

Terms of Reference (TOR)

1.1 Background

1.1.1 WTO Impact Assessment Studies

As the apex financial institution for SMEs, SIDBI has played a key role in advocating relevant policy measures for enhancing the competitiveness of the SME sector, while guiding it on the path of high growth and increased efficiency. This advocacy role of SIDBI has prompted it to undertake from time to time policy supportive research studies for the sector as a whole, as well as certain specific industry sectors, addressing various issues and constraints faced by the micro, tiny, small and medium units within the sector in the backdrop of increasing competition emerging out of the process of economic liberalisation and globalisation. These studies help SIDBI to recommend suitable policy measures to the Government and other associated agencies for framing appropriate policies and promotional packages for the sector.

The WTO, established in January 1995, after the conference of the Uruguay Round, is presently the main international body for framing and implementation of rules of trade between member nations. The various agreements that have been entered into by member nations which emanate from certain basic principles of the WTO led Trading System have far reaching implications for the Indian industry as a whole, but more particularly the MSMEs, as some of them have traditionally been constrained by small and fragmented operations, low levels of technology, lower labour and capital productivity, inadequate infrastructural facilities and a host of other factors impeding their competitiveness. The impact has already been felt by them, both as producers for the domestic market as well as exporters in the global market and has hampered their efforts to integrate with the changing global markets. All these call for a restructuring of the sector with improvements on all fronts if the MSMEs have to remain competitive.

It was in this backdrop that SIDBI decided to undertake suitable WTO related sectoral studies to understand the structure and constitution of select industrial sectors and assess the impact of WTO agreements on these industries with a focus on the competitiveness of MSMEs. The studies were to help SIDBI in devising strategic policy initiatives to restructure and strengthen the MSMEs so as to enable them to overcome the ensuing threats and also capitalise on the emerging opportunities.

Sixteen industrial sectors were identified by SIDBI to be covered under assessment of WTO. Of these, thirteen sectors had been identified by the Government of India as requiring urgent technological upgradation, while the remaining three sectors had high export potential. The list is given below.

A. Sectors identified by the GoI which require urgent technological upgradation

- Leather & Leather Products, including footwear and garments -
- Food processing
- Information Technology [Hardware]

- Drugs & Pharmaceuticals
- Auto Parts and Components
- Electronic Industry, particularly relating to Design and Measuring
- Glass and Ceramic Items, including Tiles
- Dyes and Intermediaries
- Toys
- Tyres
- Handtools
- Bicycle parts
- Foundries - Ferrous & Cast Iron

B. Sectors identified by SIDBI which have large export potential

- Biotechnology
- Ready-made Garments and Textiles
- Gems & Jewellery

SIDBI had already undertaken such impact assessment studies for 9 industrial sectors with high export potential and felt need for modernisation and technology upgradation, in two phases. These sectors are -

Phase - I

- Leather & Leather Products
- Gems & Jewellery
- Drugs & Pharmaceuticals
- Dyestuffs
- Ready-made Garments and Textiles
- Toys & Games

Phase - II

- Biotechnology
- Food processing
- Bicycle & Bicycle parts

The Bank now proposes to take up such impact assessment studies in the following 3 industry sectors in Phase-III.

1. Auto Parts & Components,
2. Foundries - Ferrous & Cast Iron, and
3. Handtools

2 Project Advisory Committee

In order to facilitate smooth implementation and recommend judicious use of available resources and monitor the progress of the Project, an inhouse Project Advisory Committee with representation of an outside expert is being constituted.

3 Sectoral Background

MSMEs play a vital role in the Indian economy. The sector has proved to be appropriate to address the national priorities of employment, removing of poverty and regional imbalances. Government of India has been taking proactive steps in the direction of strengthening the competency of Indian MSMEs. The various Five-year plans of the Government placed heavy reliance on the MSME sector for achieving various growth parameters. Recently notified MSME Act, 2006 has been another proactive step in the direction of creating an enabling environment.

