
- The machinery's capacity should match your needs.
- Check the previous work record of the machinery.
- Know the background of the supplier from whom you acquire the machinery.

(C) Financial capacity of the unit

- Ensure the unit is fully established.

- The entrepreneur should be able to invest the required margin
- Identify financial sources used to set up the unit.
- Understand the breakeven point, where the unit makes neither profit nor loss.
- Assess the unit's profitability.

(D) Financial capacity of the unit

- The unit should generate enough income to be profitable.
- Minimize other financial burdens and non-productive costs.

(E) Marketing ability of the unit

- There should be sufficient demand for your product or service in the market.
- Research the likelihood of market acceptance for your product.
- Stay informed about current trends and customs in your product area.
- Know your buyers and sellers.
- Understand the competition in the market.

(F) Legal Compliances

- The entrepreneur must have completed all the legal formalities.
- Necessary licenses / approvals should be obtained.

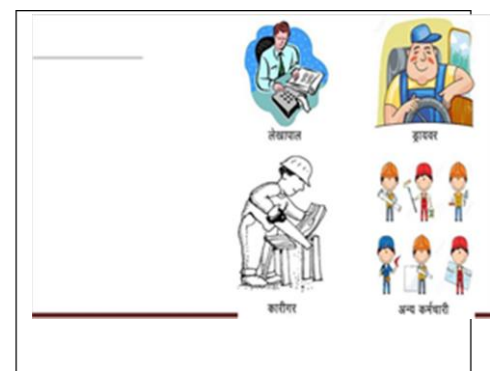
(G) Other Matters

- Choose a strategic and favorable location for your business.
- Identify available support for entrepreneurs.
- Ensure the availability of raw materials.
- Consider additional warranties or securities for the business.

Skilled manpower

Entrepreneurs don't need to have all the skills themselves, and it's not possible for them to do everything alone. Successful entrepreneurs hire skilled individuals to help them complete tasks on time. For various business tasks, they can employ people such as

- An accountant to manage finances
- A driver for transportation and deliveries
- Skilled workers for production
- Additional staff for product packaging
- This allows the business to run smoothly and efficiently.



Sourcing Partners-

Just as an entrepreneur cannot do all the work by himself, similarly an entrepreneur cannot create all the tools/goods required for production by himself. For that, he can approach other entrepreneurs and get tools/goods through partnership or contract with them.

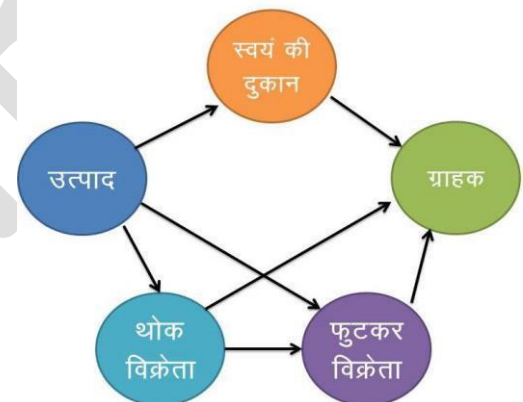
For example, if a person manufactures soap, the following items are required to make the soap attractive –

- Perfume for fragrance in soap
- Paper for packaging
- Company seal and other printing on paper

Other professionals can be contacted to fulfill all such requirements.

Marketing Network-

Identifying the entrepreneur in the market involves promoting the product and establishing a marketing network, which includes distribution and sales. As a professional in network marketing, you will advertise the product and determine your target audience. You need to decide how much to sell, whether to sell to wholesalers or retailers or if you want to open your own shop and sell directly to customers.



Network of Institutions - Bank, Post Office etc

Banks, post offices, and other financial institutions are part of this network. Businesses often involve large financial transactions and need money regularly. To secure a loan, a business can approach institutions like banks or post offices. Having a good relationship with these financial institutions is important. If a strong network is established, the entrepreneur won't be considered a new customer each time they need assistance. They can simply submit the necessary documents without starting the application process from scratch every time. This makes managing finances more efficient.

Legal documents-

An entrepreneur must obtain all the necessary documents to start any business

- A small business registration form
- Business Name Registration Certificate
- Required licenses
- 'No Objection Certificate'

- PAN / TAN / TIN Registration of Business
- Product registration
- Registration of hallmarks or logos used for the product
- Documents related to connection for use of electricity, water for business
- Any other relevant documents

EDII-NRO

3. Basics of Business model

While drafting any business plan, it is necessary to gather complete information about the products and services. For this, an entrepreneur can conduct a market survey. The basic principles of drafting any business plan are as follows.

Customer Value Proposition and Market/Business Competition

Customer value proposition and competition are closely tied to market demand for a product. An entrepreneur must gather comprehensive information about the product or service they intend to offer, including an understanding of existing competition and customer preferences in that specific market. This analysis helps in making informed decisions about their offering. A robust business plan should include the following information about customers and competitors:

- Understanding whether these customers belong to the lower, middle or upper class, the entrepreneur should set the price of his product accordingly.
- Along with this, the age group of the customers should be understood, according to which the quality, size, color etc. of the product should be determined.
- Who are the competitors in the market already offering the same product or service?
- How much are competing businesses charging for the same product or service?

If an entrepreneur has all this information, he can succeed in making a viable plan for his business.

Key Resources and Process-

Capital inputs – Capital inputs are the available raw materials required to produce the product. An entrepreneur should study the resources available around him, using which he can create his product or start a service. By doing this and taking decisions accordingly, he will not have to bear the problem of shortage of raw materials at the same time. For example, some areas are heavily agricultural, some areas are forested, some areas have abundant water due to rivers, lakes, and some areas are suitable for animal husbandry.

Main Process – The process of manufacturing a product begins from initial stages and continues until it reaches to the customers. The entire sequence of these activities are the core process of the business, commonly referred to as supply chain management. It encompasses everything from the preproduction tasks to the delivery of the final product.



This includes arrangement of raw material, available

Tools available, purchase of raw materials and stock, production

After making its stock, delivering the product to the distributor etc

It includes all the processes of selling it etc. Of all this

Management has to be done by the entrepreneur even before starting the production. An entrepreneur manages all these according to his fixed objectives, production capacity. The system of suppliers and distributors should be strong to manage the supply chain. That is, the raw material required for the production should be received from the supplier on time and after the product is manufactured, it should be sold to the market by the distributor on time. If the raw material is not available when the product is needed in the market or the product is not shipped from the distributor to the market, the business can be adversely affected. Due to this, the entrepreneur may have to bear huge losses.

Profit formula-

The entire sale cannot be the profit of any business. After deducting the total cost of production and the total cost of bringing the product to the market from the proceeds of any product sold, the profit is the profit of the business. To understand this let us see the following example –



$$\begin{array}{ccccccc} \text{कुल} & & \text{कुल} & & \text{समस्त} & & \text{शुद्ध} \\ \text{बिक्री} & - & \text{लागत} & - & \text{व्यय} & = & \text{लाभ} \end{array}$$

From the above example we can understand the value of the product. Suppose the fixed price of an item is Rs.50 and the item is sold at that price. If it costs Rs 30 to make that item and Rs 15 to deliver it to the market, the remaining Rs 5 is the entrepreneur's profit.

4. Profitability Formula (Business Profitability)

Profitability formula or profitability of a business is the profit made by the business. Determining the right price or value of any item is very important in order to make a profit by selling it. The process of determining the cost and value of a business to measure its profitability can be understood as follows.

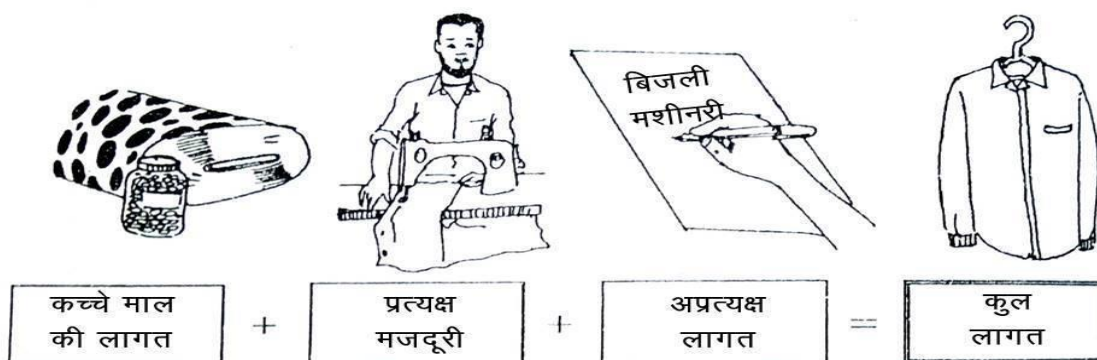
Costs and their classification-

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.



