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Ministry of Rural Development  
Department of Rural Development  
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**Dated:** 31st October, 2022

To

The SMD/CEO SRLMs  
All State/UTs

**Sub: Micro Enterprise Development guidelines**

I am directed to share the guidelines of Micro Enterprise Development (MED), a sub-scheme of DAY-NRLM of Ministry of Rural Development (MoRD)

This guidelines of MED issues with the approval of Secretary (RD).

Yours faithfully,

  
(Raghendra Pratap Singh)

Director (RL)

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Encls:A/a

Copy to

1. All NROs,
2. All State anchors,

# **Guidelines for Micro Enterprise Development (MED)**

**Enterprise Promotion and Development  
Non-farm Livelihoods**

**Deendayal Antyodaya Yojana - National Rural Livelihoods Mission  
(DAY-NRLM)  
Ministry of Rural Development  
(Government of India)**

**Acronyms**

AAP	Annual Action Plan
BMMU	Block Mission Management Unit
BPM	Block Project Manager
CBO	Community Based Organisation
OSF	One Stop Facility
CEF	Community Enterprise Fund
CIF	Community Investment Fund
CLF	Cluster Level Federation
CRP	Community Resource Person
CRP-EP	Community Resource Person – Enterprise Promotion
CMTC	Community Managed Training Centre
DDU-GKY	Deen Dayal Upadhyaya Grameen Kaushalya Yojana
DPM	District Project Manager
IB-CB	Institution Building-Capacity Building
NOC	No-Objection Certificate
NRLM	National Rural Livelihood Mission
NRO	National Resource Organisation
PIA	Project Implementing Agency
PMSBY	Pradhan Mantri Suraksha Bima Yojana
PMJJBY	Pradhan Mantri Jeevan Jyoti Bima Yojana
RSETI	Rural Self Employment Training Institutes
SHG	Self Help Group
SIRD	State Institute of Rural Development
SRLM	State Rural Livelihood Mission
SVEP	Start-up Village Entrepreneurship Programme
VO	Village Organisation

## 1. Context

One of the major objectives of developmental policies in India is to provide livelihood opportunities to millions of unemployed and underemployed rural youth. The core of the problem is surplus agricultural labour and closure of traditional village industries, resulting in increased unemployment in rural areas and migration of rural youth to urban areas in search of jobs.

It has been experienced that poor families require 3-4 different income sources to get out of poverty. As agriculture is beleaguered with uncertainties, the non-farm sector is particularly important to the rural poor. Households with less than 0.5 hectare earn between 30-90% of their income from non-farm sources (IFAD 2002a). Non-farm income is also important to the poor as means to help stabilize household income in years of natural disasters, such as drought years.

National Rural Livelihood Mission (NRLM) interventions have resulted in Self Help Group (SHG) members take up small businesses in the non-farm sector over the last 4-5 years. The Community Investment Fund (CIF) along with other funds mobilised from financial institutions have been channelled for livelihoods activities, significant portion of which have been used for starting non-farm activities. Some of the dedicated programmes like Start-up Village Entrepreneurship Programme (SVEP) have supported entrepreneurs by developing an eco-system for supporting small businesses.

Apart from SVEP, large number of SHG members are taking up enterprises through the existing SHG funds including the Community Investment Fund (CIF). Majority of these first generation have the potential to perform better if they are provided hand-holding support for the preparation of business plans, trainings, basic accounting skills etc.

Another key is the hand-holding support for 6 months after the formation of the enterprises which is critical for the survival of the enterprises. All these services are expected to be provided under MED through a well-trained cadre of Community Resource Persons-Enterprise Promotion (CRP-EP) which is expected to promote entrepreneurship in identified blocks.

## 2. Micro Enterprise Development (MED)

**Objective:** Micro Enterprise Development (MED) is a component under the Start-up Village Entrepreneurship Programme (SVEP) sub-scheme of Deendayal Antyodaya Yojana - National Rural Livelihoods Mission (DAY-NRLM). The MED scheme has the objective to support SHGs and their family member enterprises in the non-farm sector.

This scheme is planned in such a way that the necessary hand-holding and post enterprise grounding support to entrepreneurs shall be provided and financing part will be mobilized from CIF provided under NRLM and Banks/financial institutions.

