



URBAN SELF EMPLOYMENT PROGRAMME – SCHEME

This scheme has been launched under Swarn Jayanti Shahari Rozgar Yojana (SJSRY). The objective of this scheme is to address Urban Poverty alleviation through gainful employment to the urban unemployed or underemployed poor by encouraging them to set up self employment ventures. It also supports skill development and training programmes to enable urban poor to have access to employment opportunities. The delivery of inputs under the scheme is through urban local bodies.

1. This Scheme will have two components:

- (i). Assistance to individual urban poor beneficiaries for setting up gainful self-employment ventures [Loan & Subsidy]
- (ii). Technology/marketing/infrastructure/knowledge & other support provided to the urban poor in setting up their enterprises as well as marketing their products [Technology, Marketing & Other Support].

2. Loan & Subsidy

2.1. This component focuses on providing assistance to individual urban poor beneficiaries for setting up gainful self-employment ventures - micro-enterprises.

Coverage

2.2. The programme will be applicable to all cities and towns on a whole town basis. Within each town, it will be implemented by selecting whole clusters of the poor segments so as to bring inefficiencies in the administration and the delivery mechanisms and also make the impact visible.

Target Groups

2.3. USEP will target the urban population below poverty line, as defined by the Planning Commission from time to time. It will lay special focus on women, persons belonging to Scheduled Castes (SC)/Scheduled Tribes (ST), differently-abled persons and such other categories as may be indicated by the Government from time to time. The percentage of women beneficiaries under USEP shall not be less than 30%. SCs and STs must be benefited at least to the extent of the proportion of their strength in the city/town population below poverty line (BPL). A special provision of 3% reservation in the total number of beneficiaries should be made for the differently-abled under USEP. In view of the Prime Minister's New 15-Point Programme for the Welfare of Minorities, 15% of the physical and financial targets under the



Urban Self Employment Programme at the national level shall be earmarked for the minority communities.

Educational Qualification

2.4. No minimum or maximum educational qualification is prescribed for selection of beneficiaries under USEP. Where the identified activity for micro-enterprise development requires skill training of an appropriate level, the same will be provided to the beneficiaries before extending financial support.

Beneficiary Identification

2.5. A house-to-house survey for identification of genuine beneficiaries, with focus on slums and low-income settlements, will need to be conducted. Model Formats for conduct of slum survey, household survey and livelihoods survey and guidelines will be communicated by the Ministry of Housing & Urban Poverty Alleviation. In addition to the economic criteria of the Urban Poverty Line, non-economic parameters will also be applied to identify the urban poor for receiving benefits under SJSRY. Annexure I provides some suggestive non-economic parameters in this regard. Community structures like Neighbourhood Groups, Neighbourhood Committees and Community Development Societies will be involved in the task of identification of beneficiaries under the guidance of the City/Town Urban Poverty Alleviation Cell (UPA Cell). Assistance of NGOs/other identified bodies can also be secured for this purpose.

2.6. All other conditions being equal, women beneficiaries belonging to women-headed households shall be ranked higher in priority than other beneficiaries. For purposes of this section, women-headed households shall mean households headed by widows, divorcees, single women, or even households where women are the sole earners.

Cluster Approach

2.7. Identifiably, clusters should be taken for support under SJSRY and efforts should be to ensure that all adults in the cluster are provided with benefits of skill development, self-employment or wage employment so that no urban poor household is left with an adult without means of earning income. Clusters should be so chosen that the USEP target groups get attention.

2.8. USEP encourages under-employed and unemployed urban poor to set up small enterprises relating to manufacturing, servicing and petty business for which there is a lot of potential in urban areas. Local skills and local crafts should be encouraged for this purpose. Each town/urban local body has to develop a compendium of such activities/projects keeping in view marketability, cost, economic viability etc. To avoid duplication with the ongoing Prime Minister's Employment Generation Programme (PMEGP), this scheme to be confined to Below Poverty Line (BPL) beneficiaries with emphasis on those given a higher priority on the basis of non economic criteria. Beneficiaries should declare that they have not availed similar benefits under any



other self-employment scheme. The list of beneficiaries is to be shared with PMEGP to rule out duplication of coverage.

2.9. For the purpose of self-employment, focus will be on 3 sectors i.e. Production (Micro industry), Services and Business.

2.10. On Micro-industry (Manufacturing) side, a group of people (hub) will be encouraged for setting up of enterprises centered around and supported by Micro Business Centres (MBC), established following cluster approach. Space may be provided by MBCs in the form of working sheds or micro-entrepreneurs may work from their homes.

2.11. In relation to Services sector, Urban Local Bodies will provide Seva/Suvidha Kendras (for every 50,000 population at least one Kendra) with suitable logistics and space. Workers will register themselves with the Kendras, which could act as focal points for the servicing trades and facilitate jobs/assignments to the registered skilled workers on demand from the clients. The emphasis will be on quality skills and the rates will be decided in advance/fixed for home visits.

2.12. In Business Sector, i.e. shop-based enterprises, kiosks/spaces will be leased out by the ULBs to the urban poor for setting up shops. Vendors' markets will be promoted. Mobile vending outlets, running on motorized scooters will be encouraged with suitable technological interventions. Beneficiaries can also run their ventures from their own houses /shops.

2.13. Opportunities in the transport sector, viz. running of scooter rickshaws, motorized cycle rickshaws for ferrying people/goods will be explored. Group ownership /Occupational Credit Groups concept in this sector will also be encouraged.

2.14. Micro-business Centres can be planned to cover Services and Business sectors, apart from Micro-industry. For businesses they can help with project preparation, permissions from planning and regulatory agencies, maintenance of accounts, advertisement, packaging, branding, deciding maximum retail price, marketing, etc.

2.15. The details of financing pattern under USEP are as follows

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| Maximum allowable unit project cost | - | Rs.200,000/- |
| Maximum allowable subsidy | - | 25% of the Project Cost subject to a maximum of Rs. 50,000/-. |
| Beneficiary contribution | - | 5% of the project cost as margin money. |
| Collateral | - | No Collateral required. |

2.16. SJSRY will encourage group formation by the urban poor for setting up micro-enterprises. In case a number of beneficiaries, either male or a mixed group consisting of males and females, decide to jointly set up a project, such project will be eligible for a subsidy, which



will be equal to the total sum of permitted subsidy per person as per the above criteria. In this case too, the provision relating to 5% margin money per beneficiary will apply. The overall project cost, which can be permitted, will be the simple sum of the individual project cost allowable per beneficiary.

3. Technology, Marketing and Other Support

3.1. This component will mainly focus on handholding support for the urban poor entrepreneurs who want to be self-employed and set up their own small businesses or manufacturing units. Under this component, Micro-Business Centres (MBC) will be established at cluster level (e.g. handlooms/ handicrafts, food processing, construction, glass & ceramics, electrical and electronics, mechanical engineering, auto driving & mechanics, metal works, etc.), supported with one-time capital grant subject to the concerned State Government/Urban Local Body providing the required land free of cost. This will be run on the basis of a Public-Private-Partnership (P-P-P) model. MBCs could also be run by the society of entrepreneurs themselves with manpower hired on contract basis.

3.2. Small Enterprise Advisory Services (SEAS) will be provided through the MBC which may be equipped with specialists covering 5 key areas: (1) Community Mobilization including Survey and Identification of Beneficiaries, Cluster Development, etc. (2) Capacity Building including Skill & Entrepreneurship Development, (3) Business Development, (4) Finance & Credit, and (5) Marketing. These specialists, who may be paid remuneration commensurate with their education and experience, will undertake handholding activities for the development of entrepreneurs from the urban poor community and promote business development by them from the concept stage to commissioning to sustainability. The MBCs & Small Enterprise Advisory Services (SEAS) will specially focus on handholding the urban poor micro-entrepreneurs who have opted for self employment, with a view to enhancing the success rate of micro-enterprises. Operative guidelines for MBCs and SEAS will be issued by the respective States/UTs adopting a cluster-based approach.

3.3. A Micro Business Centre under the Scheme can be provided a financial support not exceeding Rs. 80 lakhs per MBC (one time capital grant of Rs. 60 Lakhs + Rs. 20 Lakhs for running cost on a tapered scale, to sustain them). Efforts should be made to make these MBCs self sustainable in due course. For this, MBCs may involve themselves in business, consultancies and other income generation activities. As micro-businesses prosper, they can also charge fees.

3.4. Technology, marketing, consultancy (advice) & other support may also be provided to beneficiaries setting up micro-enterprises, in relation to production and marketing of their products etc. This can be accomplished by providing selling places for the poor in the form of kiosks and rehri markets, setting up of Nagar Palika Seva/Suvidha Kendras for construction and other services (like those provided by carpenters, plumbers, electricians, TV/radio/refrigerator mechanics etc. who will be available to city residents on call), and through liaison for provision of weekend markets/evening markets in municipal grounds or on road sides on the one hand and technical assistance in relation to market surveys/trends, joint



brand names/designs and advertising on the other. Community Development Societies (CDSs) will provide all needed help including securing of raw materials and marketing of products by the urban poor.

3.5 It is also proposed that a Service Centre be set up at the CDS level for those who have undergone skill upgradation training. Appropriate space may be provided to trained persons who can be asked to enroll themselves with the Service Centre so that they could be sent to attend day to-day skilled tasks on call from citizens against appropriate scales of payment fixed by the Community Development Society (CDS). Appropriate publicity may be done within the town regarding the facilities available under the Service Centre. The Service Centre can survey manpower needs of local industry and other potential employers and match them to the job seekers, as also to help organize appropriate skill training.

3.6. Special assistance may be provided for setting up of Community level Service Centres, which could be used for multifarious activities such as work places/branding/marketing centres etc. for beneficiaries under this programme. These may be administered on a day-to-day basis by the local CDS. Space for such Centres should be provided free of cost either by the local body or any other agency.

3.7 The construction of the Seva/Suvidha Kendra shall follow the norms laid down under the scheme of Urban Wage Employment Programme.

3.8. Clusters of micro-production units may be developed in keeping with the factors of localization pertaining to traditional skills and in terms of towns known for specific products. Appropriate or intermediate technology inputs may be used to strengthen the technological base of the selected clusters in terms of Common Facility Centres providing critical machinery/equipment required for common use by clusters of micro-enterprises as well as ensuring supply of quality raw materials at reasonable prices. These Common Facility Centres may be run by associations of micro entrepreneurs themselves related to the selected economic activity. Entrepreneurs should be provided high quality Small Enterprise Advisory Services (SEAS).

3.9. Micro-entrepreneurs should be encouraged in developing trade-based organisations/associations. Mobile vending outlets may be developed with technological design and development support from IITs and other reputed institutions. An integrated approach may be adopted with special attention to backward and forward linkages for a complete range of activities in the establishment of the enterprises.

3.10. Total expenditure on this component of Technology/Marketing/Knowledge/Infrastructure & Other support provided to the urban poor in setting up their enterprises as well as marketing their products, may not exceed 10% of the total funds earmarked for the USEP component.