

# Guidelines for the One-Stop Facility Centre.

**National Rural Livelihoods Mission,  
Ministry of Rural Development  
(Government of India)**

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## Acronyms

AAP	Annual Action Plan
AGEY	Anjelica Grameen Express Yojana
BTC-EP	Block Technical Coordinator-Enterprise Promotion
BDSPs	Business Development Service Providers
BMMU	Block Mission Management Unit
BPM	Block Project Managers
CBO	Community Based Organisations
CEF	Community Enterprise Fund
CIF	Community Investment Fund
CLF	Cluster Level Federations
CRP	Community Resource Persons
CMTC	Community Managed Training Centres
DDU-GKY	Deen Dayal Upadhyaya Grameen Kaushalya Yojana
DPM	District Project Manager
DTE-EP	District Technical Expert – Enterprise Promotion
IB-CB	Institution Building-Capacity Building
NOC	No-Objection Certificate
NRLM	National Rural Livelihood Mission
NRO	National Resource Organisations
OSF	One-Stop Facility
OSF-MC	One-Stop Facility-Management Committee
PMSBY	Pradhan Mantri Suraksha Bama Yojana
PMJJBY	Pradhan Mantri Jeevan Jyoti Bama 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 Organisations

## 1. Context

One of the major objectives of developmental policies in India is to provide livelihood opportunities to millions of unemployed and underemployed rural youths. The core of the problem in 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. With agriculture 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 a 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 taking up small businesses in the non-farm sector over the last 5-6 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) and Aajevika Grameen Express Yojna (AGEY) have also supported entrepreneurs by developing an eco-system for supporting small businesses. However, majority of these enterprises fall in the “nano” enterprises category. Under the National Rural Livelihood Mission (NRLM), nano enterprises are those that have a turnover of up to INR 6.00 lakhs per annum.

As the enterprises scale-up, the support services required in the growth phase are different from those in the initial phases of the enterprise. Women entrepreneurs face greater challenges in getting the support services. Some of the government programmes have components for supporting nano-enterprises, however, there is a felt need for support to those nano-enterprises that are on a high-growth track requiring significantly higher amount of finance and handholding.

NRLM acknowledges this situation and proposes to set up One-Stop Facility (OSF) centres at the sub-district level to provide professional business development services to nano-enterprises on a growth track.

## 2. Objective

OSF is envisaged as a business facilitation-cum-incubation centres at the sub-district level to provide business development services to existing nano-enterprises on a growth track. It will also support a few new enterprises that have the potential to grow. **Each OSF will support a minimum of three and maximum of five blocks. The OSF will be implemented in combination with the SVEP and MED components ensuring saturation of the non-Farm component in the district. The state should strategically choose district where it wants to implement this implementation methodology.** The technical support provided by the OSF may include, but not limited to the following:

The non-negotiable support that has to be provided is:

- A. Business ideation for new enterprises and conceptualization for growth for existing enterprises
- B. Handholding support to initiate and grow businesses
- C. Business plan preparation
- D. Facilitating setting-up, running and growing an enterprise
- E. Entrepreneur training
- F. Market and business linkages
- G. Mentoring
- H. Facilitation support to access finance from formal institutions like banks

The following support shall be provided to the enterprises on need basis and as the capacity of the State Rural Livelihood Mission (SRLM) in managing the OSF is built up.

- a. Access to technology and skills
- b. Regulatory compliances
- c. Market intelligence
- d. Linkages with schemes of other Ministries and Departments
- e. other inputs like packaging

### 3. Enterprises Supported by OSF

Enterprise is an undertaking which is engaged in the production, sale and / or distribution of some goods and / or services meant mainly for the purpose of sale, whether fully or partly<sup>1</sup>. Only enterprises that are involved in non-farm and off-farm activities will be supported under OSF.

The definition of enterprises as per the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 is based on the total investment in plant and machinery. The table below provides the categories based on investment:

Category	Manufacturing	Service
Micro Enterprises	Does not exceed INR 25.00 lakhs	Does not exceed INR 10.00 lakhs
Small Enterprises	More than INR 25.00 lakhs but does not exceed INR 500.00 lakhs	More than INR 10.00 lakhs but does not exceed INR 200.00 lakhs
Medium Enterprises	More than INR 500.00 lakhs but does not exceed INR 1,000.00 lakhs	More than INR 200.00 lakhs but does not exceed INR 500.00 lakhs

The new methodology proposes to categorise enterprises based on turnover. It categorises a business as micro enterprise where the annual turnover does not exceed INR 500 lakhs; a small enterprise as a unit where the annual turnover is more than INR 500 lakhs but does not exceed INR 7,500 lakhs; and a medium enterprise as one where the annual turnover is more than INR 7,500 lakhs but does not exceed INR 25,000 lakhs.

**Nano Enterprises:** OSF will support nano enterprises that have a potential to grow; Under NRLM, nano enterprises are those that have a turnover of up to INR 6.00 lakhs per annum.

#### 3.1. Turnover Range

OSFs will be supporting nano-enterprises that have the potential to grow. These enterprises are identified based on their annual turnover. The criteria for individual and group enterprises in various enterprise category are given in the table below:

Enterprise Category	Minimum Annual Revenue for Individual Enterprises at the time of Starting Support	Minimum Annual Revenue for Group Enterprises at the time of Starting Support
Trading	INR 6.00 lakh	INR 8.00 lakh

<sup>1</sup> Enterprise definition from Economic Characteristics of Unincorporated Non-Agricultural Enterprises (Excluding Construction) NSS 73rd ROUND (July 2015 - June 2016)

Manufacturing	INR 4.00 lakh	INR 6.00 lakh
Service	INR 3.00 lakh	INR 5.00 lakh

The turnover proposed is indicative and can be changed.

### 3.2. Vintage

The OSF will support enterprises existing for a minimum period of 12 months under the project. Enterprises existing for a period of less than 12 months may be considered only when they achieve the required age. A maximum of 10% of new enterprises may be supported by the OSF.

### 3.3. Number of Enterprises to be Supported

OSF can support both individual and group enterprises. A minimum of 10% of all enterprises supported by OSF shall be group enterprises. Each block selected for support under the OSF should support a minimum of 150 enterprises during the project period. If any of the block to be taken under OSF has been an SVEP block, a minimum of 10% of the total enterprises under SVEP targets should be taken under OSF. This figure should be 150 or 10% of SVEP enterprises, whichever is lower.

### 3.4. Entrepreneur

Minimum 60% of enterprises should be SHG women-owned / women-led. In case of non SHG members, the project can provide support to the husband / unmarried son / unmarried daughter/ unmarried brother/ unmarried sister / parents of the SHG member. Women-owned group enterprises should comprise at least 2/3<sup>rd</sup> (or 66%) women owners.

### 3.5. Excluded Enterprises

The following enterprises will not be supported by OSF:

- Agricultural primary production activities and animal rearing activities
- Backyard activities (like backyard poultry, pre preparation activities of weaving like warping, bobbin winding etc.)
- Enterprises operated by the project staff.

## 4. Block Selection for OSF

The SRLM's will submit the Annual Action Plan (AAP) for implementation of the programme along with budget estimates which will be considered and approved by the NRLM Empowered Committee set-up under the Chairmanship of Secretary (Rural Development) with Financial Advisor as one of the members. The Empowered Committee will co-opt members from other Departments and Organisations dealing with Entrepreneurship development.

The blocks for the project have to be selected considering the type of enterprises that are to be supported through OSF. Some of the indicators that can be considered while selecting blocks are given below:

- 1) Blocks must necessarily be amongst the blocks selected by the state under NRLM.
- 2) Intensive blocks under NRLM where the Cluster Level Federations (CLFs) have been formed and where the CLF is mature and has experience of disbursing loans and recovery of loans given to the Village Organisations (VOs) / SHGs
- 3) Blocks to be supported by one OSF should preferably be geographically contiguous
- 4) Blocks implementing non-farm livelihood programmes including any state initiatives for enterprise formation
- 5) Blocks implementing the SVEP programme
- 6) Presence of significant entrepreneur base; SRLMs can use the enterprise database wherever it exists. In case such a database is not available, SRLMs can conduct the outlier enterprise survey
- 7) Potential of significant market opportunities within and outside the block
- 8) Blocks having access to markets.
- 9) Blocks where Intensive farm livelihood interventions like the value chain activities have been implemented
- 10) Blocks with the National Rurban Mission (NRuM), Saansad Adarsh Gram Yojana (SAGY) and Mission Antodaya Clusters may also be considered

In addition to the above, the block selection criteria for OSF will follow the SVEP selection criteria. The states will have to submit the AAP based on the following criteria:

S. No.	Nature of indicator	Area	Criteria	Block selection criteria for the states.	Measure
1	Non negotiables	State readiness	HR	Manpower at the state - Dedicated non-farm SPM, PM and YP at the state	Yes/No
4	Non negotiables	State readiness	HR	Manpower in the district for district where the OSF is applied for- Dedicated DPM or equivalent designation, for NRLM activities, in place	Yes/No
5	Non negotiables	State readiness	HR	Manpower in the block for the block where the OSF is applied for - Dedicated BPM or equivalent designation, for NRLM activities, in place	Yes/No
6	Non negotiables	State readiness	HR	Dedicated BPM (SVEP) already placed in all the existing SVEP blocks in min 75% of blocks	75%
7	Non negotiables	State readiness	MOU	MOU with PIA / NRO for implementation or for training of BDSP - as applicable	Yes/No
8		Block appropriateness	IB	Minimum saturation of eligible HH in SHG in the block before taking up SVEP	90%
10		Block appropriateness	IB	Minimum % of Villages entered with SHG mobilisation in the block	90%

11		Block appropriateness	IB	Presence of CLF in the block proposed.	CLF
13		Block appropriateness	IB	Minimum % of eligible SHGs who received RF in the blocks at the time of application for taking up OSF	85%
14		Block appropriateness	IB	Minimum % of eligible SHGs who received CIF in the blocks at the time of application for taking up OSF	70%
15		Block appropriateness	IB	Minimum amount of CIF disbursed to the identified Nodal CLFs (lower of Rs. 50 lakhs or the amount due to 60% of the eligible SHGs @ 1.25 lakhs per SHG)	Rs. 50 lakhs
16		Block appropriateness	FI	Minimum achievement of SHG bank credit linkage in the blocks at the time of application for OSF	60%
17		Block appropriateness	FI	Maximum % of NPAs of the SHGs in the bank linkage portal for the blocks	2%
18		Block appropriateness	Entrepreneur potential	Minimum no. of SHG members in blocks for taking up OSF	6,000

## 5. Implementation Model

The implementation model for the OSF component should adopt an integrated approach in order to achieve development of the entire district for non-farm related activities.

