



PROJECT GUIDELINES

ENTERPRISE GROUP



VAAZHNDHU KAATTUVOM PROJECT



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Abbreviations

BPMU	-	Block Project Management Unit
BTL	-	Block Team Leader
CFS	-	Community Farm School
CFTRI	-	Central Food Technological Research Institute
CSS	-	Community Skill School
DEO	-	District Executive Officer
DPMU	-	District Project Management Unit
EC	-	Executive Committee
ECP	-	Enterprise Community Professional
EG	-	Enterprise Group
EO BPF	-	Executive Officer Business Plan Financing
EO ED	-	Executive Officer Enterprise Development
EO S&J	-	Executive Officer Skills and Jobs
FGD	-	Focus Group Discussion
FIG	-	Farmer Interest Group
FPO	-	Farmer Producer Organization
GB	-	General Body
ICRISAT	-	International Crops Research Institute for the Semi-Arid Tropics
IIFPT	-	Indian Institute of Food Processing Technology
LLP	-	Limited Liability Partnership

MGP	-	Matching Grant Program
MIS	-	Management Information System
MSME	-	Micro Small Medium Enterprise
NABARD	-	National Bank of Agricultural and Rural Development
NGO	-	Non Government Organization
NTFP	-	Non Timber Forest Product
OSF	-	One Stop Facility
PC	-	Producer Collectives
PE	-	Project Executive
PG	-	Producer Group
PGP	-	Participatory Growth Plan
SHG	-	Self Help Group
SPARK	-	Skillful, Personal ability, Attitude, Relationship, Knowledge
SPMU	-	State Project Management Unit
TNAU	-	Tamil Nadu Agricultural University
VKP	-	Vaazhndhu Kaattuvom Project
TNSRLM	-	Tamil Nadu State Rural Livelihood Mission
TSA	-	Technical Support Agency
WHO	-	World Health Organization

Introduction

Vaazhndhu Kaattuvom Project (VKP) is implemented with an objective of transforming the rural communities by creating sustainable development and prosperity through enterprise promotion, creating access to finance and employment opportunities.

The project aims to promote Individual and Group Enterprises in 3994 village panchayats of 120 blocks of 31 districts in Tamil Nadu.

Promotion of Group Enterprises



Enterprise Groups

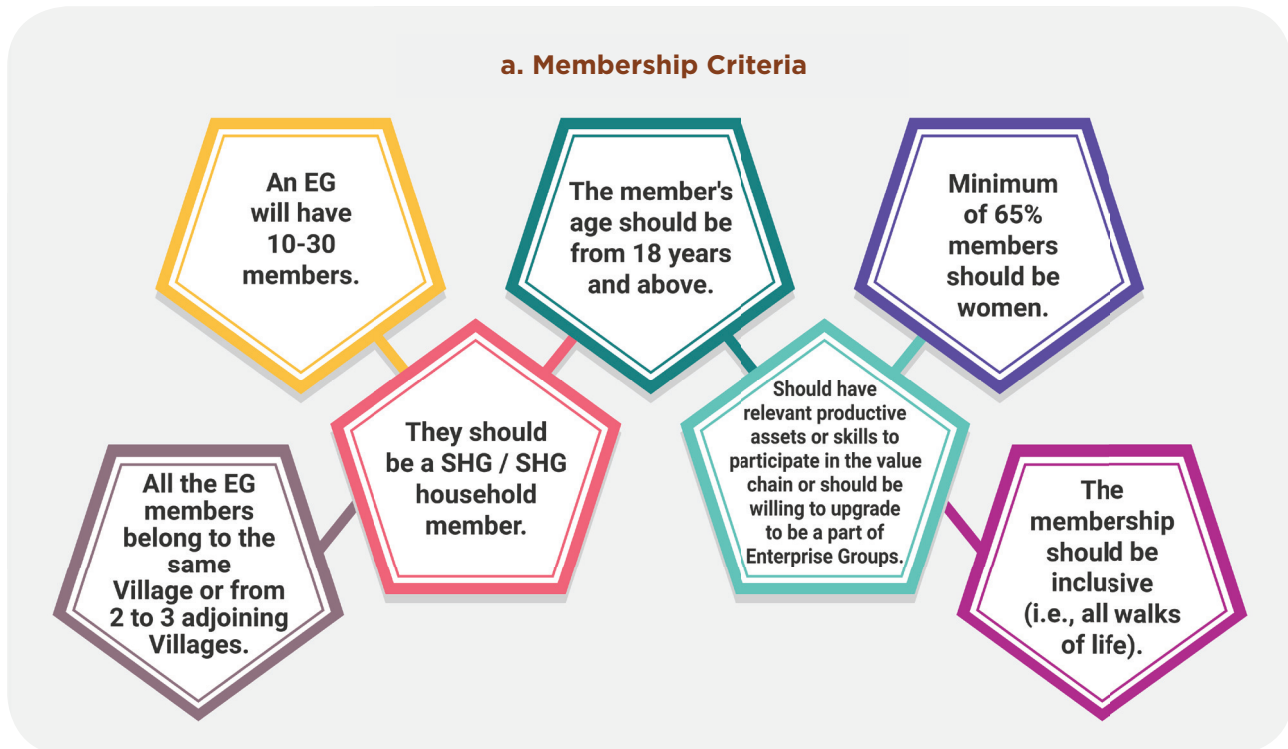
"A group of members having joint ownership and control over the business activities with shared profit and Loss". These groups will have a membership range of 10 to 30 and it should be a legally registered body (under MSME Registration/ Partnership Firm / Limited Liability Firm)

Objectives

The Objective of an enterprise group is to reduce production costs, improve quality and to increase the revenue and margin through joint venture. EGs are formed at the village level to undertake the following activities.



Formation of Enterprise Group



b. Collection of membership fee and investment amount

- Each member identified for the EG should pay not less than Rs.100/ as one time membership fee and 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 and from this amount, Bank account should be opened.
- Each member has to share the investment amount required for business promotion and business based on a business plan.

c. Member Roles and Responsibilities

- Evolving group norms and abiding to the norms.
- Members should follow the systems and process. For example, Developing a Plan, working as per the plan, maintaining the quality of production and supporting each other etc.,
- Contributing towards the group investment.
- Selecting office bearers.
- Attending meetings regularly.
- Participating actively in the group decision making.
- Sharing of the responsibilities in promoting and developing the business.
- Attending EG level trainings.

Steps in formation of EGs

- Focus Group Discussion with the Producers/ Entrepreneurs - After the completion of PGP process, the ECP/Block team should convene a meeting with all the entrepreneurs in the village and have a Focus group discussion with the producers to brief about the prioritized commodity and the possible value chain interventions that can be developed through the project. The interested entrepreneurs are mobilized to form an EG by the ECP/Block team.
- ECP/Block team should facilitate on 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.
- The ECP/Block team should facilitate the opening up of a bank account in the name of the EG 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, 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. They should also maintain a Panchayat wise separate register for this purpose. 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 EG.

Organizational Structure

The membership size for EGs could be a minimum of 10 and maximum of 30. The members will appoint three office bearers namely the President, Secretary and the Treasurer. The tenure of their post would be for a period of 2 years and they cannot continue for more than 2 consecutive terms. The members shall meet at least once in a month.

Office Bearers Roles and Responsibilities

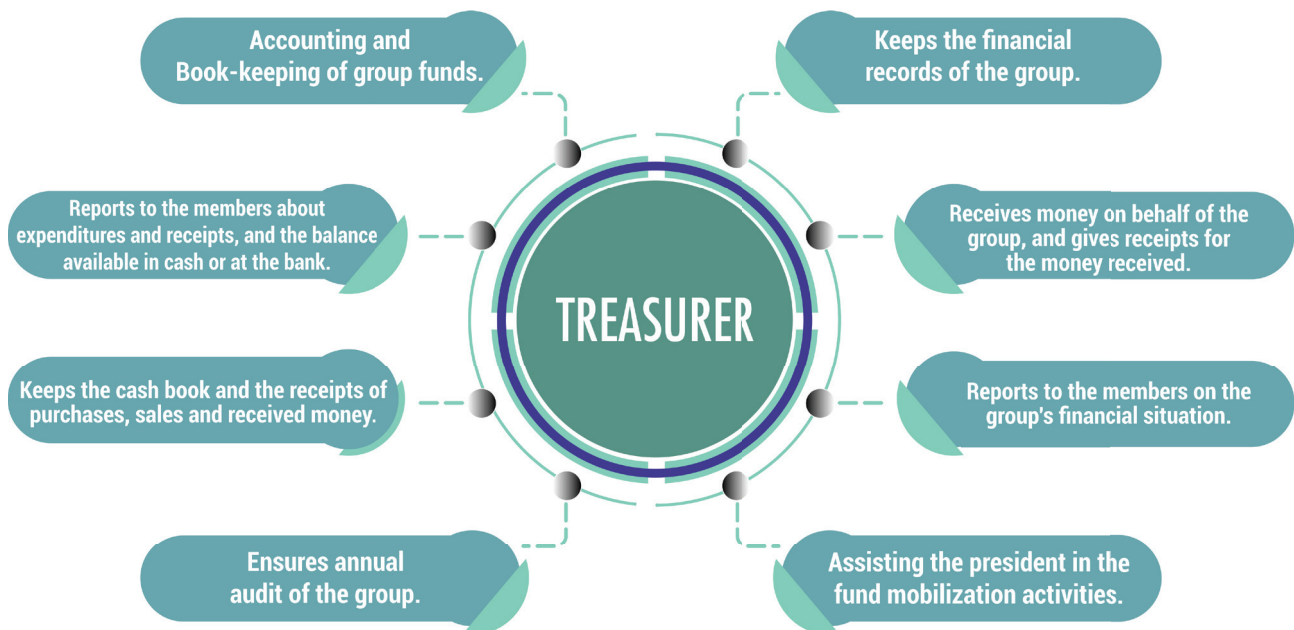
The roles and responsibilities of president is to:-



The roles and responsibilities of a secretary is to

- Convene meetings in consultation with president.
- Set the agenda for the meetings.
- Ensure attendance and participation of members.
- Get the minutes of discussions recorded.
- Execute the decisions of the Group.
- Report the members on the progress of group activity.
- Coordinate and facilitate linkages with public and private agencies.
- Maintains the list of members, the constitution, byelaws, business plan, and other important documents.
- Deals with communications to and from the group.

The roles and responsibilities of treasurer is to:-



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 are given as below:

1. MSME Registration
2. Partnership Firm and
3. Limited Liability Firm

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, capital and management capacity.
- The Enterprise Groups can be preferably register under UDYAM in MSME category rather than going for another category.

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

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.

UDYAM Registration Benefits

Following are some of the benefits of Udyam Registration

Easy Bank Loan up to 1 Cr without Collateral/ Mortgage.

1 percent Exemption on interest rate on Bank Overdraft (OD).

Registered Udyam gets tariff subsidies, tax and capital subsidies.

Concession in Electricity Bills.

Becomes easy to get licenses, approvals, and registrations, irrespective of the field of business.

Protection against the delay in payment from Buyers.

Tax Rebates.

Special 50 percent discount on Government fees for Trademark and Patent.

Registration helps in the reduction of the cost of getting a patent done or the cost of setting up the industry.

Fast Resolution of Disputes.

The details of the registration process are given in the annexure.

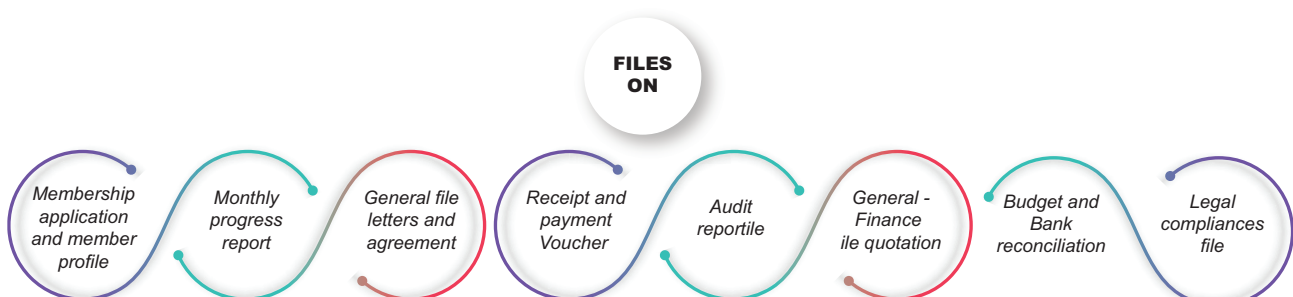
Establishing Management Systems

After the formation of EGs, the ECP/PE will support the group in establishing the systems for effective functioning of the group. This includes streamlining and strengthening the group activities, training groups on maintaining a set of records relating to their membership register, minutes book, financial

transactions, managing inventories, planning & monitoring, sharing of responsibilities among the members, linking with OSF for Business Development services etc. They will also train the members on basic group functioning and support them in stabilizing the group activities by attending the meetings regularly at least for a period of 12 months.

Book-Keeping at Enterprise Group

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





The above-mentioned documents will be maintained by a book-keeper who will be engaged by the EG. The EG will decide upon and pay an honorarium to the Book-keeper.

Capacity Building of EGs

The members of the group will receive a basic training on group functioning, conduct of meetings, book keepings etc. from the ECP/Block project team. Apart from the above training, office bearers from each group will receive a specialized training on the topics listed below. These trainings will be delivered by trained Master CPs and will happen in batches at the village level. EGs will have customized modules catering to their needs. These training modules will be developed by the TSAs in consultation with the project staff.

Business Plan Preparation for EGs

A guided process of business planning is required for the Enterprise Groups for the business development and to obtain financial support from the banks. 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 following components,

1. Business description-Details of business activity to be taken up by EG.
2. Business generation plan.
 - a. Procurement plan- Detailing on the operational cycle, input procurement and the raw material requirement.



Implementation and Monitoring the Business Plan

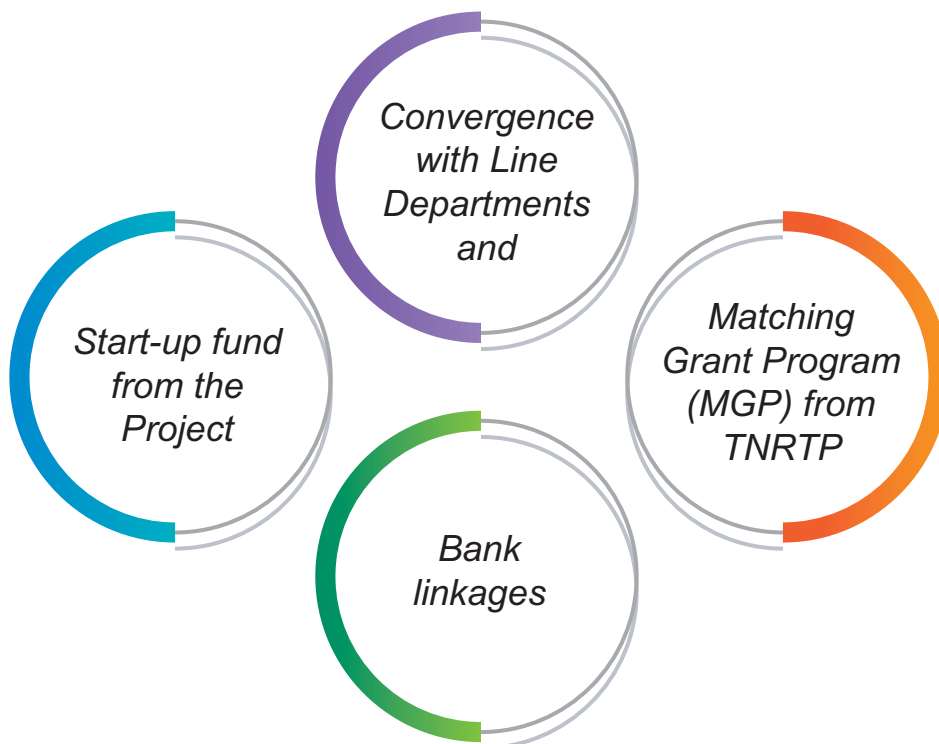
Once business plan has been completed, The ECP and the block team should check the business plan and follow up the Enterprise group with physical visits to monitor if they are following the plans and provide the necessary support

- b. Processing plan- The details of production cycle, drying, sorting, storing demand and supply etc.
- c. Sales and Marketing plan – Describes the target customers, description of the product, price, place and Promotion plans. Marketing channel.
- d. Financial plan- Details out the Fixed capital, Working capital requirement, Source of funds, Cash flow, Income etc.,
- 3. Human resources requirement- Skilled man power and the Capacity building of the members required in production, branding, packing and marketing
- 4. Technical support requirement- The Innovative and cost-effective technologies that can support the business.
- 5. ESMF/Safeguard's screening.

The business plan would be prepared with the help and support of TSA/ thematic experts empaneled by the OSF.

Financing of Enterprise Groups

The Enterprise Group (EG) may require finances for their business activities, working capital, purchase of assets, physical infrastructure, etc. Funding for EGs can be accessed through,



Startup Fund

The project will support a startup grant for the EGs of up to a maximum of Rs 75000/- for enterprise groups based on their business plan requirements i.e., working capital, raw materials, equipment / machineries, mini processing units, purchase of group assets or infrastructure improvement, logistics etc.,

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.

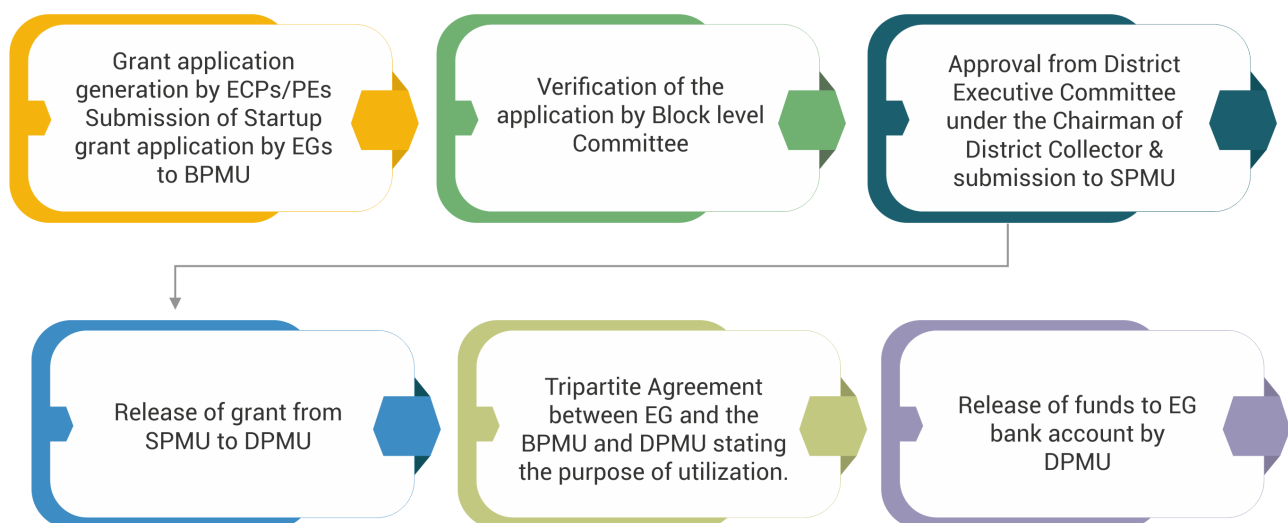
- Bank account in the name of EGs.
- Minimum 3 months should have been completed from the date of opening of Bank Account.
- 100% Collection of membership fee.
- Business plan completed.
- Ensure 65% women membership.
- EG registered under MSME / LLP / Partnership Firm (Compulsory).

Procedure for Release of Start-up Fund for Enterprise Groups

- The EGs with the support of block team/ECP will prepare a basic Business Plan.

- The business plan will be forward to the block team.
- The Block level committee (EO (ED), EO (BPF), EO (S&J), concerned block BTL and TSA district coordinator) will assess and forward to the District Office.
- The DEO will scrutinize and get approval from District Executive Committee headed by District Collector and submit the proposal to SPMU.
- SPMU will release the funds to the concerned districts and upon execution of agreement between the EG, BPMU and DPMU the funds will be directly transferred to the EG bank account from the DPMU.
- EG shall submit utilization certificate after the fund is utilized.
- If the fund is not utilized within six months, then the EG would re-plan their activities which will be approved by the project.
- The Start Up fund should not be utilized for individual asset creation.
- The Start Up fund should not be redistributed among the members.

Startup Fund Flow Arrangements (EG)



Convergence with line departments and Bank linkages

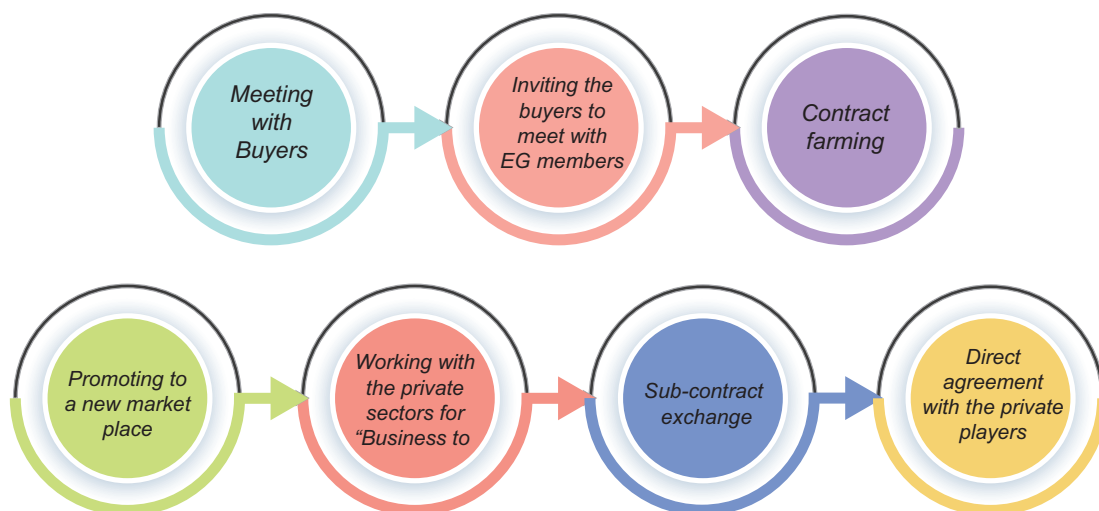
Apart from the project funds, the EGs also need to avail finance through bank linkages and convergences depending on the requirement. For group infrastructure, the project will assist EGs to access funds through convergence.

The EG is eligible for 30% Matching grant on the project cost obtained from the Project under Matching Grant Program (MGP) for the loan amount accessed through Participatory Financial Institutions.

Market Linkages

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 market players:



The ECP/Block team will facilitate the EGs to create market linkages through the OSF/TSA by the following activities:

- 1) Inviting traders to meet with an Enterprise Group.
- 2) Promoting new market places.
- 3) Providing information and negotiating support to Enterprise Group and its members.

The Business Development Services that an EG may require is as follows:

- ✓ Companies that provide market information.
- ✓ Equipment hire services.
- ✓ Logistics companies that transport and or store produce.
- ✓ Trainers and technical assistance providers.

The Market opportunities for EGs will be done through facilitation of the market linkages by the Block team /TSAs.

Technical Partnerships

SPMU and the TSA should forge wide-ranging partnerships with institutions of national repute such as IIFPT, ICRISAT, TNAU, CFTRI, 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 Technical training with the Technical institutes in that locality on the prioritized value chain commodities. The DPMU should arrange and facilitate the technical trainings for the Enterprise Groups.

Environmental Safeguards Requirements

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 document 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 usage of non-permissible food colors.
- Avoid usage 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 sales and usage of recycled and colored plastic carry bags less than 50 microns in thickness.

Guidelines for assisting/supporting 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 financial assistance from the project.

Criteria for assisting/supporting Existing EGs

Resolution to be passed by the EGs to join with TNRTP project

Minimum 65% of members should be women

The EG commodities that should be aligned with PGP (Participatory Growth Plan)

Bank account opened in the name of EGs

Minimum 3 months should have been completed from the date of opening of Bank Account

EG should be registered under MSME / Partnership firm / LLP

Steps for supporting/working with Existing EGs

- Focus group discussions with willing EGs at panchayat level by the ECPs on the EG guidelines and adopting resolutions in their meetings.
- In order to merge with the VKP scheme the existing EG will submit the following details to DPMU through BPMU. The details are as follows,
 - Member Profile
 - Bank account details
 - Minutes book.
- Conduct assessment of the EGs by the ECP/ BPMU using EG grading tool.
- Capacity building and strengthening the EG activities for those EGs based on the grading.

- Financial support (Startup fund) will be given to eligible EGs based on their grading (Grade A or Grade B).

Grading of EGs

The assessment of Enterprise Groups should be done for EGs performance based 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 should 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 of the EGs and obtain financial linkages

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



Eligibility and frequency of Grading

- The project will organize the Grading exercise regularly once in a year.
- The EGs which have completed at least 12 months from the date of formation are eligible for grading.
- For the EGs which are graded as C & D the lacking parameters shall be further strengthened and they can reappear for grading within six months.

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

Implementation and Monitoring the Business Plan

Once business plan has been completed, the members will undertake business operations based on the business plan made by the EG. The members share and participate in the procurement, production and marketing activities jointly. The contribution of each member to production is recorded and incentivized accordingly.

The ECP and the block team should check the business plan and follow up the Enterprise group with physical visits to monitor if they are following the plans and provide the necessary support.

Role and responsibilities of ECPs in EGs



*Identification of new people/members involved in enterprise activities.
Provide project information to producers who are willing to peruse enterprise collectively into enterprise group. Mobilize identified producers to form new Enterprise groups*

- Support group members to participate in capacity building training, refresh training, etc., provided by project/ TSA.
- Facilitate the enterprise groups for business development support services through the OSF as guided by the project team.
- Support Enterprise Group compliances to environment and social inclusion and safeguards.
- Support Enterprise Group in obtaining permit, license, etc., through project, OSF and TSA.
- Assist the members of Enterprise Groups to participate in CSS training and input sessions organized by the project.
- Participate in regular meetings of Enterprise Groups and provide handhold support to EGs in tandem with block teams, Technical support agencies and OSF.
- Disseminate information/awareness on the project financial instruments and assist in promotion of EGs into Producer Collectives.
- Update and manage all village level information of Enterprise Group through basic level Data update as guided by VKP Project.
- Provide any other follow up support to Enterprise Group as guided by the project.
- Integration of safeguard measures and compliance with the same.

Annexures – 1

Grading Procedure and Tool

Procedure for Grading
Enterprise Groups

Procedure for Grading for the Enterprise Groups

Introduction

Vaazhndhu Kaattuvom Project (VKP) is implemented with an objective of transforming the rural communities by creating sustainable development and prosperity through enterprise promotion, creating access to finance and employment opportunities.

The project aims to strengthen and capacitate the existing and new Enterprise Groups (EGs) which are promoted through the project. TSAs will support the

project in formation, development and strengthening of these EGs. 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." A Grading mechanism for EGs will help in assessing the institutional strength and business performance. Grading will also help in accessing finance or other benefits from relevant agencies.

Objectives of EG Grading

*To evaluate the institutional status and functioning of the Enterprise Groups.
To assess and identify the Gaps in Business Performance of Enterprise Groups.
To understand the training and growth needs of the EG based on the assessment*

Parameters on which the Grading is to be done as follow



Eligibility Criteria for Grading and frequency of Grading

- In the project, Grading exercise will be organized regularly once in a year
- The EGs which have completed at least 12 months from the date of formation are eligible for grading.
- EGs formed by the project and EGs integrated with project are eligible for the grading.
- For the EGs which are graded as C & D the lacking parameters shall be further strengthened and they can reappear for grading within six months.

Grading team

The grading team will consist of TSA District Coordinator, Executive Officer (ED), Executive Officer (BPF) and the respective Block Team Leader (BTL).

Grading Process

- Before the conduct of Grading an orientation has to be given to the grading team with the support of TSA.
- The Block team has to prepare the eligible EG list for Grading and submit it to the district.
- The DPMU will prepare a schedule to conduct the Grading exercise.
- The EG will be intimated on the grading at least one week before the grading.
- The grading will be administered during the EG meetings only. The Quorum for the Grading is 80% of the EC.
- If there is the attendance is less than 80% of the EC members, Grading should not be performed and it has to be postponed to another date.
- The Grading team has to submit the report within 3 days of date of completion of Grading.

Grading result based on Scoring

The EG has to be graded based on the scores obtained and as detailed in the table below:

Percentage scored by the EG	Grade
Above 70%	A
60-70%	B
40- 59%	C
Below 40%	D

EGs Graded as C and D will be provided with necessary capacity building training and handholding support to improve their governance, business performance and grade.

Enterprise Group Grading Format				
1	Name of EG			
2	Name of Panchayat:	3.Village	4.Block	5.District
6	Total No. of members:	7. Date of Formation:		8. No. of members present during assessment:
9	Type of Enterprise (Production/trading / Services)			

S. No	Particulars	Grading Indicator Marks & %	Means of verification	Obtained Score
A. Governance Max Marks 15				
1	No of meetings conducted in last one year	<ul style="list-style-type: none"> • More than 9 meetings = 3 marks • 5-9 meetings = 2 marks • 1-4 meetings = 1 marks • No meeting = 0 	Meeting minutes and book of records	
2.	Members participation/ attendance in the meetings – Last one year	<ul style="list-style-type: none"> • 80% and above = 3 • 50 to 79% = 2 • Below 50% = 0 	Meeting minutes / Meeting attendance	
3	No. of women leadership position (President, Secretary and Treasurer)	<ul style="list-style-type: none"> • All 3 office bearers women – 2 • 2 office bearers women – 1 • 1 office bearer women – 0 	Meeting minutes Bank pass book	
4	No. of women members in the EG	<ul style="list-style-type: none"> • Above 80 % =5 marks • 50 - 80 % =3 marks • 25-49 % =1 mark • Less than 25% =0 marks 	Members profile details	
5	Has the rotation of office bearers done as per their norms	<ul style="list-style-type: none"> • Yes or If no due for rotation = 2 marks No= 0 marks 	Meeting minutes, resolution copy, book of records, Bank Pass Book Signatory	

B. Book keeping Max Marks 14				
6	Regular updating of registers & books Cash Book <input type="checkbox"/> General Ledger <input type="checkbox"/> Member register <input type="checkbox"/> Minutes book <input type="checkbox"/> Stock and inventory register, <input type="checkbox"/> Production register <input type="checkbox"/> Sales register <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	Score for each of the register / books updates <ul style="list-style-type: none"> • Last month updated - 2 marks • One month previous updated - 1 marks • Not updated for more than two months =0 	General cash book, payments registers, books of records,	

S. No	Particulars	Grading Indicator Marks & %	Means of verification	Obtained Score
C. Business Management Max Marks 26				
7	Is Business Planning being taken up by the EG and followed up?	<ul style="list-style-type: none"> • Business plan prepared with member's participation & implementation -3 marks • Business plan prepared - 2 marks • Members not aware of Business plan / not prepared - 0 marks 	Availability of the documents of Business plan prepared by the EG level and document for the implementation of the activity	
8	No of days of employment received for the members in the last year (Average for 1 person) Total no of person days performed by the members / total no.of members = No.of days employment received one person in a year.	<ul style="list-style-type: none"> • For more than 180 days – 5 • 91-180 days – 4 • 61-90 days – 3 • 30-60 days – 2 • Less than 30 days – 1 	Data to be collect from various registers	
9	Amount of wages received by the members for their work (Per day minimum wage as per MGNREGA is consider minimum wage) Member received wage per day / Minimum wage x 100 = above/ equal/ below % of minimum wage) Working sheet MGNREGA minimum wage per day - EG wage per day -	<ul style="list-style-type: none"> • Above the minimum wages/ market wage rate– 3 marks • Minimum wages / market wage rate – 2 marks • 75% of the minimum wages/ market wage rate - 1 mark 	Payment made ledger or pay roll register	
10	How many members have received at least 30 days of work in last one year (No. of members received at least 30 days work / Total members x 100)	<ul style="list-style-type: none"> • Above 80 % =5 marks • 50 - 80 % =3 marks • 25-49 % =1 mark • Less than 25% =0 marks 	Payment made ledger or pay roll register. Worker attendance	
11	Additional no of jobs created /generated by the EG (Extra jobs for non members over and above of more than 80% of the members)	<ul style="list-style-type: none"> • Above 5 jobs created – 5 marks • 4-5 jobs created – 4 marks • 2 -3 jobs created- 3 marks • At least 1 job - 2 • No extra job - 0 	Employment register Details of addition members/ no of employment created,	
12	Percentage of members received skill Trainings (members received skill Trainings/ total members)	<ul style="list-style-type: none"> • 100% - 5 marks • 75-99 % - 3 marks • 50-74% - 1 mark • less than 50% - 0 mark 	Training register	

S. No	Particulars	Grading Indicator Marks & %	Means of verification	Obtained Score
D. Business Performance Max marks 15				
13	Average Business Turnover in the last 2 years	<ul style="list-style-type: none"> • 20 Lakhs and above = 5 marks • 15 -19.9 Lakhs = 4 marks • 10- 14.9 Lakhs =3 marks • 5 - 9.9 Lakhs =2mark • Less than 1-5 Lakhs =1 marks • Less than 1 lakh = 0 	Audit statement / P & L statement, Balance sheet	
14	Business trend - Volume of Business – increasing trend/ decreasing trend (in the last 3 years)	<ul style="list-style-type: none"> • Annual increase by above 10% =3 marks • Annual increase by 6-10% = 2 marks • Increase by up to 5%= 1 mark • No Increase – 0 	Audit statement / P & L statement, Balance sheet comparing with last year	
15	Percentage of Annual net profit made (in the last 3 years)	<ul style="list-style-type: none"> • Above 15% =5 • 11 -15%=4 • 5-10%=2 • Less than 5% =1 • 0 or negative =0 	P & L statement, Balance sheet	
16	Has profit/ dividend been shared with members	<ul style="list-style-type: none"> • Yes =2mark • No =0 marks 	Minutes, Balance sheet	
E. Financial & Marketing linkages Max Marks 21				
17	Whether the EG has any financial linkages?	<ul style="list-style-type: none"> • Yes, availed repeat linkages or having CC limits = 3 marks • Yes, availed one loan = 2 marks • Existing Loan not repaid = 1 mark • No linkages = 0 	Bank Loan account statement detail	
18	Formal buy back or tie-up arrangement with a private sector/ EG selling produce through retail channel/ digital platform, etc	<ul style="list-style-type: none"> • Yes =3 marks • No =0 marks 	Contract signed, agreements, MOU	
19	Whether there are diversified buyers (more than one buyers or more than one selling channel).	<ul style="list-style-type: none"> • Atleast 2 buyers/two channel = 3 • Atleast one buyer/one channel =2 	Concern registers, Receipts, Bank pass book	
20	Is the EG affiliated to any PC / higher level Federation?	<ul style="list-style-type: none"> • Yes / No • NA for scoring 		

S. No	Particulars	Grading Indicator Marks & %	Means of verification	Obtained Score
21	Whether the EG has obtained required licenses registration agreements? <ul style="list-style-type: none"> • MSME • Marketing • GST • Processing 	1 Score for each of the obtained licenses. (max score = 4)	License's certificate, Roc or registration certificate, agreements,	
22	Whether EG Audited regularly (Internal and External Audit)	Internal and External Audit conducted periodically and information shared to members = 5 External Audit conducted and information shared to members = 4 Internal Audit conducted and information shared to members = 3 Internal/External Audit conducted and members not aware of Audit = 2 Audit not done = 0	Internal and External Audit reports Discussion with members	
23	Fiduciary compliances – tax return, IT filing, GST and TDS filing, etc filed regularly by the EG	All compliances related filing done on due date = 3 All Compliances filed after the due date = 2 Compliances not filed or irregularity (one /two filed and remaining not filed) in annual filing = 0	Filing receipt copies	

S. No	Particulars	Grading Indicator Marks & %	Means of verification	Obtained Score
F Environment Safeguard Max Marks 9				
24	Does the Enterprises meet the Environment Safeguard measures, implements mitigation measures and adopts green practices	<p>I. Compliances (eg: FoSCoS, PCB consents, use of permissible ingredients/materials, emergency response) Required license/certificate availed</p> <ul style="list-style-type: none"> • Yes/NA = 2 mark • No = 0 marks <p>II. Mitigations (eg: efficient resource use, worker safety, basic amenities, safe products, proper waste management)</p> <ul style="list-style-type: none"> • Yes/NA = 2 mark • No = 0 marks <p>III. Green practices (eg: use of renewable energy, water efficiency, natural/chemical free products, waste recycling)</p> <p>Yes = 3 mark No = 0 marks</p> <p>IV. Inclusion of SC/ST, differently abled other Vulnerable categories in the EG</p> <ul style="list-style-type: none"> • Yes = 2 Marks • No = 0 Marks 	<p>Compliances to all applicable environment safeguard such as permission, approvals, recycle, disposal of wastage, etc.,</p> <p>(As per the applicable compliance requirements/negative lists, mitigations and guidelines provided in ESMF document under the relevant types of activity)</p>	
Total Score		100		

Abstract of the Scores

S. No	Particulars	Maximum Score	Score Obtained
A	Governance	15	
B	Book Keeping	14	
C	Business Management	26	
D	Business Performance	15	
E	Financial and Market linkages	21	
F	Environment Safeguard	9	
	Total score	100	

Grade of the Enterprise Group:

Percentage scored by the EG	Grade
Above 70%	A
60-70%	B
40- 59%	C
Below 40%	D

Name of the Grading team members and signature

- 1.
- 2.
- 3.
- 4.

Date of Assessment:

Annexures – 2

UDYAM Registration
Enterprise Groups

1. 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/MinistryMSME-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 Udyam Registration in Udyam Registration Portal. On successful submission of application, the enterprise will be assigned 'Udyam Registration Number' (i.e., permanent identity number).

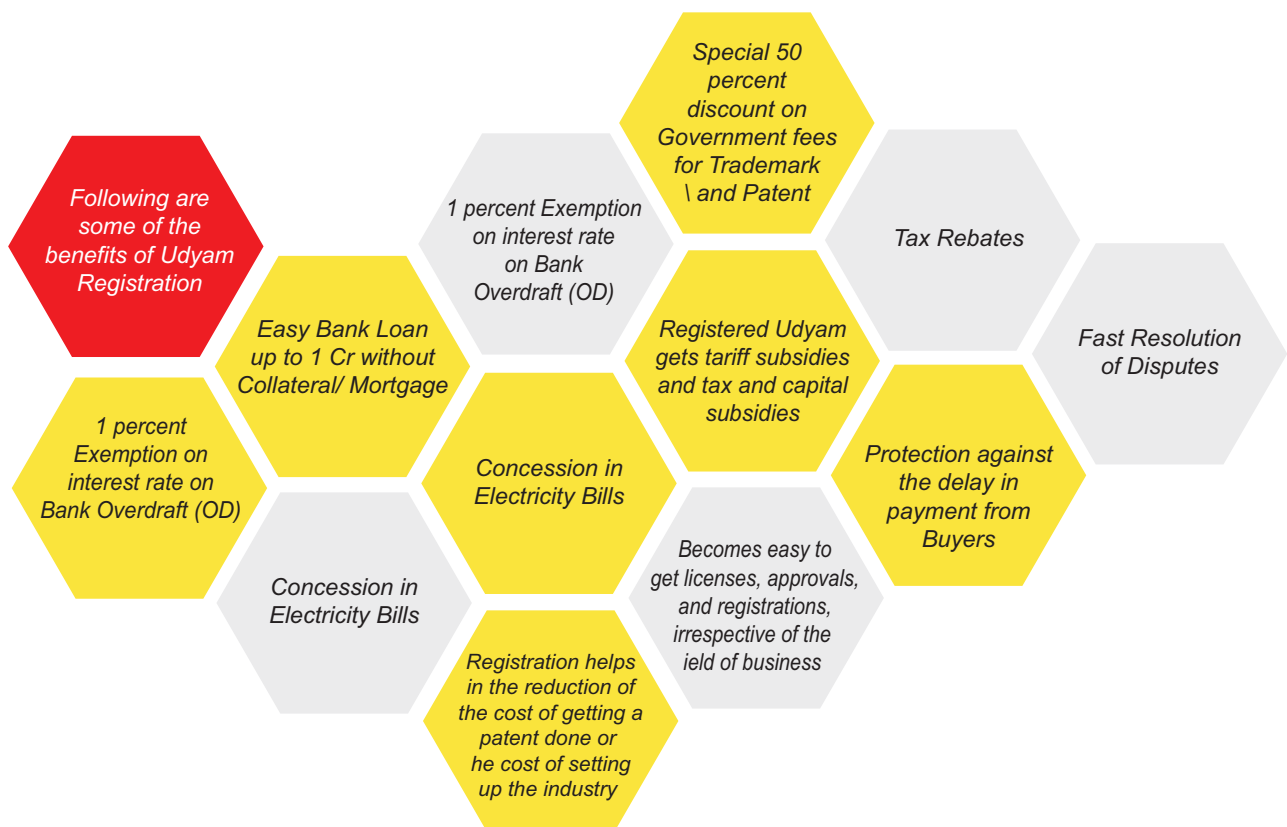
On completion of the registration process, the enterprise shall be issued a 'Udyam Registration Certificate'. Aadhaar number is mandatory for obtaining Udyam registration. Following aadhaar number is required based on the type of firm

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



2. 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.

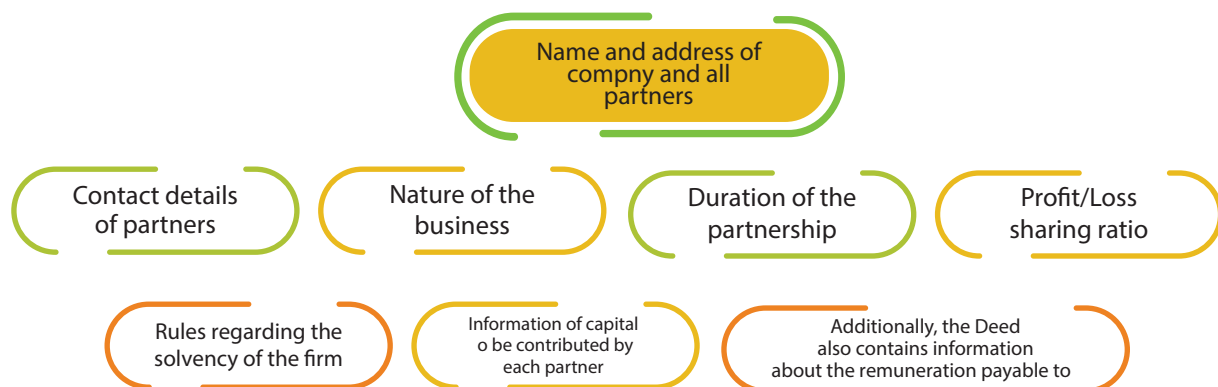
Any firm which falls under the category of a small or medium scale business can prevail under the partnership, as there are limited legal compliance. It is not mandatory to register as a partnership firm under the Act, but registering a firm gives the partnership a legal identity and has several advantages 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 dissipating 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.

- a) **Choose name for a partnership** - A firm should select a name that does not resemble the name or color-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 Ministry of Corporate Affairs website.

- b) **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:



- c) **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.

- d) **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.

- e) **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:

- Application for registration of partnership (Form 1).
 - A certified original copy of partnership deed.
 - Specimen of Affidavit.
 - PAN Card in the name of partnership firm.
 - Proof of address of the partnership firm, ownership deed, lease and rent agreements, etc. are common acceptable documents.
 - PAN Cards and address proofs of all the partners.
- f) **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.

g) 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.

h) 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 provide 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.

3. 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)

a) 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>.

b) **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 Center, IDRBT Certifying Authority, E-MUDHRA, CDAC and NSDL.

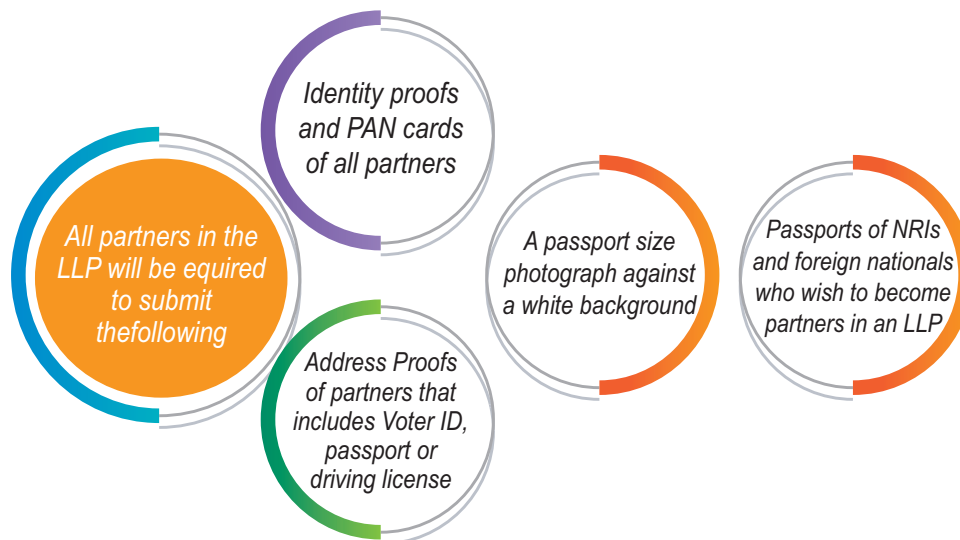
c) **Reserving the Name** - To register a proposed LLP, the applicant needs to get a Limited Liability Partnership-Reserve Unique Name (LLP-RUN) that can be processed at the Central Registration Centre. However, before citing or quoting the name, it is always advisable to check from the Ministry of Corporate 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.

d) **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 has to be paid as per Annexure 'A'.

e) **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.

f) **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



Documents of LLP; The following Documents related to the LLP entity that need to be compulsorily submitted - 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. 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	Partner's 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

Details	LLP	Partnership firm
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
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

Annexures – 3

EG BUSINESS PLAN FORMAT
Enterprise Groups

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

S.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

S.No	Description	Yes / No
	Whether EG have info on marketing of their produce?	
	Whether EG have awareness on selling points / marketing location?	
	Whether EG sell their produce by retail / wholesale?	
	Whether EG sell their produce by Direct / online	

Business Details for a production cycle (Balance Sheet)

S.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

Description	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 - 2

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



VAAZHNDHU KAATTUVOM PROJECT

Department of Rural Development and Panchayat Raj

5th Floor, Tamilnadu Small Industries Development Corporation Limited,

Thiru Vi Ka Industrial Estate, Chennai 600 032

(044) 434 43200 | tnrtppstate@gmail.com | www.tnrtpp.org



TN_RTP



VaazhndhuKaattuvom



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