

**PROCEEDINGS OF THE CHIEF EXECUTIVE OFFICER, VKP, CH-32
PRESENT: Tmt. S.DIVYADHARSHINI, I.A.S.,**

Proc. No. 3051/BPF/VKP/2022

Dated: 24.05.2023

Sub: VKP – Project Operative Guidelines – Nano Enterprises Financing Fund – Executive Orders Issued – Regarding.

Ref: Announcement in the floor of Assembly by Hon'ble Minister, Sports and Youth Welfare, demand for the year of 2023-2024, dated: 30.03.2023

Preamble

Vazhndhu Kattuvom Project (VKP) is a transformative project that looks beyond poverty alleviation by building sustainability and prosperity of rural communities through enterprise promotion, access to finance and employment opportunities.

Nano enterprises in rural areas especially run by the women, are facing difficulties owing to un-timely credit, working capital deficit and changing business environment. This gap has been widened due to COVID pandemic and subsequent lock down which has affected the rural enterprises.

Differently abled, vulnerable and socially disadvantaged entrepreneurs often face difficulties to access finance for their small businesses. As the quantum of loan required for these enterprises are small in nature, they are not catered by formal or non-formal financial institutions due to their vulnerability.

The Announcement

In the reference cited above, Hon'ble Minister for Youth Welfare and Sports Development, has made an Announcement that "The Nano Enterprises Financing Fund (NEFF) program will be implemented in 1000 village panchayats, for the rural women SHG members to establish new enterprises and to expand their existing enterprises on a demand basis".

To achieve the Honorable Minister's announcement, VKP now intends to create an inclusive business environment by creating a dedicated fund in the name of **Nano Enterprise Financing Fund (NEFF)**, is a loan assistance program exclusively developed for SHG members for the purpose of promoting new and existing enterprises.

Operational Guidelines for Implementing Nano Enterprises Financing Fund (NEFF)

NEFF is a dedicated fund to support the existing and new individual enterprises run by the SHG member through PLF, for creating a level playing field for entrepreneurs to access higher-order enterprise financing for productive purposes.

Nature of support

The target beneficiaries are SHG member in TNRTP blocks. The loan amount will range between Rs.30,000/- to Rs.70,000/- per enterprise based on the business plan which will be given at a maximum interest rate of 12% per annum. The entrepreneurs who access NEFF can avail the necessary business development services from One Stop Facility (OSF), if required.

Eligibility for Individual Entrepreneurs

- Entrepreneur from project implementation village panchayat.
- Both existing and new Enterprises.
- Entrepreneur from be a SHG member.
- SHG should be affiliated to PLF.
- Preference to individual enterprise run by differently abled, vulnerable, SC and ST households.
- Enterprises should not be categorized in the negative list under Environment Social and Management Framework (ESMF).
- Entrepreneurs should have good track record of SHG/PLF loan repayment.

Note: 30% of NEFF beneficiaries in the panchayat should be from Differently abled and vulnerable category.

Note (1): Differently Abled is often described in terms of lack of normal functioning of physical, mental or psychological processes. It is also defined as learning difficulties or difficulties in adjusting socially, which interfaces with a person's normal growth and development. Differently abled includes persons having Government issued ID card from Department for the Welfare of Differently abled persons. The differently abled category includes:

- Disability percentage to be 40% or above (if disability is less than 40% a certificate to be obtained from District Rehabilitation Officer)
- Bone and chronic neurological disorders
- Visual Impairment
- Hearing impairment with speech and language disability
- Mental retardation and Mental illness
- Brain disorders
- Leprosy
- Intellectual disability

(2) Vulnerable category includes

- Abandoned by husband (below 50 years of age, those who don't have adequate income and no proper social security)
- Orphan
- Helpless elderly people (above 60 years of age)
- Transgender
- Nomadic tribes (Narikurava community)
- Unmarried single women
- Infected with diseases such as (Tuberculosis, Heart disease, Lymphatic filariasis, epilepsy, bleeding and HIV, Persons infected with AIDS)
- Communities who lived and often continue to live close to forests they such as Adivasi and tribal communities (It should be

ensured with a revenue officer to verify the community affiliation of individuals)


- Destitute widows (those who don't have adequate income and no proper social security)
- Traditional nomadic community
- Gypsy community
- Irula tribe
- Traditional Palmistry watchers

Process flow

1. Individual entrepreneur shall submit the application in the portal with relevant documents.
 - Application
 - ID proof
 - Business plan
 - Copy of bank passbook
 - SHG recommendation with existing loan details
 - Current business activity status report
2. The Executive committee (EC) of the PLF will scrutinize the application and select the entrepreneurs and pass resolution. No external member should be allowed in the decision-making process.