For example, if an item costs Rs 15 on raw material, wages is Rs 5 and other items cost Rs 10, then the total cost of the item is Rs 30.

Process of price determination –

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 a building is Rs.30, Rs.15 is spent on getting the product to the market after construction, and the entrepreneur's own profit margin is Rs.5, then the total cost of the product is Rs.50.

Income -

Income is money received from business. Income is the money an entrepreneur receives from the sales of the business.

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.

Break-even point-

Break-even point is the state of business when there is neither profit nor loss.



For example, an entrepreneur spends Rs 30 to manufacture a product and the cost of transporting it to the market is Rs 15. In this the manufacturer sets the price of his product at Rs 50 after getting his margin of Rs 5. But due to some reasons the demand of the product in the market decreases or the trader has to sell the product at Rs. In such a situation the entrepreneur gets only the money he spends, his expenses are recovered but the businessman does not get his margin. This position is called the break-even point of the business.

5. Business Operations Management

Management for running a business-

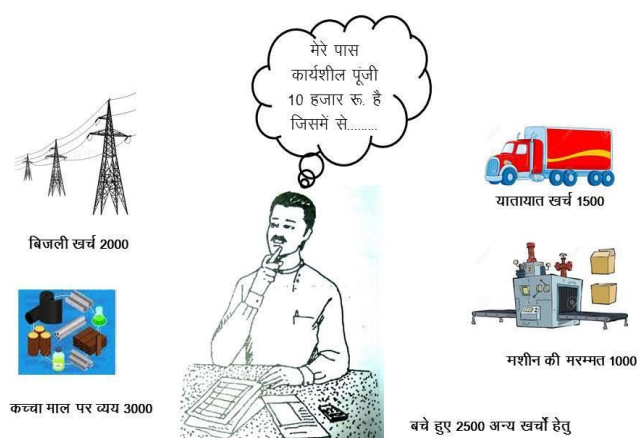
Many tasks are done in business. Proper management of these tasks is necessary for the business to run smoothly. A skilled professional manages all the tasks in any business and tries to complete them within the stipulated time. Managing resources is more important for running a business. In this along with physical resources, manpower is also managed.

Planning and allocation of resources-

Resource planning and allocation means making a plan for the resources available to the entrepreneur, such as raw materials, capital, manpower, etc., and allocating them according to that plan.

Raw material available- The entrepreneur makes a management plan for the raw materials that are close to him. How much raw material will be used at a time, where will the stock of remaining raw material be stored etc?

Available capital- An entrepreneur plans the capital that is close to him. For this he classifies the capital by first estimating the daily and necessary expenses incurred in the business. By doing so, the work shall not be deemed to have stopped for want of any means or facility. Let us see the following example to understand this better –



Available manpower- It is not possible for an entrepreneur to complete all the business activities by himself. By employing skilled persons in his business, he can complete his work properly, within the stipulated time. A business may employ people for different tasks, such as,

- Accountant to keep accounts
- Driver for transportation and communication
- Skilled artisans for production
- Other personnel for product packaging



लेखापाल



ड्रायवर



कारीगर



अन्य कर्मचारी

6. Exercises for Practical reasoning- The Boat Game

Management based game - Boat game

Generally, unemployed youths look at the profitability of any business and try to understand the skills that can make them profitable. Through this activity they will learn some things which need to be vigilant like planning, maintaining quality of product, competition at work etc. Various things related to practicality in entrepreneurship like setting goals, learning from experience, taking personal responsibility for success or failure, getting out of stress etc. can be learned and one's own behavior can be examined accordingly. The main objectives of this initiative are as follows -

- To examine your own abilities in personal planning and vigilance
- To develop your abilities to come out of stressful situations
- To explain the importance of attention to planning and quality
- To explain that one needs to take responsibility for success or failure

The instructor must have these materials-

- One side colored square glossy paper (10X10 cm)
- Copies of boat making guidelines for participants (to be given to each person)
- Fruit / Flip Chart
- Clock for measuring time (stop watch)

Action of the game—



Participants are asked to make two different paper models of boats. For this they have to follow certain quality parameters. In this phase of the test, participants are asked to complete a task within a time frame of their choosing. They are then asked to record the raw material they have purchased (paper for making boats) and the time taken to make boats. Now everyone is asked to make a boat with 5 minutes time. In this both models are made differently to make. Now the coach buys the boats that are made within the specified time and according to the parameters and discards the boats that are not according to the parameters. Now everyone is asked to calculate profit and loss. Analyze the answers of the trainees and use the following criteria for this -

- Planning
- Product quality
- Commitment to work according to a certain structure
- Learning from mistakes
- Responding to the external environment
- Ask for information
- Build up and get out of stress

Score Sheet for Apprentices in Boat Building

No.	Details	Model (Sample 1)	Model (Sample 2)
1.			
A	How many boats can you make in five minutes?	..... number	..... number
B	What is the probability that this objective will be met? 100% 90% 80%%%
C	Why do you think you can accomplish this goal?		
2.	Examination		
A	How long did it take you to make these models? (in seconds)	..... Sec	..... Sec
B	How many can you make in five minutes?	..... number	..... number
C	What will be the investment in this?	..... Rs.	..... Rs.
D	What is the probability that this objective will be met?%%
E	Why do you think you can accomplish this goal?		
3.	Business and Conclusion		
A	How many boats did you make?	..... number	..... number
B	How many boats can you make?	..... number	..... number
C	Sales (Rs.)	..... Rs.	..... Rs.
D	Profit / Loss	..... Rs.	..... Rs.
4.	Write down the reason for the profit/loss in each model you make.		

7. Marketing and Sales Information

Sales system and marketing mix-

The sales and marketing mix consists of plans for bringing the product to market and selling it. An entrepreneur makes a plan for marketing and sales etc. before manufacturing his product, so that the product can be sold within a certain period of time after it is manufactured.

Sales process-

Plans for selling the product include –

- How the product will be sold, whether the product will be sold directly to consumers, wholesalers or retailers.
- How the product will be introduced to sell the product i.e. advertising plan.
- Special schemes to attract customers after launch of product sales like launch discount, gift scheme etc.

The marketing mix-

The four 'P's of the marketing mix are actually a set of marketing techniques. Plans are made for the product, location, promotion and pricing etc. to sell the product in the market. For this the entrepreneur collects information by surveying the market. We can understand these four 'P's' of marketing mix 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

Product -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 is not as easy a task as it sounds. There are many competing products of a product 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 / Place- 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

8. Business Accounting

Keeping business accounting records-

Keeping business accounting records helps in understanding the exact status of the business. You know the benefits of keeping business records. Accurate and clear records help you understand how your business is doing and what are the problems -

- If the business is doing well then by using the records you can understand the reasons behind it, the things that are favorable to the industry, the future can be used to further develop the entrepreneur.
- If the business is not doing well, the records can be used to understand the exact problem and plan to solve it.

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 as follows –

1. Keeping accounting records helps control cash transactions - records show how much cash a business has and what activities it can use it for.
2. Accounting records show the true state 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 represent business performance to others - Entrepreneurs need business records for loans, tax payments, and other business purposes. 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.

