

INVITATION OF PROPOSAL

for

*Roadmap for upgrading auto component sector
into Aerospace sector: A step towards Make in
India*



CONSULTANCY DEVELOPMENT CENTRE

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Roadmap for upgrading auto component sector into Aerospace component sector: A step towards Make in India

1. Terms of Reference

Background of the Assignment

The Indian auto component industry is one of the few sectors in the economy that has a distinct global competitive advantage in terms of cost and quality. India's cost-competitiveness in terms of raw material, labour & its established manufacturing base attracts the global Original Equipment Manufacturers (OEMs) for outsourcing components from India.

According to the Automotive Component Manufacturers Association of India (ACMA), the auto component industry registered a turnover of Rs. 2.34 lakh crore (USD 38.5 billion) in 2014 - 2015, with a growth of 11 percent as also CAGR of 11 percent over the last six years. Indian auto components exports have been growing at a CAGR of 29% over the past six years.

The Indian auto-components industry is expected to register a turnover of US\$ 66 billion by FY 15-16 with the likelihood to touch US\$ 115 billion by FY 20-21 and US\$ 200 billion by 2026. The sector's contribution to manufacturing GDP is expected to double from 5 per cent in 2015 to 10 per cent in 2026. The industry is well poised to achieve strong growth in medium & long term, but to overcome the market fluctuation & minimize risk, the industry needs to consider diversifying into adjacent markets like defence, aerospace, railways etc.

The recent changes in India's Offset policy will serve to enhance position of India in the global aerospace domain. The provision of recognizing TOT (Transfer of Technology) as eligible for discharge of offset obligations as well as the introduction of a multiplier of 1.5 for all offsets discharged through MSME is also going to be a major motivating factor for companies in auto component sector to upgrade to aerospace component sector.

With the increasing focus on achieving self-reliance in defence and enormous potential & opportunities in the aerospace sector in India, key issues need to be addressed like strategy on import substitution, proposal on taxation, collaboration with foreign OEMs, developing supply chain, promoting Indian tier-1, tier-2 companies and SMEs. Thus in order to sustain global competitiveness and creating an export ecosystem, developing, upgrading & integrating SMEs in the defence as well as civil aerospace value chain is vital.

In view of this, Consultancy Development Centre (CDC), an autonomous institution of Department of Scientific & Industrial Research (DSIR) is instituting a study project on preparing a “Roadmap for upgrading auto component sector into Aerospace component sector: A step towards Make in India” with an idea to study the major challenges faced by Indian aerospace sector for achieving self-reliance, study the status and readiness of Indian auto component sector & recommend methodologies & steps to be taken to upgrade the auto-component sector to aerospace component sector, to utilize Indian Industry’s cost advantages, availability of a talent base, manufacturing capabilities & IT competitiveness.

Objectives of the Assignment

Preparing the roadmap for upgrading auto component sector into aerospace component sector leading towards the following:

- To find out the major challenges faced by the Indian aerospace sector for achieving self-reliance & indigenization and how to overcome these challenges.
- To identify the knowledge gaps in this sector and how the efficiency and productivity can be enhanced.
- To identify the training needs.
- To provide avenues to auto-component sector to diversify & overcome the market fluctuations & risk involved.
- To assist in creating a focused ecosystem in aerospace sector to develop the niche technical skills required for harnessing various opportunities in aerospace sector.

- To facilitate in creating aerospace clusters in India focusing on particular subsystem like R&D, manufacturing, maintenance, warehousing etc. or technology area.
- To bring out the consulting opportunities emerging from the interventions required to facilitate upgradation/diversification of auto component industry to aerospace industry.

Scope of the Assignment:

- Include primary interaction with 5 auto-component clusters in India including at least 25 Indian auto-component manufacturers and 10 players in aerospace sector (5 from India & 5 from other emerging/developed countries preferably those which have business interests in auto sector also).
- Study the current status of aerospace & aerospace component sector in India along with the challenges faced by aerospace component sector, requirement of aerospace sector to achieve self-reliance & establishing the need to upgrade the Indian auto-component sector to aerospace sector.
- Benchmark the Indian aerospace sector with the developed foreign countries as well as emerging economies (selected as a sample under the study).
- Study the Indian auto-component sector vis-a'-vis the requirement of aerospace sector.
- Provide the comparative view on Indian auto component sector & requirement of aerospace sector along with the gap analysis.
- In-depth analysis of the facts and findings of the secondary research & primary interactions to recommend the necessary actions to be taken in short-term, mid-term & long-term to upgrade the auto-component sector to aerospace sector.
- Highlight the knowledge gaps in this sector and how the efficiency and productivity can be enhanced.

- Analyze the above and bring out specific consulting interventions and corresponding estimated consulting opportunity in quantified term.
- Identification of opportunities available to aerospace component manufacturers from India in Global and International market, in addition to Indian Market.
- Certification requirement along with details of process of certification of aerospace components as well as cost of certification.

Approach and Methodology

Approach

The consultant should give an overall approach towards the assignment so that it achieves the objectives stated above and covers the entire scope.

