

*Scheme for
Providing Assistance
to
Project Affected Families
for
Self Employment*



**HIMACHAL PRADESH
POWER CORPORATION LTD**

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Abbreviations

FA	Financial Assistance
HPPCL	Himachal Pradesh Power Corporation Limited
ID	Identity Card
LA	Land Acquisition
MPAF	Main Project Affected Family
NABARD	National Bank for Agriculture and Rural Development
PAA	Project Affected Area
PAF	Project Affected Families
PAP	Project Affected Person
PIC	Public Information Centre
R&R	Relief and Rehabilitation
SHG	Self Help Group



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Self Employment Scheme for Project Affected Families

1. Introduction

The most sought after measure of rehabilitation and resettlement (R&R) by Project Affected Families (PAF) and Project Affected Persons (PAP) in all the projects of HPPCL is employment. It is a cherished desire of HPPCL also to provide employment to the maximum possible number of people from PAF and PAP and in this regard, contrary to the putative understanding, it views the employment as a means to earning livelihood beyond government or government owned corporation's service. While it wants to help the PAFs and PAPs in their quest for employment without compromising organization's capability and competitiveness, it is not possible for HPPCL to employ all the PAFs and PAPs on its rolls. As such, HPPCL wants to help the PAF and PAP to become self-employed and in the process provide employment to others also. Self-employment in the form of entrepreneurship to start one's own business is the most potent measure to rehabilitate and resettle the affected people. Keeping in view this overarching goal, the present scheme is formulated as under.

2. Objectives

- To assist families who were self-employed and whose occupation has adversely been affected by HPPCL project.
- To provide assistance for alternate employment including self-employment to PAFs and PAPs.
- To assist families for starting their own occupation towards becoming self-employed and also becoming capable to provide employment to others.

3. Concept

This scheme is based on self employment through small business venture. This could be in the form of small industry, agriculture or horticulture based activity, animal husbandry related activity or any service. Activity could be taken up by one family or one member in the family on individual basis. The activity could also be taken up in a group where either the activity is large or there are advantages of working in a group. The group could consist of beneficiaries under this scheme. It is also possible that some beneficiaries under this scheme join in any group formed under some other scheme or group formed separately. Such activity is to be chosen of which the beneficiary has either some knowledge or experience or is related to the common occupation of the area. The activity should be able to generate enough income to be able to support one individual initially and then grow to support a family.

4. Strategy

The strategy will consist of mainly two components:-

- A. Orientation and Training
- B. Setting up and running the micro enterprise/business venture

A. Orientation and Training:

HPPCL will organize camps to create awareness about the scheme and possible activities. Thereafter further awareness would be created amongst the potential beneficiaries of the scheme. Next step would be the training part. After the activity is finalized training in the technical aspect of the activity chosen would be conducted either in the village itself or in some institution specialized in that activity or by attaching with some successful running enterprise.

This total exercise of identifying the beneficiaries and choosing the activities and orientation as well as training should take between 3 to 6 months. During this period, if possible, groups will also be formed.

B. Setting up and running the micro enterprise/business venture

Detailed scheme will be worked out by HPPCL staff alongwith beneficiaries with the help of experts from concerned government agencies or through other suitable agencies. After the scheme is finalized the financial requirement will also be worked out and thereafter the beneficiary would be encouraged and guided to put an application in a bank or in other lending agency. The bank or lending agency will have the freedom to appraise the project/activity independently. After the scheme is sanctioned by the bank the beneficiary will become eligible to draw Rs. 50,000/- subsidy available from HPPCL.

5. Eligibility Criteria

1. Should be PAF. If enough applications are not received from PAF's then other residents of PAA may be considered.
2. Should be adult of sound mind
3. No one from his/her family should have been provided employment on regular basis by HPPCL under the provision in R&R policy for employment to one member of main PAF rendered landless.
4. The family through head of family should recommend on behalf of the family.
5. Should have the requisite minimum qualifications to undertake and run the chosen enterprise/activity.
6. This assistance for self employment will be provided once only for eligible family.
7. Having received assistance or help from any other agency like bank etc. or under any other government sponsored scheme shall not debar the applicant PAF/PAP from seeking assistance under this scheme.