4 Provision of SIDBI Charter

SIDBI was established on April 2, 1990. The Charter establishing it, The Small Industries Development Bank of India Act, 1989 envisaged SIDBI to be "the principal financial institution for the promotion, financing and development of industry in the small scale sector and to co-ordinate the functions of the institutions engaged in the promotion and financing or developing industry in the small scale sector and for matters connected therewith or incidental thereto".

SIDBI has been extending refinance facilities to Banks / SFCs and NBFCs , Term Loans to customers in SSI and Medium Sector including services industry viz. Projects relating to Hotels (hospitality), resorts (leisure), Hospitals (healthcare), entertainment & amusement segments, Organised retailing - departmental stores, food stores, etc., Logistics, including supply chains, material handling, warehousing, storage and inventory management, IT/IT enabled services, Tourism and travel operators, Construction contractors, Dealers/ Franchisees of Oil companies (filling stations), Transport operators, Telecom franchisees/ dealers, Car/auto dealers- workshops, Franchisees/ C&F agents of various service/ product companies, Fashion industry/ design houses, Infrastructure support services, Courier services, etc.

4.1 Business Domain of SIDBI

The business domain of SIDBI consists of Micro, Small and Medium Enterprises (MSMEs) which contribute significantly to the national economy in terms of production, employment and exports. In the MSME domain, small scale industries are the industrial units in which the investment in plant and machinery does not exceed Rs.50 million. The MSME Development Act 2006 defines MSMEs as follows in terms of investment in plant and machinery

Category	MSMED Act, 2006
Investment in Plant and Machinery (Rs. Million)	
Micro	<=2.5
Small	<=50.0
Medium	>50.0<=100.0
Services Sector	
Micro	Upto 1.0
Small	>1.0 but <=20.0
Medium	>20.0<=50.0

About 3.1 million such units, employing 17.2 million persons account for a share of 36 per cent of India's exports and 40 per cent of industrial manufacture. In addition, SIDBI's assistance flows to the transport, health care and tourism sectors and also to the professional and self-employed persons setting up small-sized professional ventures.

5 Objective of the Project

The objective of the assignment is to assist SIDBI in

- Assessing the existing status and to identify the constraints, concerns and technology gaps of industry,
- Assessing the impact of WTO on the identified sectors, essentially in terms of future marketing scenario for the select sub-sectors of MSMEs,
- Drawing comparative benchmarks with international scenario, and
- Providing inputs for appropriate policy formulation in respect of the select industrial sectors.

5.1 Scope of work

A brief coverage of the following:-

- To study the existing status and structure of the industry, contribution of MSMEs within the industry and their prospects for growth.
- To study the opportunities and threats faced by the industry, particularly the MSMEs, as a result of globalisation and WTO-led Trade Regime and examine the constraints - technological, infrastructural and others which need to be addressed in this context.

- To assess the impact of WTO Agreements and related trade obligations essentially in terms of future marketing scenario for the select industry sector, with a focus on MSMEs.
- To make a comparative analysis of the impact on indigenous industry, separately for micro, small and medium enterprises and other than these, vis-a-vis its counterparts in other competing developed and developing countries in terms of available indicators and parameters [international benchmarks].
- To provide inputs for appropriate policy formulation in respect of the select industrial sectors.

An elaborate coverage of the following:-

- To study, in detail, the non-tariff barriers such as quotas [all the different types], countertrade, barter, offset, compensation or buy-back, counter purchase or parallel barter, clearing agreement, import levies, import / export pre-shipment inspections, Consular Invoice, etc., its impact on the industry in general and MSMEs, in particular, steps to overcome the difficulties posed by these barriers, policy changes at various levels, support needed from various agencies
- To study, in detail, the various health & safety and technical standards like health certificates, safety test marks, standards certification, sanitary & phyto sanitary measures, etc., its impact on the industry in general and MSMEs, in particular, steps to overcome the difficulties posed by these barriers, policy changes at various levels, support needed from various agencies
- To list the mandatory and voluntary standards applicable to the industry, if any, by various countries, how well such standards are presently being adhered to by the industry in general and MSMEs, in particular, and suggest steps to comply with such standards by industry in general and MSMEs, in particular.
- To describe the Social Standards & Trade, its importance, its various requirements, relevance of social accountability in global trade, etc. to the extent applicable for Indian industry in general and MSMEs, in particular.
- To list all the additional requirements on social conditions imposed by various importers of branded products / departmental chains, its impact and suggestions to comply with such requirements by the industry in general and MSMEs, in particular.
- Any other relevant point(s) having a bearing on the industry in this context.