Methodology

The consultant should provide in great detail the methodology which will be adopted in execution of the assignment.

Deliverables and Milestones

The deliverable shall be a Study Report covering all aspects of the scope of work.

Milestones

- A detailed Inception Report in one (1) month from award of work discussing the execution plan in minute details.
- Mid-term report at the end of four (4) months from award of work giving details of progress made, future plan and seeking of approval for any deviation from the plan proposed in inception report.
- Draft Report at the end of seven (7) months from award of work.
- Final Report within one (1) month from receipt of comments (within one month from date of submission of Draft report) on Draft report.

Note:

- All milestones up to Draft Report to be submitted in 2 copies in Hard form + 1 copy in CD/DVD in editable form.

- Final Report to be submitted in 4 copies in Hard form + 2 copies in CD/DVD in editable form.

Time frame:

The Study is to be completed within **9 months** from the date of the Award of Contract.

2. General

Eligibility Criteria

The consultants must meet the following minimum eligibility criteria –

- The entity submitting the proposal should have minimum of 5 years of experience in this field as on 31 Jan 2016.
(Copies of the letter of award/contract/agreement for consulting assignment signed/initiated on or before 31 Jan 2016, which substantiates a minimum of 5 years of experience).
- Should have completed minimum three (3) study assignments in the last 3 years as on 31 Jan 2016.
(Copies of letter of award/contract/agreement for study assignment initiated not earlier than 31 Jan 2013 and completed before 31 Jan 2016).
- Should have minimum average turnover of Rs. 5 crores in the last three years i.e. 2012-13, 2013-14 & 2014-15.

Following documentary evidence for the eligibility criteria must be submitted without which the proposal will be considered rejected:

- Certificate of Incorporation / Registration
- Contracts/Work/Engagement orders/completion certificates indicating the details of assignment, client, value of assignment, date of award of contract, completion date etc.
- Proof of Turnover (Audited).

Note:

- Proposals submitted by a consortium are not acceptable.

- In case the Financial Year is Calendar year, the turnover details shall be submitted accordingly

Proposal Submission

- Each proposal should be submitted in two parts, viz.
 - Technical
 - Financial
- The technical and financial proposal must be submitted in two separate sealed envelopes indicating clearly on envelopes as “TECHNICAL PROPOSAL” and “FINANCIAL PROPOSAL”, followed by the nomenclature of the assignment, “Roadmap for upgrading auto component sector into Aerospace sector: A step towards Make in India ”.

Financial proposal to include a warning “DO NOT OPEN WITH THE TECHNICAL PROPOSAL.” The envelopes containing the Technical and Financial Proposals shall be placed into an outer envelope and sealed. This outer envelope shall bear the submission address.

Technical Proposal Content

Technical Proposal should be prepared considering Objectives, Scope, Approach & Methodology, Milestones & Deliverables as well as other information given in this document.

Technical Proposal must include:

- Brief description about the agency / consultant
- Consultancy experience

In addition to overall experience of the consultant, details of specific projects/studies undertaken may be provided including Assignment/job name, description of services provided, approx. value of the assignment(s), country & location, duration of assignment(s), name of client, starting & completion dates, names of associates (other than employees), if any.

(Documentary evidence in support of above facts to be provided)

- Comments and suggestions on understanding of Terms of Reference.
- Approach

- Methodology
- Work Plan and time schedule
- Detailed profile and CV of manpower proposed (signed by the person himself along with Project Director for this assignment) to be associated with this assignment. Change, if any, to this shall be allowed only with prior approval of the client, which will be based on sound justification.
- Name, Designation, address, phone number and emails of the authorized signatory signing the proposal as well as at least one more contact person from the organization.
- Signed Declaration at the end of the Technical Proposal declaring that all the information provided in the proposal is true and can be verified with documentary proof, if called upon to do so.
- In case you fall under Micro and Small Enterprises (MSEs) category, please provide details along with documentary evidence.

Financial Proposal Contents

Financial proposal should be in the form of a **Lumpsum Consulting Fee** (exclusive of Service Tax). Service Tax shall be payable as applicable.

The lumpsum consulting fee should be inclusive of all expenses which consultant may incur while executing the assignment.

Financial Proposal, should also, include a breakup of the lumpsum quote under various heads envisaged by the consultant.

Evaluation of Proposals

An agency/consultant will be selected under the **Combined Quality cum Cost Based System** method (CQCCBS) with weightages of 70:30 (70% for technical proposal and 30% for financial proposal) and procedures described in this proposal.

Technical Evaluation

The following evaluation criteria shall be used for technical evaluation.