**Unit of implementation:** The block is the unit of implementation in MED. The program aims to develop an initial eco-system for entrepreneurship development in the identified blocks and prepare it for the next level of entrepreneurship intervention like SVEP and One Stop Facility (OSF).

**Defining MED Enterprise:** The enterprises shall be considered as MED enterprise only if -

- The necessary capacity building of entrepreneurs is completed
- Minimum investment of Rs. 30,000/- in the enterprise

**Sources of Finance for Micro Enterprises:** As a principle, the following approach may be taken for determining the source of finance for micro enterprises –

- i. For investments less than Rs. 50,000/- own funds available with SHGs, including CIF and unused Bank loan limits of SHG.
- ii. For investments between Rs. 50,000/- to Rs. 1,00,000/- contribution of funds from SHG and Bank loan (under Shishu category in Mudra) may be used.
- iii. For investments above Rs. 1,00,000/- Bank loans may be used.

Minimum of 10% margin money is recommended in all cases.

Financial Inclusion teams in SRLMs at States shall actively participate and support in linking the selected MED entrepreneurs with Banks/financial institutions.

**Features:** MED supports in setting up the eco-system for enterprise development in the selected blocks through:

- a. Trained cadre of Community Resource Persons-Enterprise Promotion (CRP-EP) in selected blocks.
- b. Business Support Services for enterprise development through identifying business ideas, preparation of business plans, accessing loans from Banks, maintaining accounts and support in marketing etc.

c. Enterprise hand-holding support for 6 months after grounding of enterprises.

**Project allocation:** MED is a demand-based program. There is no State-wise allocation of projects. States have to submit proposals through supplementary Annual Action Plans (AAP). Detailed plan for the project activities need to be prepared while submitting the AAPs for approval.

**Coverage:** 200 SHG entrepreneurs shall be covered in each block under the MED scheme.

**Project duration:** the project duration is for a period of 18 months from the day of AAP approval.

**Project activities:** 200 enterprises will be supported in one block. The support to existing enterprises is limited to 25% of total enterprises in the block and 75% will be new enterprises.

CRP-EPs: Minimum 10 CRP-EPs shall be selected and trained in each MED Block.

Existing CRPs like book-keepers shall be motivated to apply for graduation into CRP-EPs.

All the CRP-EPs have to be assessed and certified by NAR as per the NSQF aligned qualification on CRP-EPs (NARQ/5003 - Level 3). The cost for the CRP-EP certification be taken from the budget head “hand-holding support to entrepreneurs” of MED.

State should make an effort to optimize training costs in case existing CRPs are being upgraded to CRP-EPs.

### 3. Block Selection Criteria:

The MED blocks shall be around SVEP/OSF blocks (nearby blocks) to create an effective eco-system for enterprise promotion. Around one SVEP block, four MED blocks should be planned for saturation of enterprise promotion activities.

States/UTs applying for MED should focus on the blocks around SVEP Phase I and Phase II blocks, where the implementation is complete.

The SVEP/OSF Blocks cannot be taken as MED blocks. Supplementary AAP can be submitted only for new blocks.

Preference would be given to the blocks which have achieved the followings (State effectiveness in implementation)				
		Minimum Eligibility Criteria		
<b>S.No.</b>	<b>Criteria for the Appropriateness of the block for MED implementation</b>	<b>All States other than Spl States</b>	<b>NE States</b>	<b>Hill/ small States &amp; UT's</b>

1	Minimum saturation of HHs in SHG in the block before taking up MED as % of SECC deprived HHs in the blocks where SECC and NRLM database matched	70%	60%	60%
2	Commitment to complete saturation of blocks within "X" years in the District	1	2	2
3	Minimum Villages entered with SHG mobilisation in the block	80%	80%	80%
4	Is there a CLF or GPLF/VO in the block proposed? (as applicable)	CLF	CLF	CLF
5	Minimum years of federation of SHGs into BLF or CLF/VO or GPLF in the block before taking up MED (as applicable)	1	1	1
6	Minimum RF disbursed as % of eligible SHGs in the block before taking up MED	75%	75%	75%
7	Minimum CIF disbursed as % of eligible SHGs in the block before taking up MED (eligible SHGs are 50% of the SHGs in the block)	50%	50%	50%
8	Minimum achievement of SHG Bank linkage in the block before taking up MED	70%	60%	60%
9	NPAs of the SHGs in the Bank linkage portal (should be max 3.5%)	3.5%	3.5%	3.5%
10	Minimum no. of SHG members in a block for taking up MED	6,000	4,500	4,500

**4. Funding Pattern:** The funding shall be as per the DAY-NRLM existing structure of 60% Central and 40% State share, in case of North Eastern and for Himalayan States 90% Central and 10% State share. Fund release will be in one installment of 100% for effective implementation of the scheme.

