



ENTERPRISE GROUP



OPERATIONAL MANUAL



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VAAZHNDHU KAATTUVOM PROJECT

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ABBREVIATIONS

BOD	Board of Directors
CLG	Common Livelihood Groups
CIG	Commodity Interest Group
CFS	Community Farm School
CSS	Community Skill School
ECP	Enterprise Community Professional
EG	Enterprise Group
OB	Office Bearers
OSF	One Stop Facility
PG	Producer Group
PC	Producer Collective
PLF	Panchayat Level Federation
NABARD	National Banking for Agriculture and Rural Department
SHG	Self Help Group
SFAC	Small Farmers Agri Business Consortium
TSA	Technical Support Agency
VKP	Vaazhndhu Kaattuvom Project
TNSRLM	Tamil Nadu State Rural Livelihood Mission
VPRC	Village Poverty Reduction Committee

CHAPTER 1

INTRODUCTION TO THE PROJECT

1.0 Introduction to the Project

1.1 Background and Context

Tamil Nadu is one of India's most progressive States and is among the top three States on several economic and social indicators. The State contributes 8.55 percent to India's Gross Domestic Product (GDP), making it the second largest contributor to India's GDP during 2017-18.

In farm sector, Food grain production in the State surpassed 100 Lakh Metric Tonnes, sixth time in a row for the past eight years. Tamil Nadu is first with respect to area, production and productivity of tapioca crop, spices and tamarind. Also, Tamil Nadu takes the third position in area 134 and production with respect to turmeric and coconut. Tamil Nadu also retains top position in terms of production of flowers and takes the third position in the area under cultivation of loose flowers. Tamil Nadu ranks fourth in the area and production of banana. Tapioca, onion, tomato, Brinjal and ladies finger are the main vegetables grown in Tamil Nadu. Tamil Nadu produces 17.46% of the loose flowers in the country and continuously stands to be the leading producer at all India level. Dharmapuri, Salem, Dindigul, Krishnagiri, and Tiruvannamalai Districts play a vital role in flower production. Mango (52%) and banana (28%) are the leading fruit crops in Tamil Nadu contributing more than 80% towards total area under category of fruits. Also, the Micro, Small and Medium Enterprises sector in Tamil Nadu is one of the strongest in the country and

provides an efficient supplier eco-system for the major industries.

1.2 Introduction to Vaazhndhu Kaattuvom Project (VKP)

Vaazhndhu Kaattuvom Project (VKP) is a transformative project that looks beyond poverty alleviation by building sustainability and prosperity of rural communities through enterprise promotion, access to finance and employment opportunities. The project designed to build on the investments made by Tamil Nadu Empowerment and Poverty Reduction Project (TNEPRP), Tamil Nadu State Rural Livelihood Mission (TNSRLM) and National Rural Livelihood Project (NRLP) since 2005 and 2011 respectively. These projects enabled vulnerability reduction through building strong community based institutional structures.

The Project Development Objective (PDO) is to "Promote rural enterprises, access to finance and employment opportunities in selected blocks of Tamil Nadu". The VKP is operational in 26 districts specifically focusing on 120 blocks and 3,994 village panchayats of Tamil Nadu.

1.2.1 Project Beneficiaries

The project primarily target the beneficiaries of the project is the SHG households, created in the previous projects, the focus will be on women, scheduled tribes, scheduled castes, differently-abled, youth and aspiring entrepreneurs.

The beneficiaries will be producer households, aggregated into producer groups/producer collectives and individual entrepreneurs across

farm and non-farm sectors in the selected project blocks with basic level of assets, resources and skills; and focusing on women, scheduled tribes, scheduled caste, youth and differently-able persons.

The project targets to reach a total of 411,620 individuals, out of which 325,000 individuals will be organized into Producer Collectives (PCs), Producer Groups (PGs) and Enterprise Groups (EGs). The project plans to promote 6000 PGs, 1000 EGs and 50 PCs.

PROJECT TARGET BENEFICIARIES

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

1.3 ENTERPRISE PROMOTION IN THE PROJECT:

The project aims to promote Individual and Group Enterprises in the targeted blocks.

1.3.1 Enterprise

Enterprise is as an activity or set of activities involving production of goods and services with the objective of earning a profit. There are four types of enterprises in rural areas which are production, processing/manufacturing, trading and services.

Types of Enterprise	Description
Production	Production goods for Selling eg. Growing fruits and vegetables, livestock rearing
Processing	Converting produce into value added product eg. Fruits into jams
Trading	Buying and selling of same produce and product e.g. wholesale and retail market
Services	Main line of business is providing a support service eg. Packaging

1.3.2 COLLECTIVE ENTERPRISE

What is a Collective Enterprise?

Collective Enterprises are collectives of producers involved in a set of activities involving production of goods and services with the objective of earning a profit. The advantages and disadvantages of collective enterprises over individual enterprise are discussed as below.

Advantages

1. Group members can share their skills, time and resources together to make something work. This also provides members with the opportunity to acquire new skills and knowledge.
2. Work can be divided amongst the group members, making the best of the time everybody has available.
3. Better access to training, credit, technologies and government schemes
4. Decisions taken in a group are often better and more realistic than those made by individuals.

Disadvantages

1. Deciding who will do what is not always possible.
2. Decision making in groups takes longer than for individuals.
3. One or more group members may contribute less than others in time or money but still want an equal share of the profits.

1.3.3 Types of collective enterprise

Under Collective enterprises three types will be promoted through the project which is detailed as below:

● Enterprise Groups

● Producer Groups

● Producer Collectives

Out of the above mentioned three categories of group enterprises, the first two categories of group enterprises are primary groups formed at the village level and the third category of group enterprises will be a federation of producer groups at the block level.

i) Enterprise Groups (EGs)



“A group of members having joint ownership and control over the business activities with shared profit and Loss”. These groups will have a membership range of 10 to 30.

ii) Producer Groups (PGs)

“A group of producers engaged in a particular commodity/subsector in a village that come together for aggregation, productivity enhancement and other collective actions”. The membership size would range between 30 and 150.



iii) Producer Collectives (PCs):-

Producer Collectives are “formal higher level collective of producers for aggregation, value addition, marketing and service provisioning for economies of scale”. The membership is usually ranging between 300-5000 producers and for certain commodities and in sparsely populated tribal areas the size of the PC may be as low as 300 producers.



Producer Collectives for Higher order Value addition

1.3.4 Differences between Enterprise Group, Producer Group and a Producer Collective

	EG	PG	PC
Activities	Joint Production and Marketing activity	Produce Individually but market their outputs Collectively	Higher level of Enterprises for economies of scale, mostly out of Producer Groups
Asset ownership	Joint	Individual along with common assets	Common
Membership	10-30	30-150	300-5000
Relationship with PC	Not part of producer collective	Mostly part of producer collective	-

These collective enterprises in VKP will be focussed on Women and will be formed on prioritised commodities Farm, Non-farm and off-farm activities.

CHAPTER 2

OVERVIEW OF ENTERPRISE GROUPS (EG)

2.0 Overview of Enterprise Groups (EG)

2.1 Rationale- Need to form an EG

The context of the small and marginal producers in the Tamil Nadu rural setting is very challenging. The important challenges faced by the small producers are selling their products into stable, profitable market channels and providing them with the necessary services and assistance to allow them to compete in those market channels. The major issue faced by the producers is the viability of their current livelihood activity due to small operational size, a lower competence in terms of information, knowledge and technology and less organizing capacities. Also the gap between the prices and market prices has widened over the years.

These factors are causing an increase in per unit cost of cultivation and declining/negative profit.

EG as an Entrepreneur

2.1.1 Entrepreneur

An entrepreneur is someone who produces for the market

An entrepreneur is determined and creative leader, always looking for opportunities to improve and expand his business

An entrepreneur likes to take calculated risks and assumes responsibility for both profits and losses

Entrepreneur are also innovators

An entrepreneur is passionate about growing his business and is constantly looking for new opportunities

The major challenges and constraints faced by the producers/entrepreneurs are detailed as given below:

1

Production Challenges: Timely supply of inputs like seeds, credit, fertilizers at an affordable cost is a major challenge for the farmer.

2

Lack of Basic infrastructure: Many of the villages lack the basic storage and post harvest infrastructure facility which makes it difficult for producers to keep the agricultural produce for sale at a later time with better prices

3

Lack of access to financial and market services, information and Technology: As individual producers, they often face challenge to participate and compete in market place due to lack of capital, technical skills, small scale of operation, access to technology, information and market services.

4

Low profitability for their product: When profit margins are high; middle man often visit the villages and collect the produce at a pre determined price, however during the low price situations, farmers find it difficult to sale out the products as visit of middleman is less due to low profitability for them.

To address these multifaceted issues of producers, there is a need for organizations of smallholder producers which will reduce the costs of marketing of inputs and outputs, and access finances and increase the income of the producers.

An Enterprise Group is thus established and managed by a group of individual producers in order to meet the mutual needs of its members.

2.1.2 Qualities of an Entrepreneur



Many of the group Enterprises is not able to sustain due to the lack of entrepreneurial qualities and the problems/issues as listed below:

- 1 Lack of expertise
- 2 Lack of adequate business planning
- 3 Lack of proper records
- 4 Lack of market potential
- 5 Lack of adequate capital and financial management skills necessary for running the business
- 6 Lack of coordination among the group members.

For an EG to sustain and become viable it needs to integrate the entrepreneurship qualities into its operations.

2.1.3. Integrating Entrepreneurship into an EG

An entrepreneurial EG should respond to the changes affecting the business environment by combining their organizational competences and entrepreneurial competencies with the resources available to them. They should implement a new business opportunity whether it is an improvement to his current practices or entering into a new venture or market.

Integrating the qualities and competencies of an entrepreneur into an EG to find and choose responses to change, will lead to greater chances of success and profitability. The interaction between these competencies and EG's other resources would enable them to take advantage of changes in the market and production methods to improve the performance of the group's businesses.

The Block team along with the OSF should support the EG to integrating these competencies by



2.2 Enterprise Group (EG)

Enterprise Group (EG) is "A group of members having joint ownership and control over the business activities with shared profit and Loss". These groups will have a membership range of 10 to 30. The Enterprise Groups is a group of producers/entrepreneurs associated with each other around a commodity or value chain. The EG would undertake joint procurement/sourcing of product/ services and market

2.3 Purpose and Functions of an EG

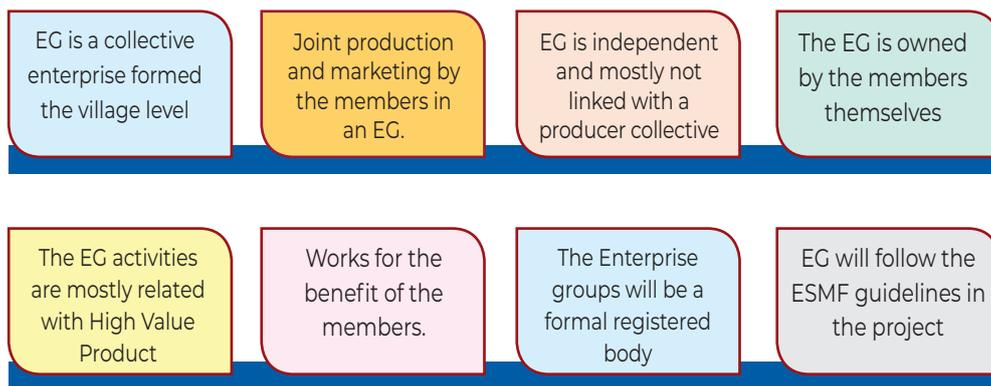
The Objective of an enterprise group is to reduce production costs, improve quality and increase the revenue through joint venture.

The functions of the EG is to:

- Share a common infrastructure
- Produce and sell products for profit
- Purchase raw materials from Bulk markets and reduce transaction costs
- Access and share market information
- Access to innovative technology and other services
- Access government schemes

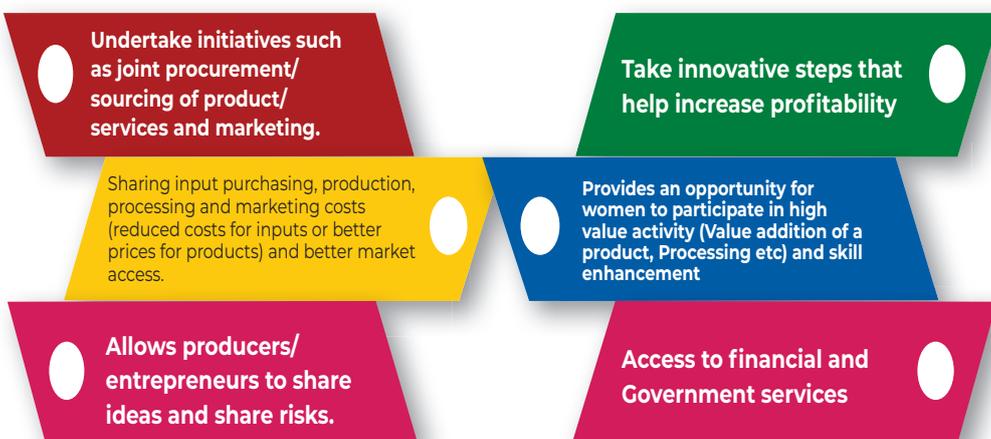
2.4 Essential features of an EG

An Enterprise group is a joint venture owned and managed by primary producers for their mutual benefit to access to common facilities like infrastructure, capacity building, hand-holding, financial support & markets linkages on a sustainable basis. It is a for profit enterprise.



But the many Group Enterprises are not able to sustain due to problems and issues which are listed below.

2.5. Benefits of an EG:



2.6 Legal Form

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

- 1) MSME Registration
- 2) Partnership firm or Limited Liability Firm
- 3) Company act (Producer Company or Private Company)
- 4) Cooperative act

The details of the registration process under Partnership firm or Limited Liability Firm are given in the (annexure.VI).

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

- The legal form needs to fit into its business needs, organizational priorities, and capital and management capacity.
- Process of Registration should not be too demanding in terms of time and resources. The Enterprise Groups preferably register under Udyam in MSME category rather than going for other category

2.6.1 MSME / UDYAM REGISTRATION

The EGs can register themselves under Udyam registration (The enterprise or the “Udyam” as it is termed under the new Udyam registration process will register itself online based on self-declaration) either as an informal group or as a registered entity. The EGs formed under VKP can continue to operate under this registration till they reach a business volume (up to 1 crore).

The details of the Udyam registration are given in the annexure (V).

2.6.2 UDYAM REGISTRATION BENEFITS



The details of the registration process are given in the annexure (IV)

The EG have to meet other statutory Compliances (Income Tax returns filing, GST IN and obtain relevant licenses (FSSAI etc.,) based on the product

CHAPTER 3

EG FORMATION

3.0 EG FORMATION

3.1 Pre Formation of Enterprise (EGs) - Steps involved

The following activities are undertaken before the formation of Producer Groups:

3.1.1 District Diagnostics Study (DDS):

This is done by the district Project team to assess the potential Farm, Non-farm and Off-farm commodities in the district.

3.1.2 Prioritization of selected commodities:

Based on the DDS the district project team prioritizes the select commodities in the district based on the number of producers, market potential, scope of value addition etc.

3.1.3 Value Chain Analysis (VCA):

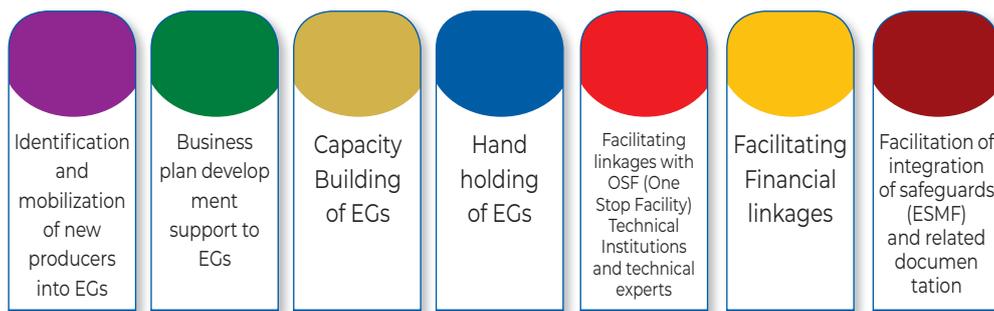
In the Prioritized commodities: A detailed VCA in the prioritized commodities by the project team. The possible interventions and the enterprise opportunities are identified and mapped in the VCA studies

3.1.4 Participatory Growth Plan:

Based on the enterprise opportunities a Participatory Growth Plan is conducted at the village level by the block team along with the VPRC and PLF. During the process the validation of district data is done and also the scoping of potential commodities, producers and entrepreneurs, the existing groups is done.

3.1.5 Training of Enterprise CPs (ECPs):

Before the Enterprise Group formation, the Enterprise CPs who would be involved in the formation and functioning of the EG are capacitated. The ECPs would be trained by the District team with support of the Technical Support Agency (TSA) in the following:



3.2 Formation of an Enterprise Group - Steps involved

The Block team and ECPs are the key persons in promoting the EGs at village level. After completing PGP exercise a focused group discussion with the identified producers should be conducted by the Block team and ECPs. The meeting will be headed by the BTL. A separate minute book should also be maintained for the discussions.

