

# Start-up Village Entrepreneurship Programme in Kerala- A Review

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## ABSTRACT

*People in rural areas suffer from poverty, unemployment, poor infrastructure facilities etc..They are facing reduced opportunities for employee jobs. For rural people, wage employment is only a means to make both ends meet. They are struggling for better standard of living and they can never enjoy financial freedom. This meager situation can be overcome with the development of the rural entrepreneurship. Government of India has adopted many rural entrepreneurship development programmes for the empowerment of rural people. Start-up Village Entrepreneurship Programme is one of the rural entrepreneurship development programmes initiated by GOI as a sub-scheme under National Rural Livelihood Mission (NRLM) under the Ministry of Rural Development in 2015 for encouraging rural youth to take up start-ups. The Kerala government has announced 14 startup projects under the State Poverty Eradication Mission's Kudumbashree programme as a part of SVEP. In the year 2016, Kudumbashree NRO was entrusted with the task of implementing SVEP in Kerala along with three other states- Jharkhand, Rajasthan and Bihar by NRLM. In Kerala, Initially the programme has been implemented at Parakkode block in Pathanamthitta and at Vadavukodu block in Ernakulam district. Now it has been extended to all other districts. This paper focuses on the performance analysis of SVEP implemented at Parakkode block in Pathanamthitta district.*

**Keywords:**

## Introduction

Start-up Village Entrepreneurship Programme (SVEP) is a sub-scheme under the National Rural Livelihoods Mission The objective 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. It focuses on providing sustainable livelihoods and self-employment opportunities with financial assistance and training in business management of soft skills while creating local community cadre for promotion of enterprises (1).

The initial support was for creating and strengthening of 182200 village enterprises in 125 blocks across 24 States in the country over a 5 year period from 2014 - 15 to 2018 - 19. Based on the success of this initial phase of 5 years, it will be taken up in all the blocks of the country in sync with the roll out of NRLM. (3) This intervention has the potential to reach out to one crore rural entrepreneurs and generate employment for more than two crore people over the next 12 - 15 years (7). Under the programme, 40 blocks across 20 States have been taken up in 2016-17 and 43 blocks in 9 states have been approved in 2017-18. As on October 2017, 7800 enterprises have been promoted across 17 States. It is expected that SVEP will support an additional 25000 entrepreneurs during the year 2018-19(1).

## Objectives

- To understand the Start Up Village Entrepreneurship Programme implemented in Kerala.
- To analyse the working performance of SVEP at Parakkode block.

**Methodology:** The evaluation is based on the factual statements identified from review of various relevant secondary documents including the project document, DPR, MIS reports etc.

## Review of literature

- NILAKSHI BORO (2017) an attempt has been made to analyze rural women livelihood and their socio-economic development under NRLM. The researcher found that there is an emerging need to improve women livelihood and the NRLM schemes implementation. The NRLM was performing very poor role in the study area and many of the women does not know about the NRLM and its schemes. Researcher found many issues that effecting the economic development of the women in the study area (6).
- Dr. Shankar Chatterjee(2016) has analysed the performance of DAY-NRLM. The analysis revealed that DAY-NRLM is yet to start with full swing it was suggested that steps may be taken with full vigour so that by 2020 the SHGs may be formed across rural India with all below poverty line (BPL) households and at least each SHG may be provided with Revolving Fund, if not CIF(5).

- Kala.s (2018) has conducted a study to review the rural entrepreneurship development programmes of govt. of India. The paper reveals that SVEP has been Implemented under NRLM in 2015 as a focused intervention to promote start-up entrepreneurship at village level by rural poor households by providing assured availability of need based financial support, capacity building and advisory services for establishment of village enterprises. In the process, SVEP brings banks and financial institutions closer to the village entrepreneur (1).