Generally an entrepreneur maintains accounting records as follows –

- Cash book
- Bank book

- Purchase register
- Sales register
- Stock register
- Financial statement

Cash book- A cash book is a book of accounts in which an entrepreneur keeps an account of the cash transactions of his business. The right side of this ledger is debit and the left side is credit. This ledger only records the daily exchange of cash. The cash book is as follows.

debit				Credit			
No.	Dated	Details	the amount	No.	dated	Details	the amount
1.	03.03.2016	Cash was given to Rohan	2000	1.	04.05.2016	Received cash from Sohan	5000

Bank book- A bank book is also a book for keeping records of financial transactions in business, which records those financial transactions not in cash but by cheques. The right side of this ledger is debit and the left side is credit. This notebook is as follows –

debit					Credit				
No.	Dated	Details	Check details	the amount	No.	dated	Details	Check details	the amount
1.	03.03.2016	Amount paid to Ramesh through cheque	23456 02.01.16	5000	1.	04.05.2016	Received the amount by check from Sohan	46575 05.06.16	10000

Sales register- The daily sales made in the business are recorded in this register. These records allow us to measure how many sales have been made over a period of time. This notebook is like this

Sales register					
No.	dated	Item name	Quantity of goods sold	Price per item	total cost
1.	01.04.16	sugar	4 kg	35	140
2.	05.04.16	Biscuits	10	5	50

Purchase register- A purchase register is prepared to keep track of items purchased for business. This shows how much has been purchased over a period of time. The purchase register is as follows-

Purchase register					
N o.	dated	Item name	Purchased Amount of goods passed	Price per item	total cost
1.	01.04.16	sugar	20 kg	32	640
2.	05.04.16	Biscuits	50	4.5	225

Stock register-

A stock register is kept to keep track of the goods remaining after purchase and sale in a business over a period of time. After recording purchases and sales etc. over a certain period of time, one can finally calculate how much inventory is left in the business. A stock register is as follows -












Stock register						
N o.	Dated	Item name	previous balance	purchase made	Sales volume	remaining goods
1.	03.04.16	sugar	20 kg	50 kg	40 kg	30 kg
2.	20.04.16	Biscuits	30 puds	20 puds	35 Pude	15 puds

Financial statement-

An entrepreneur prepares a cash flow statement to keep track of the money coming in and out of the business. Cash flow shows how cash comes into any business and how and when it is spent.













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.

The picture below shows money going out of business. If we are buying some items for business then we can see the expenses incurred in a week through this picture –

सप्ताह के दिन →		1	2	3	4	5
	खरीदी गयी वस्तु					
	शेष					


Earlier this week the entrepreneur had 5 coins. After purchasing items on the first day, he has 4 coins left. After buying 1 item again on the next day, 3 coins remain. Thus buying one item per day leaves no coin left at the end.

Similarly, the money earned in the business by selling the goods purchased in the business is shown in the figure below –

सप्ताह के दिन →		1	2	3	4	5
	बिक्री से आय 					
	शेष					

In this picture, every day of the week, the income of the businessman is increasing and finally he has accumulated a lot of money.

But in business, buying and selling processes happen almost daily, so to understand both these processes together, let's look at the following picture -

सप्ताह के दिन →		1	2	3	4	5
	बिक्री से आय 					
	खरीद पर व्यय					
	शेष					

Suppose, in the above picture, one coin is 100 rupees.

- At the beginning of the week, the entrepreneur has Rs.200. He sells Rs 300 and buys goods worth Rs 200 on the first day. Thus at the end of that day he is left with Rs.300.
- The next day he initially has the previous day's balance of Rs 300 and today he does not sell anything. He buys goods worth Rs. 100. So on the next day, at the end of the day, he is left with 200 rupees.
- On the third day Rs 100 is sold, leaving him with Rs 300.
- At the beginning of the fourth day he has the previous day's balance of Rs.300. During that day there is a sale of Rs.200 and he buys goods worth Rs.200. So, at the end of the fourth day, he has Rs. 300 left.
- At the beginning of the fifth day, the entrepreneur has Rs.300. He sells for Rs.300 and buys goods for Rs.100. Thus at the end of the fifth day he is left with Rs.400.

In this way an entrepreneur can prepare his income and expenditure statement. This statement can be monthly, weekly or any fixed period. Apart from these general statements, financial statements such as income-expenditure statement, balance sheet etc. is prepared in large businesses.

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9. Management of Business Capital:

An entrepreneur needs capital at every level in his business. This capital is used for various business expenses and business assets. There are two types of capital required in business –

1. Fixed capital
2. Working capital

Before starting a business, a businessman needs to manage capital. By doing this he can balance his expenses.

Estimated fixed and working capital for the business

Fixed capital- Capital used for fixed assets in business means fixed capital, like land for business, office or warehouse, shop, furniture, machinery, cars etc.

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.

It is necessary for the entrepreneur to estimate the capital required in the business in advance. This assumption is made while preparing the business plan. We will get to know about this while understanding the business plan.

9. Business plan

If a business is to be successful, its plan must be successful and realistic. On the basis of this plan, tools, necessary equipment, staff etc. are arranged in the business. A business plan is useful in arranging loans for the business, arranging necessary tools for production, necessary assistance to reach the product in the market, etc. A business plan may take the form of –

Business Plan – Format

1. Name and Address of Applicant:
2. Name and Address of Business / Industry / Service Industry:
3. Name and brief introduction of product / service, market demand potential:
4. Proposed Capacity (Monthly)

No.	Product / Service Name	quantity	value
1			
2			
		Total	

5. Capital planning

A. Fixed capital

1. Land / office, godown, shop or similar (own or rented)
2. Machinery:

No.	Machinery	quantity	value
1			
2			
		Total	

B. working capital

1. Expenditure on Raw Material (Per Month)

No.	Name of raw material	quantity	value
1			
2			
	Total		

2. Salaries and wages

No.	Description	the number	Estimated salary
1			
2			
	Total		

3. Other expenses

No.	Details	Estimated cost
1.		
2.		
	Total	

4. Total working capital (1 + 2 + 3):

5. Cost of production per month

No.	Details	Amount (Rs.)
1.	working capital	
2.	Depreciation on machinery, equipment (10% of fixed capital)	
3.	Interest on total capital	
	Total	

6. Profit / Loss per month

No.	Details	Cost (Rs.)
1.	Income from service/product sales	
2.	cost of production (-)	
	net profit	

7. Financial needs

No.	Details	Amount (Rs.)
1.	For fixed capital	
2.	For working capital	
	Total	

8. Essential financial management

No.	Details	Amount (Rs.)
1.	Margin money help	
2.	Loan from bank	
	Total	

9. Loan repayment period
(Monthly / Quarterly)

Applicant's name and signature

Example of Business Plan –

1. Name and Address of Applicant - Ramesh Ahirwar, Madhya Pradesh

2. Name and Address of Enterprise / Service Business: Dairy Products

3. Name and brief identification of the product/service, and potential demand in the market:

Animal husbandry has been a traditional practice in our country for centuries. However, with the present generation of youth adopting scientific and modern methods, there has been a marked improvement in both milk production and quality. Many highly educated young people are now entering this field in a professional manner.

Although milk is a common household commodity, rural milk producers often struggle to receive a fair price for their products. Due to its perishable nature, they are often forced to sell milk at prices dictated by middlemen. Even the cooperative efforts to address this issue have not been entirely sufficient. To ensure fair pricing and increase the value of their milk, local processing can be a viable solution. By processing milk into products like ghee, producers can increase its value and create self-employment opportunities for youth at the local level. Establishing ghee-making units in villages is one such initiative that can be successfully implemented to enhance income and create jobs.

4. Proposed Capacity (Per Month):

No	Product / Service Name	quantity	value
1.	eat	770 km Gr.	123200
2.	ghee	840 km Gr.	302400
		Total	425600

5. Capital planning:

A. Fixed Capital:

1. Land / Shop, godown, office, or other similar commercial premises (own or rented) own :

It is proposed to acquire 4500 sq ft land for this unit and construct a shed of 1500 sq ft on it.

The estimated cost for this will be as follows –

- Shed room construction 1500 Sq Ft

- open space 3000 Sq Ft
- Total space 4500 Sq Ft
- total cost 100000 Rs

Machinery

No	Machinery	quantity	value
1.	Cream separator	01	240000
2.	Feed making machine	01	
3.	milk cans	01	
4.	Test device (Milkometer) for milk fat removal	01	
5.	Weighing and packing equipment, polythene sealing machines, can sealing machines	01	
6.	Office furniture		
7.	Sales tax, insurance etc		
		Total	240000

b. Fixed Capital:

1. Raw material

N o.	Raw material	quantity	value
1.	Raw milk (Rs. 38 per liter)	7000 liters	266000
2.	Packing material - polythene, containers, bins		20000
		Total	286000

2. Salaries and wages

N o.	Details	quantity	value
1.	manager	1	8000
2.	skilled workers	1	7000

3.	unskilled workers	2	8000
		Total	23000

3. other expenses

N o.	Details	quantity	value
1.	Electricity		8000
2.	Advertising and travel expenses		2000
3.	Transportation costs		4000
4.	Stock monitoring		1000
5.	Telephone and postal charges		1000
6.	Stationery		1000
7.	Maintenance and repair		1000
		Total	18000

8. Total working capital: Rs. 327000

9. Production cost per month: Rs. 359283

1. Working capital Rs. 327000

2. Depreciation on machinery etc Rs. 24000

(10% of fixed capital)

3. Interest on total capital Rs. 8283

Total sum Rs. 359283

10. Profit / Loss per month

Income from service / product sales Rs. 425600

1. Production costs(-) Rs. 359283

Monthly profit Rs. 65717

11. Financial needs Rs. 944000

1. For fixed capital Rs. 340000

2. For working capital (for two months)	Rs. 654000
Total	Rs. 994000

12. Essential financial management

1. Margin Money Assistance (50)	Rs. 497000
2. Loan from bank	Rs. 497000
Total	Rs. 994000

13. Loan Repayment Period: Quarterly (Monthly / Quarterly)

Applicant's name and signature

Business Assessment, Support and Monitoring

(Module - 4)

Publisher

Entrepreneurship Development Institute of India
(EDII)

Module 4

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1. Stages and procedures of Business evaluation

For a business to succeed, it needs to be evaluated regularly. This assessment can be carried out over a specific period by analyzing the accounts prepared by the entrepreneur, reviewing relevant information received, and examining the records maintained during that time.