While implementation, special preference should be given to districts where SVEP has been implemented in the past.

This will ensure the basic parameters of knowledge, financial, and incubation ecosystem being met in the block before taking up growth enterprises.

In order to ensure an integrated model of implementation, for every OSF district selected it should be ensured that:

1. The district has at least 2 blocks under OSF.
2. The district has at least 1 block under SVEP.
3. The district has preferably 4 blocks under MED

In terms of manpower the minimum criteria to be followed is as per following table:

	Position	Minimum Number	Placement
1	DTE	1	Placed at District
2	BTC_EP	2	Placed in every block where OSF is implemented
3	SVEP- BPM	1	In SVEP block



4	CRP- EP (MED)	8	2 in each MED block
5	CRP-EP	40 (Or as per DPR)	In SVEP block
6	BDSP	10	5 in each OSF block

## 6. Location of OSF

OSF will be established at a sub-district level in an NRLM district. As one OSF may provide services to 2-4 blocks, the location for the OSF needs to be identified in such a way that members from the blocks can easily access these services. Preferably, the OSF should be:

- a. Centrally located and accessible to all blocks it supports
- b. Near a market place
- c. Close to district office for better coordination

## 7. Structure of OSF

OSF is an autonomous business facilitation-cum-incubation centre set-up by SRLM to support entrepreneurs. It has a team of experts providing various business support services. The OSF services to enterprises ideally should be chargeable. The states may decide a task list and the task-based fee structure for the fees to be paid to the Business Development Support Providers (BDSPs) by the entrepreneurs/CBOs

The OSF has the following team of experts that will provide support services to enterprises:

- a. **District Technical Expert - Enterprise Promotion (DTE-EP)** who will be responsible for overall monitoring of OSF. In a graduated SVEP block, BPM may be considered for DTE's position on a case-to-case basis.
- b. **Block Technical Coordinator - Enterprise Promotion (BTC-EP)** – one each in all the blocks covered by the OSF. In a graduated SVEP block, the mentor from SVEP block shall be given the charge of a BTC.
- c. **Business Development Service Providers (BDSPs)** – 4 to 5 to be placed in each block supported by the OSF. The BDSP will provide support to at least 25-30 enterprises.
- d. **Mentors** – 2-3 experienced entrepreneurs in the major types of enterprises selected for support to entrepreneurs and / or BDSPs by OSFs
- e. **Functional Experts** like chartered accountant, food technicians, lawyers, representatives from local skill training institutes, retired bankers, experts in food processing and manufacturing, other experienced entrepreneurs, etc. to provide technical support to enterprise

OSF will have the necessary infrastructure with electricity, computer(s) and broadband facility, and will be located at a place central to cluster of blocks it is catering to. It should ideally be co-located within Block Level Federation (BLF) / CLF or in a location near the block office or near the office of the nodal CLF for the selected block (details of nodal CLF are mentioned in section 6 of this guideline).

Out of the 2-4 blocks supported, one block will house the OSF office, where DTE-EP will sit and OSF-Management Committee (OSF-MC) will hold its meetings (details of OSF-MC are mentioned in section 6 of this guideline). The BDSPs of that block will also operate from the OSF office. The OSF office should be located near the nodal CLF of the concerned block.

A small office (1-2 rooms) has also been provisioned for each of the remaining blocks. The BDSPs of the concerned blocks will operate from that office. The office should ideally be located near the

nodal CLF of the blocks.

Efforts should be made to build the capacity of communities to own the OSF even after the completion of the project period. SRLM's can explore the possibility of supporting the OSF's after the completion of the project period.

## **6. Selection of Nodal CLF and Formation of OSF-Management Committee (OSF-MC)**

The Community Enterprise Fund (CEF) of INR 50.00 lakh per block will be housed with the BLF or in its absence in a nodal CLF selected by the state. The dedicated CEF will be deposited in a separate bank account with the nodal CLF and will be used exclusively for funding enterprises under NRLM. The CEF is expected to be a fund in perpetuity with the BLF / nodal CLF. The balance fund (including interest earned on CEF less the expenses incurred for the loaning, monitoring etc. of the CEF with the BLF / nodal CLF after the project period should be used for enterprise funding only.

The nodal CLF should ideally be selected based on the following criteria:

- a. Should be a mature CLF which has received CIF and with experience in lending and recovery of CIF
- b. Should have a track record in collecting repayments of loans sanctioned
- c. Should have a livelihood sub- committee which has also been trained
- d. Should be the nodal CLF in case of SVEP blocks. The nodal CLF (in case the BLF does not exist) shall maintain the following financial controls:

1. Dedicated and skilled accountant to maintain books of records
2. Computerised / digital accounting system in place
3. Mandatory annual audit of accounts by a Chartered Accountant

Post selection of the nodal CLFs in all the blocks where this program is being implemented under the OSF, the DTE-EP with the support of the SRLM team in the district and block will initiate formation of OSF-MC. OSF-MC will comprise the following members:

- 1) Two representatives from each Nodal CLF from OSF blocks
- 2) One representative from remaining CLFs from OSF blocks

For example – if the OSF is catering to 4 blocks and each block has 3 CLFs, OSF-MC will comprise 16 members [2 members from each of the 4 Nodal CLFs (2 x 4 = 8 members) and 1 member each from remaining 2 CLFs from 4 blocks (1 x 2 x 4 = 8 members)]

In places where Block Level Federation (BLF) exist, a sub-committee comprising representatives from all CLFs may be formed to undertake functions of the OSF-MC.

The selected OSF-MC may choose a President, Vice-President, and Secretary from amongst themselves, who may be rotated periodically. OSF-MC members may be replaced or changed as per the SRLMs guidelines governing CBO members. The OSF-MC must ideally meet at least twice a month, but it is mandatory to have one meeting a month.

All the nodal CLFs must be registered and must have a PAN number. This is essential as the interest earned on the bank deposits of the CLF attracts deduction of TDS, refund of which cannot be claimed if the CLF does not have a PAN number. This registration is not a pre-requisite for the selection of the nodal CLF but the registration may be done during the project period.

Since the role of the OSF-MC is techno-leadership in nature, the SRLM should ensure that the OSF-MC members who are trained and oriented for OSF functioning are retained in the long run. These OSF MC members may be retained as advisors and be given sitting fees and honorarium. The BTC and DTE for the particular blocks and districts may nominate such members and required approval may be taken from the existing OSF MC members. This will ensure

institutional memory and the assessment of business proposals may be done in a more rigorous manner.

## **7. Responsibilities of One Stop Facility-Management Committee (OSF-MC)**

**Responsibilities of OSF-MC include:**

- Prepare annual work plans for the block along with concerned BTC–EP and submit to Block Mission Management Unit (BMMU) for approval
- Encouraging CLFs to motivate SHG entrepreneurs to access OSF services for business growth and potential entrepreneurs to ideate and set-up enterprises with high-growth potential
- Vet and approve business plans prepared by the entrepreneurs supported by the BDSPs. Appraisal of business plans may take place at two levels – credit appraisal and technical appraisal. While the credit appraisal will be done by the members of OSF-MC, the technical appraisal will be conducted by team of SRLM representatives and functional experts. (Details are provided in section 10.4)
- Approve enterprise financing loans and direct nodal CLF for fund disbursement to enterprises
- Vet and approve the service-fee to be charged by OSF for provision of services. The draft service-fee structure will be shared by SRLM
- Approve monthly work plans of BDSP's
- Monitoring work of BDSP's as per work plan and release their subsistence allowance (fixed remuneration) and variable task-based remuneration based on achievement of the defined tasks
- Monitoring the status of CEF (disbursement, recovery etc.)
- Monitoring performance of enterprises supported (physical verification of use of loans, etc.)

OSF-MC should reimburse travel allowance and honorarium, based on existing guidelines of the SRLM, to the committee members for participating in OSF-MC meetings and for physical verification / monitoring of enterprises and other tasks like recovery of loans etc. Where no norms exist, the SRLM may provide honorarium equal to the daily honorarium of the Senior Community Resource Persons (CRP) of the Institution Building -Capacity Building (IB-CB) thematic, subject to a maximum of INR 500 per day.

In case of election of new OSF-MC, the old and new OSF-MCs may attend a few meetings together for 2-3 months or till the time the new management committee is confident of working independently.

