



# JEEVIKA

An Initiative of Government of Bihar for Poverty Alleviation

**Bihar Rural Livelihoods Promotion Society**  
**State Rural Livelihoods Mission, Bihar**



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Ref. No: BRUPS/Proj-Jobs/1079/17/1289

Date: 12.06.17

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

### 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. These 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, SVEP is expected to support creation and strengthening of about 14400 village enterprises in 6 Blocks ( Bodhgaya, Barachatti, Musahari, Muraul, Jandaha & Dhanarua ) in Bihar in the targeted four years i.e. 2015-19. This is expected to create employment for about 29910 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 namely Community Resource Person- Enterprise Promotion (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. This will provide support for entrepreneurial activities of rural poor through entrepreneurial capacity building; need based finance, facilitation for bank linkage, and continuous nurturing support for setting up and running viable village enterprises, using the institutional framework of SHGs and their federations.

The responsibility for promoting self-employment among Self-Help Group households under Bihar Rural Livelihood Promotion Society rests with our 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 this gap, the SHG federation will engage with the Community Resource Person either as individuals or a Group of Individual 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, BRLPS 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 through Kudumbashree- NRO as a PIA in the block.

In the blocks where MEC project was running previously, refresher training will be conducted frequently and as required. In case of drop-out, new CRP-EP/MEC will be selected and provided 22 days basic orientation training on business management, business plan, financial statement etc. and can be deployed in CRP-EP group to work on enterprise development.

Learning from previous similar experiences of MEC Project, 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 Block Resource Centre in consultation with the block project implementation unit. 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 SHG promoted under BRLPS
- Capable to communicate in the local dialect
- Age should be between 18-45 yrs.
- Minimum class 8<sup>th</sup> pass.
- Ideally, should be a resident of the block.
- 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.
- Priority should be given to vulnerable category( SC/ST, PWD, Widow Women) candidate
- Shall be eligible to operate as a CRP-EP.
- Must have personal insurance(AABY, PMSBY,etc) coverage for the service period

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

### Role of CRP-EP

The entire CRP EP/CRP-EP group shall enter into a 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.
  - Success rate of adopted enterprises in any financial year to be more than 80%
  
- ✓ CEF utilization update to BRC, nodal CLF, VO and SHGs per month
- ✓ Periodic BRC briefing
- ✓ Entering prescribed reports on the VE IT platform
- ✓ Participate in the meetings/training organised by BRC/BRLPS/Kudumbashree-NRO
- ✓ Bank Linkage and co-ordination with banks
- ✓ 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 will include following components:

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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. The subsistence allowance will be given to CRP-EP during training period (i.e. 4 to 6 months) of CRP-EP. The subsistence allowance will be payable during year 1 of the project period. MEC Policy will be referred for payment during training period.
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 has been designed considering the following factors:

- i. At no point of time, the CRP-EPs would 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 BRLPS.
- ii. Time invested by CRP-EP – Annexure illustrates the activities performed by the CRP EP and total time used.
- iii. Aspiration and Honorarium of CRP-EP – The local economic environment affects the aspirational income of CRP-EP. Honorarium of CRP-EPs will be broadly task based. The annexure 2 illustrates the activities performed by the CRP-EP & cost per activity. It should also be kept in view that the total cost of CRP-EP honorariums should not exceed the budgeted limits under SVEP; however the budget heads apart from CEF and administrative cost are fungible.
- iv. Sustainability of the CRP-EPs will be based on the enterprises willingness and affordability to pay for the services of CRP – EPs.
- v. Payment for existing enterprises to the CRP-EP will be done only after ensuring following work in enterprise :-
  - OTP
  - PTS
  - Business Plan
  - An approval from the SHG mentioning that the existing enterprise belongs to a member of the SHG or to the relatives ( Husband, Unmarried Son/Daughter ) of the SHG member.

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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 will be used for calculating the task based honorarium to the CRP-EPs is attached as annexure. Any payment by the entrepreneur will be done to BRC as Entrepreneur- BRC- CRP-EP Group.

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.

#### Subsistence allowance

Subsistence Allowance				
CRP EP work year	Subsistence Allowance	Travel Allowance	Communication Allowance	Total
Year 1 @	1,550	500	200	2,250
Year 2 @	1,300	500	200	2,000
Year 3 @	500	500	200	1,200
Year 4 @	500	500	200	1,200

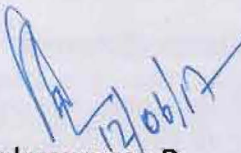
Note: - BRC needs to devise mechanism so that none of the CRP EPs consistently depend upon the subsistence allowance. Performance review of CRP-EP should be done monthly and for underperforming CRPs the subsistence allowance can be reduced by Rs. 1000 per month. Moreover, BRCs are encouraged to discontinue 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 whichever is higher on monthly basis/ or a defined periodic basis (Each period should ideally not be more than a quarter). BRC should take the decision on the above based on the performance of CRP-EPs on monthly basis.

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

Head	Amount
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.

  
12/06/17  
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