Importance of Business Evaluation

- A business evaluation can help to understand the real state of the business.
- Business evaluation is crucial for understanding the management system and processes used by the entrepreneur, allowing for improvements to be made when necessary.
- Through business evaluation, one can understand the activities of business.
- Business evaluation allows for the examination of accounts and enables corrections to be made if needed.
- Business evaluation indicates the progress of any business.
- Through business evaluation, potential future problems can be identified, allowing for necessary suggestions to prevent them.
- A business evaluation is useful in providing the necessary assistance to an entrepreneur.

Assessment of an Entrepreneur

The success of a business largely depends on the skills and qualities of its entrepreneur, which is why evaluating the entrepreneur is just as important as assessing the business itself. One effective method for this evaluation is conducting a SWOT analysis, which examines the entrepreneur's strengths, weaknesses, opportunities, and threats. This analysis allows for a comparison between the entrepreneur's self-reported information and the insights gathered from other entrepreneurs, providing a comprehensive view of their capabilities and areas for improvement.

Business Evaluation-

Business evaluation involves analyzing and comparing a company's performance over time. By assessing both the performance of other enterprises and the past performance of the business, stakeholders can determine the level of success and identify areas for improvement. This analysis helps in understanding the effectiveness of current strategies and operations, allowing for informed decision-making.

Evaluation Based on Previous Accounts of Business

Evaluating a business by comparing its previous accounts allows for a clear understanding of its performance over time. For instance, if an entrepreneur has been operating a business for nearly one year, analyzing the financial records from the first six months alongside those from the subsequent six months can reveal significant insights into the business's growth and development.

Setting Parameter for Evaluation

Establishing parameters for business evaluation is essential. Entrepreneurs maintain various documents, such as accounts and records, which can help assess their business performance. However, due to time constraints, it may not be feasible to evaluate all accounts or documents at once. In such cases, the evaluation can be focused on key financial statements prepared by the entrepreneur, including the income-expenditure statement, cash-flow statement, and balance sheet.

Comparison with Similar Businesses

Businesses can be effectively compared with other similar enterprises. This comparison is based on information provided by entrepreneurs engaged in the same type of business, including details about their products, processes, and methods. By analyzing these aspects, businesses can identify best practices and areas for improvement, enabling them to enhance their operations as needed.

Examination of assets and liabilities-

A business can also be assessed by reviewing the entrepreneur's assets used in the business, including how these assets were acquired and from where. Additionally, evaluating the entrepreneur's liabilities—such as outstanding debts—provides a clearer picture of the business's financial health. While profit indicates the success of the business, the true financial condition is better understood by examining liabilities. For instance, an entrepreneur may appear profitable but could have significant market debts that have not yet been repaid, affecting long-term stability.

A plan of action for the future-

The entrepreneur's future business plan should be evaluated to understand whether they intend to continue current practices or make changes. This evaluation helps determine if the proposed changes are necessary and whether the entrepreneur's decisions are sound. By assessing the plan,

one can gauge if the future directions aligns with business growth and market needs or if the adjustments are required to ensure ongoing success.

Analysis of information-

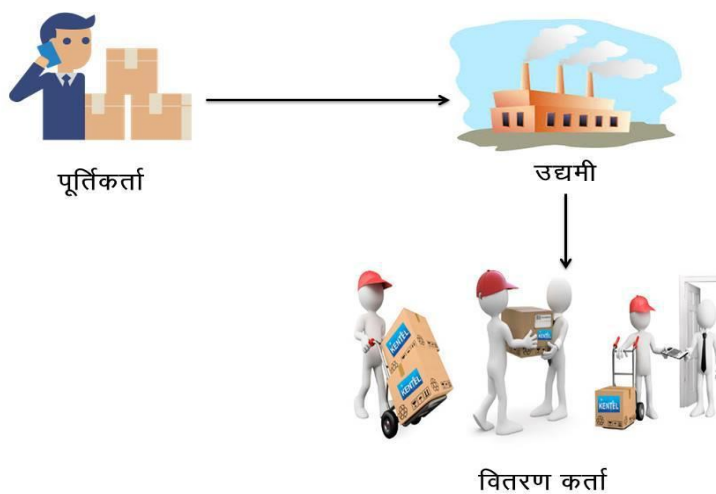
With the help of the evaluation of different types of businesses using the aforementioned process, a concrete business model is presented to the evaluator. This model helps in gathering critical information, allowing the evaluator to develop a successful and realistic business plan for the future. By analyzing this information, the evaluator can identify strengths, weaknesses, and potential growth opportunities guiding the entrepreneur toward informed decision-making and strategic thinking.

2. Business performance improvement and Support

After evaluating the performance of the business, necessary improvements are made to develop its working methods and capabilities. This allows the entrepreneur to get more benefits and he can continue to run his business successfully for a longer period of time. To improve the performance of the business, the entrepreneur needs to get the information and support given below.

Basic information about supply chain management-

The supply chain management is the backbone of any business. It involves the process from scratch to delivering the final products to the consumer. It includes crucial activities such as sourcing of raw materials, ensuring the availability of resources, managing the storage of raw materials and finished products, and overseeing product delivery to distributors and sales. All of these steps must be planned and organised before the start of the production process. Effective supply chain management relies on a strong network of suppliers and distributors. This means the raw materials must be available on time and after production, distributors must ensure timely market entry of the products. If there is a delay in receiving raw materials or a lack of buyers for finished products, the business could face significant losses. Therefore, proper coordination between suppliers, manufacturers and distributors is critical to the smooth functioning and profitability of the business.



Business Risk Management

Whether a business is small or big, there is risk involved. It is important for entrepreneurs to understand risk and manage it accordingly. An entrepreneur must be a pragmatic thinker to eliminate risk and come out of it. He should be able to think using his imagination. He can be prepared in advance to understand future risks by implementing new ideas from time to time. Just like the villagers repair the roofs and walls of their houses before the rains, to avoid problems later, an entrepreneur must take proactive steps to safeguard their business. Anticipating risks and preparing in advance ensures that the business is well prepared to face any unforeseen difficulties.

Importance of Quality in Product

An integral part of any product is its quality, 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 the customer demand.

Novelty and Work Efficiency-

Novelty and work efficiency require an entrepreneur to continuously improve the methods of work. This could be aligned with personal strengths and demands of the business. To stay competitive in the market an entrepreneur must increase his efficiency through the adoption of new technologies. Keeping with the current trends and demands, he should make necessary changes in the business. By regularly surveying the market, an entrepreneur can enhance product quality and increase productivity through the strategic use of technology. This forward-thinking approach ensures long-term success and relevance in an ever-evolving business environment.

3. Hand-holding Support

Hand-holding means helping the entrepreneur understand problems, help him overcome them, and monitor the progress of the business. Handholding includes the following –

Sharing of best practices and information-

All entrepreneurs will share their experiences and their methods with other entrepreneurs, so that other entrepreneurs can do the following -

- You can compare the experiences of other entrepreneurs with yours.
- Learning from the mistakes made by other entrepreneurs in their business operations.
- Understanding the secret behind success.
- Understand the characteristics of other entrepreneurs and adapt accordingly.
- Understanding the causes of business failure.
- Understanding the problems faced by the business.
- Understanding the solutions other entrepreneurs have taken to solve problems.

Analyzing the information obtained in this way, the entrepreneur will be encouraged to use it in his business by creating the best system.