**5. Budget for the MED Scheme in a Block:** The maximum budget for MED in a block is Rs. 20,00,000 (Rupees twenty lakhs). The details of the budget are as follows –

S. No.	Activity	Unit Cost (Rs)	No.	Budget (Rs)
1	Capacity building & certification of CRP-EPs	35,000	10	3,50,000
2	Hand-holding support to Entrepreneurs (including remuneration to CRP-EPs)	5,000	200	10,00,000
3	Training of Entrepreneurs	2,250	200	4,50,000

4	Exposure visit of CLF committee/CBO members	2,500	50	1,25,000
5	Admin cost to CBOs (VO/CLF)*	15,000	5	75,000
	<b>Total</b>			<b>20,00,000</b>

\*assuming 5 CLFs/VOs in the selected blocks. The amount will be equally distributed in case of lower/higher no. of CLFs/VOs.

## 6. How can States/UTs apply for the MED

The States/UTs can apply for the MED as part of their Annual Action Plans. However, they have to apply for MED through supplementary AAP in 2022-23. States/UTs can apply for a maximum of 20 blocks while making the first application for MED.

The limitation on the number of blocks which a State/UT can apply for, can be waived off with the approval of the Empowered Committee of MoRD.

The States/UT can engage DAY-NRLM empaneled SVEP NROs, PIA which have implemented SVEP and agencies empaneled for BDSP training under non-farm livelihoods for implementation support under MED. The training of CRP-EPs in SVEP and MED in the State may be clubbed, if required.

## 7. Human Resource

It is mandatory to have a full time BPM in the blocks where MED is proposed. Along with the BPM, BPM-Non-farm/Block coordinator non-farm needs to be placed for effective implementation of the MED programme.

The State/UT should have non-farm livelihoods staff at the State level (SMMU) as per the advisory issued. The HR advisory of the non-farm livelihoods of DAY-NRLM mandates the States to have at least one State Project Manager (SPM), one Project Manager (PM) and one Young Professional (YP) for effective implementation of the non-farm livelihood scheme in the State/UT.

SPM (non-farm) shall:

- a. Identify MED geographies
  - o Identify blocks to be supported under MED based on the selection criteria
  - o Facilitate process for selection of BPM-non-farm/Block coordinator non-farm



- b. Ensure the selection of CRP-EPs
  - Ensure preparation of necessary material for and conduct written test and group activities for selection of CPR-EPs. Assistance may be sought from NRPs/PIA/NMMU, if required
  - Ensure result of written test and group activities are collated and declared for CRP-EPs within the specified time limit
- c. Ensure training program for CRP-EPs
- d. Ensure timely release of funds to nodal CLF / DMMU upon submission of necessary documents
- e. Ensure regular monitoring and reporting of MED activities
  - Convene review meeting of all MEDs in the State and share minutes of the meeting with all participants and stakeholders, including NMMU
  - Review progress of the MED against targets and understand the issues in the field. Strategy and plan for the coming quarter must also be discussed
  - Collate (and analyze, if required) performance of all MED supported enterprises on key performance indicators on a monthly basis and share the report with NMMU
  - S/he shall also co-ordinate to ensure convergence with other schemes of the Central and State governments, particularly the schemes of the MSME.