Sr. No	Description	Break up
1	Past Experience in work of similar nature	20 Marks
1.1	Past experience in terms of No. of assignments executed (Conducting studies) No. of Assignments No. of assignments = 3 No. of assignments > 3 and < 6 No. of Assignments = 6 & above <i>(Marks will be awarded based on Work order / completion certificates of assignments executed enclosed along with the Technical proposal)</i>	15 Marks 7 10 15
1.2	Past Experience of study assignment executed in Aerospace Sector <i>(Marks will be awarded based on Work order / completion certificates of assignments executed enclosed along with the Technical proposal)</i>	5 Marks
2	Methodology, Work Plan and Understanding of TOR	50 Marks
2.1	Understanding of TOR	15
2.2	Approach and Methodology	30
2.3	Work Plan +Time Schedule	5
3	Average Annual turnover during last three financial years (in Rs.) (2012-13, 2013-14 & 2014-15)	10 Marks
3.1	Annual Turnover <ul style="list-style-type: none"> • =>5 < 7 crores • =>7 < 10 crores • 10 crores and above <i>(Marks will be awarded based on audited proof of Annual Turnover enclosed along with the Technical proposal)</i>	5 7 10
4	Infrastructure & Other details	20 Marks
4.1	Personnel including skills and competencies (Based on CVs of Key Personnel submitted for the Project)	20
Total		100 Marks

Threshold for shortlisting consultants in technical evaluation will be 70 marks (seventy marks). CDC shall shortlist all the Agencies who secure the minimum cut off of 70% (Seventy Percent) in technical evaluation.

Evaluation as per Combined Quality cum Cost Based System (CQCCBS)

- The financial proposals of only technically shortlisted consultants will be opened and will be ranked in terms of their total evaluated cost.

- Based on the criteria and the total score, the Technical Scores will have a weightage of 70%. The Financial Proposals will be allotted a weightage of 30%.
- The proposal with the lowest cost shall be given a financial score of 100 and other proposals given financial scores that are inversely proportional to their prices. The total score shall be obtained by weighing the quality and cost scores and adding them up
- On the basis of combined weighted score for quality and cost, the agency shall be ranked in terms of total score obtained. The proposal obtaining the highest total combined score in evaluation of quality and cost will be ranked as H-1 followed by the proposals securing lesser marks as H2, H3 etc. The firm securing the highest combined marks will be considered for award of the contract.

Total Score = (Technical Score x 0.70 + Financial Score x 0.30)

Evaluation will be based on documentary evidence submitted by the consultant and presentation before Selection Committee with respect to evaluation / selection criteria.

Note: The following documentary evidence (in addition to all other documentary evidences mentioned in this document elsewhere) should be provided along with the proposal:

- Proof of Turnover (Audited P&L statement for years 2012-13, 2013-14 & 2014-15)
- Contract/Work/Engagement orders indicating the details of assignment, client, value of assignment, date of award, time period etc. to substantiate information provided in this proposal.
- Certificate of incorporation of the Company/Organization.
- Details & CVs of Key Personnel for the Project signed by the person himself as well as the Project Director for this assignment.

(Proposals which are not accompanied by the corresponding supporting documents as requested above, may be summarily rejected and no further clarifications will be sought in this regard)

Amendment to Invitation of Proposal

- At any time prior to the deadline for submission of proposals, CDC may, for any reason, whether of its own volition or in response to clarifications requested by bidders, modify the Invitation of Proposal document by issuance of an Addendum/ Corrigendum.
- Any Addendum/ Corrigendum will be uploaded in the website of CDC www.cdc.org.in under Announcement Section one week prior to last date of submission .Bidders are advised to see the website regularly. The addendum/ corrigendum then issued will be a part of the 'Invitation of Proposal' and any Proposal which does not take into consideration the Addendum/ Corrigendum, if any, will not be considered.

Validity

The proposal shall be valid for 180 days from the last date of submission of the proposal.

Payment Terms

Payment Terms	Milestones
20%	<ul style="list-style-type: none">- On acceptance of proposal for award of work & Signing of Contract/ Agreement- Submission of Bank Guarantee(10% of contact value) for Performance Security- Submission of Inception Report & acceptance by CDC/Project Review Committee (PRC)
50%	On Submission of Draft Report and acceptance by CDC/PRC
30%	On Submission and acceptance of Final Report by CDC/PRC

Date for submission of proposal

The Proposals must be received in CDC office on or before **25 Feb, 2016** by 1500 hrs. The proposals to be sent only in hard copy by post/courier/by-hand. Emails will not be considered. The proposals will be opened on **25 Feb, 2016** at 1530 hrs.

Notes:-

- 1) Consultancy Development Centre (CDC) reserves the right to accept or reject any or all proposals without assigning any reason thereof.
- 2) Responses to Invitation of Proposal not accompanied with documentary evidence requested above, may be summarily rejected.
- 3) Technical Proposal and Financial Proposal must be written on Organization's printed stationery and should be duly signed and stamped on each page by the authorized signatory.
- 4) Technical Proposal and Financial Proposals must have separate covering letters, explicitly providing the details of authorized signatory as well as the contact persons(s) for correspondence related to the proposal.

Enquiries & submission of proposals should be addressed to:

Ms. Shelika Arora

Professional B

Consultancy Development Centre

India Habitat Centre

Core-IV B, 2nd Floor, Lodhi Road, New Delhi-110003

Tel-011-24602601, 24602915, 24601533,

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