6. Financial Norms

- Financial Assistance worth Rs. 50,000/- per applicant (sole or joint) will be provided to the eligible families fulfilling the requirement for this assistance.
- In case of joint application or proposal by a group of applicants from eligible PAFs, the amount of assistance shall in the multiples of applicants. The sanction will be collective but disbursement will be to individual.
- This assistance will be provided in 3 or 4 installments. However, in exceptional cases, to be decided by head of Project, this assistance can be given in one or two installments if asset creation is verified.
- HPPCL will agree to release the subsidy portion to the bank if the bank agrees to release the complete amount together with subsidy in installments agreed by HPPCL or in accordance with some scheme of the bank which may be agreed to by HPPCL. Usually the release to individual will be through bank. However, if required, subsidy can be released directly to beneficiary with approval of HOP.
- The installments will be formed together with the loan, therefore, installments will be worked out by Head of Project (HOP) in consultation with the bank. In case there are no set norms then HOP may work out installment in such a manner so that 1st installment goes towards creation of basic infrastructure, 2nd installment is used for acquiring of movable assets, plan machinery etc. and the remaining is used for working capital.
- Normally the subsidy portion will not be more than 25% of the total project value project cost. The project cost would include the subsidy, the loan, the self investment of the beneficiary which may be in cash or in terms of assets like building, shed etc. This condition may, however, be relaxed by HOP in exceptional cases up to maximum of subsidy being 50% of the total project cost. Any relaxation beyond this limit would be possible only with the approval of the Managing Director.
- Expenditure on assessment, scrutiny, verification, proposal refinement orientation training, exposure visit, consultation and processing fee, if any, shall be borne by

HPPCL and such expenditure shall not be debited against the approved project cost or quantum of assistance to be given to the applicant(s). This will be on actuals to be assessed by the HOP in consultation with Corporate R &R in other words.

- Cost of training, exposure visits, attending workshops, seminars or training camps, related travel expenses etc shall be in addition to the amount of Rs. 50,000/- which shall be borne by HPPCL.
- The expenditure of this Scheme shall be debited to R&R Head.

7. Application Form for seeking Financial Assistance

Application Form for seeking financial Assistance under this scheme can be obtained from the project site office/Public Information Centre (PIC)/R&R Corporate Office or it can be downloaded from the HPPCL web site (www.gov.nic.in). Specimen of the application Form is placed at **Annexure-1**.

The proposal should be submitted to the concerned HPPCL Project office with the R&R staff. The project R&R staff shall assist in preparation of the proposal and also filling in the application form. Single application can be filed by a SHG of eligible applicants for funding a common proposal, but it must have signatures of all members.

8. Concept of formation of Self-Help Group (SHG)

As envisaged under the scheme, formation of SHG will be encouraged and facilitated. A group of PAF (comprising of up to but not less than five members) can jointly start a new occupation for becoming self-dependent under this scheme. SHG formation will be facilitated by the Project R&R Staff. In such cases, the total Financial Assistance (FA) would be multiplied by the normative rate, to cover the cost of the project not financed by the concerned bank. This assistance will be provided only once by HPPCL. For one PAF, FA amounting to Rs. 50,000/- only would be released and up to Rs. 2, 50,000/- to a group of five eligible applicants would be released. Some PAF's can also become members of other groups set up by any other Govt agency like RD Deptt or Welfare Deptt or a Bank. In that case they may apply for subsidy assistance @ Rs 50,000/- per beneficiary. Group members other than those covered in this scheme can get assistance from other sources. In other words members assisted includes different schemes can also come together in a group.