## **8. Processes for the OSF**

The following is the indicative process for

- (i) setting up of OSF,
- (ii) functioning of OSF,
- (iii) training of community organisations

### **8.1. Setting up of OSF**

#### **8.1.1. Preparatory Activities**

- a. State Mission Management Unit (SMMU) will identify blocks to be supported by each OSF based on the selection criteria
- b. SMMU will recruit the necessary human resources at the district and block level

### 8.1.2. Infrastructure and Amenities at the OSF

1. The Block Project Manager (BPM) of the block where OSF is physically located will be responsible to identifying office space for OSF. The office space should preferably be situated near the place of working of the nodal CLF of the block. All OSF-MC meetings (including meeting of the technical committee for project appraisal) will happen in OSF office
2. Block Project Managers in other blocks will be responsible for identifying a small office (with 1-2 rooms) from where BDSPs of respective blocks would work. The office space should preferably be situated near the place of working of the nodal CLF of the block. It would be better if this is under the same premise.
3. The BTC-EP of all blocks will ensure opening of a separate savings / current bank account in the name of the nodal CLF for each block.
4. The BTC-EP of the block where OSF will be physically located will collect rent / lease agreement for the office space along with photographs and copy of bank passbook of all nodal CLF accounts from all BTCs of OSF blocks and submit to SMMU for release of OSF set-up costs. The OSF set up costs will be remitted to the account of nodal CLFs upon submission of requisite documents.
5. All assets purchased using NRLM funds shall be owned by the nodal CLF of the blocks.
6. The assets shall be purchased as per the community procurement guideline of each state.
7. The asset purchased under by the OSF should be insured against fire, flood, burglary etc.
8. The BTC-EP along with representatives of nodal CLF will ensure purchase of necessary assets for functioning of BDSPs and OSF-MC as under. The indicative list of items that the SRLM's may finalise are given below:

<b>Assets / Facilities</b>	<b>OSF Office</b>	<b>Other Blocks</b>
Desktop computers	2	1
Broadband facility	1	1

<b>Assets / Facilities</b>	<b>OSF Office</b>	<b>Other Blocks</b>
Printer	1	1
Small UPS (for 15-30 minutes power back-up to save open files)	2	1
Office furniture	Chairs, tables, mats, etc. for BDSPs, and OSF-MC members (including technical committee)	Chairs, tables, mats, etc. for BDSPs
Projector	1	0

### 8.1.3. Preparation and Approval of OSF Work Plan

1. The concerned BTC-EP of the block along with OSF-MC will prepare the annual work plan for each OSF block. The target will include the number of fresh enterprises (including new and existing) to be taken-up along with enterprises already being supported. This will also

include training plan for entrepreneurs and other details. DTE-EP shall also be consulted while preparing the work plan.

2. The BTC-EP will get this plan approved by the BPM. A copy will also be submitted to District Mission Management Unit (DMMU) and SMMU for record c. OSF-MC and concerned BMMU and / or DMMU will review the plan and measure the BDSPs and project deliverables against the plan

## **8.2. Functioning of the OSF**

### **8.2.1. Training of OSF Cadre**

- BDSPs will undergo complete / partial training programme prior to commencing work on the field.
- Training agencies empanelled by NRLM / SRLM shall be appointed to conduct training of BDSPs. States may also contract the existing SVEP National Resource Organisations (NROs), Rural Self Employment Training Institutes (RSETIs), State Institute of Rural Development (SIRD)s etc. for training BDSPs. The training content shall be vetted by the states to suit the technical capabilities required by BDSPs. The draft training content shared by the NMMU may be used as base for the training module.
- DTE-EP and the concerned BTC-EP shall intimate BDSPs about the details of the training programme at least two weeks prior to conduct of training.
- A certificate shall be issued by the training agency on completion of training; The NRLM / SRLM may also choose to get the cadre certified through an appropriate institution.
- Only those BDSPs who obtained certificate of completion from the training agency will be allowed to work in the OSF.
- The BDSPs shall also be provided on the job training by the functional experts empanelled by the SRLM.
- At least one refresher training must be organised every 6-months for BDSPs. DTE-EP shall identify the topics for training.
- The trainings of the BDSPs will be ideally done at the block level and the existing facilities in the Community Managed Training Centres (CMTCs) may be explored.

### **8.2.2. Identification of Entrepreneurs for Support**

- The state should conduct a detailed project report in order to identify the entrepreneurs and finalise the implementation plan in the OSF blocks selected.
- The detailed project report should provide an initial shortlist of the enterprises which can be considered for the intervention of the OSF component.
- The support of NRPs and NRO should be taken for development of the DPR.
- Based on the initial shortlist, the implementation team at the block level should finalise the list of 150-200 enterprises which have to be taken up for the implementation of the SVEP program.
- The final list should be communicated to the SMMU and NMMU along with baseline parameters.

### **8.2.3. Engaging with Entrepreneurs**

#### **Existing Enterprises**

Enterprises functioning for a minimum period of 12 months shall be considered existing enterprises.

- The BDSPs shall submit monthly activity plan to the OSF-MC and get their approval. The monthly activity plan should take into account the targets proposed in annual plan for the block.

- The BDSP(s) shall visit the identified enterprises.
- They shall explain their role in detail and seek to develop a relationship with the entrepreneur and maintain confidentiality of information.
- Baseline information on existing enterprise must be collected and filed at the OSF in case the entrepreneur is willing to access OSF services
- OSF shall make the service-fee known to the entrepreneur before supporting the enterprise
- The BDSP's shall identify the training needs of the entrepreneur and provide business management training and facilitate linkage with skill training institutes for imparting technical know-how, wherever required by the enterprises. Skill training of entrepreneurs may be done in convergence with Den Dayal Upadhyaya Grameen Kaushal Yojana (DDU-GKY)/MSME skill training programs
- The BDSPs shall inform the DTE-EP, with BTC-EP in loop in case any assistance needs to be sought from the pool of functional experts and mentors
- A business plan may be developed based on business viability for accessing enterprise finance from community organisations / financial institutions I. Inform nodal CLFs of the concerned blocks about enterprise being supported to verify credentials of SHG members on factors including credit history, repayment, and outstanding loan, etc. These will be verified by the SHG and subsequently by concerned VO and CLF. All three CBOs will issue a No Objection Certificate (NOC) on satisfactory creditworthiness of the entrepreneur to be granted loan for her enterprise. The NOC shall also be attached to the business plan.
- The BDSPs shall support the enterprise in raising the funds from the various sources – CIF, CEF and formal financial institutions. A minimum of 10% of the fund requirement should come from the own sources of the entrepreneur in case of existing individual enterprises. The state may decide on reducing the contribution from the members of group enterprises or new enterprises.
- The business performance shall be tracked on a regular basis by the BDSPs and financial statements will be shared with the entrepreneur, BTC-EP and DTE-EP on a monthly basis, preferably on a digital platform – so that the DTE EP and other functional experts can monitor the data and provide guidance to the BDSPs and enterprises.
- The BDSP's, with assistance from BTC-EP and DTE-EP, shall analyse the performance of the enterprise over time and discuss improvements in the business.
- Enterprise will be supported till it meets the success criteria. The success criteria of the enterprise are defined in section 9 of this guideline.
- All interactions with the entrepreneur shall be minuted and stored properly.

#### **8.2.4 New Enterprises**

- a. The BDSPs shall engage with potential women members from the community organisations to identify their interest in setting up growth enterprises from the identified opportunities.
- b. The DTE-EP, BTC-EP and BDSPs shall scout for available business opportunities based on an analysis of markets and demand.
- c. They will then do a feasibility analysis of the same in the defined village / market and evaluate the opportunity and check if it has the potential to grow (i.e., they can reach the minimum turnover as defined in section 3.1 of this guideline after a period of one year of business development support).
- d. Concurrence shall be sought from BTC-EP and DTE-EP on the feasibility study conducted prior to moving the proposal for support to the enterprise Entrepreneurs may be chosen based on their attitude and aptitude, for which necessary tests and activities may be conducted
- e. The BDSPs shall identify the training needs of the entrepreneur and provide business management training and facilitate linkage with skill training institutes for imparting technical know-how, wherever required by the enterprises. Skill training of entrepreneurs may be

done in convergence with DDU-GKY

- f. A business plan shall be prepared for the new business based on business viability and after consultation with the pool of functional experts for accessing enterprise finance from community organisations / financial institutions
- g. Inform nodal CLFs of the concerned blocks about enterprise being supported to verify credentials of SHG members on factors including credit history, repayment, and outstanding loan, etc. These will be verified by the SHG and subsequently by concerned VO and CLF. All three CBOs will issue a NOC on satisfactory creditworthiness of the entrepreneur to be granted loan for her enterprise. The NOC shall also be attached to the business plan
- h. The BDSPs shall support the enterprise in raising the funds from the various sources – CIF, CEF, and formal financial institutions. A minimum of 10% of the fund requirement should come from the own sources of the entrepreneur. The state may decide on reducing the contribution for new enterprises
- i. After sanction of the loan the BDSPs shall support in the starting of the enterprise.
- j. The business performance shall be tracked on a regular basis by the BDSPs and financial statements will be shared with the entrepreneur, BTC-EP and DTE-EP on a monthly basis.
- k. The BDSPs, with assistance from BTC-EP and DTE-EP, shall analyse the performance of the enterprise over time and discuss improvements in the business
- l. Enterprise will be supported till it meets the success criteria. The success criteria of the enterprise are defined in section 9 of this guideline
- m. All interactions with the entrepreneur shall be minuted and stored appropriately

## 8.3. Orientation to CBOs

### 8.3.1. Orientation of CBOs on Enterprise Development and Enterprise Finance

- A. DTE-EP along with BTC-EP and BDSPs shall explain to the CLF their role in supporting business development and providing enterprise finance. A training module may be developed by SMMU (in consultation with the IB-CB team). The SPM- (Non-Farm) will be responsible for developing the module
- B. DTE-EP shall be responsible for administering training to all CLFs, including nodal CLF in local language
- C. Nodal CLFs shall also be oriented about disbursement, recovery, and accounting of CEF through the accounting system
- D. The BTC-EP along with BDSPs shall undertake similar orientation at VO and SHG level as and when they are informed about the OSF and their working e. The place and date of the training shall be scheduled in advance at the convenience of the community members

### 8.3.2. Training of OSF-MC

- A. The members of the OSF-MC shall be given specific training on appraising projects, sanctioning loans, ensuring loan recovery, and monitoring of enterprises and work of BDSPs
- B. The SPM- (Non-Farm) will be responsible for developing content in alignment with the financial inclusion team and DTE-EP
- C. DTE-EP may administer the training to OSF-MC
- D. If members in the OSF-MC change, DTE-EP shall ensure provision of training to all new members within a period of 2 months.
- E. The state may make a provision for non-existing members to continue the tenure as members of OSF -MC as advisors.

