

Scheme on

Financial Assistance to Micro, Small and Medium Enterprises for availing consultancy support (FACS-MSME)

1. Background

The Micro, Small and Medium Enterprises (MSMEs) sector has emerged as a highly vibrant and dynamic sector of the Indian economy over the last five decades. MSMEs not only play crucial role in providing large employment opportunities at comparatively lower capital cost than large industries but also help in industrialization of rural & backward areas, thereby, reducing regional imbalances, assuring more equitable distribution of national income and wealth. MSMEs are complementary to large industries as ancillary units and contribute enormously to the socio-economic development of the country.

Fast changing global economic scenario has thrown up various opportunities and challenges to the MSMEs in India. While on the one hand, many opportunities have opened up for this sector to enhance productivity and look for new markets at national and international level, it has also, on the other hand, put an obligation to upgrade their competencies in various fields like marketing, finance, business development, operations, technology etc. For this purpose, MSMEs are required to make use of consultancy services.

2. Scheme for availing Consultancy Support

Now a day's consultancy is a strategic tool for business development. Large enterprises have enough resources at their command to hire manpower to take care of various services. MSME sector does not have these resources at their command and thus needs institutional support for providing these inputs.

The Scheme envisages financial assistance for availing the consultancy support by micro, small and medium enterprises in their various activities including the assistance in selection of consultants. As entrepreneurship, and resultant creation of employment and wealth, is a major means for inclusive development, this scheme also promotes consultancy among the young entrepreneur.

The need of the hour presently is to provide sustenance and support to the whole MSME sector (including service sector), with special emphasis on rural and micro enterprises, through suitable measures to strengthen them for converting the challenges into opportunities and scaling new heights. Thus although the medium enterprises are also proposed to be included as the target beneficiaries in the scheme, special attention would be given to micro and small enterprises, in rural as well as urban areas.

3. Objectives:

The objective of the scheme includes:

- To enhance capabilities and competitiveness of MSMEs
- To promote consultancy use by MSMEs
- To enrich various skills of the micro, small & medium entrepreneurs.

4. Financial support for Consultancy to MSMEs:

Under this scheme, it is proposed to provide financial support to micro, small and medium enterprises as well as first generation entrepreneurs through following activities:

4.1 Financial assistance for availing consultancy services

Financial assistance will be given to micro, small and medium enterprises including first generation entrepreneurs under this scheme for availing consultancy services to solve the current/upcoming issues in the enterprise as well as to enhance the efficiency and effectiveness of its operations.

4.1.1 Scale of Assistance

The scale of financial assistance (consultancy charges) to micro, small and medium enterprises including first generation entrepreneurs is as follows:

A. *For General Entrepreneurs*

- i. Medium Enterprises: 50% of the consultancy charges
- ii. Small & Micro Enterprises: 70% of the consultancy charges
- iii. First Generation Entrepreneurs in

Small & Micro Enterprises: 75% of the consultancy charges

B. *For Enterprises belonging to Women Entrepreneurs*

- i. Medium Enterprises: 50% of the consultancy charges
- ii. Small & Micro Enterprises: 80% of the consultancy charges
- iii. First Generation Entrepreneurs in

Small & Micro Enterprises: 80% of the consultancy charges

C. *For Enterprises belonging to North East States (Sikkim, Assam, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Tripura & Nagaland) & Jammu and Kashmir*

- i. Medium Enterprises: 50% of the consultancy charges
- ii. Small & Micro Enterprises: 85% of the consultancy charges
- iii. First Generation Entrepreneurs in
Small & Micro Enterprises: 85% of the consultancy charges

D. *For Enterprises located in the following clusters:*

- Auto Components Cluster, Faridabad, Haryana
 - Ayurveda Cluster, Thrissur, Kerala
 - Bamboo Cluster, Agartala, Tripura
 - Brassware Cluster, Moradabad, Uttar Pradesh
 - Food Processing Cluster, Krishnagiri, Tamilnadu
 - Furniture Cluster, Ernakulam, Kerala
 - Life Sciences Cluster, Ahmedabad, Gujarat
- i. Medium Enterprises: 50% of the consultancy charges
 - ii. Small & Micro Enterprises: 85% of the consultancy charges
 - iii. First Generation Entrepreneurs in
Small & Micro: 85% of the consultancy charges

In cases, where the consultancy intervention involves use of a technology/process developed by CSIR, the Enterprise shall be entitled to an additional 10% support over & above the scale indicated above.

4.1.2 Quantum of assistance

Although there will be no upper limit on the quantum of assistance for a single project/case/proposal, however the decision on number of cases to be supported will be guided by the budget availability, merits of the case, and the recommendations by the prescribed committee constituted by Director General, CDC

4.1.3 Eligibility:

Assistance will be provided under this scheme for availing consultancy services by micro, small & medium enterprises including first generation entrepreneurs.

All existing enterprises as well as enterprises to be step up by first generation entrepreneurs are eligible for seeking assistance. Documentary evidence in support of existence and operation of the enterprise is to be provided with the application. In addition, existing enterprises should be profit making and necessary documentary evidence in support of this e.g. audited P&L statement, Balance Sheet for last 3 years or for number of years in existence should be provided.

In case of first generation entrepreneurs, documentary evidence for land, building, financial capability/assistance sought and copy of registration with the Department of Industries or other relevant organizations/departments will have to be provided.