### Strategy of SEVP

The SVEP is implemented in a project mode through the State Rural Livelihoods Missions (SRLMs). The state may select Project Implementation Agencies (PIAs) to support it in the implementation. The PIAs selected by the state must be organizations with a good track record of promoting diversified nonfarm rural livelihoods. Presently around 10 Project Implementation Agencies are working. . The current pattern of central assistance for SVEP projects is 60:40 (center-state) in respect of projects implemented in major states, while in the North-Eastern and Himalayan states the ratio of central to state assistance is 90:10. The ceiling on administrative cost of SVEP projects is 6% of the total approved cost. SVEP is an All-round approach to removing obstacles faced by entrepreneurial start-ups.

### Major problems of rural start-ups

- A missing knowledge eco-system- – the potential entrepreneurs do not have the skills of choosing which enterprise to start and how to do a feasibility analysis of the proposed enterprise. There is also lack of specific business domain skills and many times they lack business numeracy skills as well.
- A missing incubation eco-system- After starting the enterprise, the entrepreneurs do not have a mechanism of an advisor from whom they can seek help, specifically for business planning, risk assessment, working capital requirements, accounting, monitoring, costing and pricing, understanding seasonal demand, etc.
- A missing financial eco-system- The poor do not have access to bank finance and the existing mechanism of finance from moneylenders or MFIs or SHGs is not suited for businesses. Only 5% of MSME enterprises are institution- financed (7).

### SVEP –A proposed solution

Missing knowledge eco-system gap shall be met by creating adequate trained social capital to guide and provide necessary support services to rural entrepreneurs (both new and existing entrepreneurs). SVEP seeks to create a cadre of Community Resource Persons – enterprise promotion (CRP-EPs) in all the blocks where SEVP intervention is being implemented (8).

Situation arising out of missing incubation eco-system shall be overcome by the CRP-EPs, who'll handhold the entrepreneurs from startup to at least six months after start-up. The CRP-EPs shall be supported by a software which shall help the CRP-EP make a usable P&L for the enterprise based on basic business data being fed into the same, shall create regional benchmarks for business performance parameters and use the same for giving performance feedback to the entrepreneurs(7).

SVEP addresses the financing problem by providing a loan to the entrepreneur for start-up, from a dedicated community investment fund, vested with a block level community based organization (CBO). Post start-up, the enterprise's business performance and loan repayment history to the CBO shall be captured in the software and can be provided to the banks while applying for a loan for scaling up the enterprise(8).

### SVEP in Kerala

The Kerala government has announced 14 startup projects under the State Poverty Eradication Mission's Kudumbashree programme as a part of SVEP. In the year 2016, Kudumbashree NRO was entrusted with the task of implementing SVEP in Kerala. SVEP-Kerala is designed to create a model to help start and support new enterprises and support the existing ones. It aims to create an institutional platform to support micro enterprise development of entrepreneurs from poor backgrounds. Upon successful implementation, Kerala will emerge as the only state in the country to have introduced the SVEP project in all its districts (1).

### SVEP Kerala – Principles

- Proper enterprise selection, through clear block-level feasibility analysis.
- Business advisory services through a strong institutional platform named Block-Nodal Society for Enterprise Promotion (BNS-EP) registered under societies act.
- Community leadership at block level to take up enterprise development initiatives as part of SVEP.

- Block resource centre for entrepreneurship promotion (BRC-EP) owned by BNS-EP.
- Simplified process of obtaining enterprise credit.
- Community managed Credit guarantee fund to promote bank linkage
- Fee based business support services provision.
- IT-enabled monitoring and micro enterprise performance tracking system
- Strong linkage to PM Mudra Yojana and government schemes.

**Present Status of SVEP in Kerala**

Two blocks in Kerala were approved by the Empowered Committee of NRLM for the implementation of SVEP in 2016. Parakkode block in Pathanamthitta district and Vadavucode block in Ernakulam district. Now it has been extended to all other districts. There are 7 gram panchayats in Parakkode block and 11 villages, of which all are reported as inhabited. The total area of Parakkode is 250.68 sq.km and population density is 822.71 persons per sq. km. Parakkode has significant concentration of Scheduled Castes population with around 19% of the population belonging to Scheduled Castes category. There are 6 gram panchayats in Vadavucodu block and 7 villages and 2 towns, of which all are reported as inhabited. The total area of rural Vadavucodu is 149.33 sq. km and population density is 835 persons per sq. km. Vadavucodu has significant concentration of Scheduled Castes population with around 13% of the population belonging to Scheduled Castes category(10).