## 9. Enterprise Finance

### 9.1. Provision of Funds

The funding for the enterprises will come from four sources:

- A. **Community Investment Fund (CIF)** that has been provided to the individual CLF that exists in the selected OSF blocks
- B. **Community Enterprise Fund (CEF)** of INR 50 lakh per block will provided with the nodal CLF. This is the additional funding provided under the NRLM project
- C. **Undrawn bank credit at the SHG level** (which will be facilitated by FI teams at state, district, and block level)
- D. **Loans from formal financial institutions** (which will be facilitated by FI teams at state, district, and block level)

The entrepreneur will (in all probability) get loans from a combination of these sources. As the functional area of the OSF will cater to more than one CLF, each entrepreneur can access loans from CIF of her own CLF whereas the CEF loan shall come from the nodal CLF of the block.

### 9.2. Enterprise type to be considered for Funding

1. **Individual Enterprise:** An enterprise, run by an individual, complying with a minimum annual turnover / projected turnover as stated in section 3.1 of this guideline will be considered as an individual enterprise for assistance under the programme.
2. **Group Enterprise:** Any enterprise, run by group of 3-10 members, complying with a minimum annual turnover / projected turnover as stated in section 3.1 of this guideline and with collective ownership of assets will be considered as a group enterprise for assistance under the programme. The group enterprises have to be formally registered during the course of the project support. OSF should facilitate governance norms in groups related to the transparency in sharing of assets and profit sharing.
3. **Existing Enterprise:** Any enterprises that has been running for a minimum period of one year will be considered as existing enterprise
4. **New Enterprise:** Any enterprise that is being set up afresh by BDSPs or enterprises that have been in exist less than 12 months will be considered as new enterprise

### 9.3. Scale of Financing

The scale of financing available to individual and group enterprises is provided below:

Enterprise Category	Maximum Finance from CEF	Entrepreneur Contribution (minimum)	Moratorium	Repayment Period *	Interest Rate
Individual Enterprises	INR 2.50 lakh	10%	6 months	12-48 months	1% per month (12% per annum) on reducing balance



Group Enterprises	INR 5.00 lakh	10%	6 months	12-48 months	1% per month (12% annum) reducing balance per on
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\* The repayment period will be decided by the technical committee of the OSF-MC appraising business plans based on cash flow of the enterprise.

## 9.4. Appraisal and Approval Process

1. The BDSPs will reach out to potential / existing entrepreneurs based on the process defined in section 8.2.3. A viability assessment of the enterprise will be conducted and subsequently a business plan will be prepared. The details of the entrepreneurs will be shared with the nodal CLF to verify the credential of the SHG members on factors including credit history, repayments, outstanding loans etc. by BDSPs. These factors will be verified by SHG-VO-CLF and a no-objection certificate (NOC) will be obtained in a predefined format from each concerned institution. This NOC will be appended along with the business plan
2. The application, including viability assessment, business plan, NOCs shall be submitted by the BDSPs to OSF-MC for appraisal
3. The OSF-MC will evaluate the proposal at two levels:
  - a. **Credit appraisal** – The OSF-MC will assess the creditworthiness of the entrepreneur by checking past loan and repayment history from community institutions and determine the maximum amount of loan that can be sanctioned to the entrepreneur
  - b. **Technical appraisal** – The OSF-MC will then convene technical committee meeting to appraise business plans. The committee shall have the following composition:

Category	Minimum Representation (Quorum)	Maximum Representation
Representatives from the DMMU: (District Project Manager / District Manager – FI)	1	2
DTE-EP (mandatory)	1	1
External functional experts (Based on the type of the projects being appraised)	2	3
Mentors	1	2
Representatives from OSF-MC	3	5

<b>Total</b>	<b>8</b>	<b>13</b>
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The concerned entrepreneur(s), representatives from BDSPs, BPM, Block Manager – Financial Inclusion (BM-FI), and BTC-EP will be present during technical committee meeting to provide any clarification regarding the proposal.

The technical committee shall:

- Ensure the technical viability of the business plan.
- Assess if the activities proposed can be undertaken within the loan amount sanctioned by the OSF-MC during credit appraisal. If not, the committee may recommend additional sources of finance.
- Vet and finalise loan repayment schedule prepared by BDSPs based on projected cash flows.
- Suggest combination of funds to be used for loaning (CIF, CEF, or undrawn bank-credit limit of the SHG).
- Assess the possibility of recommending the business plan for financing from formal financing institutions (particularly applications requiring loans exceeding INR 1 lakh). At least 10 enterprises from each block should be bank linked.
- The technical committee will send its recommendations to the OSF-MC who will act upon the recommendation either to:
  - I. Technically accept the proposal
  - ii. Instruct the BDSP's and entrepreneur to revise the proposal
  - iii. Reject the proposal

If the proposal is accepted by OSF-MC, it will recommend the loan to be released by the nodal CLF of the concerned block to the entrepreneur (from CIF / CEF / or both). Nodal CLF based on recommendation of the committee will sanction recommended loans to the entrepreneur within 15 days of the receipt of recommendation.

## 9.5. Fund Flow Mechanism

Once the OSF-MC sanctions the proposal, the intimation is sent to respective nodal CLFs for transferring the loan amount to the entrepreneurs account through CLF-VO SHG. The CEF loan amount and repayments must be recorded in the books of accounts of all concerned community organisations. The CEF may be transferred directly from nodal CLF to the entrepreneur's account, with intimation to concerned SHG-VO-CLF, if the state so desires. The BDSPs have to ensure that the intimation reaches the VOs and SHGs and the loan is recorded in their books.

The entrepreneur should repay the loan to the SHG to ensure that the CBO's are aware of the loan repayment. The repayment amount must flow from SHG-VO-CLF to nodal CLF. The SHG may also transfer the fund directly to the account of the nodal CLF with intimation to the VO and concerned CLF, if the state so desires. But the repayment should be recorded in all blocks.

The task-based remuneration to the BDSPs should be released only if the loan has been recorded in the books of the concerned VO and SHG.

In case of loans above INR 2.50 lakhs the fund to the entrepreneur may be released in two to three tranches, depending upon the loan amount and the requirement of funds. The second / third tranche will be released only if the entrepreneur is maintaining regular books of records.

Digital payment systems or services of business correspondents shall be accessed, wherever possible to speed up loan disbursement and recovery process.

SRLM should ensure that the entrepreneur is insured for an amount that is at least as much as the

loan amount. The BDSP's may facilitate this insurance through the Pradhan Mantri Suraksha Bama Yojana (PMSBY) and Pradhan Mantri Jeevan Jyoti Bama Yojana (PMJJBY).

The assets purchased under this loan should also be insured against fire, flood, burglary etc.

## 9.6. Rate of Interest Charged

The rate of interest charged by the nodal CLF for CEF disbursed to the **entrepreneur should** not be more than 1% per month on a reducing balance basis (or 12% **per annum** on a reducing balance basis). Decision on rate of interest should be taken **by OSF-MC** and should be facilitated by the SRLM team. The interest amount may be divided among participating SHGs, VOs, CLFs and the nodal CLF in the ratio of 25%, 25%, 15% and 35% respectively

The rate of interest should **be decided** ensuring that the enterprises supported are financially viable at that rate **of interest**. The rate of interest charged from the enterprise may vary among **different OSF's** in the State.