9. Formulation of Proposal for Self Employment Assistance from HPPCL

The proposal or project or scheme should be prepared by eligible PAF/PAP in consultation with local technical persons of concerned State department, lead bank of the district, DRDA, etc., existing co-operative society/union/ federation etc. The project R&R staff shall help in preparation of the proposal and also arrange technical guidance for proposal preparation. If possible, the beneficiaries should also visit progressive entrepreneurs and government agency or concerned university or technical institute in the vicinity and discuss the profitability of the proposed project. Project R&R staff shall facilitate such a visit.

A good practical training and experience in the related field will be highly desirable. Availability of local supporting facilities and systems like availability of technical inputs, running inputs and raw materials, supply and demand position in the locality, marketing facilities, training facility, and experienced people would be described and assessed in detail. Generic structure of the proposal is given in **Annexure-2**.

10. Processing of application

All the proposals received by Head of the Project shall be processed by project R&R staff. The processing would include verification of status of PAF or residence in PAA. Degree of impact on the occupation or on the source of livelihood due to the project shall be assessed by the Project R&R staff and indicated in their scrutiny report. All other information provided in the proposal by the applicant shall be verified. The proposal shall be assessed with the help of concerned bank in the locality.

11. Scrutiny of Proposal

On receipt of the application with proposal, the HPPCL shall get its techno-economic feasibility assessed by expert of the concerned field preferably with the help of the local bank from where part financing is proposed. An outline of the assessment criteria is given in the generic structure of the proposal contained in annexure-2.

Any shortcomings noticed during the scrutiny, the applicant would be helped to remove the same to make the proposal bankable. For this purpose, short-term training or workshop or consultation can be arranged by HPPCL project either locally or sponsor the applicant(s) to such a training/workshop/exposure visit being organized elsewhere.

During scrutiny of the proposal training need depicted by the applicant(s) shall also be assessed and training requirement noted and compiled separately by the project R&R staff with the timing and period of such training. A training calendar shall be drawn up and training as per schedule shall be organized by HPPCL Project.

12. Sanction and release of Financial Assistance

- The proposals found bankable after scrutiny and assessment shall be forwarded to the concerned bank by HPPCL project with its approval.
- HPPCL would also release its share of financing (maximum up to Rs. 50,000/- per applicant in a joint proposal or sole applicant) while recommending release of bank's part of financing the proposal or as per decision of HoP.
- The assistance from HPPCL shall be released to a Joint bank account or account prescribed by the participating bank in the scheme.
- The project R&R Staff shall assist and facilitate release of the part financing from the concerned project for the approved project.

13. Provision of Training and Exposure Visit etc

HPPCL will arrange training to all those PAFs, whose proposal will be accepted under this scheme. The training needs as assessed during the scrutiny and appraisal of the project shall

be compiled by the project R&R staff and a training calendar prepared in consultation with the successful applicants.

All such PAF under this scheme would be trained for starting new occupation and to understand its intricacies and to know the marketing process etc. All the expenditure relating to training will be borne by HPPCL. The duration of the training will be about 15 days and it will be residential based training along with the boarding and lodging facilities. PAFs would also be entitled for travel related expenses including DA. Rates of TA and DA shall be same as admissible to a Category-III under HPPCL TA rules. Training will preferably be organized within the district, where project is located or within the state or in exceptional cases even outside the state. HPPCL, instead of organizing training, workshop, seminar, camp etc may choose to sponsor successful applicants to such events as may be organized by other institutions or agencies within or outside the state.

Exposure visit(s) would also be organized by HPPCL for successful applicants within the district/state or outside enable them to take up the proposed project activities with confidence for success of the venture. It may include but would not be limited to exposure for adopting modern techniques, good practices, value addition and marketing of their products.

All expenditure on such training, exposure visit workshop, seminar, camp etc shall be borne directly by HPPCL.

14. Time Period of the Scheme

The implementation of this scheme in all the project of HPPCL may be started after issuance of notification under section-4 of LAA. The implementation of this scheme will remain in force for a period of one (01) year after commissioning of the project.