DAY-NRLM

**ANNUAL ACTION PLAN – LIVELIHOODS (For Non-Farm/Off-Farm income generating activities under Micro Enterprise Development (MED) for Year 2022-23)**

**1. Provide a brief analysis of current livelihoods scenario in the state.**

- a. List and describe the key livelihoods of the poor in the state; e.g. agriculture, NTFP based livelihoods, Non-farm livelihoods, artisanal or any other livelihood stream primarily among the most vulnerable/poorest of poor section of community like landless/ asset less, SC/STs, PVTGs, women headed HHs, single women etc. Provide any relevant secondary data available to give clear idea. (Please refer to census data, SECC data, MGNREGA Job Card data, NSSO Consumption data, District GDP data, Bank deposits and Advances data, among others.
- b. Explain the best practices studied if any, in each of the livelihoods (focusing towards off-farm and non–farm) stream available in the state.
- c. Please explain various constraints/ issues in the area of livelihood options (e.g. issues related to access and control of productive resources, availability of raw material, production process, post production process, storage of finished product, producers' organization, value addition, trading, providing services, marketing, realization of value/profit to the producers and any other issues, especially lack of training, distance from markets, low numeracy and business skills etc.)

**2. Please explain livelihoods promotion model/s and strategies of the State.**

- a. In reference to the existing livelihood opportunities and the issues, what is the overall strategy of the state to promote key livelihoods? How the state aims at addressing the constraints in the field of livelihoods. Also explain state's strategy with reference to specific livelihood stream (Agriculture, NTFP, livestock, off farm, artisanal, manufacturing, trade, providing services etc.). In case of agriculture, NTFP and livestock interventions, please describe the post production technologies/ activities/ interventions which include storage, value addition, marketing, transporting to market etc.
- b. What is the strategy aimed specifically at the most vulnerable section/ community and their livelihoods.
- c. What is the overall strategy of livelihoods promotion in the intensive blocks / resource blocks in the state, as part of NRLM?
- d. How the state is planning to integrate MED with its' overall livelihoods promotion strategy.

### 3. Existing project management and monitoring of SRLM.

#### a. Readiness Indicators

**Table 1:** Readiness indicators of SRLM to implement the AAP on MED

S.No.	Criteria for the Appropriateness of the block for MED implementation	No.	%
1	Minimum saturation of HH in SHG in the block before taking up MED as % of SECC deprived HH in the blocks where SECC and NRLM database matched		
2	Commitment to complete saturation of block within "X" years **		
3	Minimum Villages entered with SHG mobilization in the block		
4	Is there a CLF or GPLF/VO in the block proposed? (as applicable)		
5	Minimum years of federation of SHGs into BLF or CLF/VO or GPLF in the block before taking up MED (as applicable)		
6	Minimum RF disbursed as % of eligible SHGs in the block before taking up MED		
7	Minimum CIF disbursed as % of eligible SHGs in the block before taking up MED (eligible SHGs are 50% of the SHGs in the block)		
8	Minimum achievement of SHG bank linkage in the block before taking up MED		
9	NPAs of the SHGs in the bank linkage portal (should be max 5%)		
10	Minimum no. of SHG members in a block for taking up MED		

List of NE states: Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, Tripura. List of Small and Hill states: Himachal Pradesh / Uttarakhand and Goa

#### b. Whether full time livelihoods team in place at the State level- Please give details of the team.

**Table 2:** Details of personnel at SMMU

S.No.	Designation	Name	Experience	Educational Qualifications	Dedicated for non-farm or additional charge	List of additional charges held	Date of deployment
1							

2							
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- c. **Whether Block Project Manager (BPM) positioned in the proposed Blocks for MED - Please give details of the BPM/block coordinator (non-farm)**

**Table 3:** details of personnel at DMMU

S No.	Name	Experience	Educational Qualifications	Dedicated for non-farm or additional charge	List of additional charges held	Date of deployment
1						
2						
3						
4						
5						

Whether the non-farm livelihoods team has undergone well designed and detailed induction training (specifically the team at the State and the proposed MED block) – Please give details of the training programs organized for the non-farm livelihoods team and attended by them.

#### 4. MED Process

- Please name the PIA selected for supporting MED implementation in State.
- Please explain the processes followed by SRLM (in congruence with MED framework and guidelines) to identify partners for MED implementation.
- What is the Framework of Monitoring and Evaluation system planned for the MED projects by the SRLM?
- Please explain how the State SRLM proposes to monitor the implementation of the projects in the State, as per their existing internal systems and planned systems (as per the MED framework and guidelines).
- Whether the MoU for MED implementation support has been signed with the proposed partner? Please attach a copy of the MoU with this AAP.