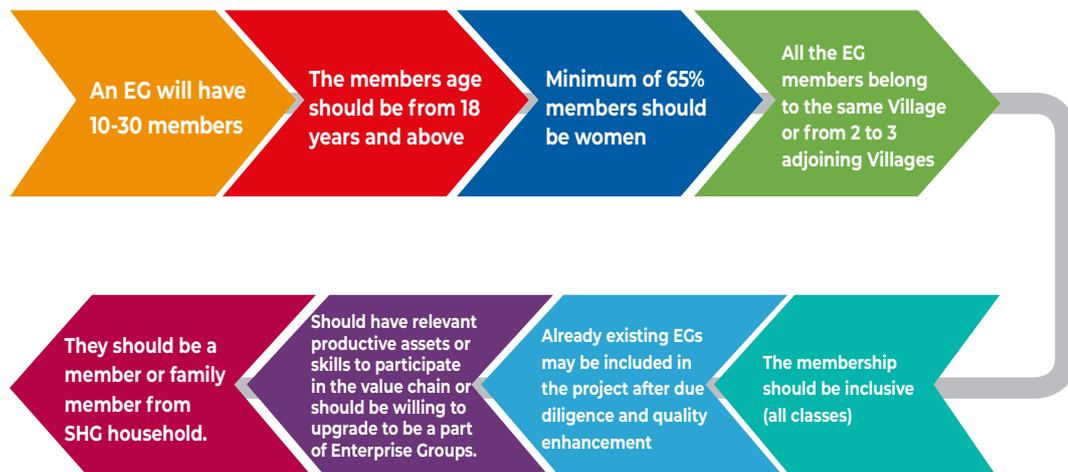
3.2.1 Focus Group Discussion with the producers/Entrepreneurs

A meeting of all the producers/entrepreneurs in the village is organised and focused group discussion with the producers is conducted to brief about the following:

- The prioritized commodity and the possible value chain interventions that can be developed through the project.
- The enterprise opportunities from the value chain and income gain from the interventions
- Need for the group and expected role and benefits of the EG
- Women producer entrepreneurs will be proactively identified and motivated to form the enterprise groups. As far as possible women membership should be promoted. Proactive measures will be taken by the ECPs/Block team to motivate, train and engage women in such activities, and the business opportunities are to be discussed by group members.
- The following set of measures could be adopted so as to ensure and support women to participate fully.
- The meetings time and place could be chosen to suit the women the best and thereby they can attend.
- The women may be encouraged to participate and speak in the meetings
- Separate Groups of women can be very effective, especially in managing money and handling familiar subjects.
- Specific training and responsibilities could be given to women and responsibilities to build women's confidence
- Men could be sensitized to understand the situation and potential of the women
- After coming to a consensus, 10-30 members from the same village should be mobilized to form an EG.

3.2.2 Framing of Bye laws and Norms: The bye laws and Norms are evolved by the PG members based on the guidelines. Sample of the byelaw is given in the annexure (2).

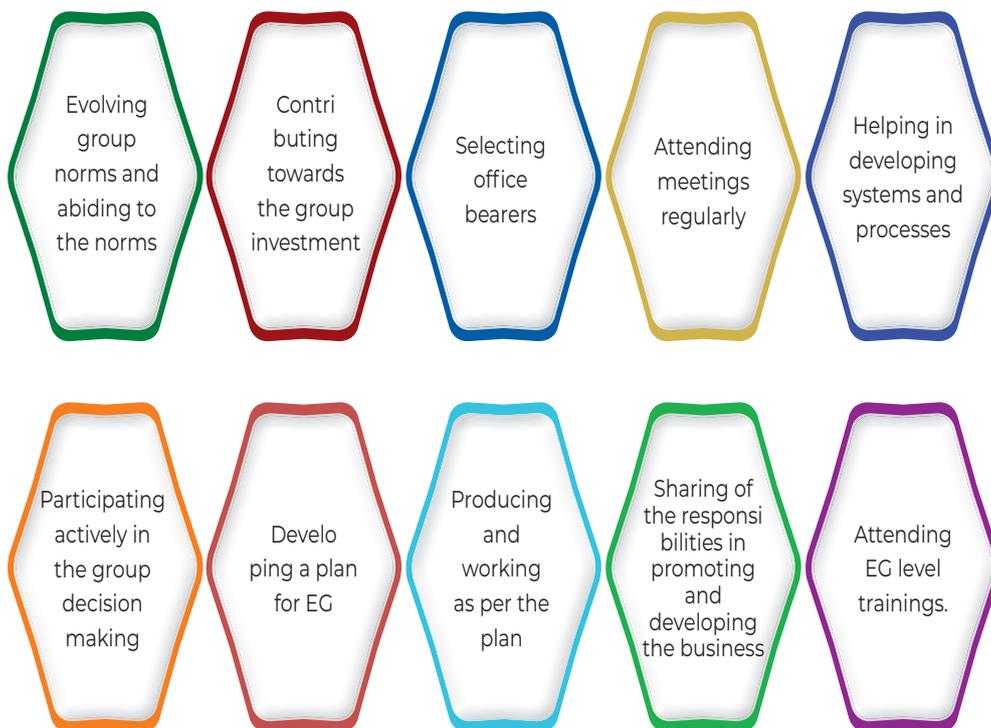
3.2.3 Selection of members/Criteria for Membership



3.2.4 Membership fee and share amount contribution

- Each member identified for the EG should pay not less than Rs.100/ as membership fee
- In addition to this each member will also contribute an amount of not less than Rs 500/ towards annual subscription which is non-refundable. This will be used to meet their operational expenses
- Membership fee has to be collected on the day of formation itself for confirmation. An amount will be utilized for Bank account opening from this.
- Each member has to share the investment amount required for business promotion and business based on a business plan.

3.2.5 Member Roles and Responsibilities



3.2.6 Opening of EG Bank account

Opening of EG current account in a bank, preferably a service area bank is a significant step in the promotion of EG. The ECPs will facilitate opening of EG current account in the bank soon after the formation of EG. The ECP will provide documentation support and introduce the bank manager to the EG and facilitate opening of bank account. The EG should adopt a resolution and this should be mentioned in the minute's register of EG.

3.2.7 The Steps in formation of EGs are as given below:

- **Focus Group Discussion with the Producers/Entrepreneurs** - After the completion of PGP process, the Block team should convene a meeting of all the producers/ entrepreneurs in the village and have a Focus group discussion with the producers to facilitate about the prioritized commodity and the possible value chain interventions that can be developed through the project. The interested producers are mobilized to form a EG by the ECP/Block team.

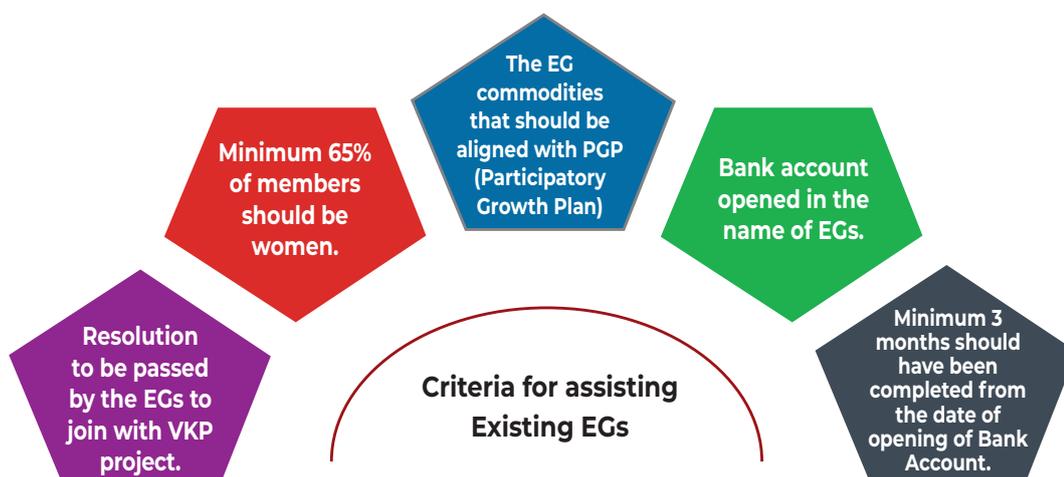
- ECP/Block team should facilitate about the aims, objectives and norms of the Enterprise group.
- The ECPs/Block team should help in framing of the rules and bye laws based on the EG guidelines framed by the State team.
- This should be followed by the selection of office bearers and the formation of Executive Committee.
- The ECP/Block team should facilitate the opening up of a bank account preferably a current account.
- The current account should be opened in the name of the EG which will be operated by the president, secretary and treasurer of the EG. From the three office bearers two of them, one either president / secretary and treasurer would be the authorized cheque signatories.

The ECP/Block team should report the EG formation to the VKP BPMU along with the following support documents

1. EG formation resolution copy
2. Member profile
3. Bank account copy in the name of EG
4. The DPMU will give code number to the EGs. Example could be derived from MNREGS in which a four- letter coding is adopted. The first one represents the District, second one the Block, the third one panchayat and the fourth will represent the PG.
5. They should also maintain a Panchayat wise separate register for this purpose.

3.3 Supporting / Assisting Existing Enterprise Groups

Existing Enterprise Groups which are formed by other agencies or self-promoted and functioning in the VKP area are considered as existing EGs. The existing Enterprise groups in a village that are identified during the PGP process and who are willing to be part of the project would be considered for capacity building support and assistance from the project.



3.3.1 Different growth Stages of EG

The process of group formation takes a period of 3 months. Once the group is formed, it takes six months to settle to a stable pattern. Initially the group takes time to understand the group concept like membership, leadership, organizing meetings and book keeping. This would be followed by the selection of office bearers and the formation of Executive Committee. The different stages in EG Building Process are described as given below.

EG- Different Growth Stages and Project Role (DPMU/BPMU)

Stage	Business cycle	Milestones to be achieved	Project Role (ECP/Block Team)
Start up (3 to 6 months of the group)	1 Business cycle	Institutional Group formed Decided on rules Choose leaders Regular meetings, Establishing systems of meeting and record keeping MSME registration Business planning Business: Initiating the 1st EG business cycle based on an business plan Collective input purchase and marketing Able to mobilise finances from Banks/Financial Institutions Integrated with Markets Members realise the profits	Initiating and leading Intensive involvement – at least once a week. Regular physical visits to get to know the entrepreneurs. Learning about their business and systems, Support in registration Assist in identifying markets, opportunities, tie up with technological and financial institutions Assisting in Business Planning through link with OSF/TSA. Assisting in Branding, compliances, quality maintenance, packing etc Support in implementing and monitoring Follow up on progress.
Growth (6-12 months of the group)	2 Business cycles	Institutional Review and evaluate business activities Builds on initial achievements. Establishes working procedures. Support the EG leadership in conflict resolutions Business Engages in EG activities Stabilising the PG activities and coordinating the production planning with members Technological trainings to individual producers	Guiding and assisting. Less intensive and less frequent. Helping to solve problems. Training on new skills. Planning and managing production data Support in quality check Support in mobilising additional financial resources

Stage	Business cycle	Milestones to be achieved	Project Role (ECP/Block Team)
<p>Maturation (12-24 months of group)</p>	<p>2 more Business cycles</p>	<p>New Business plan</p> <p>Group has established strong relations with other stakeholders</p> <p>Can resolve most problems itself</p> <p>Members able to sustain the EG activities by themselves</p> <p>Scaling and expanding the business</p>	<p>Advising and coaching.</p> <p>Preparing the group to work without the External support</p> <p>Occasional visits as needed.</p>

CHAPTER 4

EG ORGANISATION LEADERSHIP AND MANAGEMENT

4.0 EG ORGANISATION LEADERSHIP AND MANAGEMENT

4.1 EG Governance

- Aspects of Good governance in an EG includes the following
- **Regular, independent elections.** Group members periodically choose officers to lead the group.
- **Term limits.** These restrict how long a person may serve in the same office.
- **Transparency.** All information is open and freely available to all. For example, group meetings are open to all members, financial records may be reviewed by any member, and rules and decisions are open to discussion. When activities or decisions are transparent, it is more difficult for individuals to take advantage in their own interest.
- **A constitution.** The group should have a constitution that sets out its goals, functions and basic rules.
- **Byelaws.** The group may also decide on bylaws (internal rules) to say how it does particular things
- **Record keeping.** Good records help the group monitor its progress, review discussions and agreements, keep track of expenses and earnings and prepare financial reports.
- **Good communication.** Good communication among group members helps them to participate in group activities and decision-making.
- The EG is governed by the Constitution which is framed by the members themselves at the time of formation

4.2 Importance of Constitution for an EG.

A constitution provides a clear and consistent set of **guidelines** to define each member's rights and obligations to the group. The constitution is meant only for the benefit and use of the members. It is made by the members and can only be changed by the members in the general assembly. A formal constitution is also required to open a bank account.

4.3 EG Norms and Rules:

The Norms and Rules is decided when the group is formed based on the guidelines. Rules can be added or changed as new issues arise. It should include the goals and objectives, criteria for membership or removal, naming the group etc., Ref Annexure () for a sample Byelaw.

4.4 EG Management

General Body: The General Body will be the principal decision making body of the Enterprise Group and will comprise of all the members of the group.

Office Bearers: The EG will manage its activities by selecting 3 office bearers namely President, Secretary and the Treasurer to manage the day to day operations of the Enterprise Group. The office bearers should have at least two women members.

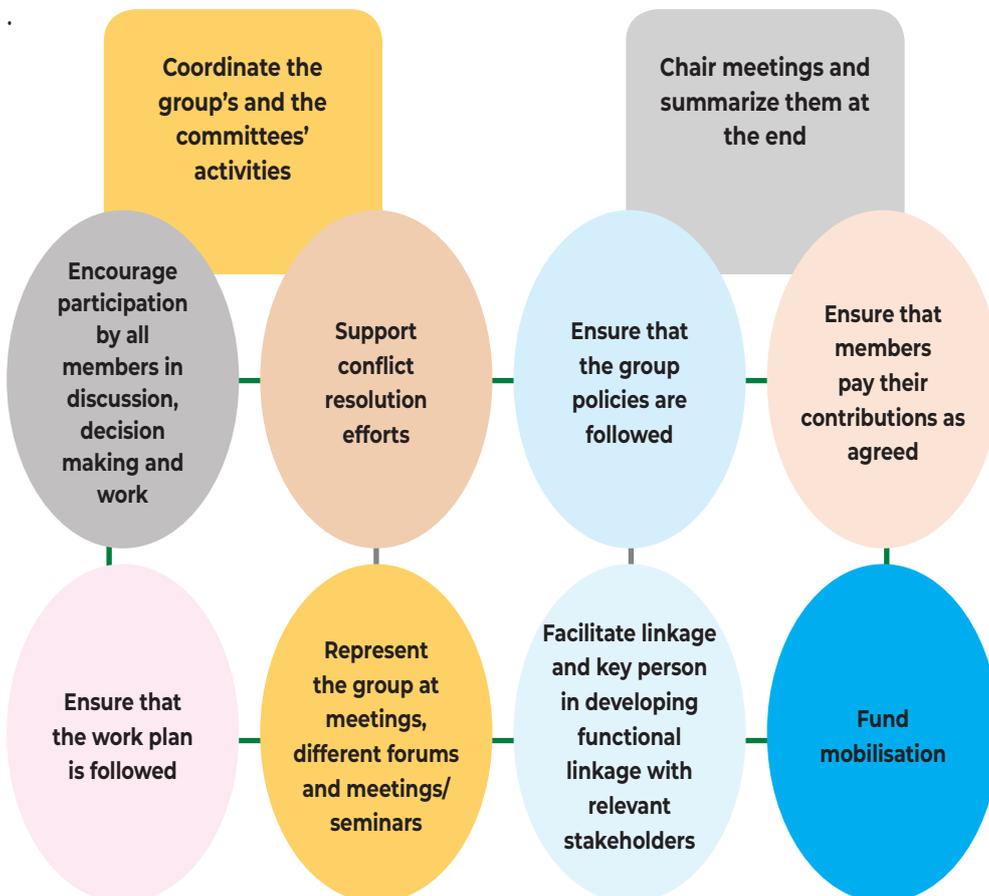
Selection of EG Office bearers may be done by nomination by the majority of members.

- The Office Bearers (OB) will be accountable to the EC for their day to day activity.
- Any two of the elected OBs (The president and the Treasurer) operate the EG bank account with the approval of GB.
- The EGs may decide to rotate the office bearers amongst the members at specific intervals (2-3 years) in order to inculcate leadership qualities among all members and to promote shared responsibility.

4.5 ROLES AND RESPONSIBILITY OF OFFICE BEARERS

4.5.1 ROLE OF A PRESIDENT: - *The president leads, coordinates and represents the group. He / She are the custodian of the group and provide overall guidance and ensure regular conduct of meetings and participation of members.*

The role of president is to



4.5.2 ROLE OF A SECRETARY- *The secretary manages the group's correspondence and records. She / He is the custodian of all records and books of accounts of EG and its assets and responsible for organizing meetings regularly.*

The role of a secretary is to



4.5.3 ROLE OF A TREASURER- *The treasurer manages the group's money*

The role of a treasurer is to



CHAPTER 5

EG FUNCTIONING

5.0 EG Functioning

5.1 HOLDING MEETINGS

5.1.1 GROUP MEETINGS

a) Purpose

Group meetings are the most important place for discussions, learning and decision making. Members who do not attend meetings cannot participate properly in the group. If a member cannot come to a meeting, he or she should say so in advance, and give a reason.

Meetings can be combined with a **training session** to make it more productive. The ECPs can use the meeting as a forum to train the members for the first six months after formation. Maintaining group unity and commitment is important.

b) Regular meetings

EG meetings could be held at regular frequent intervals preferably once a fortnight/week in the beginning of EG formation. The members meet to discuss and plan activities and allocate tasks.

c) Attendance

The members are stressed to attend these meetings regularly. The group may decide to fine people who do not attend. At each meeting, the members have to sign an attendance sheet as they arrive.

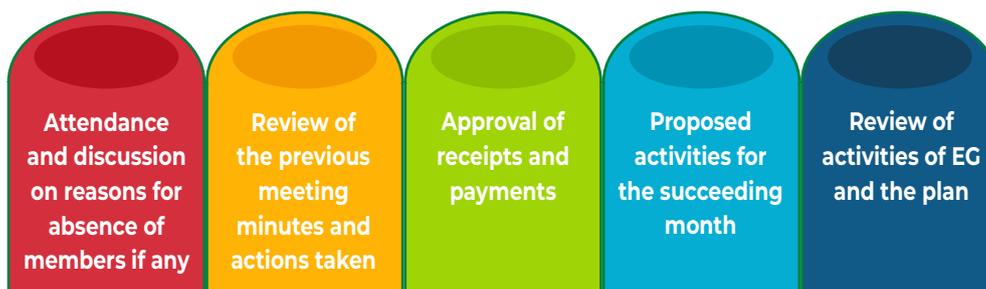
5.2 PROCEDURE DURING MEETINGS

Meetings of the management committee or the whole group should follow a standard procedure.

a) Preparing for the meeting: The president and secretary invite members to the meeting and inform them of the date, time, location and purpose. The president and secretary plan a meeting agenda and should write the agenda on a piece of paper or a blackboard so everyone can see it.

b) Conduct of meeting: Where possible, the members should sit in a circle, so everyone can see and hear what is being said, and has an equal chance of contributing. The group's president facilitates the meeting following the agreed agenda. The secretary takes notes of the discussions and any decisions made.

An ideal agenda for the meetings is as follows:



c) Meeting Follow-up: The secretary/Book-Keeper writes up the minutes and submits them to the president. The president follows up with the people responsible to make sure that any decisions made are put into effect.

5.3 LEADERSHIP

As seen in the earlier section for a group to work well, a group has a president, secretary and treasurer which are the key leadership positions. In many groups the most open or outgoing members are chosen as president and secretary.

5.3.1. Qualities expected of a group leader

- i) Integrity:** A leader must be honest and impartial and must earn the trust and respect of others.
- ii) Vision:** Vision gives direction and builds cohesion among the group members. People trust a leader who knows where they should go and how to get there.
- iii) Enthusiastic:** Leaders must inspire and motivate the group members, and must convince outsiders about what they do.
- iv) Team player:** Good leaders work well with other people, and lead by example.
- v) Confident and purposeful:** Good leaders have the ability to make decisions, an ability to inspire confidence in others, and the talent to draw out the best efforts of the team and to get things done well.
- vi) Resolving conflict:** He or she helps resolve disputes among members and guides their energy into positive channels.
- vii) Good communicator:** Leaders must be able to communicate well with the group members. They encourage the building of relationships within the group and with outsiders.
- viii) Calm, focused and analytical:** Good leaders manage crises by staying calm, and keeping the goal in mind. They break down a task into manageable steps to make it progress easier.
- ix) Knowledgeable:** Good leaders have a good understanding of the problems that group members face, and should have ideas on what the solutions might be.
- x) Participatory:** To lead a group of farmers, a leader must make it possible for all the members to voice their ideas and contribute to the group's growth.

5.3.2. Difference between a leader and a manager:

The leader inspires, motivates, initiates change, sets the pace, and challenges the status quo. A Manager controls, organises, adjusts to change, accepts current practice, administers, reacts and follow procedure

Leadership is about attitude behaviour and skills second. Anyone can become leader in EG if he/she has attitude, behaviour and appropriate skills. It is important for a treasurer to have numeracy skills and for secretary to have the basic literacy skills

5.4 DECISION MAKING

a) Committee decision making

Decisions are made by the committee of Office bearers when it is impractical to gather all the members' opinions.

For example:

- Setting weekly targets
- Planning activities.

b) Democratic decision making

Democratic decisions are best where the approval of the majority is needed, but full agreement is not absolutely necessary. For example:

Guiding the overall direction of the group

- Setting overall targets
- Selecting office bearers
- Approving the group accounts

c) Consensus decision making

All group members must agree in order to make a decision. Consensus is best when everyone's agreement is needed,

For example: Changing the group's norms

5.5. CONFLICT RESOLUTION

A certain amount of conflict or creative tension is always there in the group. Conflict may occur in groups for a variety of reasons. Differences are inevitable in an EG having members with different experiences, attitudes and expectations. Differences of ideas about tasks also help in choosing better tasks and business deals. For the smooth and efficient operation of the group, preventing and solving conflicts is important.

If the members have different opinions and express them the group can weigh up the

options and choose the best. It is therefore useful to see conflicts as expressions of existing differences within a group. How effectively a group deals with conflict management largely affects the efficiently level of its functioning.

- Conflict can be prevented by ensuring that people are treated fairly and equally, and by sharing information in an open way.
- Conflicts can be solved if people are willing to listen to one another, speak up on what is bothering them and have an interest in continuing constructive cooperation

CHAPTER 6

DEVELOPING A BUSINESS PLAN

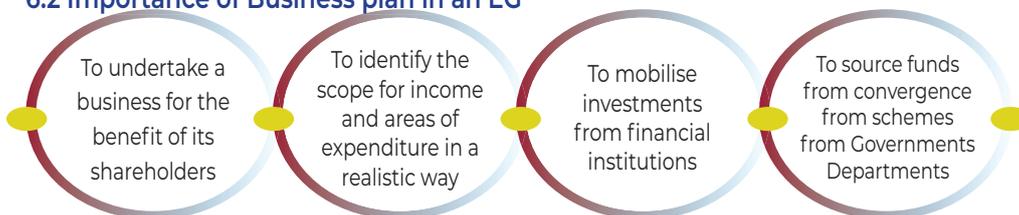
6.0 DEVELOPING A BUSINESS PLAN

6.1 EG Business Plan

A business plan is a formal statement of a set of business goals, objectives, activities, methodologies, process and outputs.

The business plans of EGs in the project contain organizational, production/operational, marketing, financial and management planning. It is about an enterprise's future. It describes the enterprise, what it produces and how it produces them, how it markets its products, the risks its faces and how to deal with them, and its financial situation and financing needs.

6.2 Importance of Business plan in an EG



6.3 Steps in business planning

Business planning allows you to prepare financial forecasts for three to five years and can build awareness of the challenges and opportunities, helping you avoid major problems. Business Planning can also identify strengths and weaknesses in the operations, self-assess and prioritize, help set and achieve short or long term goals, and plan for succession.

Before developing a business plan, a vision building exercise has to be conducted with the members of the EG. The block team and the ECP has to support the EG in this exercise. This should be done for both new and existing EGs.

Visioning: The visioning exercise in an EG helps the members imagine envisage what their enterprise could be like in the future and the steps they need to take to achieve that future goal. Through visioning, the members imagine what they would like their enterprise to be like in the long term, then decide what steps to take in the short term to achieve this.

Once the exercise is completed, it needs to be documented and periodically reviewed. The business plans should essentially follow the vision and the goals that the EG has set for itself. A guided process of business planning can be helpful in shaping a prospective future of the Enterprise Groups.

An example of **EG Vision and Goals**

Vision

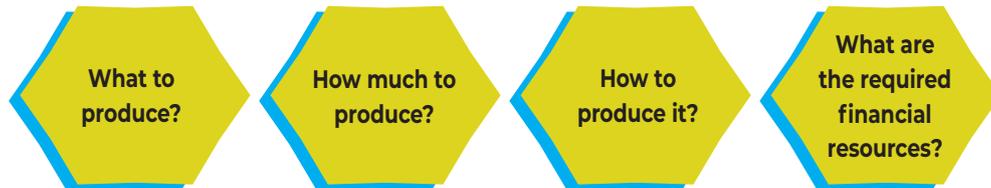
“By the end of 5 years, our EG will be a profitable business to make the businesses in a cost-effective way and be economically viable”.



Steps in Business planning of an EG

Step-1: Choosing an enterprise and product

The enterprise group members will choose the enterprise and decide on the following for the chosen enterprise the following:



Step-2: Undertake technical feasibility

The EG needs to evaluate whether it has the necessary availability of raw materials, skills and capital, infrastructure, market for the chosen enterprise, and other factors which will make production possible. If not, they should not choose the enterprise or be willing to upgrade their capacities to run the enterprise or choose an alternative to run the enterprise.

Step-3: Assess physical resources and inputs availability

The next step is to check the physical resources and inputs needed by the EG enterprise, and whether or not they can get them. If they are able to get all the resources they need, in the quantity they need them, then the EG can choose the enterprise. If they not able to get all the resources they need, then the EG has to choose another enterprise.

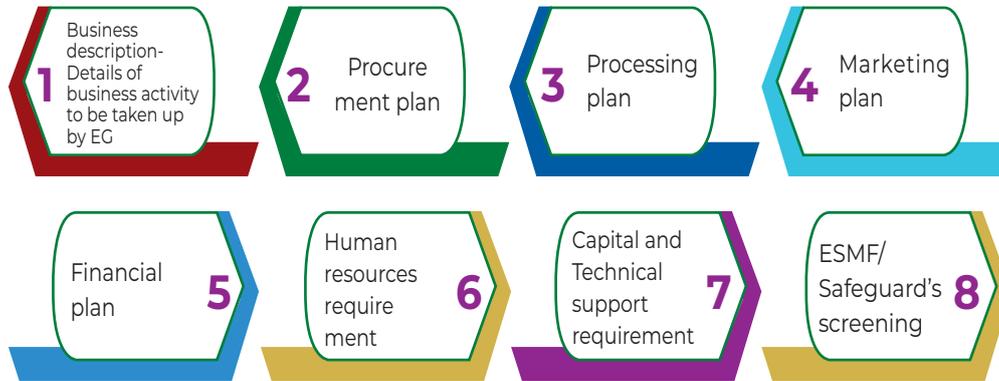
Step-4: Assess Labour Requirements and Availability

The EG has to check what labour is needed and whether the labour is adequate enough. Estimation has to be done and the EG has to decide:



STEP 5: Writing the Business plan

EGs should prepare a business plan with the support of Block Project team/OSF/TSA detailing the business activities of the Enterprise group and explaining the set of business goals, objectives, activities, methodologies, process and outputs. The Business plan should have the following components



A business plan for 3-5 years should be prepared by TSA/ thematic experts empanelled by the OSF and reviewed periodically

A business plan consists of the following key components:



It should also detail out the Human resources requirement, Capital and technical support requirement for the EGs.

The detailed descriptions of the components are as given below.

Section 1.

i)Business Description/Executive summary

As an introduction to EGs involved in business, this section should provide an overview of the business and its objectives.

ii)Mission Statement

The statement of purpose—a mission statement—is written to outline intentions and motivations. This will clarify what is most important for the EG. Explaining the clear purpose provides the context for the enterprise and will give it meaning.

iii)Business Overview

Business Description of a business plan is a summary of the current state of the venture. The description of the legal structure who the principal owners and a definition of the business—is it a producer, retailer, wholesaler, service provider, or some combination? It may also include the history of the business and its primary strengths.

iv)Produce

EG must have a description of what farmer's are producing as a group. All such should be made available and in written form, which will help in further marketing of products.

v)Market Analysis

EGs must have detail analysis of market. This section of business plan should have market description, characteristic, customer, competition and how EG plan to gain an advantage over them to create a successful venture.

Section:2 Target Customer Profile

In Market analysis, first of all customer should be identified, interested to buy products from farmer. Once EGs start gathering information, it will start building target customer profile. The profiling should include demographic information, focus areas and why the customer will buy produce from EG.

Section 3. Competitor Assessment

Every business has competitors in one or another form. While doing market analysis EG must include are view of specific competitors.

When reviewing competitors, consider what they have as far as:



Section 4. Marketing Plan

Marketing plans of an EG must address following four areas



a)Produce

The EG will explain its products/services, identify their features and benefits, and discuss what needs or problems they address in the market.

The EG will explain how it is produced, the input required, and the type of labor needed and will include aspects beyond the produce itself, like packaging etc. and how these supporting features, and information will make their business competitive and profitable.

b)Pricing

Pricing strategies are based on the value of produce, produced by member of EGs, cost of doing business, marketing goals, and expected competitive actions. EG should also think about what other produce similar to their produce sell for in the market, EG must demonstrate that its price will allow creating a profit.

c)Distribution

In the distribution portion of EGs marketing plan, describe how EG's produce will be distributed and over what geographical area? Issues of cost and efficiency, timeliness, freshness, customer

service, customer access, and control all affect the choice of distribution channel and how the produce will reach customers, including specific distribution channels and geographic areas.

Section 5. Operating Plan

The operating portion of the plan deals specifically with the internal (organizational) EG structure, operations, and equipment / tools EG need to operate its business and EG should discuss how the business will be owned and managed, personnel and physical resource needs, and the legal issues EG will have at some stage.

Preparing Action Plan:

Action	Duration	Start Date	Responsibility
Physical resources and inputs			
Labour			
Market			
Risks			
ESMF/Safeguards			

Section 6. Financial Plan

Financial plan is the heart of the business plan. The EG has to effectively manage EG finances, prepare realistic budgets by determining the actual amount of money needed to start the business and the amount needed to operate it . A Cash flow analysis is important in the plan.

Section7. ESMF/Safeguards screening

The business plan needs to screen for safeguards requirements and include action points (if applicable) pertaining to necessary permits, licenses etc related to resource use, waste management safety etc.

6.4 Cash Flow Statement

A typical cash flow statement starts with the amount of cash the business has on hand then adds new cash received through cash sales, paid invoices and then subtracts cash that has been paid out as bills, loans, taxes etc. are paid off. This will then give the total cash flow (cash in minus cash out) and the ending cash (starting cash + cash in – cash out = ending cash).

Cash flow statement of the business will show when the business might be low on cash and

when it might be the best time to buy new equipment. Above all, a cash flow statement will help figure out how much money might be needed

to be raised or borrowed to grow the business.

A Business plan template is given in the annexure (IV). The business plan should be always accompanied by an implementation plan where the responsibilities are spelt out with clear time frame.

CHAPTER 7

RESOURCE MOBILISATION

Resource mobilisation

Capital is one of the key resources that an EG needs and carry out their work. However, there are other resources that are also useful to starting a business. Examples include skills training, staff, inputs (eg. Seeds, tools, land etc) Resources could be mobilised by writing proposals, conducting events, selling services, selling products etc.

The capital requirement will depend on the nature and volume of business which would vary from case to case. The cost will include both fixed, running cost and term loans

It can be broadly classified into:

1) Finance required for Fixed Capital Investment

Required to initially to invest in the assets (Land, Building, Plant & Machinery etc) and establish the business

2) Working Capital Investment

Required to deal with short term cash requirement - due to the mismatch between Current Assets (receivables, inventory, work-in-progress) and Current Liabilities (advances received from buyers, creditors etc.)

3) Needed for smooth day-to-day business operations

7.1 Source of Funds for an EG.

The various sources of capital for an EG is as follows:

1) Owner's Equity: This is the money that the EG members invest into the business to promote the business idea. This would be in the form of share capital contributed by each EG members towards investment. This is decided during the initial meetings and based on the business plans. The member contribution could range between 15-25% of the total project cost.

2) Grants: EG can source grants from VKP project, relevant government schemes or charitable institutions. The VKP project has envisaged supporting the EGs through Start up grant Fund and Matching Grant Fund support. It is detail below.

3) Loans from Bank: This may be for investment into land and buildings, equipment and meet the working capital expenses

7.2 Start up fund from the project

The project will fund a start-up grant of a maximum of Rs.75000/= based on their business plan and the fund would be released on submission of application articulating the need i.e. for infrastructure or for the working capital of the group.

IF the business plan exceeds the start-up fund and as there is a less chance of formal finance the balance amount will be borne by the EG.

7.2.1 Application Process for a Start Up Grant by an EG.

Once the business plan is prepared by the EGs, an application for release of Start-up Grant needs to be submitted to the project block team through ECPs for review whether the funds requested for the purposes and will forward it to the district team with recommendations.

Based on the recommendation the district team will release the funds to EGs bank account in one tranche. The EG will submit utilization certificate after the fund is utilized which will be authorized by the block team after due diligence. If the fund is not utilized within a year, then the EG would re-plan their activities which will be approved by the project.

7.2.2 Milestones to be achieved for EG start up grant release

The following conditions have to be fulfilled by EGs to get Start up grant for any common infrastructure or services.

Bank account in the name of EGs.	Minimum 3 months should have been completed from the date of opening of Bank Account.	100% Collection of membership fee.	Business plan completed.	Ensure 65% women membership	EG registered under MSME /LLP/ Partnership Firm (Compulsory)
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7.3 Project Matching Grant Fund (MGF)

The EG is eligible for 30% Matching grant. The matching grant will be 30% of the total eligible cost of the project subject to a maximum of Rs.40 lakhs submitted through Partnering Financial Institutions.

Enterprise Groups which comply with the norms of VKP are eligible for availing the loans under VKP MGF programme. The banks will offer the loan facilities either as term loan or composite loan (term loan + working capital), or working capital as a Demand Loan repayable over a period. There are 3 levels (Nano, Micro

and Small) for credit access and the EGs will be placed in the appropriate level depending upon their projected credit demand.

The loan products are given in detail in the annexure enclosed

The margins required for loans up to INR 50 Lakhs the margin required will be 15% of the project cost and for loans above INR 50 lakhs the margin required will be 25% of the project cost.

(For further details refer to VKP MGF Operational Guidelines).

7.3.1 Process Flow for MGP Grant

1. The ECPs creates awareness about the MGP in the EG members.
2. A loan application is submitted to by the EG to the OSF/Block team
3. The OSF/TSA supports the EG in the preparation of a business plan.

4. The block level task force (BTF) which comprises of DEO or EO (BPF), BTL, OSF, Representative from a Bank and a representative from line departments/experts from technical agencies reviews the loan application and sanctions the loan. The task Force meeting will be presided over by the DEO or EO-BPF.

5. The block Project Management Unit forwards the loan applications to the DPMUs and PFIs responsible for facilitation of bank linkages
6. The District Project management unit is 7. The State Project Management Unit monitors the Matching Grant Fund.

7.4 Sourcing of credit through financial institutions and convergences

Apart from the project funds, the EGs also need to avail finance through bank linkages and convergences depending on the requirement. For group infrastructure, the project team will assist EGs to access funds through convergence. The ECP will assist the EG for the linking with Banks and Government departments.

CHAPTER 8

ORGANISING EG BUSINESS OPERATIONS

8.0 ORGANISING EG BUSINESS OPERATIONS

Once business plan has been completed, the members should undertake business operations based on the business plan made by the EG. Organizing business operations among the group members to do group related activities together and clarify responsibilities and lines of authority is important for the EG. The EG members share and participate in the procurement, production and marketing and management activities jointly.

This helps in effective mobilisation and allocation of resources and tasks structures for each business activity.



Managing Business operations: The members need to identify the tasks that needs to be done on a daily basis for their EG to work. These activities may relate to procuring raw materials, production, sales, group leadership and management, financial organisation etc., marketing, quality control, raw materials or finance. Some of the tasks related to the business operations are as given below.

The EG could draw an action plan was given below and monitor the activities based on the action plan.

EG Business Activities	Tasks involved	Responsibility	Time
Inputs procurement	<ul style="list-style-type: none"> Making a list of suppliers going to the market to buy materials Arranging transport to bring the materials to the group Finding alternative suppliers if one is not reliable Arranging for storage of inputs Checking the quantities of inputs from time to time Negotiation of price with suppliers and arranging for regular supplies 	Designated member by the EG	
Production	<ul style="list-style-type: none"> Training the members on how to produce the product Producing meeting the requirements and standards Ensuring product is produced with consistent and right standard and quality Ensuring product is produced in the right quantities Producing at the right time and at the lowest cost for the quality needed Estimating the right number of people involved in production when needed 	Training to given by experts and production done by members	
Marketing	<ul style="list-style-type: none"> Finding out what the customers want Deciding on how the product, service or packaging might have to be changed) Labelling and Branding Getting orders Organising advertising and promotion To make sure sale arrangements are in place (stall, sales permit, Transport) Checking on what competitor is doing 	EG members with the support of OSF/TSA and the project team	

Financial	<ul style="list-style-type: none"> Mobilizing financial resources Budgeting and maintaining cash flows Calculating costs and margins for the product Ensuring in and out payments Ensuring repayment of the banks are being met 	EG with the support of OSF	
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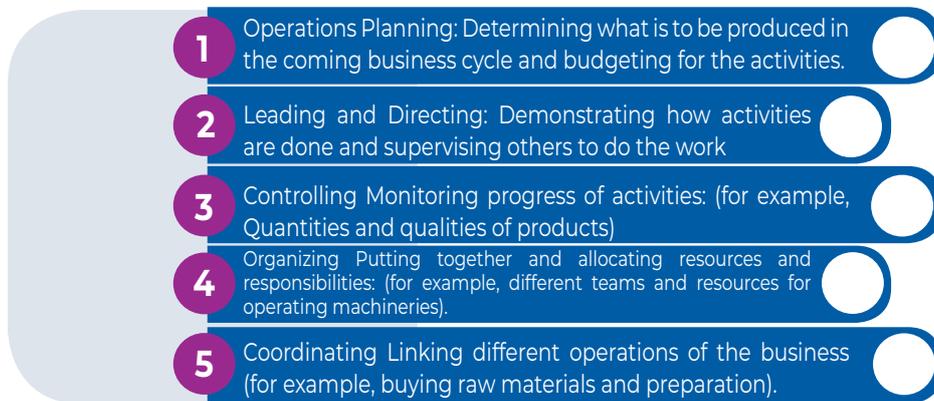
8.1 Business Development Support services

The EG may require enterprise development support services for the backward and forward linkages like procurement of raw materials, commodities and services, Product sales and distribution, Packaging, Branding, Marketing etc.,



The ECP and the block team should facilitate the Enterprise group with the necessary business development support services by linking them with OSF and TSA. They should also monitor if the EGs are following the plans and support to take corrective measures.

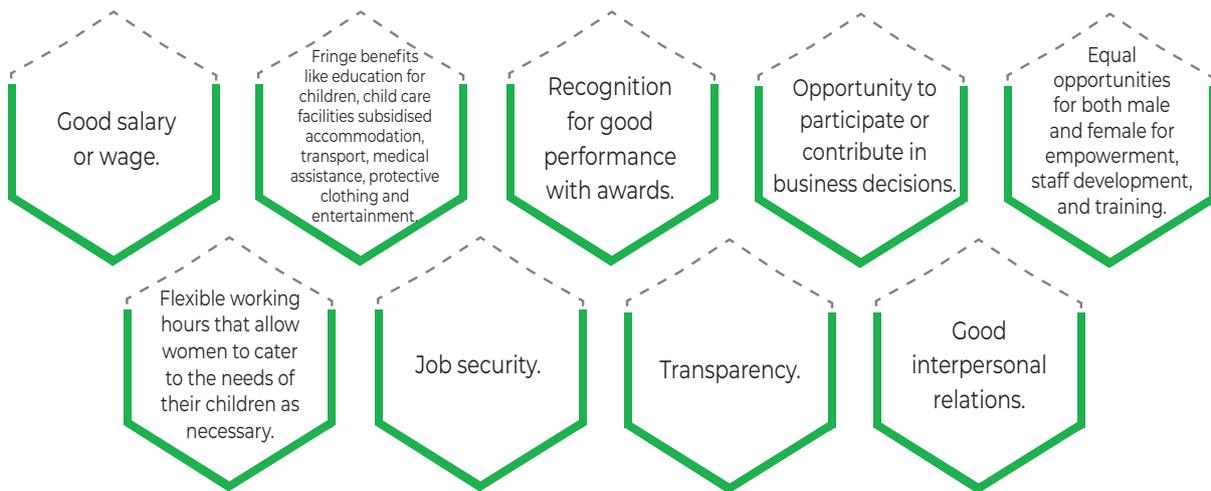
8.2 EG business management functions



8.3 Motivation/Incentive in business operations

The EGs have to essentially work through its members or through other people based on the business needs. Therefore, the members involved in production and the workers (hired from outside) need to be encouraged and kept willing to work.

To achieve this, the EG needs to develop and apply appropriate motivational skills that will keep members and workers interested in the EG business. Generally, workers are motivated when their needs are met. The following is a list of incentives that can motivate workers to be productive:



8.4 Time management

Effective time management in Business operations involves:

- Planning of business activities in advance.
- Performing business activities at the right time.
- Producing and completing the tasks as per the production schedule and within a reasonable time period
- Punctuality and timely decision making.
- Prioritising activities and doing the most important work first.
- Meeting recommended deadlines for specific activities.

8.5 Staffing

Although EG members should be given priority for employment on the farm business, they should also be allowed to choose between staying and going to work elsewhere. However, efforts must be made to make the EG business the preferred choice of employment.

8.6 Entrepreneurship Development Training

The members should continuously develop their knowledge and skills to improve work efficiencies. Therefore, opportunities for on-the-job or off-the-job training must be provided.

Training and development options for EG members and workers include job rotation, attachments, apprenticeships, mentoring and coaching, training workshops, and professional courses. Training workshops on business practices, and environmental safety can be arranged by the project team according to the EG businesses. The details are explained in the capacity building section and also VKP CSS (Community Skill Schools) Operating guidelines.

8.7 Delegation of duties

Delegation involves assignment of duties and operational authority and responsibility to a subordinate. The chairman can delegate decision-making and operation duties to other EG members so that he or she can concentrate on sourcing finance and markets. By carrying out duties that would ordinarily be done by the manager, subordinates mature and become empowered. Delegation is critical for continuity of EG businesses.

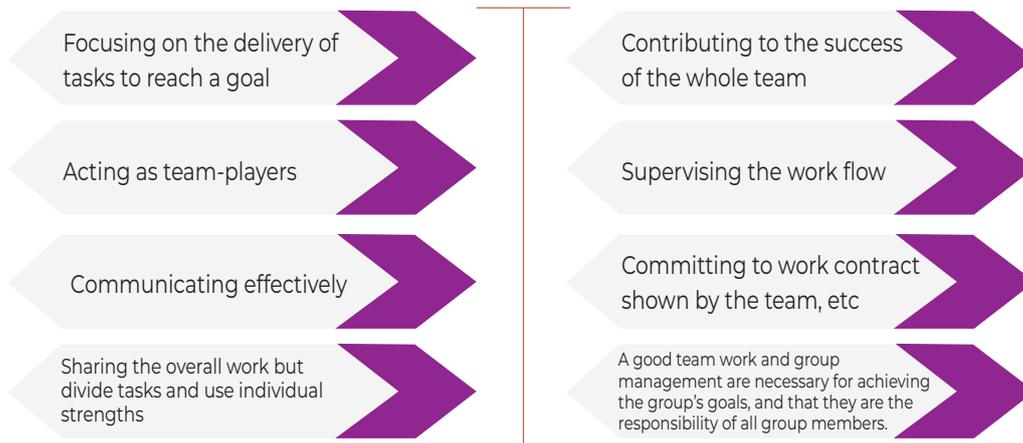
Following are some points for effective delegation:

- Selecting and defining the tasks that need to be delegated.
- Evaluating and choosing a capable and trustworthy subordinate to carry out the tasks.
- Issuing clear instructions and define operational boundaries.
- Empowering and giving authority to the delegated staff to make decisions.
- Allowing the delegated staff to perform delegated tasks without too much interference.
- Monitoring and evaluating performance of the delegated staff.

8.8 Team work and Group management

The Enterprise also needs to develop business management Skills for Day-to-Day trouble shooting and getting things done.

Good team work and group management are necessary for achieving the group's goals, and that they are the responsibility of all group members. The following factors are essential for a successful EG Teamwork and management:



8.9 Dividing roles and responsibilities among the members

The group members should divide roles and responsibilities of the group tasks among themselves based on the relevant skills they possess. The members will need to make sure that the part of the EG they are responsible for works well.

The ECP should discuss the different roles with the group and help them to decide who will be best to take responsibility for each role. The ECP and the project team should encourage the EG to work together and choose a leader of

the business based on capability and skills that best fits the role and also make sure that the group recognizes that every member should contribute to all the parts of the business.

8.10 Monitoring of EG functioning

The EG and the office bearers with the support of ECP and block team monitor the functioning of the EG activities and performance as per the Business plan. The ECP supports in the implementation and monitoring and submits the report to the Block team. Given below are the indicators against which the assessment could be made.

Monitoring Indicators

S.No.	Criteria Variables	Indicators	Responsibility	Frequency
1	Governance	Regularity of meetings Member Attendance in the group meetings No. of Women as members No. of women as office bearers	Secretary/ Members/ECP	Monthly
2	Record-keeping	Records placed as per requirement Regular update of books	Treasurer/ Book-keeper/ECP	Monthly
3	Compliances	Income tax Licenses GST IN FSSAI Audit	Treasurer/ ECP	As per the legal requirement
4	Business management	Works done as per business plan No of days of employment received for the members Wages received by members Additional laborer's hired No. of members received skill training	President/ ECP	Daily/Weekly
5	Business performance	Annual Net profit Annual Turnover Reserves Financial self sufficiency	President/ members	Once in 6 months
6	Financial	Increase in net income Decrease on cost of production Increase in employment Increase in wage rates for the labour	Treasurer	Once in a year

Characteristics of organised and successful EG

- Members have a common interest and clear goal
- Has a well written constitution
- Has good leaders selected by the members
- Holds regular meetings and takes minutes
- Should be able to identify new potential Markets
- Members participate in decision making activities and share benefits

CHAPTER 9

GRADING OF ENTERPRISE GROUPS

9.0 Grading of Enterprise Groups

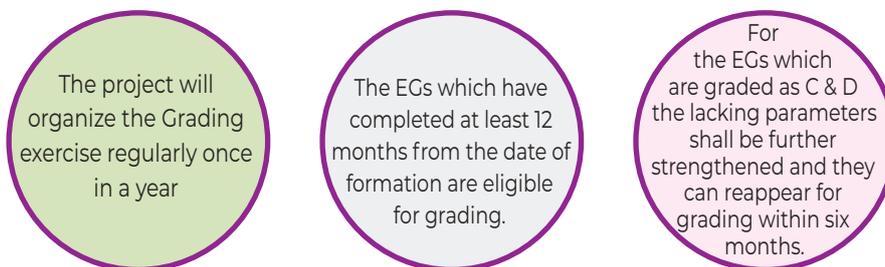
The assessment of Enterprise Groups could be done for EGs for performance on the regularity in conduct of meetings, attendance, Book keeping systems, EG business performance and management etc., using the grading tool developed by the SPMU/TSA for those Enterprise Groups which have completed at least 12 months after formation. The ECP with the support of Block Team would do the Grading of EGs. The EGs will be graded as A, B, C or D based on the scores obtained. The grading will be useful for further strengthening and obtain financial linkages.

The grading tool is given in the annexure ()

The parameters on which the Grading is to be done are as follows:



Eligibility Criteria for Grading and frequency of Grading



An orientation on the grading exercise should be given to the grading team by the district project team with the support of TSA.

CHAPTER 10

CAPACITY BUILDING

10.0 CAPACITY BUILDING

Enterprise Groups require different capacity building measures to upgrade the members knowledge, attitude and skills of its members on business and organization management aspect. In VKP project Capacity Building will be given to both EG members and EG Office bearers. The EG members will receive a basic orientation training on EG, EG formation, members and office bearer's responsibilities, Group functioning, Book-keeping from the ECP with the support of Block team. The Capacity building to be given to the members are summarized in the last section

EG office bearers will receive training on Organization building, Roles and Responsibilities, Business Planning, Business management, Book keeping and accounting. The trainings will be delivered by trained Master CPs.

The ECP along with the Project team will link the EG with technical institutions and expert for imparting technical and specialised trainings to the EG members.

10.1 Community Skill School (CSS) and Community Farm School (CFS)

Apart from this Community Skill School (CSS) programme will be conducted for EG members based on the product and requirement of the members.

The VKP project will assist the producer entrepreneurs in addressing the skill gaps through setting up of these community based schools – Community Farm School (CFS) and Community Skill Schools (CSS) focused on skills and livelihoods.

There are sectors which are traditional and have region specific demand but such skilling is not offered i.e. weaving, basket making, pottery, etc. and skilling will only be done for skills that are scalable and has potential for earning higher incomes. Across communities there is high demand for certain remunerative traditional skills which are socially and culturally acceptable for both men and women to undertake; and the community has master practitioners involved with traditional occupation for many decades. Constraints to skilling the rural youth

is a challenge. Community Skills School (CSS) will address these skills gaps in these sectors. Imparting of skills in nonfarm sector can be facilitated by CSS well. The Community Farm School (CFS) model will identify specific skill gaps in farming related occupations and will also address the specific needs of women and Tribal communities. The premise of both CSS and CFS is the same, that communities have much of the requisite skills to solve their skilling and livelihood problems. The CFS seeks to develop a cadre of self-employed technical service providers (Sparks) in selected agriculture and allied sub-sectors, who will in turn build skills amongst the community members in selected value chains through the use of Farm Schools run by well-trained community professionals called Sparks.

10.2 Technical Partnerships

The EG members have to be technically sound and updated for quality production methods and the necessary technical skills on a product.

SPMU and the TSA would forge wide-ranging partnerships with institutions of national repute such as IIFPT, ICRISAT, TNAU, CFTRI, NBRC, National and state universities. The members of the EGs will be technically trained by Technical Institutes in the field of skilling, value chain management and other Technical aspects related to the product. The DPMU with the support of OSF/TSA will facilitate tie ups with these Technical institutes in that locality on the prioritized value chain commodities for the EGs.

The ECP along with the block and district team will support the EG by arranging and inviting experts, from government agencies or private players, potential customers or other groups, to such events. The EG members can also go on cross-visits to other EGs groups, as well as to research institutes, markets, processing plants etc. The project team with the support of TSA/OSF will arrange and facilitating the exchange visits for EGs

CHAPTER 11

LEGAL COMPLIANCES

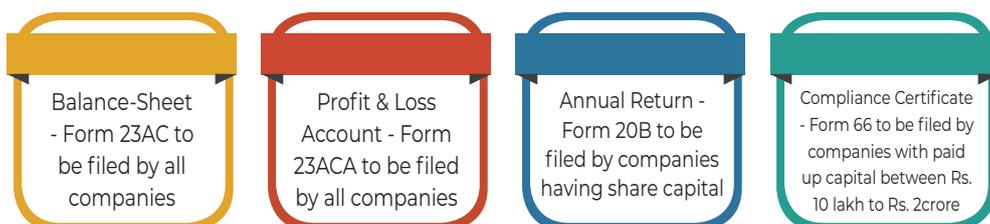
11.0 LEGAL COMPLIANCES

As the EG is a registered entity having its own existence, it is required to comply with certain legal compliances, as mentioned below:

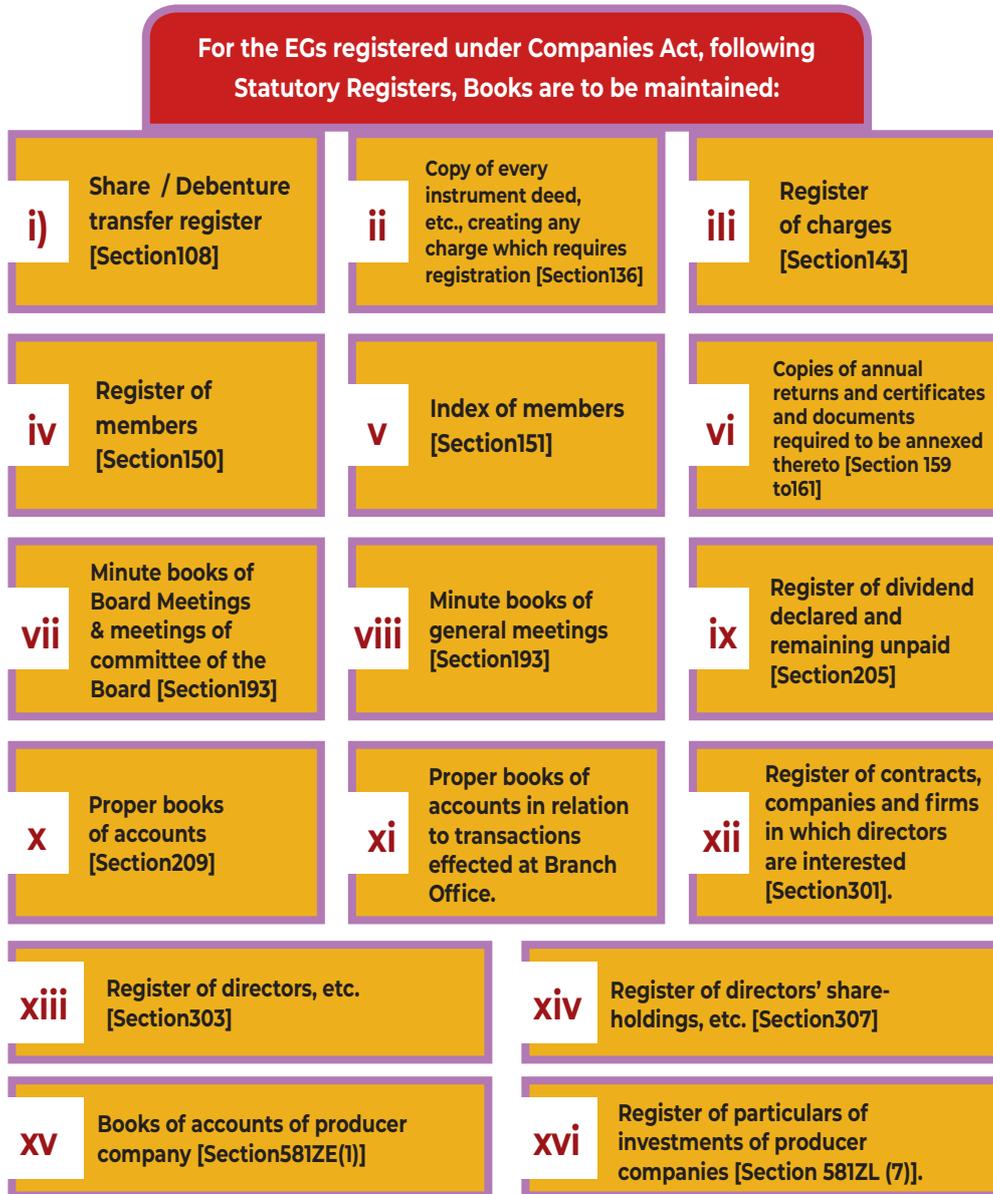
11.1 Licenses required, depending upon nature of business an EG may require Building Plan approval from Competent Authority, License from Industries Department, FDA, Pollution Control, NOC from Fire Department, FSSAI etc. and also comply with rules and regulations related to natural resource use and management, waste disposal etc. which are detailed in ESMF documents.

11.2 Compliance with Taxation Laws (Income Tax, Commercial Tax Act etc.) – EG has to procure a PAN number from the Income Tax Department and GST IN from the Commercial Tax Department to carry out business (for selling/offering the chargeable goods and services).

11.3 Compliance under Companies Act or Act under which EG is registered for maintenance of Records and Preparation of Financial Statements – For a EGs registered under Companies Act, following returns are to be filed:



11.4 Registers to be kept under Companies Act



11.5 Holding of Meetings - The Companies Act, 2013 has given elaborate provisions for holding and conducting meetings. It is necessary to observe those provisions; failing which the decisions taken will not be considered binding. These meetings include:



CHAPTER 12

RECORD KEEPING AND FINANCIAL MANAGEMENT

RECORD KEEPING AND FINANCIAL MANAGEMENT

Record-Keeping is gives information on PG organization, activities and income. It gives for group members on actions that have been taken by the group, and what or how much has been bought, sold or repaid.

12.1 Importance of Record-keeping

The group should keep records for several reasons:



12.1.1 General principles for record keeping

- Records should be kept and used to benefit those that keep them.
- To be useful, records must be accurate, neat, and written clearly; be complete; be easy to record; be easy to keep and retrieve;
- Records should provide necessary information for management; be easy to analyse; and be updated regularly

12.1.2 Types of records in an EG

The group should keep various types of records.

Record-keeping at Enterprise Group

The List of Books is to be maintained at the EG level is as given below:

A) Member profile

The group needs to keep a list of members, their contact details, and whether they have paid their fees.

B) Non-Financial

B.1 Registers



B.2 File



C) Following financial records have to be maintained at the EG level

C.1) Registers

1. Cash Book- Any cash transactions made in the EG are recorded in the cash book
2. Cheque book Register- The cheque payments and receipts of an EG in a particular are recorded in the Cheque book
3. General Ledger Book- The general ledger gives the details of the expenses made under each head.
4. Stock Register

The stock of raw materials or finished products is maintained and recorded day wise.

Bill no., Date name of	Opening stock(units)	Value (Rs.)	Purchase(in)Qty	Supply(out) Qty	Closing stock	Balance (Rs.)

5. Asset Register- The details of the EG assets are maintained in the asset register
6. Cheque book and bank pass book

C.2) Subsidiary records:

1. Purchase/Input record

Recording of purchases done in the EG are maintained in this register

Bill No., Date & Name of Supplier	Qty	Rate (Rs.)	Amount (Rs.)	GST (Rs.)	Total Amount (Rs.)	Cash Book/ Bank Book Folio No.

2. Labour record- The details of the labour engaged on a particular day are recorded in this record

3. Production records- Day wise production quantity is maintained in the production records
4. Sales record

The sale of produce/product is recorded in this register

Bill no., Date name of buyer	Qty	Rate (Rs.)	Amount (Rs.)	GST(Rs.)	Total amount (Rs.)	Cash Book/Bank Book Folio No.

C.3) File

1. Receipt and payment Voucher file
2. Audit report file
3. General finance file – quotation, budget and bank reconciliation statement

12.1.3 Minutes of group meeting

The records of the group meetings with the details of the subjects discussed and the decisions or conclusions made are written down in the minutes. The secretary is responsible for writing the records of group meetings and setting the agenda for the meeting

12.1.4 Book - keeping procedures

- The group will need a book-keeper with basic literacy and numeracy skills to maintain written records.
- The treasurer is responsible for keeping financial records.
- The records should be transparent and they should be open for all members to check at anytime.
- Book-keeping should be done on a regular basis (i.e., daily, weekly or monthly), or whenever meetings are held or activities take place.
- The information about agreements, assignments and finances are important and care should be taken not to lose them.
- The records should be kept in a safe place. Copy of important records should be made.

12.2 ACCOUNTING

A simple accounting system consists of Cash Book, Bank Book, Receipts and Payments documents

• **Cashbook**

Cash receipts and cash payments, pertaining to the PG only, may be recorded in cash book against appropriate account heads

- **Bank book** Any transaction made through the bank is recorded in the bank book.
- **Cash Box** The money in the cash box is recorded at all times. Every time money is received or payment is made it is recorded in the cash book.
- **File folders** to hold receipts and other documents. The group will need one folder for the cash receipts and another for the bank receipts and statements.

12.2.1 The Cash and Bank book

Cash receipts and cash payments, pertaining to EG only, may be recorded in cash book against appropriate account heads (discussed in a separate chapter). The format of cash book is given below:

Table (i)

(A) Cash Book

Debit side (Dr.)

Credit side (Cr.)

Date	V.No.	Particulars	L.F	Amt. (Rs.)	Date	V.No.	Particulars	L.F	Amt.(Rs.)

All the items of cash receipts are recorded on the debit side (left hand side) and all the items of cash payments are recorded on credit side (right hand side) in order of date of the cash transaction.

The difference between the total of two sides shows balance of cash in hand i.e. excess of summation on debit side over the summation on credit side.

Cash Book may be balanced whenever there is a cash transaction and Treasurer may put his/her signature after it.

(B) The Bank book

All transactions related to receipt of money in Bank and payment made through bank are recorded in the bank book. The format of Bank book is similar to that of cash book. However, it is important to note that transactions routed through a Bank only (i.e. money received in Bank & payment made through Bank) be recorded in this book.

BANK BOOK (sample)

Name of Bank:

Account Type & No

Debit side (Dr.)

Credit side (Cr.)

Date	V.No.	Particulars	L.F	Amt.(Rs.)	Date	V.No.	Particulars	L.F	Amt.(Rs.)

The difference between debit side (left hand) & credit side (right hand) of Bank book on any particular day will reveal the balance in Bank account of EG. Debit balance (excess of total of debit side over credit side total) represents bank balance, while credit balance (excess of credit side total over debit side total) represent Bank overdraft. The Bank book is closed by striking a balance on a given date. The treasurer may put his/her signature in Bank Book when Bank balance is struck.

Bank book helps to reconcile difference between balances as per bank book of EG& balance as per pass book of Bank account of EG.

(C) Preparation of Bank Reconciliation Statement (BRS)

Normally, bank balance as per bank book of EG and that as per pass book of Bank should be similar. However, on a particular day this balance may differ. Therefore, to know the reason for difference in balance as per these books, a reconciliation statement is prepared which is called Bank reconciliation statement. The treasurer should check the balance of the bank book with the pass book at the end of each month and state the reasons for the differences. The ECP will support the treasurer of the EG for the BRS.

12.2.2 Receipts and Withdrawals

When a payment is made from the EG, there has to be a receipt obtained for the amount paid. If there is no receipt, the person who makes the purchase should write the date, item and amount on a slip of paper, and sign it.

The treasurer puts all these receipts in a file folder in chronological order.

On the top right corner of each receipt, the treasurer should write the same number as in the cash book or bank book.

The treasurer should check regularly (perhaps once a week) whether the amount of money in the cashbox is the same as the latest balance stated in the cashbook.

Record keeping at the EG level

S.No	Books of Records	Purpose	Maintained	Frequency of Updating records
1	Minutes Book/ Resolution Register	Regular group meetings of meetings/Executive committee of /AGM/General Body meeting minutes will be recorded in the register. Also to record all the important collective decisions will be recorded in a continuous manner for enabling the members to understand them. Decisions taken by the group will be known to all the members from time to time and it will promote them to take the right decisions in their meetings.	Secretary	Monthly / Based on requirement
2	Members' Profile	A PG having producers as its members, has to keep record in place for getting basic information about its members	Secretary	Time to Time (on regular basis)
3	Asset Register	As part of the financial management process, PGs need to maintain a Fixed asset registers.	Secretary/ Treasurer	Time to Time (on regular basis)

S.No	Books of Records	Purpose	Maintained	Frequency of Updating records
4	Cash Book	Cash receipts and cash payments, applicable to PG will be recorded in cash book against appropriate account heads.	Treasurer/ Book-keeper	Daily
5	Bank Book	All transactions related to receipt of money in Bank and payment made through bank are recorded in the bank book	Treasurer/ Book-keeper	Daily
7	Bank Reconciliation Statement	Normally, bank balance as per bank book of PCs and that as per pass book of Bank should be similar. However, on a particular day this balance may differ. Therefore, to know the reason for difference in balance as per these books, a reconciliation statement is prepared which is called Bank reconciliation statement.	Treasurer/ Book-keeper	Monthly Basis
9	General Ledger	Ledger is a summarized record of accounting entries for account heads debited or credited in Cash book, Bank book or Journal for the given period of time (i.e. year). Entries made in prime books (cash book, bank book, journal) are posted in ledger to know the cumulative position under each account head. A separate folio is maintained for each account head. On posting of transaction from prime book (cash/ bank book & journal) into ledger, a reference folio number of prime book is indicated in ledger.	Treasurer/ Book-keeper	Monthly Basis
10	Input(Purchase, Sale & Stock) Register	The record will be maintain for recording the detail of Purchase of inputs , sale detail and balance stock of PC	Treasurer/ Member from Marketing subcommittee	Time to Time (on regular basis)
11	Produce(Purchase, Sale & Stock) Register	The record will be maintain for recording the detail of Purchase of Produce, sale detail and balance stock of PC	Treasurer/ Member from Procurement sub-committee	Time to Time (on regular basis)

CHAPTER 13

FINANCIAL MANAGEMENT

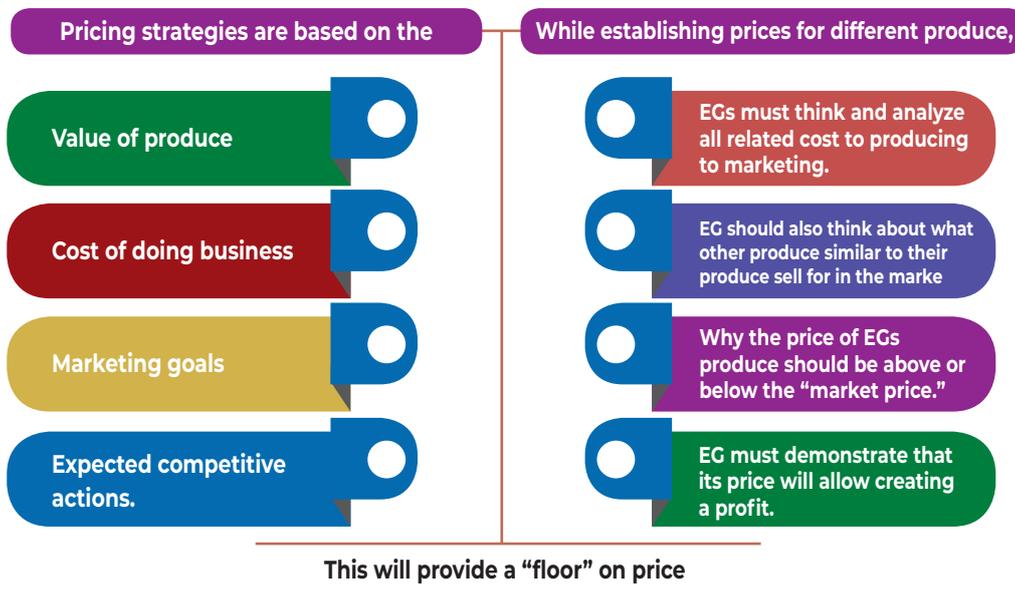
13.0 Financial Management

13.1 Importance of Financial management
It is vital for any enterprise to keep track of investments, costs, and income. In order to make good decisions, the producers have to know how much material and labor cost, how much money comes in, and how much profit to expect. This information will enable the producers for preparation of the business plan through some simple calculations.
13.2 Costs Estimation
Calculating Cost Benefits of Enterprise
In an enterprise it is important to understand the costs and benefits associated with the product.
13.2.1 Costing of Produce
Costs: A business has many different costs from paying for inputs to paying the lease or the utility bills. By careful classification of these costs a business can analyse its performance and make better decisions. Business costs can be classified as:
13.2.2 Variable costs and fixed costs
Variable cost: Costs that change depending on the amount of output. These may include raw materials (inputs), wages, fuel for machines etc.
Fixed costs: Costs that remain the same no matter the level of production of the business. For example, lease for land
13.2.3 Calculation of cost of production:
Cost of production is the sum of costs of the resources or inputs that went into raising a given produce.
Total fixed costs (TFC) + Total Variable costs (TVC) = Cost of production
13.3 Benefits (revenue)
For benefit-cost analysis, the benefits from the enterprise are equivalent to revenue, which is the total money received for the goods or products. To compute the revenue for a period of time it is to be done by multiplying the amount of produce sold by the selling price over that period

13.3.1 Net income
Net income is the difference between the total revenue and the total costs
Net income= Total revenue- (Cost of inputs + Cost of labour + Marketing costs)
13.4 Benefit - Cost analysis
Benefit- cost analysis is a process where costs and benefits are compared to determine whether a business is profitable and therefore financially viable. Determine the minimum price and production for the enterprise

13.5 Minimum price determination for the produce

13.5.1 Pricing



13.5.2 Break-even price calculation

A break-even price is minimum acceptable price that will cover the cost of production. At this price the income received will be equal to the cost of production, and the profits will be zero.

The break- even price can be calculated from the information in the enterprise budget, using the following formula.

Formula for break-even price = Total variable costs per acre / unit price of produce

13.6 Break-even production calculation

The break-even production is the minimum level of production that you can produce to cover the costs of production. It is calculated by dividing the Total Variable Costs with the per unit price of the product.

CHAPTER 14

MARKET AND MARKET LINKAGES

14.0 MARKET AND MARKET LINKAGES

Understanding Markets and marketing is a very crucial for the EG Business development.

14.1 Market

Market is a physical place where buying and selling of produce or services take place. It is the place where the exchange of produce and services takes place. The market is made up of buyers, sellers, products and prices. Marketing can be described as a set of activities that direct the flow of produce and services from producers to the end users or customers.

Marketing is the process of exchange (producer) who sells and the consumer who buys. It is about finding out what the consumer needs and then making a profit by satisfying those needs.

14.2 Market Analysis

The marketing of any product involves flow of raw produce from the farm to the final consumers (households) through a channel consisting of produce traders, wholesalers, processors and retailers. Access to the market place is crucially important for the EG to generate income by selling their produce. Profitability of the EG is linked to members being able to sell their produce at competitive prices. Therefore, relevant market identification and addressing constraints is important. The questionnaire to guide for scoping markets is given in the Annexure ().

14.3 Marketing planning

Marketing involves planning for efficient production, storage, processing and packaging, promotion and transporting produce from production site to consumers. The key components of the marketing mix therefore include: Product, Place, Price, Promotion this commonly known as 4 Ps.

This strategy consists of 5 key elements, also known as the '5 Ps of Marketing'.

Product or service: Does the product or service respond to the needs of the client(s)? What uses does it have? What does the product or service look like?

Price: Is the price affordable for potential customers? Is the product or service sold at a reduced price (for example: if sold in quantities, or to repeat customers)? Is it possible to fix different prices for different (income) levels of clients?

Promotion: Is the product/service being advertised through promotional activities or publicity that attract clients? Does buying the product or service bring about other advantages beyond obtaining the product itself? For example, a free sample or other small gift, any chance to win something.

Place: Where is the product sold? Is the place of sale easily accessible? Is home-delivery offered? Does the selling place attract people to buy?

Person: What are the skills and capacity of the EG? What is the relationship between the EG and their clients? Are the services of the EG known in the area, village or town? What is their reputation?

14.4 Access to markets

Accessing the marketing channel is very important for an EG. The key marketing channels include: middlemen, wholesalers, processors and retailers. The retailers deal mainly in small quantities while wholesalers and processors take produce in larger quantities. Most frequently they work through middlemen who buy in small quantities, bulk it and transport to the wholesalers or processors. To access these channels basic facilities like storage infrastructure, market information, logistics are required at EG level.

Common facility centres should be established for the EG, having basic facilities such as weighing machine, storage facility, transport/logistics etc. The EG group leader nominated by the members will coordinate with the traders and build relationship with them to do long term business so that all member producers benefit.

14.4.1 Different ways to access markets

There are different ways and options to sell EG product to the buyers. This includes selling directly consumers or they may decide to sell to traders. EG can also send or take their product to nearby or distant markets. EG may also decide to establish retail units in nearby district centres or reach consumers in distant urban centres.

EG must also consider the physical losses due to deterioration, which may be incurred during the transport of the product to different markets. A key consideration in making the decision on where to sell is the farmers' expectations of prices which may be obtained from the different markets.



14.4.2 Marketing Strategies

Effective marketing strategies is needed for the EG to make better decisions. The following points are to be considered to build effective Market strategies:

- Product characteristics, grade, quality and packing
- Prices, price patterns, variations according to season, quality and supply
- Supply, volumes competing suppliers and seasonality
- Preferences of consumers
- Opportunities for additional production to be marketed

The different options for EG products are listed as below:

Product decisions	Pricing Promotion / Communication	Distribution	Location (home/ market/ next door)
Selling in bulk or small quantities	Cost considerations Profit considerations	Discounts—quantity, cash, state of products.	Direct or indirect sales.
Variety of products offered	Timing (seasonal) considerations	Consideration of location of products.	Selection of distributors/traders.
Quality grading of products.	Level of supply and demand of products	Type of market and customer.	Selection of transport mode.
Packaging of products— types and sizes	Market and competitor prices	Relationship status.	Storage decisions
Labeling or branding of products	Consideration of payment terms and payment mode.	Public announcements (meetings, etc.). Public notices (shops, farms, etc.).	
Raw, semi-processed, or processed products		Sales representatives. Word of mouth.	
Consistency in availability of products		Farm bill boards and sign posts.	
Use of chemicals or organic manure.		Sponsorships/donations (school events, etc.). Press adverts (newspapers, magazines). Electronic sales. Field days. Mobile phones. Exhibitions/shows. Internet and email.	

A) MARKETING DECISIONS IN AN EG BUSINESS

The important marketing decisions to be taken by an EG with the related activities are given as below:

Marketing decisions	Activities
MARKETING RESEARCH AND TARGETING	EG members agree to continuously identify client needs and the prices of commodities
PRODUCT DECISIONS	EG members agree to produce products that suit market requirements.
PRICING DECISIONS	The EG calculates the cost of each enterprise and determines the best prices at which products must be sold
PROMOTIONAL DECISIONS	The group agrees to brand and promote its products through advertisements, notices, in local shops and also spread the word around through friends and acquaintances.
DISTRIBUTION DECISIONS	The business hires a vehicle to take their products to the market in the nearest town
CUSTOMER SERVICE AND RELATIONS	The group invites all its customers to an informal event. It also donates some of its product to the local body or school in its annual General Meeting

b) IDENTIFICATION OF BUYERS AND MARKETING CHANNELS

Enterprise Groups should have the capacity to identify potential buyers of their products and the distribution channels they intend to use for marketing. Evaluation of the buyers and channels, and looking at the advantages and disadvantages of each, helps EGs to make the right choice of customers to target, and channels to use. This is a task that requires considerable market information to be gathered, shared, and discussed by EG members. Each member of the EG should contribute to the process because decisions made on target markets, channels, and sources of information determine the profitability of the EG business

Table () gives examples of target buyers, marketing channels, and sources of information that can be identified and evaluated by EGs.

Target buyers	Marketing channels	Sources of information
Informal traders—local and urban.	Indirect sales.	Buyers/consumers— companies, dealers, and individuals.
Formal traders—local and urban (supermarkets, butcheries).	Direct/private sales.	Fellow producers.
Organisational consumers (canteens).	Assembly market sales.	Own family members and records.
Institutions (schools, hospitals).	Contract farming.	Extension workers.
Government departments and other organisations.	Auction sales.	Govt. departments.
Travellers.	Permit sales/collection points.	Development agents— NGOs.
Local producers.	Roadside sales.	Producer associations.
Household and individual consumers—local and urban.	Mobile/door-to-door sales.	CBOs and SHGs.
Foreign markets.	Export sales.	Local leadership.
		Print media.
		Electronic media.
		Friends and associates

c) Export Markets

Export Market is remunerative to EGs because of the potential benefits that can be realised. Export opportunities for products that could be sold outside India can be identified and produced by the EG. The EGs must understand the standards, processes, and procedures that are characteristic of the markets they are targeting. Some general requirements for export are listed below. EGs need to know that conditions for marketing vary, depending on industries, products, and the needs of importing countries.

d) Requirements for international markets



14.4.3 Developing market linkages/Buyer

Linking with different types of market is one of the very important services required for bringing product to the market. Linkage implies a physical connection between the producer and the ultimate consumer.

Linkages also involve financial transactions- the selling and buying. There is always a gap between the market demand and supply due to lack of linkages with the market traders and the producers.

Business linkages are made in the form of supply chains, inputs, procurement and contracting with the producers. In addition to buying and selling market linkages also allow to exchange new knowledge, information, technical, financial and business services.

Different ways to build linkages between the EGs and the traders:



Following requirements are to met by EG to link with markets

- Identifying a buyer
- Negotiating with a buyer
- Consensus within the group members
- Maintaining a continuous supply
- Maintaining quality
- Keeping buyers informed

14.4.4 Facilitating activities to be undertaken by the ECP through OSF/TSA and the

project team to create market and business linkages:
1) Inviting traders to meet with an Enterprise Group:
<ul style="list-style-type: none"> • Explore with the traders interested in doing business • Assisting traders to find new market outlets • Identifying market opportunities for traders to explore and supporting them in expo or national events or international events
2) Promoting new market places for the EG
<ul style="list-style-type: none"> • Encouraging the establishment of a common facility centre or a market in a local town and assisting them in planning
3) Providing information and negotiating support to Enterprise Group and its members
<ul style="list-style-type: none"> • The producers can be assisted by providing them with names and contacts of important businesses such as suppliers of packaging, transport companies, market agents and traders and private contractors. • EG can be guided with typical prices, packaging, comparative transport costs, and agents with good reputations • Supporting the start-up of new trading relationships • Act as the third party supporting in any disputes and communication
In addition to the above an EG may require the following services:
<ul style="list-style-type: none"> • Companies that provide market information' • Equipment hire services • Logistics companies that transport and or store produce • Trainers and technical assistance providers

Improving sales for EG's product



b) The service could be improved If the group guarantees that the products Eg. Baskets they sell are very well made; maybe they can tell customers that if they find a fault within the first few days and bring it back, they will substitute it with a new one at no cost.

c) Keeping customer loyalty The group should aim to keep the customer loyalty so that they will keep buying it in future. The EG could asking them for a regular order or even deliver at doorsteps on a regular basis or give a discount for regular sales.

d) Better services to the customers Being friendly, remembering a customer's name and saying something more personal will help make the customer feel that s/he is getting a better service.

e) Advertising the products: Advertisement needs to leads to more sales and so make extra profit for the group. In deciding how to advertise the product, the group should consider cost.

Whatever is spent on advertising will have to be cost effective. This means the advertisement needs to lead to more sales and so make extra profit for the group.

f) Good packaging and presentation could also help to promote the group's product by making it appear more attractive than the competitor's.

g) Rewards are another way to get new customers and also to reward long term customers for their loyalty (and so help to keep them as future customers) - Samples, special offers, free gifts, selling or giving away related products.

These are all types of promotion which can make the group's product more attractive to the customers compared to the competing products.

The ECP/project team could facilitate the Enterprise Group and could discuss possible ways to attract new customers as well as ways retain customers loyalty.

h) Costs of Marketing The sales process and marketing involves a cost and the EG agrees with the terms, and that payments to the marketing team (and other office bearers) are transparent.

EXPANDING THE BUSINESS

The group should consider expanding the business when:

- the business is going well, and profits are good
- and sales are good and expected to grow further
- And the market is large enough.

Planning the expansion should be done in the same way as planning the business start-up. There should be a feasibility study covering most of the points covered at the beginning for the business, as well as a similar planning phase.

The group could expand the business by increasing the volume of production (Eg: Produce more baskets etc.), increasing the same business in different places or new businesses. The ECP/Block project team should discuss with the group different ways of expanding the business when it becomes successful enough.

CHAPTER 15

MONITORING OF EG ACTIVITIES- VKP PROJECT TEAM

15.0 Monitoring of EG activities- VKP Project team

The different roles of the VKP project team and ECP w.r.t monitoring the EG activities is as given below

S.No	Unit	Roles
1	SPMU	Developing MIS tool and tracking the performance of the EGs through reports from DPMU Making monitoring visits to the districts
2	DPMU	Conducting Physical verification to check the utilization of the project grants Tracking the performance of EGs by consolidation and analysis of reports of ECPs Monitoring and review of ECPs
3	ECP	Regularly participating in their meetings Physical verification of the records Making Frequent physical visits to member fields Monitoring the utilization of the project grant Monitoring the EG business activities Facilitating of the EG for grading. Reporting to the DPMU on EG activities

CHAPTER 16

ENVIRONMENTAL SAFEGUARDS REQUIREMENTS

16.0 Environmental Safeguards Requirements

All enterprises and business plans by enterprise groups should be compliant with the laws and regulations of the country and the state.

Compliances related to Enterprises/Value chain activities:

- Industrial activity (related to food processing or cottage industries) should take necessary approval and license from Pollution Control Board (green, orange, red category), FSSAI etc. wherever applicable. Examples are given below: (detailed list available in ESMF Handbook vol-2)

Orange Category (High Impact)	
1	Food and food processing including fruits and vegetable processing
2	Jute processing without dyeing
3	Dairy and dairy products (small scale)
4	Coffee seed processing
Green Category (Low Impact)	
1	Dal Mills
2	Flour mills (dry process)
3	Poultry, Hatchery and piggery
4	Rice mill (Rice hullers only)
White Category (Low Impact)	
1	Bio fertilizer and bio-pesticides without using inorganic chemicals
2	Organic and inorganic nutrients (by physical mixing)
3	Organic manure (manual mixing)
4	Manufacturing of coir items from coconut husks

- Avoid use of non-permissible food colours
- Avoid use of water for processing that does not prescribe to drinking water standards according to (IS 10500-2012)
- Avoid activities/projects causing water pollution or letting waste water into water bodies nearby or open places
- Avoid sale and use of recycled and colored plastic carry bags less than 50 microns in thickness.