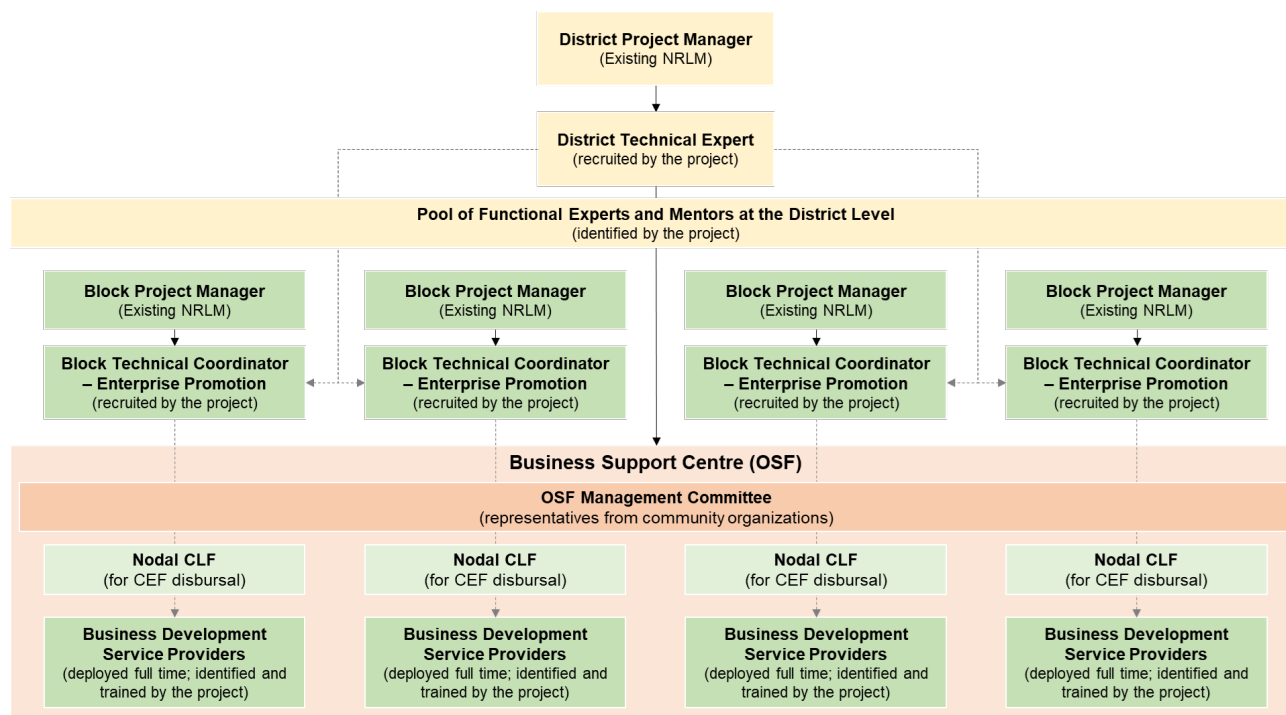
## 10. Success Criteria of Enterprise

An enterprise will be considered successful if it meets all of the following conditions:

1. It meets or exceeds the turnover projections as mentioned in the business plan projections for at least one year
2. It meets or exceeds the net profit projections as mentioned in the business plans for at least one year from the time of commencement of OSF support
3. The enterprise is able to generate enough cash flows to repay the loan to the lenders as per the repayment schedule.
4. It maintains records and its performance is meets or exceeds sectoral benchmarks set by NRLM / SRLM.
5. The entrepreneur is able to generate enough cash to meet aspirational income per month after repaying the loan for at least 6-month period.

## 11. Human Resources

The key element in the OSF is the human resources available to support the entrepreneurs. The diagram below shows the various resources and their roles in the functioning of the OSF.



## 11.1. Business Development Support Providers (BDSP)

Each block under OSF will identify and select 7-10 BDSPs from the local community for outreach to SHG members and extending last mile business extension services to entrepreneurs. BDSPs should be selected based on their capabilities and representation from each block is not mandatory but is preferable. BDSPs may or may not be selected from the existing community network. An OSF will have about 15-20 BDSPs in total. The BDSP will provide support to at least 25-30 enterprises.

The preferred criteria for selection of BDSPs is as under. SRLMs may finalise the same based on their experience:

1. Capable of communicating in the local dialect
2. Between 21-45 years of age
3. Minimum class 8<sup>th</sup> pass
4. Should have a working knowledge / aptitude for maths and business understanding
5. Willing to work for minimum 15 days per month outside her / his village
6. Prior experience in entrepreneurship will be given preference.
7. 51% of the BDSP in a particular block should be women candidates
8. Minimum 60% of BDSPs should be SHG members or members of their immediate family.
9. Existing CRP-EPs/MECs for MED/SVEP blocks should be given preference for the position of the role of BDSP.

## Services

BDSPs shall provide the following services to the entrepreneur:

1. Business ideation and conceptualization for growth
2. Handholding support to initiate / grow business

3. Conducting viability assessment and preparing business plans for growth (specifying loan requirement, repayment duration, and repayment schedule) d. Facilitating setting-up, running and growing an enterprise
4. Entrepreneur training
5. Market and business linkages
6. Ensure necessary regulatory compliances such as Udyog Aadhar, FSSAI, PAN, GST etc.
7. Help in maintaining and monthly P&L and business analysis based on the data generated and comparison with peers and enterprise level bench-marks.
8. Linkages with schemes of other Ministries and Departments
9. Ensure maintenance of financial books of records and tracking business performance against benchmarks
10. Ensure enterprises follow governance protocols (particularly for group enterprises) for transparency and smooth operations
11. Facilitating insurance for the entrepreneur.

## Remuneration

The remuneration structure of the cadre will be fixed pay (subsistence allowance) plus variable pay. The variable pay will come from fee earned from task based worked done for OSF and fee from entrepreneurs.

### *Fixed pay*

The fixed subsistence allowance (not higher than INR 3,500 per month) of the BDSPs. This will also take care of travel and communication allowance for travel within the block.

### *Variable Pay*

The BDSPs shall earn a service fee, based on rate list approved by the SRLM, from OSF for providing specific services to the OSF or to the entrepreneurs. The BDSPs can also earn a service fee, based on rate list approved by the SRLM, from entrepreneurs for providing specific services to them. The entrepreneurs have to be provided a receipt against payment to BDSPs.

## Process of Approving Remuneration

BDSPs will submit the work done report to BTC-EP of the concerned block at the end of every month, who will sign it and submit it to the OSF-MC. Based on the report, the OSF-MC will calculate the variable pay and subsequently direct the nodal CLF in which OSF is housed to pay the entire amount (fixed plus variable pay) to the bank accounts of BDSPs.

The BDSPs may function as individuals or as a group. If the BDSPs function as a group then the service fee may be shared amongst BDSPs in a pre-decided ratio decided by the BDSPs themselves with facilitation being provided by the DTE-EP and BTC-EP.

BDSPs may use their existing smartphones / tablets for the project or may be given a loan to purchase the same from the nodal CLF of blocks they belong to. The recovery of the loan amount may be done from the remuneration to be paid to them. If the BDSPs are members of SHGs they may take the loan from their SHGs, if not they may be provided loans directly by the nodal CLF. BDSPs shall purchase android smartphones with specified features not exceeding INR 8,000. (This amount may be changed by NRLM from time to time based on inflation and the price of a smart phone with the desired features). Advisory on specific features of smartphones will be shared separately.

## 11.2 Mentors

Each OSF will identify and select mentors to handhold BDSPs and entrepreneurs, in some cases. The mentors should preferably be existing entrepreneurs or people who have experience of running businesses to guide the BDSPs on business processes specific to the type of enterprises being supported. The mentor should be able to set aside some time each month to provide technical assistance to BDSPs. They should be selected based on their capabilities. The DTE-EP will coordinate with the mentor.

The preferred criteria for selection of mentors are as under. SRLMs may finalise the same based on their experience:

- A. Capable of communicating effectively in the local dialect.
- B. Between 24-68 years of age
- C. Minimum class 12th pass
- D. Should have a working knowledge of business understanding and business accounting
- E. Willing to set aside at least 4-7 working days a month to support the OSF.
- F. At least 5 years of prior experience in entrepreneurship is mandatory.
- G. Preference should be given to women entrepreneurs

### Services

The primary role of Mentors is to handhold BDSPs and support them in their work. They may also accompany the BDSP to the entrepreneur for initial meeting and help them in convincing the entrepreneur on the proposed growth plan of the business. It is envisaged, during the first 6 months of entering the block, the mentors will need to provide a more dedicated handholding support to BDSPs.

Services by Mentors will include:

- A. Handholding and mentoring support to BDSPs and entrepreneurs.
- B. Reviewing the viability assessment and business plans prepared by BDSPs Facilitating market and business linkages
- C. Providing inputs for activities such as packaging and labelling
- D. Helping enterprises secure necessary regulatory compliances
- E. Identifying need for functional intervention in an enterprise and will place a request for accessing services of functional experts through BTC-EP/ DTE-EP.
- F. Proposing ideas for new enterprises

Mentors will also be expected to participate in the technical committee convened by the OSF-MC to appraise the business plans.

### Remuneration

The Mentors will be paid a fixed per diem according to norms of the SRLM, up to a maximum amount of INR 4,000. The mentors will submit the work done report to the DTE-EP at the end of every month, who will sign it and submit it to the DPM. The DMMU will release the payment on vetting the work done report against the work plan. The fixed per diem pay will also include travel and communication allowance, and no additional amount shall be paid for this.

## 11.3. Functional Experts

Each district will identify 5-10 functional experts in the district, such as chartered accountants, food technicians, lawyer, skill training institutes, retired banker, designers, etc. Their services may be accessed by BDSPs to provide technical support to entrepreneurs, as and when required. The functional experts should be able to set aside 3-7 days each month to provide technical assistance to enterprises. The DTE-EP will coordinate with these experts.

## Remuneration

The functional experts will be paid a fixed per diem according to norms of the SRLM, up to a maximum amount of INR 5,000. The mentors will submit the work done report to the DTE-EP at the end of every month, who will sign it and submit it to the DPM. The DMMU will release the payment on vetting the work done report against the work plan. The fixed per diem pay will also include travel and communication allowance, and no additional amount shall be paid for this. Travel expenses for field visits will be reimbursed as per SRLM norms. The mentors and functional experts are expected to be empanelled by the SRLMs using their existing policy for State Resource Persons (SRPs). In case any state does not have a State Resource Person policy, they may make one based on the NRP policy of National Institute of Rural Development and Panchayati Raj (NIRD&PR). These mentors and experts shall be available on call to the OSF.