5.2 Competency & Expertise and Staffing Requirements

The Consultant(s) Must Have

- Sound knowledge of the Indian MSME segment, the overall Indian economic scenario
- Key team members possessing at least 3 years of demonstrable experience in similar projects wherein they have participated in similar assignments
- Sound knowledge of WTO at national / global level
- Prior experience of executing national / international projects on MSME involving research / field study / collation / analysis and documentation. Consultants with proven record of having carried out similar assignments will be given weightage.

- The team members should have proven proficiency in both English and local languages - spoken and written
- Staff so identified should be available for the entire duration of the project.

The Consultant(s) should also Desirably have

- SME centric sectoral knowledge
- Ability to mobilize and commit a consultancy team with experience in policy, research, economics & banking, etc.

5.3 Implementation arrangements

The Consultant(s) will report to The Contract Officer, RPPC who would be the facilitator and the point of contact between the consultant and SIDBI. SIDBI shall make available to the Consultant(s) access to information relevant to the assignment's implementation. The discretion of the Bank in this regard cannot be questioned by the Consultant(s).

5.4 Deliverables

The study is expected to come out with

- the existing status and structure of the industry, contribution of MSMEs within the industry and their prospects for growth
- the opportunities and threats faced by the industry in general and, MSMEs in particular as a result of globalisation and WTO-led Trade Regime, examination of the various constraints
- the assessment of the impact of WTO agreements and related trade obligations on the industry with a focus on MSMEs
- comparative analysis of the impact on indigenous industry, separately for micro, small and medium enterprises and other than MSMEs, vis-a-vis its counterparts in other competing developed and developing countries in terms of available indicators and parameters
- recommended inputs for suitable policy formulation and support requirements by Government agencies, policy making bodies, industry associations and entrepreneurs in order to enhance the competitive strength of MSMEs within the industry. In particular, recommendations to address the issues relating to technology upgradation, R&D, improved marketing and export strategies, better dissemination of information on WTO related aspects, need for training and retraining, legal framework, institutional support, etc. shall be provided.

The Consultant would also be responsible for printing of the Study once the final draft is accepted by SIDBI after the conduct of the Stakeholders' workshop.

The time frame for the entire assignment is eight months for completion of the study and submission of the printed reports, subject to review by SIDBI from time to time.

5.5 Reporting

Tender No.: 400/2009/377/BYO/RPPC dated 07/10/2008

This project will be closely monitored by RPPC, SIDBI, through meetings and time spent with the Consultant(s) and through written reports. With respect to the latter, the Consultant shall report on a regular basis in English the following:

- Monthly recording activity in the prior period. The monthly reports will be due not later than the 7th day of the following month.
- The progress made during a particular quarter will also be reviewed by RPPC and by the Project Advisory Committee constituted for the purpose. Reports, as and when finalized and handed over to the Consultant(s) by SIDBI, for facilitating monitoring of the progress of the project have to be furnished by the Consultant(s) from time to time.

Additionally, the Consultant(s) should include in these reports information on key issues regarding the implementation of the project, progress or problems and unforeseen obstacles plus any other issues they consider should be brought to the attention of SIDBI.

- A Final Report covering all the aspects of the study should be submitted as per the time schedule mentioned below. It will be followed by a presentation by the Consultant(s) highlighting the areas in a nutshell.
- After acceptance of the final report, The Consultant(s) should conduct a stakeholders' workshop, make a presentation and obtain feed back on the same and the final Report including the stakeholders' / SIDBI's suggestions / comments should be printed and submitted to SIDBI.