#### 5. Scaling up plan for the livelihood initiatives started under MED

- How the State plans to scale up these initiatives/ projects across the State in the intensive blocks and resource blocks planned under NRLM. How it envisages integrating the learning from the projects to the State livelihoods plan/ strategy.
- How the State plans to integrate the livelihood CRPs emerged and trained from the MED projects, into State's livelihood plan.

**Table 4:** Proposed funding plan for MED

Components	Source	Type of Project	Total Project Cost (in lakhs)
60% Of total Budget Outlay for livelihood promotion plan under MED	MoRD /Central Share		
40% (10% in case of NE & J&K*)of total Budget Outlay for livelihood promotion plan under MED	State/Any Other Donor Agency (Please mention the name of the source)		

\*Till the new notifications come.

Please note that the state contribution cannot be drawn from the allocation made to SRLMs under NRLM.

## 7. Please provide the following details for the blocks selected under MED

- a. Demographic details

**Table 5:** Block details

1	State	
2	District Name	
3	District GDP and per capita income of the district	
4	IAP District / schedule V or schedule VI district	
5	Name of Block selected	
6	Is the block an Intensive block	
7	Name of the block headquarter	
8	Population of the block head quarter	
9	No of villages in the block	
10	Population of the block	
11	SC/ST population of the block	
12	Female population of the block	
13	No of females/1000 males in block	
14	Average population per village in the block	
15	Min. and Max. population of a village in the block	
16	Literacy level in block	
17	Female school enrollment % above 10 years	
18	Male school enrollment % above 10 years	
19	No of Gram Panchayats in the block	
20	Any artisanal cluster within the block, if yes, please give details	
21	Any cluster development program under any government program has been undertaken or are in progress in block, if yes, please give details	

22	Whether MKSP/CMSA projects have been undertaken, or are in progress in the blocks, if yes, please give details	
23	Whether any other non-farm projects have been undertaken, or are in progress in the blocks, if yes, please give details	
24	In case any of these projects are already taken up and a baseline survey of the block was done, please attach a copy of the baseline survey also	
25	No of SAGY villages in the block, if any	
26	No of households classified for automatic inclusion in SECC in block	
27	No of households with 4 or more deprivations in SECC in block	
28	Distance from the nearest town/trading center	
29	Name of nearest town/trading center	
20	Number of banks in the block	
31	Major sources of livelihood for people in the block, please elaborate	

b. Details on Community Based Organizations

**Table 6: CBO details**

S.No.	Criteria	Data
1	Total SHG members in the block	
2	Total HH with at least one deprivation as per the SECC 2011 data	
3	% Saturation of HH	
4	Would all the eligible HH in the block be saturated into SHGs within the defined time frame (1 year - Gen states/ 2 year - NE/Hill/Small states & UTs)	
5	Total villages with SHG's in the block	
6	Total no. of inhabited villages in the block	
7	% Saturation of villages	
8	VO's in the block	
9	CLF's in the block	
10	Year of formation of the oldest VO	
11	Year of formation of the oldest CLF	
12	Age of the oldest VO	
13	Age of the oldest CLF	
14	Total number of SHG's in the block	
15	Total number of SHG's in block eligible for RF	
16	Total amount of RF disbursed in block	
17	% of eligible SHGs received RF in block	
18	Total number of SHG's in block eligible for CIF	
19	Total number of SHG's in block received CIF	
20	Total amount of CIF disbursed in block	
21	% of eligible SHGs received CIF in block	

22	No. of CLFs in the block, which have received CIF > Rs. 50 lakhs	
23	Names of CLF's in the block, which have received CIF > Rs. 50 lakhs	
24	No. of SHG's in the blocks bank linked (have SHG loans disbursed to them)	
25	% of SHGs with bank linkage in the block	
26	NPAs of the SHGs in the block, with banks	

**Table 7:** Contacts of Livelihoods Team in SRLM

S.no.	Name of the Livelihood head /Anchor person in SRLM for non-farm livelihoods (Mention separately, if there are more than one official for different streams like OSF/MKSP/CMSA/other non-farm interventions/SVEP / etc.)	Contact Number	Email Id	Office Address
	Name of the state level livelihoods team members	Contact Number	Email Id.	Office Address

**Table 8:** Please share the details of the SRLM staff currently posted in the block (Names, designation, thematic responsibilities, and date of expiry of contract).

Name	Designation	Thematic/Key responsibilities	Contract Period