Advice and coordination-

Time to time meetings of entrepreneurs should be organized and counseling services should be provided to them, which entrepreneurs can use to solve their problems. Entrepreneurs present at these meetings can solve problems through coordination, i.e. together. For example, if an entrepreneur cannot find a supplier for raw materials and knows another entrepreneur well, he can help. In this way the entrepreneur can be guided and encouraged by meeting to provide consultancy services.

Follow up after training-

Following up with the entrepreneurs after the training i.e. knowing their reaction, response is the main part of handholding. In the follow-up, the activities of the entrepreneur are monitored after the training, what he does after the training, how he manages the business, how is the status of his work, business, what problems he is facing etc. This can be done by talking to the entrepreneur over the phone, visiting him in person, or organizing meetings from time to time. Its main objective is to

develop the entrepreneur's working system, help him in making the right decisions, and help him become self-sufficient. For this, you can collect the information of the entrepreneur as per the sample given below so that every time you follow up with the entrepreneur you will know the previous situation of the entrepreneur.

No.	Name of Entrepreneur	Name of the selected unit	Date of follow up	Current status of the unit	Necessary corrections and solutions	Date of commencement of work	Estimated date for completion of work	Help needed

4. Monitoring and control of business

Monitoring and control of the business means keeping an eye on the procedures and processes used by the entrepreneur in the business and correcting it at the right time if any wrong decision is taken by the entrepreneur. Monitoring and control of the business can be done as follows -

Monitoring of business findings and entrepreneur's action plan-

A business can be monitored by evaluating the entrepreneur's accounts and operations. The accounts prepared by the entrepreneur show the performance of the business and their action plans indicate the future activities. By studying them, you can give the entrepreneur necessary suggestions for business or encourage him to do better. An entrepreneur can make his action plan as follows.

Action plan for unit / business

Activities	Date of Commencement	Completion date	Necessary corrections, solutions and changes	Support needed

Development of Management Information System (MIS) for expansion, progress and monitoring of the enterprise-

A Management Information System (MIS) system can be developed to monitor the expansion of the industry and its progress, in which information about the entrepreneur and his business can be stored online. Business status, details of accounts, action plans etc. can be filled in this information management system every month, three months or six months. Due to this, you can always see the work done by the entrepreneur and evaluate it based on the work done earlier.

Forms for Management Information System (MIS).-

For information management to develop, there must be a definite format. Accordingly, every entrepreneur can fill in his business information. This format should be complete and clear, it should be easily understood. Form for Information Management System can be prepared as given below –

N o.	mo nth and yea r	Name of Entrep reneur	Busi ness nam e	Date of establis hment of busines s	Avai lable tools	produ ction capac ity	actu al pro duc t	Cur rent stat us	Num ber of worki ng empl oyees	Cost of produ ction	Inco me from produ ction	Cur rent issu es	hel p nee ded

Monitoring the repayment of loans taken by the entrepreneur-

An entrepreneur needs to repay the loan taken to start his business on time, so that he can build a good relationship with the bank and other financial institutions and get a loan facility again if needed in the future. An entrepreneur can create a list to repay the loan taken by the entrepreneur. 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
Loan received from bank		1,00,000/-	--	--	--	--
Amount Repaid		2,000/-	2,000/-	2,000/-	2,000/-	2,000/-
Remaining amount	50,000/-	1,48,000/-	1,46,000/-	1,44,000/-	1,42,000/-	1,40,000/-

According to the above table an entrepreneur has Rs 50,000 at the beginning of the year and borrows Rs 100,000 from the bank. Thus he gets Rs.1,50,000. Out of this, he pays Rs 2000 for the month of January. Then he is left with Rs 1,48,000. In this way he records the defaulted amount every month. From this one can easily understand his current loan status from time to time.

By studying the above chart over a period of time you can monitor the repayment of loans taken by the entrepreneur and encourage the entrepreneur to repay the loan on time.

Monitoring of accounts maintained by entrepreneurs-

Accurate and clear records help you show how the business is doing and troubleshoot business problems -

- If the business is doing well, use the records to understand the reasons, the factors that favor it so that the entrepreneur can become even better.
- If the business is not doing well, use the records to understand the problem and take measures to eliminate it.

While making business records the entrepreneur writes down all the important business related information like –

1. How much did the business earn?
2. How much was paid into the business?
3. How much of the business's sales are on credit?
4. To what extent do other people own the business?
5. What is the cost of the equipment purchased for the business?
6. How much capital has been invested in the business?
7. Contracts between businesses and suppliers or customers

An entrepreneur prepares accounts to record the above information, such as –

- Cash flow statement
- Income Expenditure Statement
- Profit and loss statement
- Balance sheet etc.

By periodically studying and analyzing the above accounts, you can assess the progress of the business. If there are any deficiencies or incomplete information while preparing these accounts by the entrepreneurs, necessary corrections can be made by informing the entrepreneur.

Making sound business decisions through Management Information Systems (MIS).-

By studying the information being created in the information management system, you can understand every aspect of the business. MIS helps you to understand the complete information and current status of any business. If the entrepreneur needs to make any kind of changes in the business

and adopt some other method for business development, a decision can be taken after studying the MIS. Thus MIS helps you in making the right decisions.

Creation of Monthly Management Information System (MIS).-

Preparing the information as per the form mentioned for Management Information System (MIS) in the previous section helps to understand the complete and actual status of your business. So you encourage entrepreneurs to create this information every month and convince them of its importance. The shorter the time this information is generated, the easier it will be to understand the state of the business and the easier it will be to remedy the problem at the right time.

Based on current Business

District Name	
---------------	--

Name of Village Organization	
------------------------------	--

Name of the block	
-------------------	--

Number of groups	
------------------	--

Village Name	
--------------	--

Total number of members	
-------------------------	--

N o.	Type of business	Entrepreneur's ID (Based on Enumeration of Entrepreneurs)	Name of Entrepreneur	age	sex	How many years has the business been operating?	What is the total monthly income from the business?	The name of the group member	Relationship with group members (self / spouse / others)	Name of the group	When physical verification of the industry was done (Date)	Which category (fine / medium / large)

Application Number	
Application no	

SVEP APPLICATION FORM

SVEP Application Sample

1. Personal Information

Name of Entrepreneur	Current Photo here stick it
Name of Father / Husband	
Date of Birth	
Gender	
Sex	
Religion	
Physically Disabled (Yes/No)	
Caste (SC, ST, OBC, Minority, General)	
BPL Card Holder (Yes/No)	
Registered under SECC [Yes/No, If Regd. SECC No.]	
Under which rule the shop is registered (Yes/No, if yes which rule)	
MNERGA Job Card Number	
Aadhar Card Number	
Artisan Card Number	
Artisan Card Number (Handloom / Handicrafts)	
Mobile Number	
Full Communication Address	
Complete address	
Name of SHG Member to whom entrepreneur is related	
Relationship with SHG Member (Self/Husband/Son/Others – Specify)	

Group member's relationship with entrepreneur (self / husband / son / other - details)		
Member of SHG since (date):		
Name of SHG		
Name of Village Organization		
Name of CLF		
Office bearer at SHG (if yes, at what position) Holds any position in the group (if yes, which position)		
Office bearer at VO (if yes, at what position) Holds any position in the village organization (if yes, which position)		
Hold any post in CLF (if yes, which post)		
Bank Account Details	Name of Account Holder:	
	Account Number:	
	Bank Name:	
	Branch Name:	
	IFSC Code:	
CIF availed earlier (if yes, amount) Whether amount taken from CIF earlier (if yes, how much)		
Balance Loan of Group / Village Association / CLF (Yes, if so how much)		
Loan Outstanding from Bank (if yes, amount Rs.)		
Loan outstanding from other sources (if yes, Amount Rs.)		