CHAPTER 17

ROLES AND RESPONSIBILITIES OF ECPS IN EGS

17.0 Roles and Responsibilities of ECPs in EGs



CHAPTER 18

CAPACITY BUILDING PROCEDURE AND ROLES AND RESPONSIBILITIES IS SUMMARISED BELOW

18.0 Capacity building procedure and Roles and Responsibilities is summarised below

Stages	Tasks	Duration	Responsibilities
Pre-Formation	Training to ECPs by TSA/Master ECPs	1 day	ECPs/ Block team
	Awareness Raising Project Team- ECPs/ to VPRC and PLFs		
	Discussion with VPRC and PLFs on need of a Enterprise group	1 Day	ECP/block team
	Formal meeting with VPRC and PLF to discuss membership, sharing membership form, norms, membership fee for EG, exit norms etc	1 Day	ECP/block team
Formation	Organizing first training to office bearers to discuss on Objectives, activities, norms of membership, roles and responsibilities, selection of office bearers	3 Days	BLOCK TEAM/ Master ECP
	Meeting for all the EG members to finalize Vision, Goals and activities	1 Day	ECP
	Support in maintaining books	Regular	ECP
	Book keeping training	1 Day	Block team
First six month	Facilitate Monthly meeting- Discussion on Business idea, support for business executions etc, constraints, legal form etc	Regular	ECP
	Organize exposure- Market to understand present flow of products, identifying space of EG to engage in marketing, Scopes of alternate market channels	3-4 Days	District Project team/TSA
	Organize exposure- Best practice sites of relevant activities	1-2 days	District Project team/TSA
	Training on finalizing the Business plan- production related, plan-Training,	2 Days	TSA/District PROJECT Team
	Business development Support services	2 days	ECP/District Project team/TSA
	Implementing and monitoring	Regular	ECP/Block team

General Profile of the Member

Name of member:		Name of Husband/Father:	
Name of SHG:		Name of Vo:	
Social Category:	GEN/ST/SC/OBC	Economic category:	APL/BPL
NREGA Job Card:	YES/NO	Bank Account:	YES/NO

HH person Details:

Sl. No	Name of HH Member	Relationship	Sex (M/F)	Age	Marital Status	PWD (Y/N)	Education	Primary occupation

Resource Details:

Name of the Resource	Unit	Number of unit	Present use
Land(Own/Leased)			
Irrigation source			
Livestock(cow/goat/ chicks)			
Machineries			
Infrastructure			

Income Details:

Sr. No.	Source of Income	Total Annual Income (in INR)

Annexure-III

Draft Constitution of Enterprise Group

Article-I

Name of the Enterprise

Group: Address:

Date of formation:

Formation of Enterprise Group:

Today, 1st of October, 2018, day atPM/AM all the producers of (name of the commodities) organized a general meeting. In the general meeting the all producers felt need of forming a Enterprise group in the village to improve the income of the producers engage in the activities. After a detail discussion all the producers present in the meeting decided to forma Enterprise Group in the village. And the general body decided the following for the Enterprise Group-

Name of the Enterprise Group:

Address of the Enterprise Group:

Objectives of the Enterprise Group:

(a)

(b)

(c)

Selection and appointment office bearers

Sl. No.	Name	Designation
		President
		Secretary
		Treasurer

Norms for membership:

Article-2

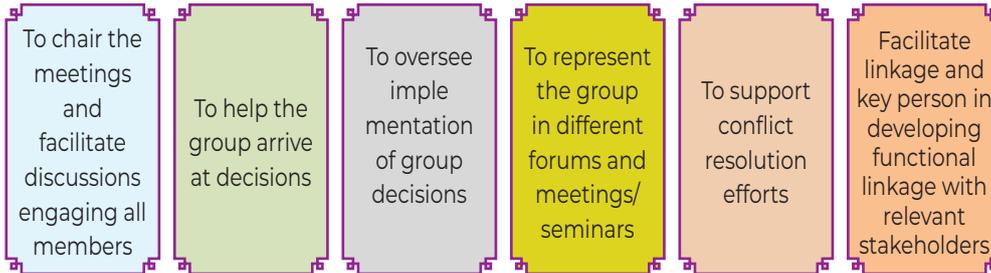


Exit norms of members

A member willing to withdraw from the producer group has to submit an application to the president of EG citing reasons, EG in its monthly meeting will decide on the withdrawal of membership, after discussion EG will come to a final decision, similarly for termination of membership due to absence from meeting, non adherence to group norms, not performing roles and responsibilities will also be discussed and decided in the group meeting.

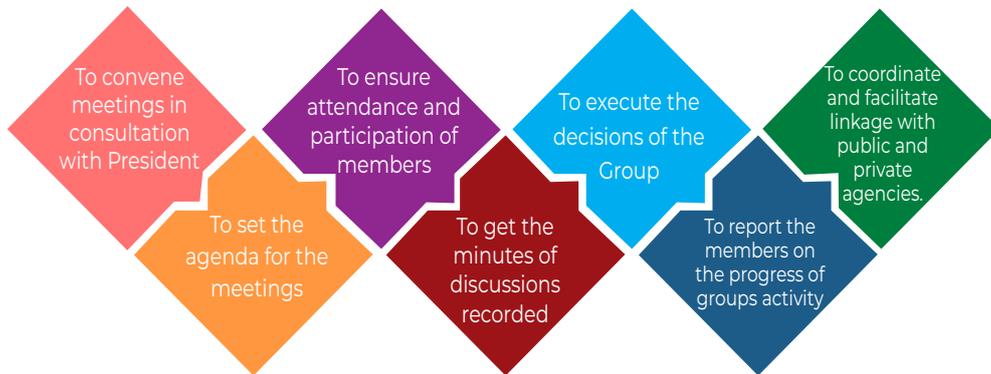
Power and Function of office bearer:

(a) Role of President:

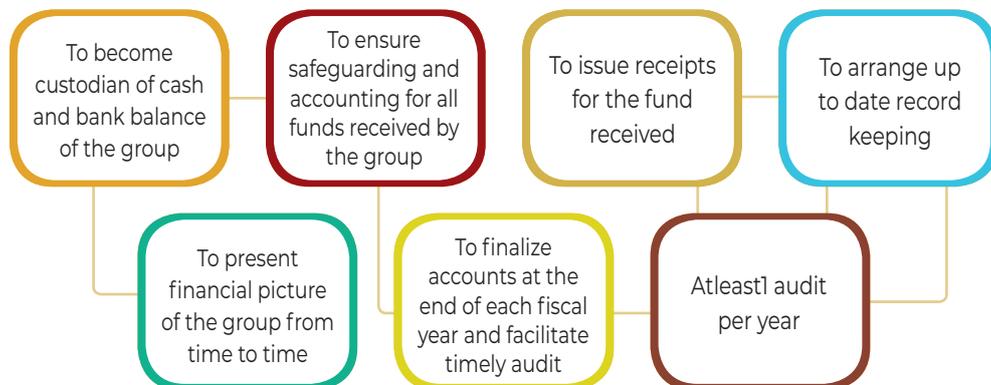


(b) Role of Secretary:

The secretary shall be in charge of all the correspondence and records of the producer group, keep the meeting minutes



(c) Role of the Treasurer:



General Body: The General Body will be the principal decision making body of the Producers' Group and will comprise of all the members of the group. The general body will meet at least once in three months with a quorum of two third of its members.

Functions of General Body:



The Office Bearers (OB) will be accountable to the EG group members for their day to day activity.

Article –III

1. Registration Fee:

Each member of the Enterprise Group need to deposit INR 100 (Rs. Hundred) as registration fee to the Enterprise group

2. Monthly contribution:

Each member will contribute INR (need to decide by the EG) as monthly deposit to the EG for building the group working capital. Once the member left from the EG then EG will return the same to the members after the annual audit of the group with addition of proportion of profit/loss EG had made in last financial year.

3. Fine:

If any member of the executive committee absent in the EC meeting without any prior information then PG will charge fine of INR Rs:___ (need to decide by the group) from the respective EC member.

4. Financial Management:

To manage the fund of the EG in a transparent and effective way the EG will open a saving bank account of the EG at any Nationalized bank. The three office bearer will be joint signatory of the saving bank account.

5. Loan:

EG will not provide any loan support to its member..

Article- IV

- General Body Meeting Norms: GB meeting will held two time in a year (in 1st year) and 2nd year on ward once in a year.
- Meeting Norms of Executive Committee: EC meeting will take place once in every month. The date and time of EC meeting is date of every month on AM/PM at venue.
- Quorum: In general body meeting quorum is minimum presence of minimum 50% of GB members. In EC meeting quorum is minimum presence of 2/3rd of its EC members.
- Decision making process: Decision will be taken on the basis of consensus of all the EG members. If consensus cannot be build then the decision will taken by majority voting basis

Article V

- The capital of Enterprise Group shall be monthly contribution paid by members, registration fee and rent received on leasing of implements.
- The liability of each member in case of liquidation is limited to the value of monthly contribution by members after adjustment made after the audit.

Article VI

- Consent of 3/4th or 75% members is required for dissolution of Enterprise Group. With the consent of the all the member of EG, the cash shall be distributed among members in proportion to monthly contribution deposited. And assets, implements received from VKP/ other Govt should be handed over to VPRC of the village.

Adoption of Constitution by Enterprise Group:

We the recent undersigned members of Enterprise Group established on have read, understood and accepted the rules and regulations of the Enterprise Group and we here by attest the sign at ures to the rules and Regulations on this.....day of the month in the year

Sl. No.	Name	Designation	Address	Signature
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
22				
23				

Sl. No.	Name	Designation	Address	Signature
24				
25				
26				
27				
28				
29				
30				

Certified to be a true copy of the Rules and Regulations of the Enterprise Group

Date:

Seal of the Enterprise Group Signature & Stamp of President & Secretary

Annexure-IV

VAAZHNDHU KAATTUVOM PROJECT (VKP)

BUSINESS PLAN TEMPLATE

1. Name of the EG	
2. EG Code:	
3. Village Panchayat:	
4. Block:	
5. District:	
6. Address:	
7. Name of the Activity	
8. Classification (Farm / Off Farm/ Non-Farm):	
9. Sector Classification (Production/Business/ Service):	
10. Purpose	
11. Amount required	
12. Contribution by members	
13. Legal form (LLP / Partnership)	
14. Udhayam / Udyog Adhar / MSME Registration (if available)	
15. Registration No	
16. Registration Date	
17. GST No (if available)	
18. PAN Card No (if available)	

Introduction:

About the product and activity:

Enterprise Group Nature

Type of enterprise	
Product to be produced:	
Service to be offered	
Present Demand	
Current Supply - Current issues in the supply and how the EG will address this in her / his venture? What is the USP to overcome the competition?	

Financial Viability

Cost of the proposed / Existing Activity

Cost of the Project:	(Rs in lakhs)
A) Fixed capital (as per Annexure 1)	
B) Working capital (as per Annexure 2)	
Total cost of the project (A+B)	
Means of the Project (contribution)	
Startup Grant	
EG Contribution	
Total Means of the project (Contribution)	

Technical Feasibility

Sl.No.	Description	Yes / No
1	Whether EG have adequate Land / Building for operating?	
2	Whether EG have adequate electricity for running?	
3	Whether EG have Water source for running?	
4	Whether EG have proper approval for running their group without any deviation?	
5	Whether EG have a knowledge on their raw materials?	
6	Whether EG have adequate Equipment's for operating their business?	
7	Whether EG have skilled labors / manpower?	

Commercial Feasibility

Sl.No.	Description	Yes / No
1	Whether EG have skilled labors / manpower?	
2	Whether EG have info on marketing of their produce?	
3	Whether EG have awareness on selling points /marketing location?	
4	Whether EG sell their produce by retail / wholesale?	
5	Whether EG sell their produce by Direct / online	

Business Details for a production cycle (Balance Sheet)

Sl.No.	Particulars	Amount (Rs. In Lakhs)
1	A) Total Sales	
2	B) Total Cost of Production	
3	1. Raw material Cost	
4	2. Wages / Labors	
5	3. Cost of utility	
6	4. Others	
	Gross Profit (A – B)	

Office bearer Signature
with seal

Verified by

ECP / PE Block Team Leader

Executive Officers (EED and BPF)

TSA (Name, Signature with date)

Approved By District Executive Officer

Annexure - 1

Fixed capital

Particulars	Size / No	Rate (per unit cost)	Total Value
Total			

*Cost of the capital asserts proposed to be acquired

*Cost of all the equipment's / machinery / construction (excluding land cost)

Annexure - 1

Working Capital

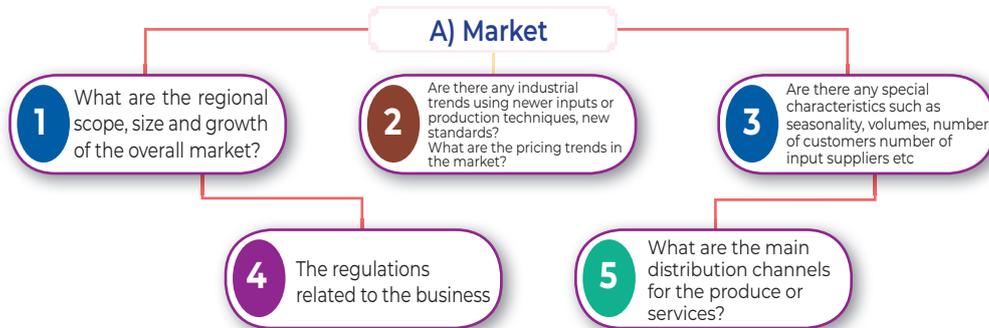
Particulars	Holding Period	Quantity Required (Nos, Mt, Kg, Litre)	Rate (per unit cost)	Total Value
Total				

*The operating cycle is assumed at 30 days excluding packing material holding.

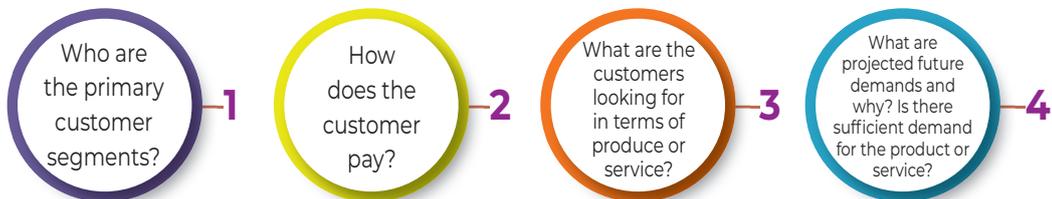
Office bearer Signature

Annexure-V

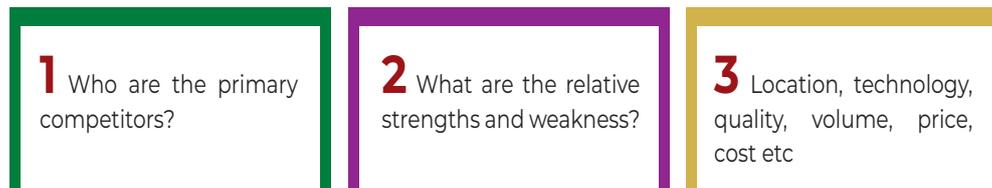
Questions for a Market analysis



Customers



Competition



Annexure-VI

VI. a. UDYAM REGISTRATION

The Union Ministry of Micro, Small and Medium Enterprises (MSME) has introduced a new process of classification and registration of MSME Enterprises under the name of 'Udyam Registration' on July 01, 2020.

Udyam Registration also known as MSME Registration is nothing but a government registration that is provided along with a recognition certificate and a unique number. This is to certify small/medium businesses or enterprises.

Micro, small and medium enterprise (MSME) classification

Classification	Investment in plant and machinery or equipment	Turnover
Micro enterprise	Not more than INR 1 Crore	Not more than INR 5 Crore
Small enterprise	Not more than INR 10 Crore	Not more than INR 50 Crore
Medium enterprise	Not more than INR 50 Crore	Not more than INR 250 Crore

SALIENT FEATURES anyone may obtain the Udyam Registration for the enterprise. It can be registered through the portal i.e. <https://udyamregistration.gov.in/Government-India/Ministry MSME-registration.htm>.

- The process for Udyam Registration is fully digitalized and Paperless. There is no need to upload any document.
- Registration Process is totally free.
- An e-certificate, namely, "Udyam Registration Certificate" shall be issued online on completion of the registration process.
- This certificate has a dynamic QR Code from which the web page on our Portal and details about the enterprise can be accessed.
- Whoever intentionally misrepresents or attempts to suppress the self-declared facts and figures appearing in the Udyam Registration or updation process shall be liable to such penalty as specified under section 27 of the Act.
- The online system is fully integrated with Income Tax and Goods and Services Tax Identification Number (GSTIN) systems, details on investment and turnover of enterprises are taken automatically from Government data bases. Exports are not taken as part of turnover calculation.
- Those who have EM-II or UAM registration or any other registration issued by any authority under the Ministry of MSME, will have to re-register themselves before 31.03.2021.
- No enterprise shall file more than one Udyam Registration. However, any number of activities including manufacturing or service or both may be specified or added in one Registration.

WHO SHOULD APPLY FOR ONLINE UDYAM REGISTRATION?

Any person who intends to establish a micro, small, medium enterprise may file online Udyam registration.

DOCUMENTS REQUIRED FOR UDYAM REGISTRATION ONLINE

The Online Udyam Registration application process is based on self-declaration. The user will only need to provide their 12-digit Aadhaar Number, PAN Card, GST and Bank Account details of Business for the registration process.

HOW TO REGISTER MSME USING UDYAM REGISTRATION PORTAL?

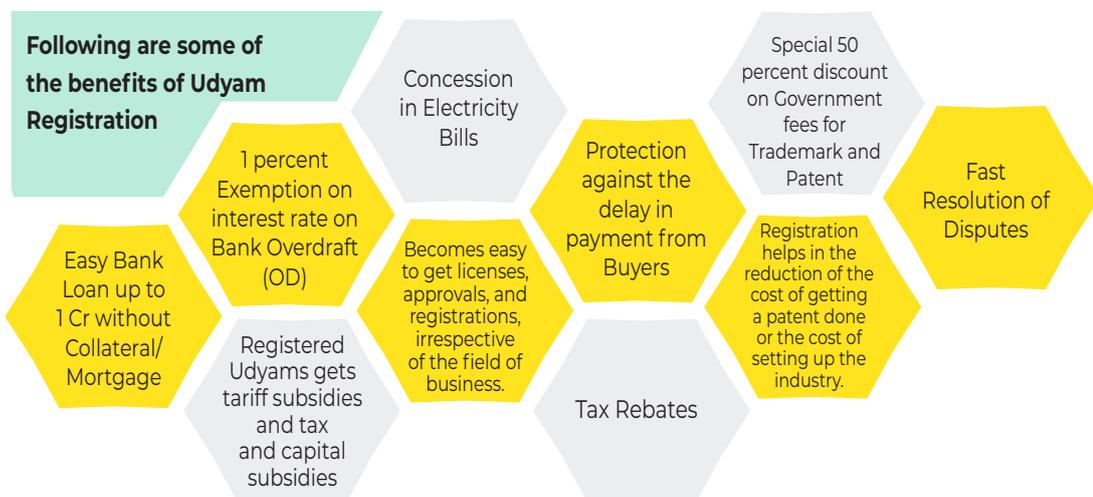
The new MSME registration process is completely online, paperless and based on self-declaration. No documents or proofs are required to be uploaded for registering an MSME.