5.6 Timeframe:

Activity	When
Invitation of EOI	Early October, 2008
Deadline for EOI	End October, 2008
ITTs to be issued to shortlisted bidders	Mid November 2008
Evaluation of bids /	Mid December 2008
Appointment of Consultant(s) / firm	Mid January 2008

5.7 Post Appointment

Phase	Est. Time	Expected outcomes
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Complete Desk Research	1 month	<ul style="list-style-type: none"> - Scrutiny of latest available published and unpublished information - Discussions with knowledgeable persons in the industry, WTO experts, Govt. departments, etc.
Entire Field Survey	2 months	<ul style="list-style-type: none"> - Field survey of about 200 contacts, including about 165 manufacturers [including about 150 SMEs]. (for each sector viz., auto parts and components, foundries - ferrous & cast iron and Handtools). Remaining could be exporters, industry associations, policy making bodies, research organizations, academic institutions.
Submission of the first draft report* / Presentation	1 month	The report is expected to cover the entire scope of work and deliverables with adequate facts, figures, graphs, pictures, etc.
Submission of the second / final draft report*/ Presentation	1 month	This report is supposed to incorporate all the suggestions, editing, etc. of SIDBI.
Submission of the final report [complete in all respects]* / Presentation	1 month	This report is supposed to incorporate all the suggestions, editing, etc. of SIDBI.
Stakeholder workshop, Report finalization and printing	2 months	After acceptance of the final report, The Consultant(s) should conduct a stakeholders' workshop, make a presentation and obtain feed back on the same and the final Report including the stakeholders' / SIDBI's suggestions / comments should be printed and submitted to SIDBI

(*) Where there is a reference to report in the above indicators, it means three hard copies & one soft-copy in a CD-ROM. Soft copy may preferably be in MS-WORD form till the report is in draft stage and in MS-WORD and PDF form when the final report is submitted.

(**) The consultant shall also ensure validation of the Report / Study for which conduct of a stakeholders' workshop shall form part of the assignment. The workshop shall be conducted after the study / report is accepted by SIDBI.

6 Selection Process

6.1. This contract will be assessed on the following Selection process:-

Phase 1 - Pre-Qualification based on Eols

Phase 2 - Technical evaluation

Phase 3 - Commercial evaluation

6.2.Phase 1- Pre-Qualification - Eligibility Criteria

Pre qualification shall be done on the basis of following eligibility criteria:-

Selection criteria	Points
Consultant(s)/firm's qualification and Experience in carrying out assignments Of similar nature	30
Knowledge / expertise in WTO / MSME Related matters	30
Financial strength of the Consultant(s) / Firm	20
Strength of the proposed team	20

Requirements:

- Be expected to register their interest,
- Demonstrate capacity to effectively undertake the task including clarity on methodology to be followed and nature and type of collaborations/ contracting, if any,
- Submit a proposal (excluding annexes) not exceeding 15 pages at this stage. The proposal should (in the format annexed) include the agency's/ team members' prior qualification and experience in conducting similar assignments, proposed 'preliminary' methodology for carrying out the assignment based on the details provided above and a description of the organizational infrastructure and proposed team to carry out the assignment. The proposed project management arrangements, including management of deliverables, expectations and risks shall be enlisted.
- Demonstrate / suggest incorporation of additional parameters, if any, to strengthen the Project implementation in the light of objectives / Scope stated.
- Key team members possessing at least 3 years of demonstrable experience in similar projects.
- Knowledge of the Indian financial and MSME Sector
- The team members should have proven proficiency in English and preferably local languages - spoken and written.
- Brief profile of at least two such assignments be enclosed

6.3. Phase 2- Technical and Commercial Evaluation

After Phase-1 evaluation, successful respondents will be invited through Invitation to Tender (ITT) to submit their Technical and Commercial bids for further evaluation.

These are draft TORs, RPPC will provide final ToRS at ITT stage.