Detailed Project Reports (DPRs) were finalized in November 2016, after field surveys assessing household demand, available resources for value addition and existing local enterprise conditions to identify the opportunities for enterprise development in the blocks. The period of implementation of SVEP in these two blocks is from November 2016 to Nov 2020. The total target of enterprises to be supported under SVEP over four years was set as 4218 (2164 at Parakkode (2004 new160 existing) and 2055 (at Vadavucodu) (1934 new 121 existing) based on the DPRs. The number of CRP’s-EP to be identified and trained for the achievement of this target was identified as 61 (31 at Parakkode and 30 at Vadavucodu)(4). A Rs. 65-crore project submitted by Kudumbashree for extending the Startup Village Entrepreneurship Programme (SVEP) to 12 more districts in the State .The Empowered Committee of NRLM has approved 12 more blocks in the remaining 12 districts for SVEP implementation in 2017 and programme started in January 2018. These blocks are Vamanapuram in Thiruvananthapuram, Pathanapuram in Kollam, Thaikkattussery in Alapuzha, Vaikkom in Kottayam, Idukky in Idukky, Kodakara in Thrissur, Nenmara in Palakkad, Nilambur in Malappuram, Perambra in Kozhikode, Panamaram in Vayanad, Koothuparambu in Kannur, and Neeleswaram in Kasargode. Total enterprises proposed to be supported in 4 years 33,600(4).

**Progress of Implementation at Parakkode and Vadavucodu**

District	Name of block	No.of Kudumba-shree Mentors	No.of CRP-EPs	Total No. of enterprises supported	No.of loans disbursed from CEF under SVEP	Total amount of loan disbursed from SVEP
Pathanamthitta	Parakkode	1	14	494	270	1,25,65,000
Ernakulam	Vadavucodu	1	19	443	245	1,12,55,000

**SVEP performance at Parakkode Block**

The total budget for the implementation of SVEP over four years is Rs. 5.77 crores in Parakkode Of this 40% of the costs will be borne by Government of Kerala and 60% by the central government. Central allocation has been received in two phases of Rs. 2, 21, 44,220 crores out of which 1, 25, 65,000 has been disbursed @ 4% diminishing interest rate. But state allocation has not been received yet. The selected CRP’s-EP in Kerala has been trained in modules developed by Kudumbashree NRO over four months. The modules they are trained in are: Training in Entrepreneur Development (TED) and Training in Enterprise Administration and Management (TEAM).

**Analysis and Results**

**1. Age Distribution of Entrepreneurs at Parakkode Block:**

Age Bracket	No of enterprises	%
20-30	36	7
30-40	149	30
40-50	198	40

50-60	93	19
Above 60	18	4
<b>Total</b>	<b>494</b>	<b>100</b>

Result: Majority of the enterprises are started by Entrepreneurs in the age group of 40 to 50.

## 2. Community Distribution of Entrepreneurs at Parakkode Block:

Community	No of enterprises	%
General	118	24
SC	73	15
ST	0	0
OBC	192	39
Minority	111	23
<b>Total</b>	<b>494</b>	<b>100</b>

Result: Though the Parakkode block is having significant SC population, the reach of SVEP is low. No STs are supported through SVEP.

## 3. Occupation of the Entrepreneurs who have started Enterprise at Parakkode Block:

Current Occupation of the Enterpreneur	No of enterprises	%
Home Maker	267	54
MNREGA	89	18
Wage Earners	68	14
farming	36	7
business	34	7
<b>Total</b>	<b>494</b>	<b>100</b>

Result: Majority of the entrepreneurs who have started their enterprises through SVEP are home makers

## 4. Type of Enterprise Distribution at Parakkode Block:

Enterprise Type	No of enterprises	%
Manufacturing	138	28
Trading	220	45
Service	136	27
<b>Total</b>	<b>494</b>	<b>100</b>

Result: Majority of the enterprises started as of now are in trading.