- An MSME needs to apply for online Udayam Registration in Udyam Registration Portal.
- On successful submission of application, the enterprise will be assigned 'Udyam Registration Number' (i.e., permanent identity number).
- On completion of the registration process, the enterprise shall be issued a 'Udyam Registration Certificate'.
- Aadhaar number is mandatory for obtaining udyam registration. Following aadhaar number is required based on the type of firm

Type of firm	The person whose Aadhaar number is required
Proprietorship firm	Proprietor
Partnership firm	Managing partner
Hindu Undivided Family	Karta
Company or a Co-operative Society or a Trust or a Limited Liability Partnership or any other business entity.	Authorized signatory

The enterprise group can do UDYAM registration for their business. To register a business through the group you can register with the group's permanent bank account number (PAN), business details and the Chief functionary/Authorized signatory Aadhar card.

UDYAM REGISTRATION BENEFITS



VI. b) Partnership firm

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

Any firm which falls under the category of a small or medium scale business can prevail under the partnership, as there is limited legal compliance. It is not mandatory to register as a

partnership firm under the Act, but registering a firm gives the partnership a legal identity and has several advantages in case of disputes among the partners, settling claim against third party.

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

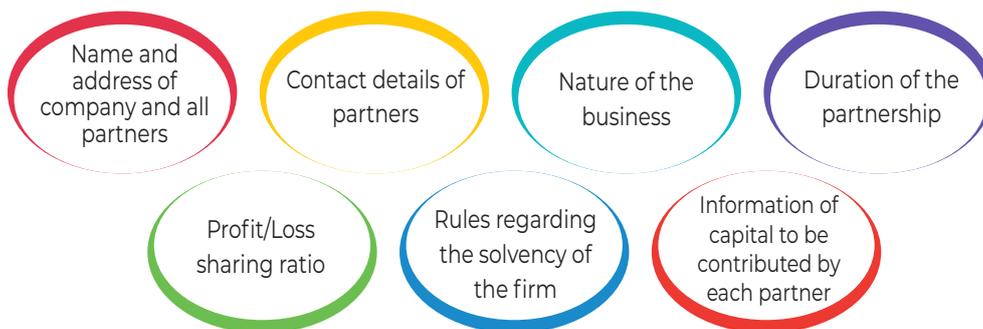
Steps to register for a Partnership Firm under the Act

1. Choose name for a partnership

A firm should select a name that does not resemble the name or colour-able imitation of the entity that is already public. Partnership name should not be similar or identical to existing company doing the same business. Applicant can check the validity of his/her chosen name at the Ministry of Corporate Affairs website.

2. Draft a Partnership Deed

The partnership deed is the most important document for the registration of the company as it provides the registrar with the following necessary information:



Additionally, the Deed also contains information about the remuneration payable to partners in excess of the profit shares, responsibilities of partners, audit procedures, etc.

3. Apply for a PAN Card in the Partnership Name

A firm, irrespective of registration under the Act, has to apply for a Permanent Account Number to the Income Tax Department. This can be applied on the basis of a current account in the name of the firm. The PAN is a requirement to fulfil the obligation of paying taxes.

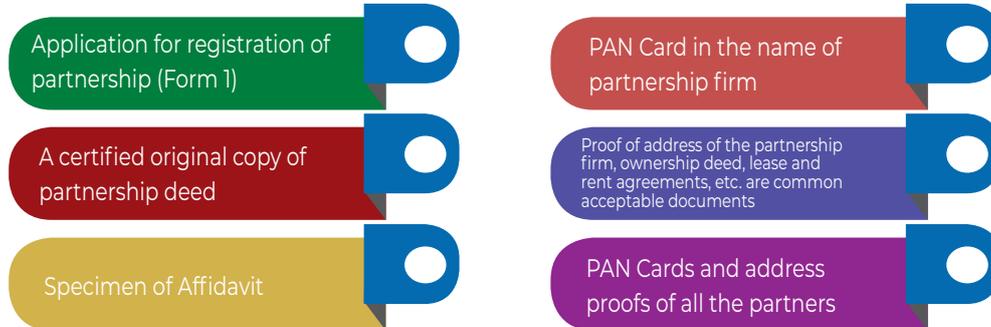
4. File a registration application

The registration application requires a firm to provide information regarding the name of the firm, the nature of the business carried out, address of the business, names and addresses of all the

partners, date of commencement of business. This form is further taken to the registrar in the region of the firm's main office.

5. Submit the necessary documents

Along with the registration application, the following documents are to be submitted to the Registrar as a part of the registration process:



6. Pay the fees and stamp duties

A registration fee and a stamp duty need to be paid at the time of the submission of the documents with the Registrar. The fees vary across states. One must understand that the registration is not complete until all dues are paid.

7. Finalize the Deed

To legalize the Deed, it should be provided to each partner in a written form on a stamp paper. One stamp paper deed should be duly signed by all the partners in front of the notary. The value of the stamp varies from state-to-state. The signed copy is thereafter submitted to the Registrar during the registration process.

8. Certification from the Registrar

The registrar, after thorough examination of the documents, will issue a registration certificate. The firm will be thus on record in the Register of Firms. On the date of this entry, the firm shall be deemed to be registered. The partnership firm is required to add '(Registered)' after its name from the date of registration. Tamil Nadu provides the facility of registering partnership firms online. The online registration of partnership firm requires the firm to file an application online. The firm will have to furnish the same information on this form. The acknowledgement number raised after the submission of the application is further used to login on the website and the firm has to upload the scanned copies of all the above mentioned documents. The registrar will review the documents and the certificate will be sent through an email.

VI. C) Limited Liability Partnership (LLP)

Limited Liability Partnership (LLP) is a partnership in which partners have limited liability. It can exhibit characteristics of both partnerships and companies. In an LLP, an individual partner is not responsible or liable for any other partner's misconduct or negligence. LLP was introduced in India in the Limited Liability Partnership Act, 2008.

Steps to register for a Limited Liability Partnership (LLP)

1. Designated Partners Identification Number (DPIN)

Obtain Designated Partners Identification Number (DPIN). • All designated partners of the proposed LLP shall obtain "Designated Partner Identification Number (DPIN) / Director Identification Number (DIN)". • DPIN/DIN may be applied from: <http://www.mca.gov.in/MCA21/Din.html>.

2. Getting Digital Signature Certificate (DSC)

Registering LLP is to acquire the digital signatures of all the designated partners of the LLP. A digital signature is required since the LLP's documents are filed online. These documents carry digital signatures that further helps in obtaining certificate.

Digital signatures required can be obtained from certified government agencies, such as National Informatics Centre, IDRBT Certifying Authority, E-MUDHRA, CDAC and NSDL.

3. Reserving the Name

To register a proposed LLP, the applicant needs to get a Limited Liability Partnership-Reserve Unique Name (LLP-RUN) that can be processed at the Central Registration Centre. However, before citing or quoting the name, it is always advisable to check from the Ministry of Corporate Affairs (MCA) portal for a free name. This will provide a list of companies with the same or similar names to a proposed LLP. Once the name has been chosen, the registrar will approve the name that is not very similar to any existing LLP. The LLP-RUN will need to be submitted along with a fee that will then proceed for the approval of the registrar.

4. Incorporation of LLP

Form for incorporation of Limited Liability Partnership (FiLLiP) is required to be filled and submitted with the registrar for incorporation of LLP. Fees have to be paid as per Annexure 'A'.

5. File Limited Liability Partnership Agreement

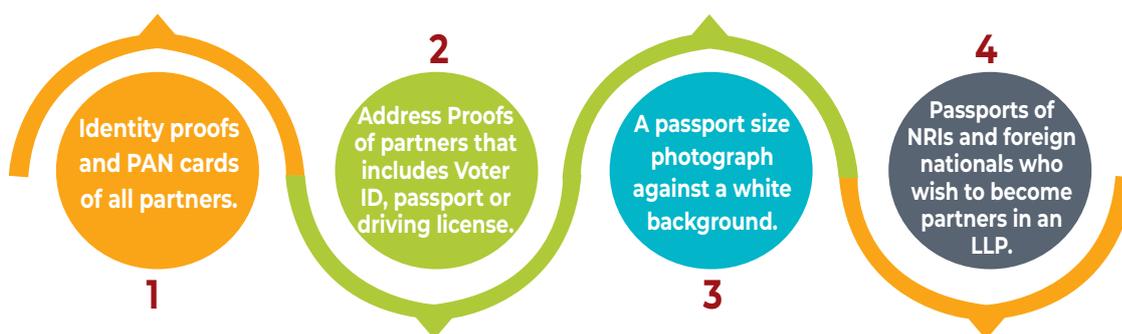
This agreement governs the mutual rights and duties amongst the partners. The agreement can be filed in form 3 online on MCA Portal. From the date of incorporation, Form 3 for LLP agreement has to be filed within 30 days. LLP Agreement has to be printed on Stamp Paper, wherein every state has their different stamp paper.

6. Documents Required for LLP Registration

There are two sets of documents that will need to be submitted for the LLP registration i.e. documents required of partners and the LLP documents.

Documents of Partners

All partners in the LLP will be required to submit the following:



Documents of LLP

Documents related to the LLP entity that need to be compulsorily submitted are:

1. A proof of the registered office of address needs to be submitted at the time of registration or within a time span of 30 days of the incorporation of the LLP. In case, the registered office is a rented facility, an NOC from the landlord is necessary. Additionally, at least one proof of residence will need to submit such as utility bills that are no older than 2 months.
2. A Digital Signature Certificate (DSC)

Different between Limited Liability Partnership (LLP) and Partnership firm registration

Details	LLP	Partnership firm
Definition	LLP is a business form that offers the combined benefits of a partnership and a company	The relation between two or more persons who have agreed to share the profits of a business carried on by all or any of them acting for all.
Applicable Act	Limited Liability Partnership Act, 2008	Indian Partnership Act, 1932
Partners Liability	In LLP partners have limited liability	Partners liability is to the amount of capital invested
Need for registration	Mandatory to be registered	Registration is optional
Registered to	Ministry of Corporate Affairs	Registration of Firms
Legal status	LLP has a legal status	There is no separate legal status for partnership
How to name a firm?	Must suffix LLP after the name of the firm	Can be any name as decided by partners
Agreement Document	LLP Agreement	Partnership Deed
Maximum Partners allowed	No such limit	Maximum 100 partners allowed
Is there any perpetual succession?	Perpetual succession is possible as partners may come and go in an LLP	Perpetual succession is not possible in partnership
Compliance	Mandatory to file the annual return to Ministry of Corporate Affairs	No requirement of annual return filing
Inheritance of entity	Transferred as per the regulations of the LLP Agreement	Transferred to the legal heir

Details	LLP	Partnership firm
The requirement for Designated Partner Identification Number (DPIN)	Each partner should obtain DPIN before they are appointed as the Designated Partner	No such requirement
Digital signature	At least one Designated Partner must have Digital signature	No such requirement
Dissolution	By agreement, court order, insolvency, mutual consent, etc.	It should be done voluntarily or by order of the National Company Law Tribunal
Admission of partner	As per the regulation of the LLP Agreement	As per the regulation of the Partnership Deed
Cessation of a partner	A person can continue to be a partner as per the LLP Agreement or by giving a prior notice before 30 days in case of the absence of the same	A person can continue to be a partner as per the regulation of the Partnership Deed
Audit of accounts	Accounts audited annually as per the provisions of LLP Act 2008	Under the provisions of the Income Tax Act

Annexure-VII

SOCIAL SCREENING CHECK LIST FOR CONSTRUCTION OF INFRASTRUCTURE

NAME OF DISTRICT,

BLOCK AND VILLAGE:

KIND OF INFRASTRUCTURE TO BE CREATED:

SAFETY FOR WOMEN:

Access to and from the land especially for women travelling alone (please give some details about roads, lighting, transport etc.)

OWNERSHIP DETAILS OF THE LAND:

How is the land procured: Donation / Lease / Purchased

If taken on lease, number of years _____ rate _____:

If purchased, from whom:

Land usage before construction:

Agriculture		Under vegetation cover	
Animal grazing		Lying fallow	
Squatter or Encroachment		Any other please mention	

CONSULTATION PROCESS

- Consultation with GP/PG/VPRC etc. and or Village Council
- Consultation with other members of the community
- Consultation with individual and family members (in case of private donation)

DOCUMENTATION OF THE PROCURED LAND

- For Panchayat/Government Land: No Objection Certificate or Memorandum of Understanding (MOU) given by GP
- For Private Individual Land: Rental Lease, Purchase Agreement, Voluntary Land Donation Document

Annexure-VIII

VAAZHNDHU KAATTUVOM PROJECT

START UP FUND

APPLICATION FORM FOR ENTERPRISE GROUP

1. Name of the Enterprise Group (Name of the Panchayat, Block, District):
2. Communication Address with Phone Number :
3. Date of formation:
4. Business Activity: Specify types of enterprise and features

5. Total Number of Members:

categories	No of members	BC	MBC	SC	ST	others	SHG Members	SHG family members	Differently abled
Female									
Male									
Total									

6. Details of Bank Account

Name of the Bank:

Branch:

Account Number:

IFSC Code

Proposed Activities & Fund Requirement details :

S. No	Activity	Amount Required (Amount in Rupees)	Timeline
1			
2			
3			
	Total Amount		

Declaration:

We the representatives of the Enterprise Group, hereby declare that the above furnished details are true to the best of our knowledge and request you to sanction us loan to carry out our Enterprise Group activity.

Date

Office Bearer's Signature

Enclosure:

i) Photocopy of bank passbook,

ii) Meeting resolution

iii) Business plan

Annexure-IX

Enterprise Group (EG) START UP FUND Assessment Form

Assessment of the Milestones achieved (New EGs)

S.No	Details	Means of verification	Yes/No	Remarks
1.	Whether the EG has bank account in its name?	Group Bank pass book		
2.	Whether the EG has completed minimum of three months from the date of formation?	Copy of minutes book		
3.	Membership fee collected (%) {Amount collected/Total Fee (Total members x 100)}x 100	Minutes book, Bank Pass Book		
4.	Whether the EG has its business plan?	Business plan document		
5.	%Women members- (No. of women members/Total members) x 100	Member profile, Minutes book		
6.	Whether the EG has been registered under MSME?	Registration certificate		

Whether the EG is eligible to receive start up fund:

Recommended for Start-up fund- Yes/No

Assessment made by Block team comprising of

BTL

EO-BPF

EO-EED

Verified by TSA (District Lead)

Approval by DEO

Annexure-X

Details on MGF Loan products

MGF Loan Products for Individuals, Enterprise Groups and Producer Collectives

Parameters	Nano	Micro	Small
Loan size	Up to INR 5 lakhs	Above INR 5 lakhs to INR 15 lakhs	Above INR 15 lakhs
Margin Money ¹⁶	General Category 10% Special Category 5%	General Category 10% Special Category 5%	General Category 10% Special Category 5% For loans of above INR 50 lakhs; margin - 25%
Matching Grant	30% of the project cost	30% of the project cost	30% of the project cost
Rate of interest	As per Bank's norms	As per Bank's norms	As per Bank's norms
Repayment term	As per Bank's norms	As per Bank's norms	As per Bank's norms
Holiday period	In accordance with Bank / RBI norms	In accordance with Bank / RBI norms	In accordance with Bank / RBI norms
Security	Hypothecation of assets created out of loan No additional security	Hypothecation of assets created out of loan No additional security	Hypothecation of assets created out of loan No additional security
Other charges	As per Bank's norms	As per Bank's norms	As per Bank's norms
Insurance	Insurance for the borrower, her / his spouse and for the assets created out of the loan	Insurance for the borrower, her / his spouse and for the assets created out of the loan	Insurance for the borrower, her / his spouse and for the assets created out of the loan
Credit guarantee cover fee	Guarantee fee will be borne by the borrower. If borrower opts for hybrid** option, bank can offer the hybrid option.	Guarantee fee will be borne by the borrower. If borrower opts for hybrid** option, bank can offer the hybrid option.	Guarantee fee will be borne by the borrower. If borrower opts for hybrid** option, bank can offer the hybrid option.

**Hybrid option is the option for the borrower to give a partial additional security and the for the balance portion, credit guarantee cover may be opted so as to reduce the credit guarantee cover fee for the borrower. For e.g. for a loan of INR 50 lakhs, if the borrower gives an additional security worth INR 20 lakhs, then the credit guarantee cover will be taken only for the balance INR 30 lakhs (not for the full loan amount of INR 50 lakhs) and the fee thereon will be for INR 30 lakhs cover only.



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