## 11.4 Block Technical Coordinators – Enterprise Promotion (BTC-EP)

BTC-EP will be responsible for overseeing all entrepreneurship related activities in the block, particularly the OSF and its related tasks being done by the Nodal CLF in the block. BTC-EP shall be recruited under the project in all blocks which are catered to by the OSF (they will also be recruited in blocks where OSF renders services but is not physically present).

BTC-EP will have a dual reporting relationship. S/he will report administratively to the BPM of the concerned block, and functionally to the DTC-EP of the concerned districts.

The BTC-EP shall:

### a) Assist in selection of BDSPs

- Identify potential candidates, with assistance from the BPMs and existing community cadre, for BDSPs based on the selection criteria and file their nomination
- Conduct first level screening of BDSPs on the eligibility criteria
- Communicate the date for written test and group activities to the screened candidates at least two weeks before the conduct of the test
- Communicate result of the written test and group activities to candidates and CLFs in their block.
- Intimate the candidates about date of the personal interview within the prescribed time limit
- Participate in the interview panel for selecting BDSPs
- Communicate final result of the selection process to candidates and CLFs in their block and to other stakeholders
- Communicate details of the training program to BDSPs at least two weeks prior to conduct of the training

### b) Assist in setting-up of infrastructure in blocks

- Assist BPM in identification of suitable office space for working of BDSPs.
- Facilitate opening of bank account of the nodal CLF.
- Ensure all BDSPs in the block have functioning bank accounts.
- File necessary office set-up documents with SMMU to ensure release of OSF set-up costs.
- Assist the Nodal CLF in purchasing necessary infrastructure for the office

### c) Conduct CBO orientation on enterprise finance

- Intimate details of the orientation to CLFs, VOs, and SHGs (as the case may be) in

their blocks well in advance

- Conduct orientation of CLF's, VOs and SHGs on their role in providing enterprise finance, monitoring and repayment.

d) Ensure smooth functioning of the OSF

- Introduce BDSPs to the community organisations (CLF-VO-SHG) and apprise them about OSF and their working
- Assist BDSPs in analysing performance of enterprises over time and discuss problem cases
- Assist BDSPs in developing fee-sharing received from entrepreneurs, if required (if BDSPs operate as a group)
- Assist OSF-MC in setting annual targets for the block in consultation with the DTE-EP. S/he shall apprise BPM of the developments. The targets shall be documented in the annual work plan of the block and submitted to OSF-MC on approval from BMMU. A copy of the targets should be shared with DMMU and SMMU
- Follow-up with nodal CLF for release of enterprise loan on approval of business plans within 15 days of acceptance of business plans by OSF-MC
- Follow-up with financial institutions for release of enterprise loan on approval of business plans
- Collect, scrutinise, and sign the work done report from BDSPs and Mentors and submit the same to OSF-MC for release of fixed and variable remuneration (inclusive of travel and communication allowance)
- Ensure proper documentation and book keeping in the OSF and also monitor the proper usage and repayment of the loans sanctioned for enterprises supported by the OSF.

e) Ensure regular monitoring and reporting of OSF activities

- Participate in review meetings at the SMMU
- Attend technical appraisal committee meeting convened by OSF-MC
- Ensure participation of the BDSPs (and mentors, if required) in all review meetings
- Monitor the day-to-day functioning of OSF and report performance and issues to OSF-MC, DTE-EP, and BPM on a monthly basis
- Monitor the business performance of the supported enterprises and ensure that the project MIS report is updated and submitted regularly on time.

## 11.5. Block Project Manager (BPM)

The BPM shall in addition to his other responsibilities

1. Assist in identification of suitable office space for OSF.
2. Approve annual and monthly work plans of the OSF in consultation with the DTE-EP and DPM.
3. Be apprised of work undertaken by OSF
4. Participate in the block and district level review meetings of the OSF

## 11.6. District Technical Expert – Enterprise Promotion (DTE-EP)

DTE-EP will be responsible for ensuring technical and management support to the OSF and other business-related initiatives in the concerned district. DTE-EP will be recruited in each NRLM district.

DTE-EP will report administratively to the DPM of the concerned district and shall coordinate with the SPM-Non-Farm for functional expertise and guidance. The DTE-EP will also have functional



authority over the BTC-EP of the NRLM blocks where OSF is being implemented.

DTE-EP will be responsible for guiding and overall functioning of the OSF. S/he will ensure that targets are met, quality is ensured, and all matters arising in the OSF including sharing of service-fee between the BDSPs are resolved in time. DTE-EP will also provide data-driven market intelligence, support market linkages, scout for new business opportunities, and facilitate access to technology and skills. S/he shall ensure roll-out of technology platform for enterprise promotion, monitoring the enterprise development activities in the district, and identification and coordination with the pool of functional experts. S/he shall also co-ordinate with the District Administration with the support of the DPM to ensure convergence with the other schemes of the central and state governments, particularly the schemes of the MSME.

### **DTE-EP shall:**

- ❖ Ensure selection of BDSPs
  - Conduct written tests and activities for selecting BDSPs
  - Organise and participate in interview panel for selecting BDSPs
  - Assist SMMU in collating results for selection of BDSPs
- ❖ Ensure conduct of training program for BDSPs
- ❖ Ensure proper conduct of training and refresher training for BDSPs and shall ensure provision of certificate of completion by the training agency
- ❖ Conduct training needs analysis to identify topics for refresher training for BDSPs
- ❖ Conduct CBO orientation on enterprise finance:
  - A. Prepare necessary training material to orient CBOs on their role in enterprise finance
  - B. Conduct orientation of CLFs on their role in providing enterprise finance.
  - C. Orient OSF-MC on their roles and responsibilities.
  - D. Assist DPM in identification of functional experts and mentors to support the OSF.
  - E. Assist in smooth functioning of the OSF
- ❖ Scout business opportunities based on market analysis.
- ❖ Assist OSF in analysing performance of enterprises over time and discuss problem cases.
- ❖ Ensure quality of OSF services being provided to the enterprises.
- ❖ Assist BDSPs in developing fee-sharing received from entrepreneurs, if required (if BDSPs operate as a group).
- ❖ Take decision on retrenchment of BDSPs based on unsatisfactory performance shall be taken by the DTE-EP in consultation with the BTC EP and OSF-MC.
- ❖ Ensure re-nomination of OSF-MC members from CLFs and nodal CLFs after completion of the stated tenure and facilitate timely re-election of President, Vice-President and Secretary in the OSF-MC and intimate change in the signatories to all concerned parties
- ❖ Ensure OSF-MC meets regularly for credit appraisal of business plans
- ❖ Ensure OSF-MC convenes technical committee meeting for appraising business plans and informs the attendees in advance
- ❖ Coordinate with FI team to mobilize bank finance for the enterprises.
- ❖ Coordinate with functional experts and mentors
  - Orient functional experts on NRLM institutional structure, NRLM design, functioning of OSF and their expected roles.
  - Coordinate with them to seek their services as and when required / requested by the Mentor or the BTC-EP
- ❖ Ensure regular monitoring and reporting of OSF activities
  - Convene monthly review meeting of OSF and share minutes of the meeting with all participants and stakeholders, including OSF-MC, BMMU, DMMU and SMMU
  - Review progress of the OSF against targets and understand the issues in the field. DTE-EP shall facilitate discussions on possible solutions and identify good practices. The financial statements of enterprises shall be reviewed and strategy and plan for the coming month must be prepared
  - Participate in review meetings at the SMMU

- Analyse performance of OSF supported enterprises on key performance indicators on a monthly basis and share the report with the DPM
- Participate in technical committee meeting convened by the OSF-MC

## 11.7. District Project Manager

The DPM shall:

- Identify functional experts and mentors to support OSF
- Attend technical appraisal meetings of OSF-MC (or ensures that the District Manager – FI participates the meeting)
- Chair review meeting at the district level
- Approve the report prepared by DTE-EP and send it to SMMU
- Be apprised of work undertaken by OSF
- Participate in technical committee meeting convened by the OSF-MC
- S/he shall also co-ordinate with the District Administration to ensure convergence with the other schemes of the central and state governments, particularly the schemes of the MSME

## 11.8 Additional Responsibilities of SPM (Non-Farm)

- ❖ Identify OSF geographies
  - Identify blocks to be supported by each OSF based on the selection criteria.
  - Facilitate process for selection of DTE-EP and BTC-EP
- ❖ Provide assistance in selection of BDSPs
  - Ensure preparation of necessary material for and conduct written test and group activities for selection of BDSPs. Assistance may be sought from NMMU, if required
  - Ensure result of written test and group activities are collated and declared for BDSPs within the specified time limit
  - Participate in the panel conducting interview for the selected candidates and collate and declare result along with waitlist for BDSPs
- ❖ Assist DPM in identification functional experts and mentors to support OSF.
- ❖ Ensure conduct of training program for BDSPs
- ❖ Approach training organisations for training and refresher training for BDSPs and Mentors and ensure quality of training
- ❖ Support DTE-EP in conducting training needs analysis of BDSPs to identify topics for refresher training
- ❖ Ensure timely payments are made to the training organisations
- ❖ Ensure timely release of finance to nodal CLF / DMMU upon submission of necessary documents
- ❖ Ensure regular monitoring and reporting of OSF activities
  - Convene review meeting of all OSFs in the State and share minutes of the meeting with all participants and stakeholders, including NMMU Review progress of the OSF against targets and understand the issues in the field. DTE-EP shall facilitate discussions on possible solutions and identify good practices. Strategy and plan for the coming quarter must be discussed.
  - Should also ensure monitoring of the NROs, empanelled mentors and functional experts.
  - Collate (and analyse, if required) performance of all OSF 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 the other schemes of the central and state governments, particularly the schemes of the MSME.

## 12. Implementation model

The implementation requires the deployment of adequate human resources with understanding and knowledge of enterprise development. It also requires personnel.

with expertise in the different sectors of the non-farm livelihoods space. SRLMs can choose between the following options for implementation:

- a. SRLMs take the responsibility of the entire implementation of the programme. This will involve recruiting the human resources at all levels as per the guidelines, train and develop capacities of personnel, implement all the components including setting up institutions, strengthen capacities of CBO and monitoring the implementation of the components.
- b. SRLMs take up implementation of the programme but engage a TSA for handling the training and capacity building components. This will include the training of programme staff, field level functionaries, community institutions etc.
- c. SRLM can hire a TSA from amongst qualified organisations with expertise in providing incubation support to growth enterprises to set-up and facilitate the functioning of the OSF. The TSA will ensure delivery all tasks entrusted with the OSF. They may place additional resources at the OSF based on their requirement. It is ideal that the agency selected as TSA should have the following preferred qualities:
  - a. Demonstrated experience of promoting and supporting enterprises exceeding a turnover of INR 6 lakhs per annum.
  - b. Domain knowledge and experience in business ideation and conceptualization, training in setting-up and running an enterprise, business plan preparation, hand-holding support to initiate business, facilitation support to access required finance, technology, skills; regulation compliances; market intelligence, information, and linkages; and mentoring
  - c. Experience of working with local community and / or state governments in previous three years.
  - d. Preference will be given to organizations with innovative methods of delivery of business development services (e.g., use of mobile applications, alternative risk profiling, existing partnerships with financial institutions)

## 13. Convergence

Entrepreneurs supported under OSF will be supported to avail the benefits of various schemes of Government of India operated by various Ministries. Besides, there are number of schemes are being implemented by State Government for supporting enterprises. The support for entrepreneurs is in the area of project finance, technology adoption, marketing support including support for attending sales events, infrastructure support, training and capacity building etc.

Some of the schemes promoted by Government of India like the Pradhan Mantri Mudra Yojana (PMMY), MUDRA provides opportunity for new enterprise to avail loans at competitive rates. In the cases of enterprises supported under OSF, the Kishor loans in the range of INR 50,000 to 5,00,000 can be leveraged for entrepreneurs. The SRLM should make efforts to converge with the various schemes so that the supported entrepreneurs are able to maximise the opportunity for scaling up.

MSME had number of schemes covering the entire gamut of services that are needed by enterprises. Some of the possible schemes that can be leveraged are provided as Annexure I.

## 14. Fund and Release

### 14.1. Target

NRLM proposes to set up 320 OSFs in blocks meeting the selection criteria till financial year 2026. The states may also choose to include mature SVEP blocks under OSF. A maximum of two OSFs shall be supported per district. Commencement of activities in the minimum number of blocks to be supported by OSF in each year is as follows:

2021-22	2022-23	2023-24	2024-25	2025-26	Total
25	35	60	90	110	320

It is envisaged that an enterprise will need at least one year of support to achieve the proposed growth. Hence, the last year of the project will be spent in catering to enterprises already being supported. No new blocks will be catered to in FY 2022-23.

The OSF will support at least 150 enterprises in each block over a period of four years. For example, if the OSF caters to four blocks, then the OSF will promote 600 (150 x 4) enterprises during the four-year period.

### 14.2. Availability of Funds

The project provides for the following funds for supporting activities under OSF:

- A. OSF set-up and operational cost
- B. Costs for identification and training of BDSPs
- C. Remuneration – Both fixed (inclusive of travel and communication allowance) and variable for BDSPs
- D. Costs towards mobilisation, identification, and training of entrepreneurs e. Costs towards initial orientation of CBOs (CLF-VO-SHG). (Existing fund for IB CB within NRLM will be used for this purpose)
- E. Additional remuneration to be paid to accountants at nodal CLF and other community organisations for recording transactions pertaining to CEF disbursement and repayment (existing fund for IB-CB within NRLM will be used for this purpose)
- F. Remuneration to OSF-MC for conducting meetings, participation in technical appraisal committee, and monitoring of enterprises (existing fund for IB-CB within NRLM will be used for this purpose)
- G. Costs for orientation service fee for functional experts and mentors
- H. CEF for each OSF supported blocks.

### 14.3. Costs

The budget for an OSF is as under:

S. No.	Head	Funds to be given to	Unit	Unit for funding	Variable /fixed	Funding type	Cost per unit/per annum for recurring expenses Rs. Lakhs	No. of units /OSF (Max)	Period of funding	Maximum amount per OSF Rs. Lakhs (If OSF has 1 blocks)	Maximum amount per OSF Rs. Lakhs (If OSF has 2 blocks)	Maximum amount per OSF Rs. Lakhs (If OSF has 3 blocks)	Maximum amount per OSF Rs. Lakhs (If OSF has 4 blocks)	Maximum amount per OSF Rs. Lakhs (If OSF has 5 blocks)
1	Infrastructure support to Nodal CLFs	Nodal CLF	Block	Block	Variable	One time	1.00	5	1	1	2	3	4	5
2	Operational cost support for Nodal CLFs	Nodal CLF	Block	Block	Variable	Recurring	1.80	5	3	5.40	10.80	16.20	21.60	27.00
3	Identification of BDSP (6 per block and	DMMU	OSF	BDSP	Fixed	One time	0.03	34	1	0.60	1.20	1.80	2.40	3.00

	attrition rate of 30%) - 1 BDSP =25 enterprises														
4	Capacity Building for BDSP	NRO/PI A	OSF	BDSP	Fixed	One time	81	0.	34	1	5.51	11.02	16.52	22.03	27.54
5	Honorarium for BDSP (4-years)	Nodal CLF	OSF	BDSP	Variable	Recurring	08	1.	34	3	22.03	44.06	66.10	88.13	110.16
6	Mobilisation and Identification of Entrepreneurs including enumeration (baseline DPR)	NRO/PI A using BDSP's	OSF	Block	Fixed	One time	00	4.	5	1	4.00	8.00	12.00	16.00	20.00
7	Capacity Building for Entrepreneurs (Individual & Group - 2 people)	NRO/PI A/ Trig agency	OSF	Entrepreneurs	Variable	One time	08	0.	938	1	15.00	30.00	45.00	60.00	75.00

8	Mentor & Functional expert Identification	DMMU	OSF	OSF	Fixed	One time	05	0.18	1	0.88	0.88	0.88	0.88	0.88
9	Orientation Functional expert Identification	DMMU	OSF	OSF	Fixed	One time	15	0.18	1	2.63	2.63	2.63	2.63	2.63
10	Honorarium for Mentors	DMMU	OSF	OSF	Fixed	Recurrin g	40	2.8	3	57.6	57.6	57.6	57.6	57.6
11	Resource Fee for Functional Experts	DMMU	OSF	OSF	Fixed	Recurrin g	40	2.6	3	43.2	43.2	43.2	43.2	43.2
12	Enterprise CEF	Nodal CLF	Block	Block	Variable	One time	0.00	55	1	50	100	150	200	250
13	OSF - MC members training	NRO/PI A/ Trig agency	Block	Block	Fixed	One time	21	7.5	1	7.21	14.42	21.63	28.84	36.05
14	OSF - MC members	Nodal CLF	Block	Block	Fixed	Recurrin g		5.	1					

	sitting fees						22	5		5.22	10.44	15.66	20.88	26.10
15	BTC cost	NRO/PIA	Block	Block	Fixed	Recurring	2.28	25	1	22.28	44.57	66.85	89.13	111.42
16	DTE cost	DMMU	OSF	OSF	Fixed	Recurring	7.98	31	1	37.98	37.98	37.98	37.98	37.98
17	Accountant and audit costs	Outsourced agency + Nodal CLF	OSF	OSF	Fixed	Recurring	1.65	21	1	21.65	21.65	21.65	21.65	21.65
18	Endline survey	SMMU - outsourced agency	Block	Block	Fixed	One time	4.00	45	1	4.00	8.00	12.00	16.00	20.00
	Total									306.19	448.44	590.69	732.95	875.2



## 14.4. Fund Release

The SRLM will submit the Annual Action Plan (AAP) which will have the details of the blocks where the OSFs will be set-up including the budget estimates. The same needs to be approved by the NRLM Empowered Committee set-up under the Chairmanship of Secretary (Rural Development). NRLM shall release the funds in two instalments as per extended NRLM guidelines.