## 5. Initial Investment Distribution of Entrepreneurs at Parakkode Block:

Investment Bracket	No of enterprises	%
Less than 25000	52	10
25,000-50,000	83	17
50,000-75000	34	7
75000-100000	118	24
100000-125000	23	5
125000-150000	53	11
Above150000	131	26
<b>Total</b>	<b>494</b>	<b>99</b>

Result: Majority of the initial investments in SVEP blocks are through own funds. Around 42% of the enterprises are having investment of 1 lakh and above

## 6. Profit distribution of Enterprises at Parakkode Block:

Profit Bracket	No of enterprises	%
below 5000	140	28
5000-10000	207	42
10000-15000	64	13
15000-20000	35	7

20000-25000	24	5
25000-30000	10	2
Above 30000	14	3
<b>Total</b>	<b>494</b>	<b>100</b>

Result: 42% of the enterprises are earning a monthly profit of Rs.5000-10000

#### 7. Community Enterprise Fund Distribution at Parakkode Block:

CEF distribution	Amount	%
Batch 1	28,50,000	23
Batch 2	16,65,000	13
Batch 3	20,90,000	17
Batch 4	13,30,000	10
Batch 5	32,50,000	26
Batch 6	13,80,000	11
<b>Total</b>	<b>1,25,65,000</b>	<b>100</b>

Result: 26% CEF (32,50,000) is distributed in 5th batch which includes 6 lakhs for kalanjur grama panchayath, 11 lakhs for Enadimangalam, 2 lakhs for kodumon, 7.5 lakhs for Ezhamkulam, 2.5 lakhs for Erathu, 3.5 lakhs for kadampanad.

#### 8. Repayment Status at Parakkode Block:

Month	Repayment	%
October 17	145204	5
November 17	141352	5
December 17	149657	5
January 17	216971	7
February 18	209168	7
March 18	306524	11
April 18	364840	13
May 18	413665	14
June 18	475852	16
July 18	484150	17
<b>Total</b>	<b>2907383</b>	<b>100</b>

Result: Repayment is gradually increasing on monthly basis and reached at 17% till the completion of 6<sup>th</sup> batch CEF distribution.

#### Findings

- Majority of the enterprises are started by Entrepreneurs in the age group of 40 to 50.
- Though the Parakkode block is having significant SC population, the reach of SVEP is low. No STs are supported through SVEP.
- Majority of the entrepreneurs who started their enterprises through SVEP are home makers.
- Majority of the enterprises started as of now are in trading.
- Majority of the initial investments in SVEP blocks are through own funds. Around 42% of the enterprises are having investment of 1 lakh and above
- Majority of the enterprises are earning a monthly profit of Rs.5000-10000
- Major portion of CEF is distributed in 5th batch which includes 6 lakhs for kalanjur grama panchayath, 11 lakhs for Enadimangalam, 2 lakhs for kodumon, 7.5 lakhs for Ezhamkulam, 2.5 lakhs for Erathu, 3.5 lakhs for kadampanad.
- Repayment is gradually increasing on monthly basis and reached at 16% till the completion of 6<sup>th</sup> batch CEF distribution.

#### Conclusion

From the above analysis, it can be concluded that SVEP in Parakkode block has been showing significant growth in performance during the last 17 months (December 2016-july 2017). Target for February 2016-March 2017 was 355. But the actual result is 390 enterprises. Even though the central allocation has been received by Parakkode BNS-EP in August 2017 and the CEF distribution started in August after receiving the first phase central allocation of Rs.65, 12,000, they have achieved more than their target. Vadavucodu block

has also been showing the same level of performance. From the success stories of these two blocks, government has decided to take up one more blocks in 14 districts viz.Parassala in Thiruvananthapuram, Sasthamkotta in Kollam, Ranni in Pathanamthitta, Chengannur in Alapuzha, Ettumanur in Kottayam, Nedunkandam in Idukky, Vyppin in Ernakulam, Chalakkudi in Thrissur, Palakkad in Palakkad, Ponnani in Malappuram, Balusseri in Kozhikkode, Kalppatta in Vayanad, Peravoor in Kannur, Karadukka in Kasargodu.

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