2. Enterprise Information

Enterprise Support Category – Existing/New	
Name of interested occupation job if new	
Type of work if occupation already	Off-Farm / Non-Farm Sector Off-farm / other than agriculture
Type of Enterprise (Kirana/Vegetable trading etc.)	
Target Customers	
Market	Local Within Block / Outside Block / Both
Sourcing Of Raw Material [For Manufacturing]	Local Sourcing Within Block / Outside Block Market Local Sourcing Within Block / Outside Block / Both
Date of commencement of work	
Initial investment	
Source Of Investment: Own Amount	
Source Of Investment: Loan Amount	
Monthly Turnover	
Monthly Profits	
Maintained Books of Account	Yes / No
Person engaged in maintaining Book of Accounts	
Enterprise Operation Challenges	
Enterprise Scale Up Plan	
Intervention Scope [New & Existing Enterprises]	
• Capital Investment –Plant & Machinery Etc. [Please Specify Expected Amount]:	
• Working Capital [Please Specify Expected Amount]:	
• Skill Training	

• Market Promotion	
• Convergence	
• Advisory [Social & Business] / Counseling Support [Entrepreneur / Family Members]	
• Other Linkages / Support [To Specify]	

Place:

Location:

Signature of Applicant

Date:

Date:

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Remarks: Comment

Application to be processed further	
Application Rejected	

(Tick the appropriate column)

(Tick where applicable)

Signature of CRP-EP

Signature of CRP-EP

Signature of SHG Officer

Signature of Block Mentor Signature of BPM

Application Number	
Application no	

PROFILE OF EXISTING ENTREPRENEUR

Information of an entrepreneur who is already doing business

1. BASIC INFORMATION Basic information

1.1 Name of Entrepreneur: _____

1.2 Type of Enterprise: _____

1.3 Name of SHG Member: _____

1.4 Relationship with SHG Member: _____

1.5 Name of SHG: _____

2. FAMILY DETAILS Family information

N o.	Name	Occupation (If any person is engaged in any occupation, mention all types)	sex	age (years)	Educatio n / Skills	Scheme / training
1						
2						
3						
4						
5						
6						
7						

3. Credit details Information about loans

Where did the loan come from?	Date of Borrowing	Loan amount	Interest rate	Current balance	The date when the loan will be fully repaid
Revolving Fund Revolving Fund					
CIF CIF Fund					
Other loans from SHG/VO/CLF Other loans from Self Help Groups / Village Organizations / CLF					
Banks banks					
Money Lenders Loans from lenders					
Cooperative Society Loans from Cooperative Societies					
Total Total					

4. Income Details Income information

No.	Name of family member	source of income	Number of working days / Amount received per month	Annual income

5. Expenditure Details

No.	reason for expenditure	Monthly expenses	Annual expenses
1	to eat		
2	Education		
3	Health		
4	clothes		

5	festival		
6	Communication		
7			
8			
total cost			

Place:

Place

Date

Signature of Entrepreneur:

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1. Total Annual Income:

2. Total Annual Expenditure:

3.

How much is the annual income over the annual expenses?

4. Total Loan Outstanding:

5. Expected payback period for existing Loans:

REMARKS Comment

Signature of CRP-EP: Signature of Block Mentor: Signature of BPM:

Application Number	
Application no	

ENTERPRISE DIAGNOSIS CHECKLIST
List of Items Required for Industry Appraisal

Name of the Business:

Business name

Owner of the business:

Name: Village:

SHG Education:

Experience in the Business:

Business experience

Business Description: Business information

Type: Production/ Trading/ Service (Tick the appropriate option)

Products and Services it will offer:

Area of Operation:

Buyers Details:

Any other information:

Selling and Marketing Process:

Sales and Marketing Processes

Expected Average Turnover per month:

Expected Average Profit %:

1. MARKET AUDIT

1.1. Market Needs and Products

Market needs and products

1.1.1 What are the products/services that are currently being sold/offered to the customers?

What are the products/services currently being sold to customers?

1.1.2 What are the needs of the current or potential customers (related to the enterprise in consideration) and are the needs met by the products sold in the enterprise?

1.1.3

Is there scope to provide additional services / products if the needs of existing / potential customers are not met?

1.2 Target Customers

1.2.1 What is the total size of the target market (total number of customers/households who may purchase from the enterprise/shop)?

1.2.2 How many customers/households from the target market are currently purchasing from the enterprise/shop?

1.2.3 Where are the remaining potential customers/households purchasing the products from?

1.2.4 Why are they not purchasing the products from the enterprise/shop under study?

1.3 Competitors

1.3.1 Are there more enterprises/shops in the area of operation which sell/offer the same products services?

1.3.2 Does the enterprise have any advantage over the competitors in the area of operation?

1.3.3 Are there any potential/new competitors who will enter the market in the future?

Price

1.3.4 What is the price(s) at which the product(s)/service(s) is (are) being offered to the customer?

1.3.5 What is the price that the customer is willing to pay? Is he/she willing to pay more?

1.3.6 What are the established prices for the product/service being offered in the market?

1.3.7 Can a desirable level of profit be generated at the price set for the product/service?

1.3.8 Percentage of customers avail credit facility while purchasing the product.

Seasonality, Place and Promotion Effect of Seasons on Business, Location and Promotion,
Advertising

1.3.9 Seasonality and business hours of market: Please indicate the days, hours and months the outlet is available to consumers.

Effect of Seasons on Business and Market Days and Hours: Write down the days, hours and months the business/shop is open for customers.

1.3.10 Is the location of the enterprise/shop easily accessible for the customers?

Can customers easily reach the place where the business / shop is located?

1.3.11 Does the enterprise use organized media-mix like, Radio, cinema, advertising/ hoarding, banner for the promotion of the products or the shop? If not, will doing so benefit the enterprise? Are various media such as radio, cinema, advertisement, hoarding, banner etc. used to promote the product/service? If not used, what are the benefits to the business of doing so?

1.3.12 Discount offered during any festive season to attract more customers (If yes please elaborate)

How much discount is given to attract maximum customers on the occasion of a festival? (If exemption is given then write in detail about it)

2. FINANCIAL AUDIT Financial audit

2.1 CASH AMOUNTS

2.1.1 Is the enterprise facing shortage of cash for running the business?

Running low on cash to run the business?

2.1.2 If yes which of the following are the reasons for the same? Also explain each of the reasons identified in detail.

If cash is running low, why? Explain each reason in detail.

REASON	YES/N O	REASON	YES/N O
Undercapitalization due to lack of funds Lack of capital due to lack of money		Cash locked in non-productive assets Money is stuck in assets that are not useful in production.	
Excess withdrawal by owner The owner withdrew more money from the business		Not leveraging credit from suppliers No borrowing facilities / benefits from suppliers	
Excess investment in inventory High cost of warehousing			
High fraction of credit sales There is a lot of selling on credit			

2.2 Profits

2.2.1 Is the enterprise making adequate profits

Is the business making enough profit?

2.2.2 If no, which of the following are the reasons for the same? Also explain each of the reasons identified in detail.

If there is not enough profit, which of the following are the reasons? Explain in detail the reason as applicable.

Reason	Yes / No
Low sales turnover less sales	
Underutilized capacity Underutilization of potential	
Improper Pricing Unfair price	
High overhead costs The above costs are very high	
High interest costs (loan taken from money lenders) The interest on the loan is too high (this is possible if the loan is taken from a moneylender).	

2.3 INTERNAL CONTROL SYSTEMS Internal control system

2.3.1 Does the entrepreneur maintain book of accounts (Sales Register, Purchase Register, Creditors book, debtor's books, Asset Register, Stock Register)?

Does the professional keep accounting records / books? (Sales Ledger, Purchase Ledger, Borrower Ledger, Debt Ledger, Asset Ledger, Stock Ledger)

2.3.2 If yes, which all books of accounts does the entrepreneur maintain

If the professional keeps records, what books has he created?

2.3.3 If no, why doesn't the entrepreneur maintain the book of records?

If not, which books of accounts did he not prepare?

--

2.4 FINANCIAL PERFORMANCE OF THE ENTERPRISE Information on the financial performance of the business

2.4.1 Fixed Assets and Sources of Funding Fixed assets and sources of funding

Item element	Funding (Own/Loan)	Loan Outstanding balance

2.4.2 Estimation of current working capital Estimation of current working capital

SL.. No. No.	Item component	Amount the amount
1	<p>Average value of inventory at any point of time</p> <p>What will be the average cost of stock held by the trader at any point in time?</p>	
2	<p>Average value of Receivables (from the customers) at any point of time</p> <p>What will be the outstanding loan from the customer at any point in time?</p>	

3	Average value of Payables (to the suppliers) at any point of time The average amount owed to suppliers at any point in time	
Total Working Capital Requirement (1)+(2)-(3)		
Total Working Capital Requirement (1)+(2)-(3)		

2.4.3 Prepare a profit and loss statement for the past two months in the table below.

Prepare a profit and loss sheet for the last two months in the table given below.

SL.. No. No	Item element	Month 1 Month 1	Month 2 Month 2	Peak Season (Avg. Monthly) Highest Sales (Avg. Monthly)
1	Total Sales Total sales			
2	Cash Sales Cash sale			
3	Credit Sales Sale on credit			
4	Cost of Goods Sold (Purchase price from Supplier) Cost of goods sold (cost at which purchased from supplier)			
5	Rent rent			
6	Wages Wages			

7	Electricity Electricity			
8	Transportation Costs Communication costs			
9	Interest Costs Interest expense			
10	Wastage wastage			
11	Other Costs other expenses			
12	Net Profit net profit			
13	Profit Margin (Net Profit/Total Sales)			

2.4.4 Prepare a cash flow statement for the past two months

Prepare a cash flow statement for the last two months.

Item element		Month 1	Month 2	Peak Season (Avg. Monthly) Highest Sales (Avg. Monthly)
Opening Cash Balance				
Beginning Balance Cash Amount				
Cash out flows	Purchase of fixed assets			
	Purchase of fixed assets			
	Cash payment to suppliers			
	Other Cash expenses (All expenses excluding interest)			
	Interest paid			
	Loan principal repaid			

	Repayment of the principal amount of the loan			
	Cash withdrawal			
	Total cash out flows			
	Total Cash Outflow			
Cash In flows	Cash Sales Cash sales			
Cash flow into the business	Cash paid by Debtors			
	Borrowers repaying loans in cash			
	Total Cash in flow			
	The total amount of cash coming into the business			
Net Cash Flow (Cash in – Cash out)				
Closing Cash Balance The amount of cash remaining at the end				

3. OPERATIONS AUDIT Operational Audit

3.1 Which of the following issues are lacking in the enterprise under study?

Which of the following is lacking in the profession being studied??

Issues issues	Applicable to enterprise? (Yes/No) Whether applicable to business or not (Yes / No)
Obsolete technology/machinery Obsolete technology / machinery	
Poor Infrastructure/Lack of space Poor infrastructure / lack of space	
Lack of skilled labour Lack of skilled workers	
Low Capacity Utilization Underutilization of efficiency	
High wastage of raw materials/inventory Wasting raw material / stock	

Poor quality raw materials	
Poor quality raw material	

Difficulty in sourcing raw materials	
Problems with sources of raw materials	
Poor Maintenance	
Lack of maintenance	
Lack of inventory management (Running out of stock/High stock)	
Lack of stock management (out of stock / excess stock)	

3.2 Explain the identified problems in detail

Give detailed information about any of these issues that are applicable

4. DIAGNOSIS ASSESSMENT

Identify and explain the problem areas based on the observations based on market, financial and operations audit.

Provide detailed information on issues understood based on market, financial and operational audits.

Areas of Improvement Things	Description	Action Needed
-----------------------------	-------------	---------------

that can be improved		
Total Turnover/Business Expansion		
Profit percentage/share		
Product/Service/Business diversification		
Market Share/Customer footfall		
Training/Skill need		

Signature of CRP – EP Signature of Entrepreneur

CRP - Signature of EP

Signature of entrepreneur

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Remarks/Comment

Signature of CRP-EP Signature of Mentor

Signature of CRP-EP

Signature of Guide

Application Number	
Application no	

PERFORMANCE IMPROVEMENT PLAN AND GROWTH PROJECTIONS

Performance improvement and development plans

- 1. PERFORMANCE IMPROVEMENT PLAN** Performance improvement plan
 (Based on the diagnosis from the enterprise audit sheet, prepare an improvement plan)
 (Prepare an improvement plan based on the assessment from the entrepreneur's audit sheet)

Performance Improvement Planning Performance improvement plan			
Improvement Plans	Support Required	Timeline time limit	Responsibilities

--	--	--	--

2. ESTIMATION OF FIXED CAPITAL REQUIRED

Estimation of Fixed Capital Requirement

(Give details of one-time capital expenditures that will be incurred as part of the performance improvement plan. Don't capture the existing fixed assets that won't be funded by the project)

(One-time capital expenditure should be stated as part of the performance improvement plan. Do not mention current fixed assets that will not be funded from the project.)

Item element	Amount

3. ESTIMATION OF WORKING CAPITAL REQUIRED

Estimation of working capital requirement

(Estimate the working capital requirements based on inventory, credit sales and purchases on credit. Estimate the additional working capital over and above the current working capital levels on account of performance improvement plan)

(Estimate working capital requirement based on borrowing inventory, sales on credit and purchases. Estimate additional working capital required for performance improvement plan in addition to existing working capital)

Item element	Amount
Inventory	
Inventory (Current Stock)	
Debtors	
debtor	
Creditors	
Borrower	
Total (Inventory + Debtors – Creditors)	

Total (Inventory + Accounts Payable + Accounts Payable)	
--	--

4. DETAILS OF FINANCING Details of financial funding / supply

Item element	Amount
Fixed investment required	
Fixed capital requirement	
Working capital required	
Working capital requirement	
Total investment required	
Total investment required	
Amount taken as loan	
Amount taken as loan	
Own capital	
own contribution	

10. GROWTH PROJECTIONS – PROFIT AND LOSS STATEMENT Development Plan - Profit and Loss Sheet

(Estimate the growth in sales and/or profits on account of performance improvement plan. Prepare the projections for a month.)

(Estimate the increase in sales and / or profits that will result from the performance improvement plan. Prepare a one-month plan.)

Item element	ESTIMATE FOR ONE MONTH			ESTIMATE FOR ONE YEAR		
	One month estimate			One year estimate		
	Current Value Current price	Increment on account of performance improvement	Total	Current Value Current price	Increment on account of performance improvement	Total
Cash Sales						
Credit Sales on credit						
Total Sales						
Cost of Goods Sold						
Wages						
Rent						
Electricity						
Transportation Costs						
Interest Costs						
Wastage						
Other Costs						

Total Costs						
Net Profit						

6. Growth projections – cash flow Development Plan - Cash Flow

Item element		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6
		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6
Opening Cash Balance							
Cash out flows going out of business	Purchase of fixed assets						
	Cash payment to suppliers						
	Cash paid to suppliers						
	Other Cash expenses (All expenses excluding interest)						
	Interest paid						
	Loan principal repaid The principal amount of loan repaid						
	Cash withdrawal						
	Total Cash out flow						
Cash Inflows Cash coming into the	Cash Sales						
	Cash paid by Debtors						
	A loan paid in cash						

business							
	Total Cash inflow The total amount of cash coming into the business						
Net Cash Flow (Cash in – Cash out)							
Closing Cash Balance The last remaining cash balance							

Signature of CRP-EP Signature of Entrepreneur

CRP - EP's Signature Entrepreneur's Signature

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REMARKS Comment

SIGNATURE OF CRP – EP

CRP - Signature of EP

SIGNATURE OF MENTOR

Signature of Guide

SIGNATURE OF BPM

Signature of BPM

DATE dated

**LOAN APPLICATION
FORM**
Sample application for loan

Application Number Application no

Applying for Loan: Bank _____/ Community Enterprise Fund (CEF) _____/ Others
(Govt. sponsored) _____

Application for Loan: Bank-----/ Community Entrepreneurship
Fund (CEF) ----- Others (Government sponsored) -----

I hereby apply for Bank loan / CEF Loan of Rs.			For:
I am applying for Bank Loan / CEF Loan as follows. Rs.			For:
Name of Applicant(s)		Fathers/Husband's Name Father's / Husband's Name	
Name of SHG, VO & CLF Name of Group, Village Association and CLF:	SHG name: Group Name:	VO name: Name of Village Organization:	CLF Name : CLF Name :
Residential Address Residential address	Village name: Village Name	Block name: Block Name :	Rented/Owned Rented / Owned
Business Address Business address			Rented/Owned Rented / Owned
Date of Birth: DD/MM/YYYY date of birth Education Qualification: Educational Qualification: (Illiterate/Up to		Age (in yrs.): Age (Years):	Gender: Male/Female Gender : Male / Female Social Category: General / Other Backward



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10th/12th/Graduate/Professional/others) (Illiterate / Upto 10th / 12th / Graduation / Vocational / Other)			Classes / Ans. Caste/ No. tribe	
Document(s) for ID proof (pl. specify) Identity Card (specify which document)	Voter ID No. Voter ID Card	Aadhaar Card Number	MGNREGA Job Card/ Artisan Card No./Any Others: MGNREGA Job Card No./Artisan Card No./Other	
Address Proof (pl. specify) proof of address				
Telephone No.:		Mobile No.:	E-mail: Email	
Line of Business Activity (Purpose):	Existing:	present	Period:	
	Proposed:	Proposed		
Experience in doing business, If any (give details): Any experience in doing business, if any (give details)				

Past Performance/Future Estimates :(In Rs.)