Application process

All loan application for NEFF shall only be applied through the VKP-IDP- NEFF portal. (www.tnrtp.org)

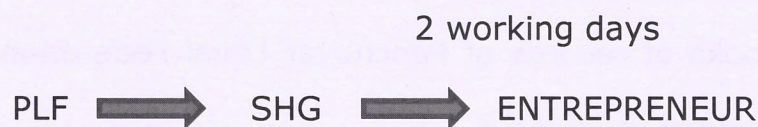
Individual Entrepreneur  PLF

Fund flow

- The funds will be released to the selected applicants by the PLF through the respective SHGs.
- The PLF will release the loan amount to the concerned SHG in a single installment with a maximum of 12% interest rate.
- The SHG will release the fund to the entrepreneur in a single installment.

The business process for the fund flow to Entrepreneur will be as below;

- **PLF to SHG:** The PLF will receive application in the portal before 10th of every month. Scrutinize the application and release the funds before 20th of every month.
- **SHG to Individual Entrepreneur:** The SHG shall release the fund to entrepreneur within 2 working days after receiving funds from PLF.



Indicative list of enterprises:

- Grocery retail shop
- Vegetable retail shop/vendors
- Tea shops
- Small eateries
- Bakeries
- Dairy, goat, poultry, meat & fish retail shop/vending
- Vegetable, Dairy, goat, poultry, pig & fish trading
- Tailoring unit/ garment
- Small farm inputs suppliers
- Welding, plumbing, electrical works
- Flour mill
- Automobile Mechanic shop
- Equipment repairing shops
- Rice shop, Beauty parlor, saloon

** The above is an indicative list but certain other activities can also be taken up based on need and demand. Enterprises in the ESMF negative list given in the annexure will be rejected.

Repayment

- The Entrepreneur shall repay the loan amount both principal and interest to the PLF. The maximum repayment period shall be 24 months. No moratorium is allowed for NEFF loans.

NEFF PLF Eligibility Criteria:

- The Panchayat Level Federation (PLF) meeting conducted in regular intervals and resolutions passed.
- All Books of records of Panchayat Level Federation (PLF) should be maintained up to date.
- According to the guidelines for the Panchayat Level Federations (PLFs) the office bearers should be rotated once in 3 years.
- CAP (NEFF) must be repaid fully till the date. The loan repayment should be (100%).
- The IDP portal should have a loan repayment record and the IDP portal should also correspond to the loan repayment register
- A separate account should be opened and maintained in the name of Nano Enterprise Finance Loan (NEFF).
- Panchayat Level Federation (PLF) audit and society renewal should be completed up to current year.

Activities to be carried out by the PLF

- The PLF should maintain NEFF account and all repayments to be credited in Nano Enterprise Financing Fund (NEFF) account only.
- The PLF should monitor the repayment and send the status report to BPMU, VKP.

PLF Book Keeping

- The PLF Book Keeper should maintain documents in the form of
 1. Registers including Cash book, General ledger, Receipt voucher, Payment voucher, Loan register, Cheque book

register, Loan ledger, Loan Monitoring ledger, Meeting minutes book etc.,

2. The PLF will have to maintain photos of the entrepreneur and their enterprise activity
- PLF/SHG should ensure the proper utilization of fund and loan repayment.
 - PLF book keeper should enter the repayment on the same date of collection of repayment.
 - PLF Book Keeper to update the repayment after sanction of NEFF loan in the NEFF- IDP portal regularly.
 - Monthly submission of PLF financial reports to BPMU for inclusion into MIS, which will include performance of the short-term assistance, including its disbursements, repayments and loan defaults.