4.2 Selection of consultant

Consultant(s) have to be identified by the entrepreneur. CDC will have the right to examine the suitability of consultant and suggest alternative.

5. Details of the scheme

The proposals are required to clearly indicate the details of the current/upcoming issues in the enterprises & the requirement of the consultancy services to solve these issues. The proposals are also required to indicate the consultant identified to solve the current/upcoming issues in the enterprises.

The consolidated proposal shall be put up before the prescribed Committee, set up under of the scheme, for consideration. The Committee shall examine and consider the proposals, keeping in view the merits of the case under the scheme. The Entrepreneur and consultant may be invited for interaction with Consultancy Development Centre. The proposals, after processing by the Committee, shall be put up for approval by the Director General of CDC, alongwith its recommendations.

The assistance shall be released by Consultancy Development Centre to the concerned consultant on receipt of the reports and other prescribed documents (prepared by the consultant and forwarded by the entrepreneur/enterprise) according to the schedule of payment and documents/reports/deliverables at prescribed milestones communicated by CDC alongwith its approval, including a final report/certificate on satisfactory delivery of consultancy services, from the concerned enterprise. The Enterprise/Consultant is also required to identify few quantifiable parameters and provide the inputs on these parameters, as on a date before commencement of consultancy intervention and on a date after completion of the consultancy intervention so that the benefit accrued due to the consultancy intervention can be measured in specific terms, in the final report.

The terms of payment to the consultant shall be designed on a case to case basis by CDC depending on the merits and requirements of the case.

6. Monitoring and Evaluation

The progress of the consultancy assignment shall be submitted by the entrepreneur to Consultancy Development Centre by way of an Inception report, a midterm report and

the final report or any other document/report required by CDC for evaluating the progress. A monitoring committee of Consultancy Development Centre will review the reports submitted by entrepreneur and recommend the payment to the consultant as per agreed payment terms.

7. Submission of Proposal

The proposal/application may be submitted in the format prescribed with details of the consultancy requirement by the enterprise, details of the consultant identified along with the documentary evidence in support of existence and operation of the enterprise in case of existing organization and documentary evidence for land, building, financial capability/assistance sought and copy of registration with the Department of Industries in case of first generation entrepreneurs. A copy of the consultant's proposal/quotation for undertaking the assignment should also be enclosed. A brief write-up giving entrepreneur's evaluation of the consultant's proposal should also be provided.

Proposals/Applications will be evaluated based on the information provided. The envelope containing proposal/application should be superscribed as **“Proposal/Application for Financial Assistance to Micro, Small and Medium Enterprises for availing Consultancy Support”**

The Proposals/Applications have to be sent only by post/courier/by-hand. Emails will not be considered.

Proposals/Applications, not accompanied with documentary evidence requested above, may be summarily rejected.

Proposals/Applications will require to be submitted latest by 1700 hrs, 31st December, 2012 in CDC.

Proposals/Applications in the prescribed format (3 copies) may be sent to:

The Director General
Consultancy Development Centre
Core IV B, 2nd Floor
India Habitat Centre, Lodhi Road
New Delhi- 110003
Tel. No.: 011-24602601
Fax: 011-24602602
Email: rparpyani@cdc.org.in

Proposal/Application Format for Financial Assistance to Micro, Small and Medium Enterprises for availing consultancy support under CDC's FACS-MSME Scheme

Please fill the details as applicable:

1) Name of the Enterprise with complete address:

2) Name and designation of the entrepreneur(s):

Phone no.:

Mobile no.:

Fax:

Email ID:

Website/URL of Enterprise:

3) Nature of Enterprise: (**enclose documentary evidence**)

Existing Enterprise

First Generation Enterprise

4) Legal entity of the Enterprise

Proprietorship Partnership Private Limited Company

Limited Company Any Other (Please Specify)

5) Scale of Enterprise: (**enclose documentary evidence**)

Medium Small Micro

- 6) Details of registrations with Department of Industries and other departments/agencies.
- 7) Details of proposed/ongoing activities/operations
- 8) Turnover of the Enterprise for last 3 years (**enclose audited Statement of Accounts**)
- 9) Details of the consultancy requirement by the enterprise: (Min 500 words)
- 10) Whether Enterprise has identified the consultant?
Yes/No
- 11) If answer to above question is yes, please enclose consultant's proposal/quotation for providing consultancy services.
- 12) Please provide your evaluation of the consultant's proposal.
- 13) Parameters identified for measurement of impact of the consultancy intervention.

14) Any other relevant information/particulars.(e.g. Whether use of CSIR technology has been considered)

15) List of documents enclosed:

This application for Financial Assistance is made under the provisions of this scheme applicable for _____

- [1. General Entrepreneurs (4.1.1 (A))
- 2. Women Entrepreneurs (4.1.1 (B))
- 3. Enterprises belonging to North East States & Jammu and Kashmir (4.1.1 (C))
- 4. Enterprises from cluster identified at 4.1.1(D)]

Declaration: The details provided in this application are true. Documents in support of any of the details provided above shall be furnished as and when required. Any additional information/detail shall also be provided as and when asked by CDC.

Place:

Signature of Authorised Person:

Date:

Name and Designation:

Contact Details: