

CONSULTANCY DEVELOPMENT CENTRE



Scheme on

*Financial Assistance to Associations for Micro and Small
Enterprises for availing consultancy support
(FACS-MSE)*





Scheme on

Financial Assistance to Associations for Micro and Small Enterprises for availing consultancy support (FACS-MSE)

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. MSE 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 group of micro and small enterprises for their common requirements. As entrepreneurship, and resultant creation of employment and wealth, is a major means for inclusive development, this scheme also envisages increased/enhanced use of consultancy by MSE entrepreneurs for utilizing innovative solutions to their issues and achieving greater success.

The need of the hour presently is to provide sustenance and support to the whole MSE 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.

3. Objectives:

The objective of the scheme is:

- To enhance capabilities and competitiveness of MSEs
- To promote & sensitize the MSE sector in India to the use of consultancy so as to support the sustainability and growth of MSE sector.
- To enrich various skills of the micro and small entrepreneurs.

4. Financial support for Consultancy to Associations of MSEs:

MSE cluster is a group of enterprises located within an identifiable and as far as practicable, contiguous area and producing same/similar products/services. The essential characteristics of enterprises in a cluster are:

- (a) Similarity or complementarity in the methods of production, quality control and testing, energy consumption, pollution control, etc.



- (b) Similar level of technology and marketing strategies/practices.
- (c) Channels for communication among the members of the cluster.
- (d) Common challenges and opportunities.

In India, clusters account for 77 % units, about 72 % employment, 61 % investment, 59 % output and about 76 % exports of small scale industries (SSI). Micro enterprises-employing up to five persons or with a capital investment up to Rs 500,000 (US \$ 12,000) in clusters account for over 91 % employment and over 96 % of investment.

Clusters are a prominent feature on the landscape of every advanced economy. Clusters affect competition in three broad ways: first, by increasing the productivity of companies based in the area; second, by driving the direction and pace of innovation; and third, by stimulating the formation of new businesses within the cluster.

4.1 Financial assistance for availing consultancy services

Financial assistance will be given to association of enterprises under this scheme for availing consultancy services to solve current/upcoming issues faced by a group of micro & small enterprises (minimum eight) for enhancing the efficiency & effectiveness of the operations of micro & small enterprises in the group. The solution proposed to solve the current/upcoming issues through consultancy intervention can be demonstrated at the enterprise level and further used by other member enterprises to reduce the cost, time & any other parameter in the implementation of solution at enterprise level.



4.1.1 Scale & Quantum of Assistance

Maximum CDC support for a single project/case proposal would be Rs. 6 Lakhs. However the decision on number of cases to be supported will be guided by the budget availability, merits of case, and the recommendations by the prescribed committee constituted by Director General, CDC.

The scale of financial assistance (for consultancy charges) for one proposal/application broadly will be either 60% of the consultancy cost or the maximum CDC support mentioned above whichever is lower. Prescribed committee can recommend lower or higher percentage of financial assistance depending on the merits of the case, which will be subject to the overall limit of maximum CDC support for a single project/case proposal of Rs. 6 Lakhs as mentioned above. The balance is to be contributed by the respective association of enterprises selected for implementing the consultancy intervention.

Also preferential treatment will be given to a group belonging to North East States (Sikkim, Assam, Arunachal Pradesh, Manipur, Meghalaya, Mizoram, Tripura & Nagaland) & Jammu and Kashmir including groups with more than 50% women units.

In cases, where the consultancy intervention involves use of a technology/process developed by CSIR, the association shall be entitled to preferential treatment.



4.1.3 Eligibility:

Assistance will be provided under this scheme for availing consultancy services at group/cluster level, only to associations of industry/enterprise.

The proposal should involve minimum of 8 (eight) beneficiary enterprises.

Association of industries/enterprises should be suitably registered (i.e., companies under the Companies Act, societies under the Societies Act, etc.) with the primary objective of promotion and development of MSME. In addition, association of enterprise must be engaged in such activities for at least last 3 years and have a good/verifiable track record & should have regular audited accounts for last 3 years.

Also, 50% of the beneficiary enterprises should be profit making (PAT) in past 2 out of last 3 financial years 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.

4.2 Selection of consultant

Consultant(s) have to be identified by the association. 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 group of units/cluster & 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 cluster. To the extent possible, selection of consultant should be made from a minimum of 2 or 3 alternatives through a clearly recorded, transparent and verifiable process.

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 following evaluation criteria:

<i>Sr. No.</i>	<i>Evaluation Criteria</i>	<i>Marks</i>
1	Relevance/Need of the consultancy requirement in the cluster	Max. Marks 5
2	Qualitative assessment of consultancy intervention proposed by consultant	Max. Marks 20
3	Procedure followed for selection of consultant	Max. Marks 5
4	Parameters identified for measurement of impact of the consultancy intervention	Max. Marks 5
5	Quantum of Financial Assistance	Max. Marks 20
	Below 5 Lacs	20 Marks
	Between 5 Lacs-10 Lacs	15 Marks
	Between 10 Lacs-15 Lacs	10 Marks
6	Experience of the consultant	Max. Marks 15
6.1	Number of years of experience	
	More than 5 years	10 Marks



	Between 3-5 years	7 Marks
	Less than 3 years	5 Marks
6.2	Consultant having experience in cluster development activities	5 Marks
7	Consultants Experience of working with stakeholder assignments (MSEs, State Government, GoI etc.) concerning micro and small enterprises	Max. Marks 10
	More than 5 projects	10 Marks
	Between 3-5 Projects	7 Marks
	Less than 3 projects	5 Marks
8	Track record of Group of MSE's in undertaking collective initiatives for increasing the competitiveness among themselves.	Max. Marks 20
	More than 3 successful initiatives	20 Marks
	Between 2-3 Successful initiatives	15 Marks
	Less than 2 Successful initiatives	10 Marks

The association representative alongwith representative of the proposed beneficiaries units and consultant may be invited for interaction with Consultancy Development Centre/prescribed committee.

The assistance shall be released by Consultancy Development Centre to the concerned consultant on receipt of the reports and other prescribed documents/deliverables (prepared by the consultant and forwarded by the association) according to the schedule of payment at prescribed milestones communicated by CDC alongwith its approval, including a final report/certificate on satisfactory delivery of consultancy services, from the concerned association and entrepreneur(s). The Association /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 Association 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 progress and recommend the payment to the consultant as per agreed payment terms. CDC representatives may visit the sites of consultancy intervention as part of its monitoring exercise as also can invite association officials/owner for interactions/presentations to CDC/prescribed committee.

7. Submission of Proposal

The proposal/application may be submitted in the format prescribed alongwith all the required supporting documents

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

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



Proposals/Applications, not accompanied with supporting documents/documentary evidence in support of the information/details provided, may be summarily rejected.

Proposals/Applications are required to be submitted latest by 5th March, 2014 in CDC.

CDC reserves the right to accept or reject any or all proposals/applications without assigning any reasons thereof.

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

Note: Queries, if any, can be addressed by email to: shweta@cdc.org.in



Proposal/Application Format for Financial Assistance to Associations for Micro & Small Enterprises for availing consultancy support under CDC's FACS-MSE Scheme

Please fill the details as applicable:

- 1) Name of the association of enterprise with complete address:

- 2) Name and designation of the contact person(s):
Phone no.:
Mobile no.:
Fax:
Email ID:
Website/URL of Enterprise:

- 3) Name and location of the proposed group of units (involving minimum of 8 beneficiary enterprises)

- 4) Profile of the proposed cluster in terms of number, size & scale of units, employment, production, exports etc. social & environmental considerations like gender inequalities, poverty conditions, need for employment generation, pollution scenario etc.

- 5) Nature of activity, product & diversification in the proposed cluster

- 6) Details of incorporation of the association alongwith the date and year from which the association started regular operations.**(enclose certificate/document of incorporation & registration/any other document in support of commencement of regular operations)**



- 7) Turnover of the association of enterprises for last 3 years (**enclose audited P&L Statement of Accounts**)

Financial Year	Turnover
2011-12	
2010-11	
2009-10	

- 8) Turnover and Net profit (profit after tax) of the units participating in the proposal (**enclose audited P&L Statement of Accounts of each benefiting unit**)

Name of Enterprise	Legal Entity of the enterprise	Turnover			Net profit(Profit after tax)		
		2009-10	2010-11	2011-12	2009-10	2010-11	2011-12

- 9) Details of the consultancy requirement in the cluster: (Min 500 words)

- 10) Enclose consultant's detailed proposal for providing consultancy services in the cluster.

The consultant's proposal should contain the following details:

- Consultants Profile & Past Experience which includes overall experience of the consultant, details of the similar project undertaken including assignment name, location, name of client, start date, completion date, professional staff involved etc.
- Details of membership of any professional body/association.



- Detailed Scope of work of the consultant
- Detailed methodology which will be adopted during the assignment with respect to each of the points given under scope of work as well as activities/sub activities identified for execution of the assignment.
- Details on the deliverables/milestones of the project.
- Details on the time frame which includes Bar chart giving sequential progress in the consultancy assignment, identifying activities, sub-activities their duration, milestones etc.
- Team Profile for the consultancy assignment
- Detailed cost break up including man-day's and rate / man-day etc.
- Proposed Payment Schedule linked to the deliverables/milestones.

11) Please provide details of your evaluation of the consultant's proposal which may include the following: **(enclose supporting documents regarding the evaluation procedure for e.g. evaluation committee's/groups recommendations, evaluation sheet etc.)**

11.1) List of consultants identified for the assignment alongwith the basis/process of identification

11.2) Process followed for evaluation of consultant's proposals received

11.3) Details of evaluation and Finalization of consultant based on the evaluation process



12) Parameters identified for measurement of impact of the consultancy intervention in the cluster. **(Tentative dates on which these parameters will be measured may also be indicated)**

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

14) List of documents enclosed:

Place:

Signature and stamp of Head of the Association

Person:

Date:

Name and Designation:

Contact Details:



Annexure I

Checklist for proposal/application submitted

Sr. No.	Particulars of Documents	Whether Submitted or not
1	Proposal/application submitted in the format given alongwith the scheme	
2	3 copies of the proposal/application submitted	
3	Signature & the stamp of Head of the Association	
4	Copy of Incorporation & Registration documents of Association of Enterprises	
5	Copy of Incorporation & Registration documents of beneficiary units/enterprises	
6	Details/list of member enterprises benefiting from the consultancy intervention including detailing of activity (ies) carried out in the enterprises and date & year of incorporation	
7	Audited P&L Statement for last 3 financial years (for association)	
8	Audited P&L Statement for last 3 financial years (benefiting units/enterprises)	
9	Consultant's proposal (Technical)	
	Consultant's proposal (Financial)	
10	Supporting documents related to evaluation of consultant's proposals received	
11	An undertaking from association of enterprises in the format at <i>Annexure II</i> .	
12	An undertaking from consultant in the format at <i>Annexure III</i> .	
13	An undertaking signed (alongwith seal) by the association head as well as promoters of benefiting enterprises conveying their willingness to partner in this consultancy initiative as also the commitment to contribute part of consultancy fees, as and when required, in the format provided at <i>Annexure IV</i> .	
14	Any other document, please specify	
	(i)	
	(ii)	
	(iii)	



Annexure II

Declaration by Association of Enterprises (On Letter Head of Association of Enterprises)

I declare that:

- I. We are going to take services from _____ Consultant, _____ for _____ (Project title).
- II. The association has not applied, obtained or will be obtaining any other tax/financial incentives for the proposed consultancy project.
- III. The association is free from any litigation to the proposed project.
- IV. The facts stated in this application and the accompanying information are true and correct to the best of my knowledge and that I have not withheld/distorted any material facts; and
- V. The association is profitable/self sustaining for last three years and has not been granted any financial support before, for same purpose.
- VI. We are willing to pay----- (percentage of project (consultancy project) cost to be spent by association/units) of the approved project cost as a matching fund.
- VII. I certify that I shall ensure that accounts of the funds received and spent will be kept and made available on demand, as specified and required.

SIGNATURE OF HEAD
OF ASSOCIATION

STAMP

NAME

Date



Annexure III

Declaration by Consultant (On Letter Head of Consultant)

I declare that:

- I. I/We wish to work on the consultancy Project _____ (Project title) for _____ (Name of Association) representing _____ (no.) Units as stated in proposal.
- II. We are a consulting business that is unrelated to the applicant. None of our partners/directors or shareholders or our consultants have any interest in or are in the employment of the applicant or any company affiliated to the applicant or any joint venture partner or principal or agent of the applicant.
- III. The facts stated in this application and in the accompanying materials with regard to the proposed consultancy project are to the best of my knowledge, true, complete and accurate and no material facts have been withheld or distorted.
- IV. I/We have not given any monies, rebates, discounts, refunds, liquidated damages or any other payment, whether in cash or in kind, to the applicant or its directors or shareholders or any other person related to the aforesaid persons, in connection with the proposed consultancy project, and there is no intention to give such money, rebates, discounts, refunds, liquidated damages or payments.
- V. The intervention strategy proposed by us to the association/participation units does not infringe upon the IPR rights of others.

SIGNATURE OF SOLE
PROPRIETOR/PARTNER/COMPANY
DIRECTOR/MD/CEO*

STAMP

NAME

DATE



Annexure IV

Declaration by Association & benefiting enterprises

I declare that:

- I. We, the undersigned associated with _____ (Association Name) with the registered office at _____ wish to avail the benefits of the financial assistance for availing consultancy services to for the solution to the issues faced in the cluster & thus enhance our competitiveness. We have gone through the guidelines of the Scheme. The details of industries interested are as follows:

Sr. No.	Name of the unit	Name of the Entrepreneur /promoter	Contact Person details & Address with Telephone no., Mobile no., Email & Fax	Scale of the Enterprise (Micro or Small)	Nature of Operations/ activities of enterprise	E.M. No., Date of Issue, Issued by (Copy Enclosed)
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						

* The above information may be provided in tabular or running format to accommodate all the necessary details.

- II. The facts stated in this application and the accompanying information are true and correct to the best of my knowledge and that I have not withheld/distorted any material facts; and

- III. We are willing to pay----- (percentage of consultancy cost to be spent by association/enterprise) of the approved consultancy cost as a matching fund.



SIGNATURE & NAME OF HEAD
OF ASSOCIATION,
Designation, Association
Name, Address

STAMP

SIGNATURE & NAME OF
ENTREPRENEUR 1
Unit Name & Address

STAMP

SIGNATURE & NAME OF
ENTREPRENEUR 1
Unit Name & Address

STAMP

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SIGNATURE & NAME OF
ENTREPRENEUR 1
Unit Name & Address

STAMP

Place:

Date: