

**Suggested Guidelines for Honorarium payment Structure of
Community Resource Persons Enterprise Promotion (CRP – EP) under
SVEP**



Startup Village Entrepreneurship Development Programme (SVEP)
National Rural Livelihoods Mission

(For appropriate editing and finalization by the state subject to adhering to the
non negotiables mentioned in the master circular of SVEP)

Ministry of Rural Development

(This document should be referred in conjunction with the SVEP master circular of Ministry of Rural Development. In case more information is required on certain aspects, the details provided in the SVEP master circular will be considered as final)

CRP-EP Honorarium payment Structure

Vision and Scope

The vision of SVEP is “To help the rural poor come out of poverty by helping them set up enterprises and provide support till the enterprises stabilize.” To provide them with business skills, exposure, loans for starting and business support during the first critical six months of the enterprises by using the NRLM SHGs and their federations. This skills shall be imparted by local youth who shall be trained in business management, monitoring and support using ICT and audio-visual aids. These local CRP-EPs shall also provide support to the enterprises.

In its first phase of validating the concept, SVEP is expected to support creation and strengthening of about 1.82 lakh village enterprises in 125 Blocks across 24 States in the targeted four years i.e. 2015-19. This is expected to create employment for about 3.78 lakh persons.

The SVEP shall benefit the households and communities even beyond the financial gains it provides. It shall help rural people specially the marginalized sections, women, and SC and ST communities to gain a sense of dignity and self-reliance leading to great social changes. Similarly, the wealth generated in the local economy shall have a multiplier effect resulting in strengthening the local economy and reduction in distress migration. People engaged in a range of enterprises shall create further employment and improve the market. It shall also encourage new age enterprises in ICT/infotainment. It shall promote enterprises in the field of sanitation, drinking water, renewable energy etc. This shall offer more economic opportunities for the rural areas and bring people out of poverty.

Objectives of SVEP

The overall objective of SVEP is to implement the Government’s efforts to stimulate economic growth and reduce poverty and unemployment in the villages by helping start and support rural enterprises.

The key objectives of SVEP are:

- a. To enable rural poor to set up their enterprises, in its proof of concept phase, by developing a sustainable model for Village Entrepreneurship promotion through integrated ICT techniques and tools for training and capacity building, enterprise advisory services and to provide loans from banks/SHG & federations.

- b. Develop local resources by training a pool of village level community cadre (CRP EP) and build the capacity of the NRLM and SHG federations to monitor and direct the work of the CRP EPs.
- c. Help the rural entrepreneurs to access finance for starting their enterprises from the NRLM SHG and federations, the banking systems including the proposed MUDRA bank.

Introduction to the CRP-EP

Under Start-up Village Entrepreneurship Programme (SVEP), an enterprise eco-system is to be developed to provide support for entrepreneurial activities of rural poor through entrepreneurial capacity building, skilling, need based finance, facilitation for bank linkage, and continuous nurturing support for setting up and running viable village enterprises, using the institutional platform of SHGs and their federations under NRLM.

The responsibility for promoting self-employment among Self-Help Group households under the State Rural Livelihood Mission (SRLM) rests with the community institutions. However, at present it is difficult for the community network to support the first-generation entrepreneurs given their limited understanding of business management, to cover for this gap, the SHG federations shall engage with the Community Resource Person (as individuals or a Group of Individuals) CRP-EPs to provide technical support to the Block Resource Centre for Enterprise Promotion being set up under SVEP.

CRP EP development Strategy

In the blocks adopted under SVEP, SRLM and BRCs will select a pool of local resources from the block. Understanding of the principle of self-help groups/community organisations and mutual co-operation will be required for appointing CRP-EPs. Post selection, would require several stages such as residential/non-residential trainings, exposure visits, certification, monitoring and evaluation. These trainings will be provided by the SRLMs through PIA in that block.

Learning from previous similar experiences with SRLMs, it has been observed that over a period of the project CRP-EPs tend to work efficiently as a group. Therefore, the CRP-EPs should be encouraged to form a group and operate as a single entity after the first few months of operation. This is beneficial to both the entrepreneurs and the CRP-EPs as they can take the benefit of different CRP-EPs having differing skill sets and expertise areas in offering hand-holding support to the entrepreneurs.

Operational Area

The geographical operation area of CRP EP/CRP-EP group will be defined by the BRC. Ideally should be within a geographical spread of approx.. 5-8 km from the CRP-EPs place of residence to facilitate easy travel and support to the enterprises and also to benefit from the knowledge of the local geography, consumption patterns etc of the CRP-EP.

Selection of CRP EP

There are some minimum standards for selection of CRP EP which needs to be followed -

- Ideally A member or a family member (son, daughter, husband) of a panchasutra following SRLM promoted SHG
- Capable to communicate in the local dialect
- Age should be between 18-45 yrs.
- Minimum class 10th pass (this may be changed based on local context)
- Should have a working knowledge/ aptitude for maths and business understanding
- Willing to work for minimum 15 days per month outside the village/block/district
- Preference should be given to women candidates and ideally minimum 33% of the CRP-EPs should be women.

The desirous candidates wanting to become CRP-EPs would be selected after an objective selection procedure including a written test and some team exercises.

(Please refer the SVEP master circular for detailed CRP EP selection criteria)

Role of CRP EP

All the CRP EP/CRP-EP group shall enter into an MoU with the BRC. They will work for mutually decided definite period (not more than the SVEP project tenure) with the BRC. An indicative list of activities performed by CRP EP/CRP-EP group is as follows -

- CBO training
 - SHG's / VO's orientation on SVEP
 - VO's livelihoods subcommittee training on SVEP
 - CLF training on SVEP
 - BRC livelihoods subcommittee training on SVEP
- Entrepreneur training and support
 - Entrepreneur triggering meeting
 - General orientation training for entrepreneurs -idea generation

- Soft skills training for entrepreneurs
- Idea validation plan field activity by entrepreneurs
- Business plan preparation for the enterprises proposed to be supported
- Business management training to entrepreneurs
- Need based performance improvement plan for existing enterprises proposed to be supported
- Loan follow up support from CEF and banks/MFIs etc.
- Enterprise start up support
- Handholding support & Performance Tracking and support (PTS) for first 6 months of enterprise formation.
- Handholding support & Performance Tracking and support (PTS) for second 6 months of enterprise formation.
- Providing input and output Market linkages to the supported enterprises.
- CEF utilization update to nodal CLF, VO and SHGs
 - VO/BRC briefing per month
- Periodic BRC briefing
- Entering prescribed reports on the VE IT platform
- Participate in the meetings/training/exposure organised by BRC/SRLM/PIA
 - Bank Linkage and co-ordination with banks
 - Success rate of adopted enterprises in any financial year to be more than 80%
 - To complete the task assigned by the BRC
 - To work in the assigned geographical area

Honorarium for Community Resource Person-Enterprise Promotion

Enterprise promotion strategy involves training and support through CRP-EP, these CRPs will be provided task based honorarium from SVEP project funds (four years) through BRC. CRP EP honorarium may include following components

1. Task based variable allowance – BRC will appraise the work done by CRP EP on monthly basis, accordingly monthly honorarium payment to the CRP EP will be made.
2. Subsistence allowance –the task based activities will gradually peak based on the learning of the individual CRP-EPs, and the scale up of the activities under SVEP. therefore it is important that the CRP-EPs receive a minimum sum as Subsistence allowance for this period. It is expected that the task based variable honorarium will increase with time, therefore the subsistence allowance should follow a decreasing trend over the period of program.

3. Entrepreneur contribution – It is expected that support provided by CRP-EP will be perceived of critical utility for the enterprise, therefore some fees should be charged from enterprises for services provided by CRP-EP from the initial stages of providing support to the enterprises by the CRP-EPs.

The incentive structure of the CRP-EP should be designed considering the following factors.

- i. At no point of time should the CRP-EPs be paid a fixed monthly remuneration, as theirs is a activity based support to the enterprises and they are NOT the employees of either the enterprise/ BRC/ CLF or the SRLM.
- ii. Time invested by CRP-EP – Table illustrating the activities performed by the CRP EP and total time used. .
- iii. Aspiration of CRP-EP – The local economic environment affects the aspirational income, therefore the per diem of CRP EP should be decided based on the local context.
- iv. Honorarium of other similar community cadres, if based on opportunity cost of time in the block.
- v. The total cost of CRP EP honorarium should not exceed the budgeted limits under SVEP, however the budget heads apart from CEF and administrative costs are fungible.
- vi. Sustainability of the CRP-EPs will be based on the enterprises willingness and affordability to pay for the services of CRP – EPs.
- vii. The BRC may provide for accidental death insurance to the CRP-EPs as they shall have to travel frequently to offer support to the enterprises, apart from the honorarium, at least for the duration of the SVEP project.

All payments by BRC to the CRP EP/CRP-EP group will be made to their bank account.

The details of the proposed format/calculation sheet to be used for calculating the task based honorarium to the CRP-EPs is attached as annexures.

Based on the tasks to be done by the CRP-EPs and the time required to be invested in each task, the same calculation sheet can be used to estimate the total mandays of work required to be provided by the CRP-EPs for completing the tasks and support activities.

This calculation of the number of mandays should be used to estimate the requirement of CRP-EPs for the SVEP support in the block.

Annexure 1

Estimated Time required for each activity to be done by the CRP-EP

Activity	Days¹	Target audience/basis for the activity
SHG's / VO's orientation	0.50	VO
Entrepreneur triggering meeting	0.50	Village
VO's sub-committee training on SVEP	1.00	VOs
CLF training on SVEP	1.00	CLFs
BRC subcommittee training on SVEP	2.00	BRC
General orientation training for Entrepreneurs -idea generation	1.00	Potential entrepreneur
Soft skills training for Entrepreneurs	2.00	Potential entrepreneur
Idea validation plan field activity by Entrepreneurs	1.00	Potential entrepreneur
Business plan preparation	1.50	Potential entrepreneur
Business management training to Entrepreneurs	2.00	Potential entrepreneur
Need based performance improvement plan (max 3 days)	3.00	Potential entrepreneur
Loan follow up support	1.00	Potential entrepreneur
Enterprise start up support	4.00	Potential entrepreneur
Handholding support & PTS for 6 months @ 1 day pm	6.00	Potential entrepreneur
Handholding support & PTS for 2nd 6 months @ 0.5 day pm	3.00	Potential entrepreneur
Market linkages	2.00	Potential entrepreneur
VO briefing per month/ for 48 months	0.50	VO
BRC briefing per month/ for 48 months	1.00	BRC
TOTAL		

¹ Columns in green can be edited as per process design of individual SRLM. For ease of SRLMs, excel sheet of the above table has been made available along the document.

Annexure 2

Activity and cost per activity – These figures are based on assumed per Diem of 300 (inside block), 150 transport allowance for travelling to block headquarters, Rs.250/- for travelling outside the block

<u>Activity</u>	Location of work	Proposed SVEP from project for activity	Paid by entrepreneur for activity
SHG's / VO's orientation	Local	150	-
Entrepreneur triggering meeting	Local	150	0
VO's subcommittee training on SVEP	Local	300	0
CLF training on SVEP	Local	300	0
BRC subcommittee training on SVEP	Block HQ	900	0
General orientation training for entrepreneurs -idea generation	Local	300	0
Soft skills training for entrepreneurs	Local	600	0
Idea validation plan field activity by entrepreneurs	Local	300	0
Business plan preparation	Local	350	100
Business management training to entrepreneurs	Local	600	0
Need based performance improvement plan (max 3 days)	Local	900	0
Loan follow up support	Local	200	100
Enterprise start up support	Block HQ	1600	50
Handholding support & PTS for 6 months @ 1 day pm	Local	1620	30
Handholding support & PTS for 2nd 6 months @ 0.5 day pm	Local	810	30
Market linkages	Block HQ	800	100
VO briefing per month/ for 48 months	Local	150	0
BRC briefing per month/ for 48 months	Block HQ	450	0