Past performance / Estimate of future performance (in Rs.)

	Past Year- I (Actual)	Present Year (Estimate)	Next Year (Projection)
Net Sales			
Total sales			
Net Profit			
Gross profit			

Existing Banking/Credit Facilities: (In Rs.)

Current Bank / Loan Facility : (in Rs.)

Type of Facilities	Presently availing with which facility are you availing at present	Outstanding As on (date)_____ Balance amount as on this date	Customer ID/SHGs/VO details Consumer Identity Card / Self Help Group / Village Association
Savings Account savings account	Bank Name: Bank Name		
SHG/ Loan Self Help Groups / Loans			
Others others			
It is certified that my unit has not availed any loan from any other Bank/Financial Institution in the past and I/we am/are not indebted to any other Bank/Financial Institution other than those mentioned in column above.			

This is to certify that my unit has never availed any kind of loan from any other bank / financial institution before and I am not a debtor of any other bank / financial institution mentioned in the column above.

Signature of Applicant

Applicant's signature



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Form no. 1

The Loan Appraisal Committee

Debt Assessment Committee

Block Resource Center – Enterprise Promotion

Block Source Center - Industry Promotion

Name of Block : _____

Name of the block

District: _____

District

Dear Sir / Madam

Sir/Madam,

I am requesting for a loan from the group. I am giving below the following details to facilitate the process for sanctioning my loan.

I am requesting a loan from the group. I am providing detailed information below to facilitate the loan approval process.

1. Full name of the Applicant: _____

Full Name of Applicant :

2.Amount required: Rs. _____ / - (Rupees: _____)
only.

Amount Required: Rs. ----- (Rs. -----
-----)

3.Purpose:

Purpose of Borrowing-----

I undertake to repay the loan on the terms and conditions as stated below:

I will repay the loan subject to the following terms and conditions.

1.No. of installments: _____ Monthly installment amount: Rs. _____ / - Date of
commencement the

Number of Installments ----- Monthly Installment Amount Rs.-----/-

Installments: _____

Week Start Date -----

OR

Or

I will repay the whole loan after _____ months, but I will pay the interest as per the rules and regulations of the Group.

I will pay off the entire loan after ----- months, but will pay the interest as per group rules.

2. Interest: The rate of interest shall be Rs. _____ /- per month for every Rs. _____/- which works out to

Interest: The rate of interest will be Rs.-----/-, Rs.-----/- for every month which will be _____ % per annum.

_____ % interest per annum. The interest will be charged only on the balance amount due to be paid.

Interest will be charged only on the balance due.

3. Fine: If a person fails to repay the amount on installments, a sum of Rs. _____ /- shall be charged as fine

Penalty: If a person is unable to pay the Hafta then he will pay Rs. This entire amount has to be paid weekly in that month.

4. Dates for monthly installments: Dates for monthly installments

SL. no	Date	Amount	SL. no	Date	Amount	SL. no.	Date	Amount
1			9			17		
2			10			18		
3			11			19		
4			12			20		
5			13			21		
6			14			22		
7			15			23		
8			16			24		

All the facts given above are true. All information given above is correct.

I trust you will sanction the amount of loan I have requested for. I believe you will approve this loan.

thank you Thank you,

Yours sincerely



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Your faithful,

Date:

Place: Place

Signature / Thumb impression of the applicant.

Applicant's signature / thumb impression

LOAN APPROVAL – SHG

Loan Sanctions - Self Help Groups

Name of SHG: _____

Name of Self Help Group

Name of Village: _____

Village Name

The loan application of Sri / Smt _____ dated _____

was discussed in the

SHG meeting held on _____ and the application requesting an amount of Rs.

_____ / - only, was sanctioned for Rs. _____ / (Rupees

_____) only / not sanctioned by a majority vote.

Mr. / Mrs. -----

Discussion on loan application dated ----- again in the

meeting of Self Help Group on _____ was done This application seeks a loan of Rupees

_____ (Rupees _____). Pursuant to this application

a loan of Rs. _____ (Rs. _____) has been sanctioned / this request has been

rejected. This decision has been taken by majority.

Remarks (If any) Comment

—

—

Date:
dated

President / Secretary

(Stamp and Signature)

Signature and imprint of
Chairman / Secretary

LOAN APPROVAL – VO
Loan Sanction - Village Association

Name of VO: _____

Name of Village Organization

Name of Village: _____

Village Name

The loan application of Sri / Smt _____ dated _____
was discussed in the

VO meeting held on _____ and the application requesting an amount of Rs.

_____ / - only, was sanctioned for Rs. _____ / (Rupees

_____) only / not sanctioned by a majority vote.

Mr. / Mrs. _____ - The

application for loan dated _____ was discussed in the meeting of village

organization on _____. This application seeks a loan of Rupees _____ (Rupees

_____) Pursuant to this application a loan of Rs. _____

(Rs. _____) has been sanctioned / this request has been rejected. This decision

has been taken by majority.

Remarks (If any)

Comment

—

Date:
dated

President / Secretary
(Stamp and Signature)

Signature and imprint of Chairman / Secretary

LOAN APPROVAL – CLF

Loan Sanction - CLF

Name of CLF: _____

Name of the CLF

Name of Village: _____

Village Name

The loan application of Sri / Smt _____ dated _____
was discussed in the

CLF meeting held on _____ and the application requesting an amount of Rs.
_____ / - only, was sanctioned for Rs. _____ / (Rupees
_____) only / not sanctioned by a majority vote.

Mr. / Mrs. _____ - The
application for loan dated _____ was discussed in the meeting of CLF on
_____. This application seeks a loan of Rupees _____ (Rupees
_____). Pursuant to this application a loan of Rs. _____
(Rs. _____) has been sanctioned / this request has been rejected. This decision
has been taken by majority.

Remarks (If any) Comment

Date:

dated

President / Secretary

(Stamp and Signature)

Signature and imprint of Chairman / Secretary

LOAN APPROVAL – BRC

Loan Approval - BRC

Name of BRC: _____

Name of BRC

Name of Village: _____

Village Name

The loan application of Sri / Smt _____ dated _____
was discussed in the

BRC meeting held on _____ and the application requesting an amount of Rs.
_____ / - only, was sanctioned for Rs. _____ / (Rupees
_____) only / not sanctioned by a majority vote.

Mr. / Mrs. _____ - The
application for loan dated _____ was discussed in the meeting of BRC on
_____. This application seeks a loan of Rupees _____ (Rupees
_____) Pursuant to this application a loan of Rs. _____
(Rs. _____) has been sanctioned / this request has been rejected. This decision
has been taken by majority.

Remarks (If any) Comment

Date:

President / Secretary
(Stamp and Signature)

Signature and imprint of Chairman / Secretary

PROMISORY NOTE

affidavit

I, Sri / Smt _____ a member/family member of
 I am Mr. / Mrs. ----- Joe / G -----
 ----- Chi
 _____ Group have received a sum of Rs.
 Member / Family Member. By group Rs.-----
 (Rupees.....) only, for my business
 on
 (Rs. -----) are taken only,
 which are for my business.

I promise that I shall repay the amount with interest on installments by (date).....
 I undertake / give that, I will pay the amount of interest on ----- .
 If I fail to repay the amount on installments, I shall pay the fine as stated in the Rules and
 If I am unable to repay the amount due to some reasons as per group rules
 Regulations of the group. I shall hand over the installment amount, interest and the fine to
 I will pay the full amount. I Hafta and interest amount including penalty
 the Secretary. The assets which I shall buy from this loan shall belong to the group as long
 I will report to the secretary. The property I will purchase from this loan is with the group
 as I do not repay the full amount. Only when I repay the full amount shall these assets be mine.
 will remain relevant, until I fully repay the loan from the group.
 The property will be mine only when I repay the entire amount.

I hereby accept that if I fail to repay the amount received as stated in the Application form,
 I hereby accept that if I receive the amount for the amount in the application

the group can take any action against me according to the Rules and Regulations of the group.

In case of failure/inability to repay, my as per group rules

The group is free to take any action against it and I have no objection to it.

Date: Signature / Thumb impression of the Recipient

Signature or thumb impression of the borrower

Witnesses:

	Name	Signature
1.		
2.		

Action Plan of CRP-EP

Month-

Name of CRP-EP –

Address-

Contact no. –

No.	Date	place	work
1.			
2.			
3.			
4.			
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31.			

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