15. Monitoring

- The project R&R staff shall be responsible for internal monitoring of progress and utilization of released fund.
- Attempt shall be made that amount released under this scheme is not misused.
- Utilization of amount released as 1st installment shall be verified by the project R&R staff.
- If the funds of the 1st installment are found misused or found lying unused by applicant, then the 2nd installment will not be released.
- For a cluster of projects for which FA was provided by HPPCL, an external or third party monitoring may be engaged.
- Performance of this Scheme shall be assessed after a period of three years of its operation. However, suggestion for improvements received in the interregnum shall be taken on board and the scheme revised as per need which may be earlier than three years period.

16. Review and appeal

A three member committee to be constituted by the Head of the Project shall be competent to review cases including those of stoppage of release of second or further installment(s).

Appeal for proposals not accepted shall lie with this committee on whose recommendation, the Head of Project shall decide cases.

Application Form for applying for financial assistance under the Self Employment Scheme

1. Name of the District..... Teh/Sub-Teh.....
2. Name of HPPCL Project.....
3. PAF Identity Card (ID) No (if allotted) of main applicant
4. Name of the Applicant(s) (in capital letters) with Gender.....



SN	Name and address	Gender	Whether from MPAF, PAF or PAA	Name of Head of PAF	PAF Identity Card No.
i					
ii					
iii					
iv					
v					

5. Per Capita income of the each household (produced any affidavit duly verified by the concerned patwari) for applicant/each member of group.
6. Occupation prior to Land Acquisition (LA) by HPPCL for applicant/each member of group

SN	Applicant Name	Occupation prior to land acquisition	Description of impact by HPPCL Project
i			
ii			
iii			
iv			
v			

7. Name of occupation to be started
8. Summary of the proposal
.....
.....
.....
9. Total fund required for starting of new occupation.....
10. Break-up of various source(s) of funding for the project

SN	Source of funding applied for	Amount	Percentage
i			
ii			
iii			
	Total		

11. Any other information
- 12.
13. List of enclosures including project proposal

Date.....

Applicant's Signature

14. Attestation by Pradhan of the concerned Panchayat

The applicant/applicants reside in the Gram Panchayat as mentioned in the application and all the information provided by the applicant/applicants are correct to the best of my knowledge.

Signature & seal of Pradhan GP

13. Checking and verification by project R&R Staff

Name and Designation of project R&R Staff

14. Recommendation of next higher level

Name and Designation with Office Seal

GENERIC STRUCTURE OF PROJECT PROPOSAL
under Self-Employment Scheme

1. Title of the Proposed Project

(Briefly give the main sector, main activity and location of the proposed project. For instance Animal Husbandry-dairy farming with name of village, GP, Block, Tehsil and District.)

2. Status of Applicant or Project Proponent

(Whether individual PAF/ PAP or PAF in Partnership or SHG of PAFs/PAPs or Co-operative Society of PAFs/PAPs or Others)

3. Rationale or why do it?

(It should provide justification; site specific context; market and earning potential; employment potential; and brief summary of technical and financial viability of the proposed project.)

4. Scope and activity's importance

(Under this heading the existing demand and supply position, marketing potential, gap identification, future growth potential and government's attention to the activity should be discussed.)

5. The Specific Proposal

(This section should provide the capital inputs and infrastructure required, their type, quantity for each, production performance, cost and other relevant input and output costs with their description. Based on this, the total cost of the project, inputs to be provided by the PAF/PAP, requirement of bank loan, estimated annual expenditure, income, profit and loss statement, repayment period, etc. worked out in detail and depicted clearly. Many examples of detailed proposal are provided by NABARD which is accessible at <http://www.nabard.org/modelbankprojects/modelbankprojects.asp>)

5.1 Details of borrowers profile

- (a) Capability
- (b) Experience
- (c) Financial Soundness
- (d) Technical/Other special Qualifications
- (e) Technical/Managerial Staff and adequacy thereof

5.2 TECHNICAL ASPECTS:

a) Location, Land and Land Development:

- i) Location details of the project
- ii) Total Area of land and its cost
- iii) Site map
- iv) Particulars of land development, fencing, gates, etc.

b) Civil Structures:

Detailed cost estimates along with measurements of various civil structure

- Sheds
- Store room
- Milk room
- Quarters, etc.

c) Equipment/Plant and Machinery :

- i) Machine-1 (description):
- ii) Machine-2 (description)
- iii) Machine-3 (description)
- iv) Processor-1
- v) Processor-2
- vi) Plant-1
- vii) Plant-2
- viii) Plant-2
- ix) Equipment for manufacture of products
- x) Truck/van (price quotations for the above equipments)

d) Housing :

- i) Type of housing
- ii) Area requirement
 - For Production unit-1
 - Production unit-2
 - Production unit-3

e) Variable Assets :

- i) Proposed asset-1
- ii) Proposed asset-2
- iii) Source of purchase
- iv) Place of purchase
- v) Distance (kms.)
- vi) Cost of assets (Rs.)

f) Production parameters:

- i) Order of production
- ii) yield (units per day)
- iii) Production days
- iv) Dry days
- v) Production rate
- vi) Failure/closure/Mortality (%)
 - A
 - B

g) Growth projection (with all assumptions):

h) Running inputs/raw materials:

- i) Source of input
 - A
 - B
- ii) Supply rotations
 - A
 - B
 - C
- iii) Raw material supply expenses
- iv) Requirement and costs:

Quantity required (kg./day)

Input Type	Cost (Rs. / unit)	Time of purchase	Idle periods	Surplus stock
Input/raw material -1				
Input/raw material -2				
Input/raw material -3				

i) Multiplication Facilities :

- i) Source :
- ii) Location :
- iii) Distance (km.) :
- iv) Availability of stock :
- v) Availability of staff :
- vi) Expenditure per unit/year

j) Technical Aid :

- i) Source
- ii) Location
- iii) Distance (km.)
- iv) Availability of staff
- v) Types of facilities available
- vi) If own arrangements are made -
 - a) Employed a Technician/Specialist/stockman/consultant
 - b) Periodicity of visit
 - c) Amount paid/visit (Rs.)
- vii) Expenditure per unit per year (Rs.)

k) Electricity :

- i) Source
- ii) Approval from SEB
- iii) Connected load
- iv) Problems of power failure
- v) Arrangements for generator
- l) **Water :**
 - i) Source
 - ii) Quality of water
 - iii) Availability of sufficient quantity for drinking, cleaning and fodder production
 - iv) If investment has to be made, type of structure, design and cost
- m) **Marketing of product:**
 - i) Source of sales
 - ii) Place of disposal
 - iii) Distance (km.)
 - iv) Price realized - (Rs. per Unit of Product)
 - v) Basis of payment
 - vi) Periodicity of payment
- n) **Marketing of other products:**
 - i) Plant - age
 - place of sale
 - price expected
 - ii) Byproduct - Qty./plant
 - Price/unit (Rs.)
 - iii) Saleable waste disposal
 - Number
 - Cost/unit (Rs.)
 - o) Applicant's experience:
 - p) Comments on technical feasibility:
 - q) Government restrictions, if any:

5.3. FINANCIAL ASPECTS:

i) Unit Cost:

SN	Name of the Investment	Physical units and specification	Unit cost with component wise break-up (Rs.)	Whether approved by any authority
	Total			

- ii) Down payment/margin/subsidy (Indicate source & extent of subsidy):
- iii) Year-wise physical & financial Programme:

Year	Investment	Physical Units	Unit Cost (Rs.)	Total Outlay (Rs.)	Margin/ Subsidy (Rs.)	Bank loan (Rs.)	Refinance Assistance (Rs.)
1	2	3	4	5	6	7	8
Total							

- iv) Financial viability (comment on the cash flow projection on a farm model/unit and enclose the same) Particulars:

- a) Internal Rate of Return (IRR):
- b) Benefit Cost Ratio (BCR):
- c) Net Present worth (NPW):
- v) Financial position of the borrowers (to be furnished in case of corporate bodies/partnership firms)
 - a) Profitability Ratio:
 - i) GP Ratio
 - ii) NP Ratio
 - b) Debt Equity Ratio:
 - c) Whether Income Tax & other tax obligations are paid upto date :
 - d) Whether audit is upto date (enclose copies of audited financial statements for the last three years)
 - vi) Lending Terms:
 - i) Rate of Interest :

- ii) Grace Period:
- iii) Repayment Period:
- iv) Nature of Security:
- v) Availability of Government guarantee wherever necessary:

5.4. INFRASTRUCTURAL FACILITIES:

- a) Availability of technical staff with bank/implementing authority for monitoring
- b) Details of -
 - i) technical guidance
 - ii) training facilities
- iii) Government support/extension support
- c) Tie-up arrangements with marketing agencies for loan recovery
- d) Insurance -
 - Type of policy
 - Periodicity
 - Rate of premium
- e) Whether any subsidy is available, if so amount per unit
- f) Arrangements for supply of green fodder and cattle feed

6. Training requirement

(The training required for establishing and running the proposed project successfully shall be depicted in this section in terms of technical training and accounting procedures as also marketing support. It would be desirable to give an estimate of number of people to be trained against each aspect/subject.)

7. Feasibility assessment of the Proposal

(In this section the technical and economic feasibility of the proposed project should be described in detail and assessed with data, tables and charts to prove that the proposal is attractive, feasible and bankable. Examples of similar successful projects in the locality or vicinity should be provided with supporting data. This section should ideally cover following aspects.)

A. Technical Feasibility:

Here following should be described and assessed in detail.

- i. Nearness of the selected area to technical support centre or facility and the financing bank's branch.
- ii. Availability of good quality infrastructure and inputs in nearby market.
- iii. Availability of training facilities.
- iv. Availability of good raw material production areas.
- v. Availability of production support and risk remedy *(For instance, in dairy farming - availability of green/dry fodder, concentrate feed, medicines etc.)*
- vi. Availability of technical aid/support centers and marketing facilities near the scheme area.

B. Economic Viability

It must address the following areas in detail.

- i. Unit Cost - The average unit cost of fixed and capital inputs.
- ii. Input cost for running and variable inputs *(For instance, in dairy farming- feeds and fodders, veterinary aid, breeding of animals, insurance, labour and other overheads).*
- iii. Output costs i.e. sale price of main product, allied products, byproducts, saleable wastes, other miscellaneous items etc.
- iv. Income-expenditure statement and annual gross surplus.
- v. Cash flow analysis.
- vi. Repayment schedule (i.e. repayment of principal loan amount and interest).
- vii. Other documents such as loan application forms, security aspects, margin money requirements etc. are also examined. A field visit to the scheme area is undertaken for conducting a techno-economic feasibility study for appraisal of the scheme.

8. Risk Analysis

(This section should depict all the risks that the proposed activity is exposed to and its realistic assessment of potential threat that each poses to the life of the project, production capacity and quality of product. It should also provide prevention, mitigation and risk management to be followed.)

9. Security and Insurance

(Describe briefly the security requirement for the project, security proposed to be furnished by the applicant including his/her own equity/sweat contribution/land or other asset etc utilization for the proposed project by the applicant and insurance cover proposed for the project.)

10. Financial Assistance available from other sources (like Banks/NABARD etc)

(In this section, the availability of credit facility, extent of coverage of the proposed project, its terms and conditions, quantum of assistance or loan from any bank and conditions of sanction of such credit should be discussed including the interest rates applicable.)

11. Project Appraisal

(Here the applicant should provide appraisal of the proposal done by any agency other than HPPCL and Bank like expert of state's concerned department or university or technical institute.)

12. Summary of proposal

(Provide a 10to 12 line summary of the proposal touching very briefly all the above aspects.)