Estimated work-days per CRP-EP

Activity	Location of work Block HQ?	Days	Number of times per CRP	Days for 4 years per CRP-EP
SHG's / VO's orientation	Local	0.50	4.17	2.09
Entrepreneur triggering meeting	Local	0.50	41.67	20.84
VO's subcommittee training on SVEP	Local	1.00	4.17	4.17
CLF training on SVEP	Local	1.00	0.17	0.17
BRC subcommittee training on SVEP	Block HQ	2.00	0.02	0.04
General orientation training for Entrepreneurs -idea generation	Local	1.00	4.17	4.17
Soft skills training for Entrepreneurs	Local	2.00	4.17	8.34
Idea validation plan field activity by Entrepreneurs	Local	1.00	4.17	4.17
Business plan preparation	Local	1.50	75.00	112.50
Business management training to Entrepreneurs	Local	2.00	2.50	5.00
Need based performance improvement plan (max 3 days)	Local	3.00	1.88	5.64
Loan follow up support	Local	1.00	50.00	50.00
Enterprise start up support	Block HQ	4.00	50.00	200.00
Handholding support & PTS for 6 months @ 1 day pm	Local	6.00	50.00	300.00
Handholding support & PTS for 2nd 6 months @ 0.5 day pm	Local	3.00	50.00	150.00
Market linkages	Block HQ	2.00	5.00	10.00
VO briefing per month/ for 48 months	Local	0.50	200.00	100.00
BRC briefing per month/ for 48 months	Block			

	HQ	1.00	48.00	48.00
TOTAL mandays for CRP – for 48 months				1,025.12
Total No. of working days per annum per CRP per annum				256.28

Total Cost for CRP EP Honorarium payment

Activity	Location of work Block HQ?	Days	No of CR P's	No .of times per CRP	Days for 4 years per CRP-EP	Paid by entrepreneur	per die m	Unit	Target audience /location	Total cost	Remarks
SHG's / VO's orientation	Local	0.50	48	4.17	2.09	-	300	200	VO	30,000	
Entrepreneur triggering meeting	Local	0.50	48	41.67	20.84	0	300	200	Village	300,000	
VO's subcommittee training on SVEP	Local	1.00	48	4.17	4.17	0	300	200	VO	60,000	
CLF training on SVEP	Local	1.00	48	0.17	0.17	0	300	8	CLF	2,400	
BRC subcommittee training on SVEP	Block HQ	2.00	48	0.02	0.04	0	450	1	CLF	900	
General orientation training for Entrepreneurs -idea generation	Local	1.00	48	4.17	4.17	0	300	2,400	Pot ent	60,000	
Soft skills training for Entrepreneurs	Local	2.00	48	4.17	8.34	0	300	2,400	Pot ent	120,000	
Idea validation plan field activity by Entrepreneurs	Local	1.00	48	4.17	4.17	0	300	2,400	Pot ent	60,000	
Business plan preparation	Local	1.50	48	75.00	112.50	100	300	2,400	Pot ent	1,260,000	Entrepreneur pays Rs.100
Business management training	Local		48			0	300		Pot ent		

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Activity	Location of work Block HQ?	Days	No of CR P's	No .of times per CRP	Days for 4 years per CRP-EP	Paid by entrepreneur	per die m	Unit	Target audience /location	Total cost	Remarks
to Entrepreneurs		2.00		2.50	5.00			2,400		72,000	
Need based performance improvement plan (max 3 days)	Local	3.00	48	1.88	5.64	0	300	600	Pot ent	81,000	
Loan follow up support	Local	1.00	48	50.00	50.00	100	300	2,400	Pot ent	480,000	Entrepreneur pays Rs.100
Enterprise start up support	Block HQ	4.00	48	50.00	200.00	50	450	2,400	Pot ent	3,840,000	Entrepreneur pays Rs.100
Handholding support & PTS for 6 months @ 1 day pm	Local	6.00	48	50.00	300.00	30	300	2,400	Pot ent	3,888,000	Entrepreneur pays Rs.30/visit
Handholding support & PTS for 2nd 6 months @ 0.5 day pm	Local	3.00	48	50.00	150.00	30	300	2,400	Pot ent	1,944,000	Entrepreneur pays Rs.30/visit
Market linkages	Block HQ	2.00	48	5.00	10.00	100	450	2,400	BRC	192,000	Entrepreneur pays Rs.100
VO briefing per month/ for 48 months	Local	0.50	48	200.00	100.00	0	300	200	VO	1,440,000	
BRC briefing per month/ for 48 months	Block HQ	1.00	48	48.00	48.00	0	450	1	BRC	1,036,800	
TOTAL					1,025.12					14,867,100	

Subsistence allowance

Subsistence Allowance				
CRP EP work year	Subsistence Allowance	Travel Allowance	Communication Allowance	Total
Year 1 @	1,800	500	200	2,500
Year 2 @	1,300	500	200	2,000
Year 3 @	500	500	200	1,200
Year 4 @	500	500	200	1,200

Note: - BRC needs to devise mechanism so that none of the CRP EPs consistently depend upon the subsistence allowance. Performance review should be done monthly and for underperforming CRPs the subsistence allowance can be reduced by Rs. 1000 per month. Moreover, BRCs are encouraged to discontinue any allowance to CRP- EPs who continue to under-perform in a quarter. The CRP-EP should be paid subsistence allowance or task based honorarium which ever is higher on monthly basis/ or a defined periodic basis (Each period should ideally not be more than a quarter).

Assumption of the CRP – EP Honorarium payment Structure

<u>Head</u>	<u>Nos</u>
No. of Enterprises to be supported	2,400
No. of CRP's	48
No. of villages/ CRP	4
No. of Enterprises / CRP	50
No of villages in the block, and hence VO's in the block	200
No of CLF's in the block	8
per diem for the CRP's Rs.	330
In case of travel to Block HQ or outside block per diem Rs.	495

Summary Expenditure CRP EP Honorarium payments

Head	Nos/Rs.
Avg No. of days of CRP working pa	256
Avg Spend on CRP-EP per annum Rs.	82,342
Total expenditure on CRP's in 4 years from project Rs.*	14,055,900
Total expenditure on CRP's in 4 years from entre. Rs.	1,753,800
Total expenditure on CRP's in 4 years Rs.	15,809,700

*Budget Head wise Source of Project Honorarium payment to CRP-EPs **

Head	Rs. Lakhs
Training of CBO's	93,300
Training of Entrepreneurs	7,357,800
Support by CRP-EP (subsistence allowance included)	6,604,800
Total funds from project	14,055,900

* Since the CRP-EPs are performing the tasks across all the heads of activities budgeted, the payment of CRP-EPs takes from all the heads of the budget. The additional funds available across these budget heads shall be used for other expenses like detailed skill training of the entrepreneurs/ exposure visits etc.

Non Negotiable under SVEP:

- Honorarium payment to CRP EP should be task based and in any case it cannot be structured as fixed payment.

- There is no provision of individual grant under NRLM, hence the entrepreneurs should be encouraged to start paying (partially in the initial stages and fully as their enterprises stabilize and become financially stronger) for the CRP-EP support to their individual or group enterprises.

* Please refer the calculation sheet provided as Excel for changing/understanding any calculation in the CRP EP Honorarium payment structure.