Role of Enterprise Community Professionals (ECPs)

- ECP will support entrepreneurs in preparing Business/Activity plan before submitting of applications.
- If any training needs or services are required by the enterprises, they will be linked to One Stop Facility (OSFs) by the ECPs.
- ECP to ensure 100% asset verification within 30 days from the date of disbursement and also follow up for repayment and recovery for overdue.

Role of BPMU

- BPMU project team / PE (A &A) will inspect and monitor the activities carried out by the PLF both at pre and post disbursement on a regular basis. PE (ED) will inspect and monitor enterprises at pre and post disbursement of the loans and their enterprise activities.
- PE(A&A) should collect the loan disbursement and repayment status report from the PLF and submit consolidated report to DPMU in the attached format as per annexure.

- PE (A & A) should monitor the prompt repayment and ensure updating in the NEFF repayment ICT module.
- PE (A & A) should oversee the NEFF book keeping records in respect of disbursement and repayment.
- In case of any overdue beyond 30 days, the concerned BTL and PE (ED) should take steps for regularizing the account

Role of DPMU

- DPMU project team / EO (A &A) will inspect and monitor the activities carried out by the PLF both at pre and post disbursement on a regular basis. EO (ED) will inspect and monitor enterprises at pre and post disbursement of the loans and their enterprise activities.
- EO(A&A) should collect the loan disbursement and repayment status report from the PLF and submit consolidated report to DPMU in the attached format as per annexure.
- EO (A&A) should monitor the prompt repayment and ensure updating in the NEFF repayment ICT module.
- EO (A & A) should oversee the NEFF book keeping records in respect of disbursement and repayment.
- In case of any overdue beyond 60 days, the concerned DPMU should take steps for regularizing the account.

Monitoring

- Nodal officers from SPMU will monitor the district level activities of repayment and on lending.

Monitoring of NEFF activities

Nodal blocks and Village panchayats should be allocated to all Executive Officers and Project Executives for regular follow-up of NEFF beneficiaries and activities in the village panchayats.

Business Development Support:

Business activities of NEFF to be monitored by Executive Officer Enterprises Development at the District Level and submit reports on a monthly basis to DEOs.

Business activity of NEFF to be monitored by Project Executive Enterprises Development at the Village Panchayat Level and submit reports on a monthly basis to BTLs and BTLs to DEOs.

Enterprises community professionals at the village Level, should visit the Enterprises at least twice in the month to provide necessary support and required referral services to the Enterprises and submit reports on a fortnight basis.

Loan Monitoring:

Loan monitoring of NEFF supported Enterprises should be done by Executive Officer Accounts and Admin at the District level and submit reports on a monthly basis.

(Monthly: No of Loans disbursed, Amount Loans repaid, Demand collections, Balance, etc.)

Loan monitoring and reconciliation of NEFF Account should be done by Project Executive Officer Accounts and Admin at the Village Panchayat Level and submit reports on monthly basis.

(Monthly: No of Loans disbursed, Amount Loans repaid, Demand collections, Balance, etc.)

Enterprises community professionals should do regular follow up with the PLF for NEFF related activities including portal entry. Also visit NEFF beneficiaries and ensure proper utilization and repayment of loans and submit reports on a monthly basis.

Reporting

- The concerned PLF will submit the Monthly repayment status to the respective Block Project Management Unit (BPMU), TNRTP.
- The BPMU will consolidate all the reports and submit to DPMU (monthly).
- Monthly progress report shall be submitted through the ICT modules developed by the project.

- The reporting will be done through the manual & MIS modules by the PLF book keeper.


Cost to PLF Book Keeper

The PLF Book keeper will be paid Rs.1000/- as honorarium for NEFF from the income generated by NEFF.

Hence, the Executive Order is issued to initiate Nano Enterprises Financing Fund program and to provide necessary guidance, instructions to TNRTP team and line departments. it is also hereby informed to implement the scheme and to conduct periodical review meeting so as to assess the progress in your district.

**Sd/-
Chief Executive Officer
VKP**

// Forwarded by order //


**Chief Operating Officer (PM)
VKP**


24/05/2023

Encl:

1. Project Guidelines for Producer Groups
2. Community Operational Manual

To,
The District Collector,
All Project Districts.

Copy to

The District Executive Officer,
All Project Districts,
TNRTP.