The following will be the timeline for release of funds by the Selma to the project

Fund	Time for Release	Frequency	Released by	Released to
Infrastructure support to Nodal CLFs	Submission of rent agreement of office space in the block/ letter of authorisation of use of space and bank passbook of nodal CLF to SMMU	One-time	SMMU	Nodal CLFs of the OSF blocks
Operational cost support for Nodal CLFs	Submission of annual work plan of all blocks under OSF	Annually	SMMU	Nodal CLFs of the OSF blocks
Identification of BDSP (5 per block and attrition rate of 30%)	Submission of rent agreement of office space in the block/ letter of authorisation of use of space and bank passbook of nodal CLF to SMMU	One-time	SMMU	Nodal CLFs in which OSF is housed
Capacity Building for BDSP	As per contractual agreement with training agencies	As per contract	SMMU	Training agency
Honorarium for BDSP (4-years)	Submission of annual work plan of all blocks under OSF	Annually	SMMU	Nodal CLF in which OSF is housed
	Approval of work-done report of the BDSPs by the OSF-MC	Monthly	Nodal CLF in which OSF is housed	Respective bank accounts of BDSPs

Mobilisation and Identification of Entrepreneurs	Submission of annual work plan of all blocks under OSF	Annually	SMMU	Nodal CLFs in which OSF is housed
Capacity Building of Enterprises (Individual and two persons per group)	Submission of annual work plan of all blocks under OSF	Annually	SMMU	DMMU
Identification and orientation of Functional Experts and Mentors	Submission of annual work plan of all blocks under OSF	One-time	SMMU	DMMU
Honorarium / Resource fee for Mentors / Functional Experts	Submission of annual work plan of all blocks under OSF	Yearly	SMMU	DMMU
	Submission of a visit report work done reports by mentors /Functional experts on a monthly basis	Monthly	DMMU	Respective bank accounts of mentors / functional experts
Enterprise CEF	Setting up of OSF-MC and opening of a separate bank account of the Nodal CLF housing the OSF.	One time	SMMU	Nodal CLFs of the OSF blocks

Utilisation Certificates shall be submitted to competent authorities as per the financial guidelines released by each SRLM.

## 14.5. Pre-condition for Release of Fund

The release of funds for OSF will be contingent on all following conditions being met:

1. Positioning of DTE-EP
2. Positioning of BTC-EP in at least the block where the OSF is housed

## 15. Monitoring and Reporting

### 15.1. Review at the District Level

- a. The DTE-EP shall convene a meeting of each OSF under his / her jurisdiction every month. The DPM shall chair the meeting
- b. The agenda shall be circulated by the DTE-EP at least 5 days prior to conduct of the meeting
- c. The BTC-EP of all blocks the OSF caters to shall attend the meeting. The BPMs of all OSF supported blocks along with representatives from OSF-MC must be invited for the meeting.
- d. The DTE-EP shall review the progress against targets for each OSF block and understand the issues in the field. The group shall contemplate a solution to the problems and identify good practices. The financial statements of enterprises shall be reviewed and plan for the coming month must be prepared
- e. The meeting must be minute and the minutes shall be shared with all participants and stakeholders, including SMMU within 5 days of meeting being held.

### 15.2. Review at the State Level

- a. At the State level, the SPM and the State Mission Director (whenever possible) should review the progress of the OSF every quarter.
- b. The agenda of the meeting shall be circulated by the SPM at least 10 days prior to conduct of the meeting through e-mail.
- c. The meeting shall be attended by the DTE-EP, BTC-EP and representatives from BDSPs
- d. The meeting must be minute and the minutes shall be shared with all participants and stakeholders, including NMMU within 10 days of meeting being held.

### 15.3. Reporting on Key Indicators

DTE-EP will be responsible for reporting progress on key indicators on a monthly basis. The report shall be submitted to SMMU along with minutes of the monthly review meeting. The indicators shall also be reported at the State level by STP-EP and shared with NMMU on a monthly basis. An indicative list of indicators is presented as under:

- A. Number of BDSPs trained and working in each block along with their demographic details
- B. Number and type of individual and group enterprises supported so far in each block
- C. Number and type of individual and group enterprises supported in the previous month in each block
- D. Number and type of women-owned enterprises supported so far in each block Number and type of women-owned enterprises supported in the previous month in each block
- E. Number of enterprises availing OSF services recording at least 10% increase in turnover over a period of previous 3-months continuously
- F. Number of enterprises availing OSF services recording at least 10% growth in net profit over a period of previous 3-months continuously
- G. Number of enterprises availing OSF services generating enough cash flows to repay the loan (both interest and principal) as per the repayment schedule and making timely

- repayments.
- H. Number of enterprises availing OSF services recording an increase in hired employment (report by number of workers hired)
  - I. Number of enterprises availing OSF services that accessed finance from commercial banks in each year and loan amount
  - J. Number of enterprises meeting success criteria (as defined in section 9 of this guideline) after the first year of support
  - K. Number (and percentage) of enterprises accessing CBO loan repaying principal and interest on time.

## 16. Technology Platform

An app-based technology platform with web-interface shall be placed to prepare business plans, ensure adherence to processes, and track performance of enterprise being supported on the field. The app may be developed afresh or the existing app developed by NMMU may be used. Details on enterprise software and its use shall be intimated in due course.

## 17. Annexure I: Schemes of MSME that have potential for Convergence

### A. Prime Minister Employment Generation Programme (PMEGP), MSME

The scheme provides financial support to new and existing entrepreneurs. It **is implemented** at the state level through State KVIC Directorates, State Khadi **and Village** Industries Boards (KVIBs), District Industries Centres (DICs) and banks.

Nature of Assistance	Eligibility Criteria
Loans are provided to new enterprises to the tune of Rs 25 lakhs in case of manufacturing sector and Rs 10 lakhs in case of business/service sector. Subsidy to the tune of 25% in case of general category and 35% in case of members (including SC/ ST/ OBC/ Minorities/Women, Ex-servicemen, physically handicapped, NER, Hill and Border areas, etc.)	Individuals above 18 years of age. Education of at least VIII standard pass in cases of projects above Rs.10 lakh in the manufacturing sector and Rs. 5 lakhs in the business / service sector. Enterprises that have availed benefits of other Government schemes are not eligible.

The scheme guidelines have been modified to support existing enterprises (successful PMEGP/MUDRA Units) under PMEGP. The details are provided below:

Nature of Assistance	Eligibility Criteria
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Loans provided to manufacturing enterprises to the tune of Rs 100 lakhs and Rs 25 lakhs to service/trading sector. Maximum subsidy permissible is Rs 15 lakhs in manufacturing and Rs 3.75 lakhs in service/trading.	All existing units financed under PMEGP/MUDRA Scheme whose have repaid the loans. The unit should have been making profit for the last three years. Registration of Udyog Aadhaar Memorandum (UAM) is mandatory.
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#### B. Credit Linked Capital Subsidy for Technology Upgradation (CLCSS)

The scheme facilitates technology upgradation by providing 15% up front capital subsidy to MSEs, including tiny, khadi, village and coir industrial units, on institutional finance availed by them for induction of well-established and improved technologies in specified sub-sectors/products approved under the scheme.

Nature of Assistance	Eligibility Criteria
Subsidy of up to 15% subsidy for additional investment of Rs 100 lakhs for technology upgradation.	All MSME units are eligible for this support.

#### C. Entrepreneurship Skill Development Programme (ESDP)

Entrepreneurship Development Programmes are organized to create awareness about various aspects of industrial activity required for setting up MSEs. This includes a range of activities undertaken by institutions like ITIs, Polytechnics and other technical institutions. Some of the components of the programme are

a. Industrial Motivational Campaign (IMC): activity to identify' and motivate traditional/non-traditional entrepreneurs, having potential for setting up MSEs with an objective of leading them towards entrepreneurship/self-employment.

b. Entrepreneurship-cum-Skill Development Programme (E-SDP): the six weeks activity is aimed at conducting special entrepreneurship development programmes for new livelihood enterprise creation and rural enterprise development. Comprehensive training programmes will be organized to upgrade skills of prospective entrepreneurs coupled with specific skills hands-on practice or demonstration relating to activities.

#### C. Management Development Programme (MOP)

This one-week activity is aimed at capacity building of MSMEs through inputs on management practice system is to improve their decision-making capabilities resulting in higher productivity and profitability of existing and potential entrepreneurs and developing new enterprises.

Nature of Assistance	Eligibility Criteria
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<p>The programmes are conducted through different field offices of the office of DC(MSME) i.e., EDCs, MSME-DHLs and Technology Centres.</p> <p>No participation fee will be charged from SC, ST, Physically Handicapped, Below Poverty Line (BPL) participants and women.</p>	<p>Field offices of DC MSME shall be involved in identifying the candidates for the programme, through inviting applications. The minimum age of participants in the programmes should be 18 years. 40% of the targeted beneficiaries of EDPs and E-SDPs should be from weaker sections of the Society (SC/ST/Women/Physically Handicapped).</p>
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#### D. Marketing Assistance Programme

This scheme is to enhance the marketability of products and services in the MSME sector. Under this there are specific components for Organising buyer-seller meets, intensive campaigns and marketing promotion activities, Co-sponsoring of exhibitions organised by other organisations/industry associations/ agencies and Organisation of exhibitions abroad and participation in international exhibitions/ trade fairs.

Nature of Assistance	Eligibility Criteria
<p>Capacity building in packaging techniques; the cost to the tune of 100% of cost of training for agencies in case of women enterprises.</p> <p>Awareness Programs about trade fairs, digital advertising, e-marketing platform, GST, Gem portal and other such related topics etc. An amount of Rs 70,000 per program is set aside for the trainings.</p>	<p>Manufacturing/Service sector units registered at Udyog Aadhaar Memorandum (UAM) Portal.</p> <p>MSME units are selected based by the field offices of DC.</p>

#### E. Design Clinic for Design Expertise to MSMEs

The scheme is for increasing competitiveness of MSMEs through adoption of design and its learning. This is to facilitate MSMEs to develop new design strategies and or design related products and services through project interventions and consultancy.

Nature of Support	Eligibility Criteria
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<p>Expert agencies (Industry Associations, Technical Institutions or other appropriate bodies), for conducting seminars and workshops, MSMEs or groups of MSMEs, Academic Institutes/ design companies/ design consultants, etc., applying as co-applicants along with a designated MSME. Funding support of (1) ₹60,000 per seminar and 75% subject to a maximum of ₹3.75 lakhs per workshop</p>	<p>MSMEs can apply to field offices of DC.</p>
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