

Self Employment Programme (Individual & Group Enterprise)

Dr. Anjali Mishra

Joint Director

RCUES Lucknow

- **Financial assistance to individuals/groups of urban poor for setting up gainful self-employment ventures/micro-enterprises, suited to their skills, training, aptitude and local conditions.**
- **Self Help Groups (SHGs) of urban poor to access easy credit from bank and avail interest subsidy on SHG loans.**
- **Technology, marketing and other support services to the individuals, group entrepreneurs, SHG members and Urban street vendors/ hawkers engaged in micro enterprises for their livelihoods.**
- **Credit cards for working capital requirement of the entrepreneurs.**

- **The underemployed and unemployed urban poor will be encouraged to set up small enterprises relating to manufacturing, servicing and petty business for which there is considerable local demand.**
- **Local skills and local crafts should be particularly encouraged.**
- **Each Urban Local Body (ULB) should develop a compendium of such activities/projects keeping in view skills available, marketability of products, costs, economic viability etc.**

- **The percentage of women beneficiaries under SEP shall not be less than 30 percent. SCs and STs must be benefited at least to the extent of the proportion of their strength in the city/town population of poor.**
- **A special provision of 3 percent reservation should be made for the differently-abled under this programme.**
- **In view of the Prime Minister's 15-Point Programme for the Welfare of Minorities, at least 15 percent of the physical and financial targets under this component shall be earmarked for the minority communities.**

Selection of Beneficiary:

- The Community Organisers (COs) and professionals from Urban Local Body (ULB) will identify the prospective beneficiaries from among the urban poor.**
- The community structures formed under Social Mobilisation & Institutional Development (SM&ID) component of NULM viz: Self Help Groups (SHGs)/ Area Level Federations (ALFs) may also refer prospective individual and group entrepreneurs for purpose of financial assistance under SEP to ULB.**
- The beneficiaries may directly approach ULB or its representatives for assistance.**
- Banks may also identify prospective beneficiaries at their end and send such cases directly to ULB.**

Educational Qualifications and Training Requirement:

- No minimum educational qualification is required for prospective beneficiaries under this component.**
- However where the identified activity for micro-enterprise development requires some special skills appropriate training must be provided to the beneficiaries before extending financial support .**

- **The EDP for 3-7 days will cover basics of entrepreneurship development such as management of an enterprise, basic accounting, financial management, marketing, backward and forward linkages, legal procedures, costing and revenue etc.**
- **In addition to above topics the module should also include group dynamics, allocation of work, profit sharing mechanism etc. for group enterprises.**

Procedure for interest subsidy:

- **All scheduled commercial banks(SCBs), Regional Rural Banks(RRBs) and cooperative banks, which are on the Core Banking Solution (CBS) platform would be eligible for getting interest subvention under the scheme**
- **After disbursement of loan to the beneficiaries, the concerned branch of the bank will send details of disbursed loan cases to ULB along with details of interest subsidy amount.**
- **The settlement of claims made by banks would be done on quarterly basis by the ULBs, however the submission of claims should be monthly.**
- **The ULB will check the data at their end and will release the interest subsidy amount (difference between 7% p.a. and prevailing rate of interest) to the banks.**

Individual Enterprises-Loan & Subsidy

An urban poor individual beneficiary desirous of setting up an individual micro-enterprise for self-employment can avail benefit of subsidised loan under this component from any bank.

The norms/ specifications for individual micro-enterprise loans are as follows

- Age: The prospective beneficiary should have attained the age of 18 Years at the time of applying for loan.**
- Project Cost (PC): The Maximum unit Project Cost for individual micro-enterprises cases is Rs 200,000 (Rs Two Lakhs)**

- **Collateral on Bank Loan: No collateral required**
- **Therefore only the assets created would be hypothecated/ mortgaged/ pledged to banks for advancing loans.**
- **The banks may approach Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) setup by Small Industries Development Bank (SIDBI) and Government of India for the purpose of availing guarantee cover for SEP loans as per the eligibility of the activity for guarantee.**
- **Repayment: Repayment schedule ranges from 5 to 7 Years after initial moratorium of 6-18 months as per norms of the banks.**

- **Group Enterprises -Loan & Subsidy**
- **A Self Help Group (SHG) or a group of urban poor desirous of setting up a group enterprise for self-employment can avail benefit of subsidised loans under this component from any bank.**
- **Eligibility:** The group enterprise should have minimum 5 members with a minimum of 70% members from urban poor families. The application by beneficiaries/ group members should be referred by the community structures viz: SHG/ ALF formed under NULM.
- **Age:** All members of the group enterprise should have attained an age of 18 years at the time of applying for bank loan.
- **Project Cost:** The Maximum unit Project Cost for a group enterprise is Rs 10,00,000 (Rs Ten Lakhs)

- **The individual and group enterprises will get subsidized loans @ 7% p.a. subject to timely repayment and suitable certification from banks. Interest Subsidy amount (difference between prevailing rate and 7% pa) will be reimbursed to the banks.**
- **Capacity Building of entrepreneurs through Entrepreneurship Development Program(EDP) of 3-7 days**
- **Module development by SULM, EDP Training to be organized through Rural Self Employment Training Institutes (RSETIs) & reputed institutes.**

- **Linkage with Credit Guarantee Fund Scheme of Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) setup by Small Industries Development Bank (SIDBI) , Ministry of Micro Small & Medium Enterprises for collateral free loans.**
- **A Task Force may be constituted at ULB level for recommending cases. There could be more than 1 task force at ULB level depending upon the size/population of the ULB.**

Process

- **Beneficiaries identified by field functionaries/ RO's/ Banks/ SHGs/ ALFs**
- **Beneficiary Applies to ULB receives acknowledgement**
- **ULB generates a waiting list**
- **ULB arranges for filling up of application in order of waiting list**
- **ULB send the eligible case to Task Force for recommendation**

- **Task Force recommends the case (Interview beneficiary)**
- **Recommended case sent Banks for processing (via ULB) - Beneficiary is intimated**
- **Banks send details of cases sanctioned and disbursed to ULB along with interest subsidy details- Beneficiary is intimated**
- **ULB releases subsidy to banks.**

Composition of TASK FORCE at ULB Level

TASK Force at ULB level		
1.	Chief Executive Officer (CEO) ULB/ Municipal Commissioner of ULB/ or any representative authorised by CEO ULB	Chairman
2.	Lead District Manager (LDM)	Member
3.	City Project Officer (CPO), ULB/ or any authorised representative of ULB	Member Convenor
4.	Representative from District Industries Centre (DIC)	Member
5.	Senior Branch Managers (Max-2) of banks	Member
6.	Representatives(2) of Area Level Federation / City Level Federation	Member

Interest Subsidy on SHG Loans

- SHGs will be linked with banks for loans: Loans will be provided @ 7% p.a. to all SHGs. Interest subsidy amount (difference between prevailing rate and 7% pa) will be reimbursed to the banks.**
- Provision of additional 3% p.a. interest subvention to Women SHGs (WSHGs) subject to timely repayment.**
- The interest subsidy on SHGs is available based on timely repayment of loans and suitable certification by banks.**

- **The ULB through its field staff or Resource Organisation (ROs) will facilitate filling of loan applications for eligible SHGs.**
- **The ULB will forward the Loan application to the concerned banks with requisite documentation.**
- **The banks will send the details of disbursed loan cases to the ULB along with the details for claiming the interest subsidy amount.**
- **ULB releases the subsidy to banks**

Credit Card for enterprise development:

- The individual entrepreneurs require further financial support in terms of working capital to make the enterprise economically sustainable.**
- This may include immediate and short term monthly requirement of cash for meeting expenses for purchase of goods, raw materials and other miscellaneous expenditures etc.**

- **The SULM in consultation with the State Level Bankers Committee (SLBC) will finalise the norms, limits and specifications for issuance of credit card to the individual entrepreneurs.**
- **The General Credit Card Scheme (GCC), which is being implemented by all scheduled commercial banks or any other variant of credit cards for enterprise development of banks in urban areas, may be explored by SULM and SLBC for the same.**

Technology, Marketing and Other Support :

- Micro entrepreneurs often need support for establishment, technology, marketing, better understanding of what the market needs, demand of the products produced by them, prices, where to sell, etc.**
- The City Livelihoods Centres (CLCs) will offer services to the micro-enterprises such as in establishment (licenses, certificates registration, legal services etc.), production, procurement, technology, processing, marketing, sales, packaging, accounting etc. for long term sustainability.**
- CLC will also provide support in taking up feasibility/ assessment studies on market demand and market strategy for products and services of micro-enterprises.**

Thanks