

INVITATION OF PROPOSAL

for

Study on

Status and Opportunities for Indian Consulting Industry

CONSULTANCY DEVELOPMENT CENTRE

(Autonomous Institution of DSIR, Ministry of Science & Technology)

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1. *Terms of Reference (TOR)*

1.1 Background and Need:

Consultancy is essentially a knowledge based profession with an underlying developmental role spanning a wide range of sectors. In today's scenario, the consulting profession has diversified into practically each and every activity at individual as well as organization level. Not only do consultancy services play an important role in the development of the economy, but such consultancy exports enhance the visibility of Indian technical expertise abroad and boost the external sector in multiple ways, including foreign exchange revenues, promotion of export of technology and merchandise (especially capital goods and raw materials), and training of personnel, while contributing significantly to national development in the host country.

The Consultancy services market can be broadly categorized into Engineering Consultancy and Management Consultancy. Engineering Consultancy broadly encompass the following range of services like: project feasibility study and analysis, design and detailed engineering, advice on procurement and funding of projects, project management and construction management, administering contracts and supervising construction and installation. Management Consultancy broadly encompasses the range of advisory services required in different business areas i.e. HR Consulting, IT Consulting, Strategy Consulting, Financial Consulting and Operations Consulting. Some of the common services which are provided across both fields of consulting include detailed project reports, impact studies, evaluation/assessment studies, advisory services and project management services.

The Indian Engineering consultancy market is experiencing a boom, with many large-scale development projects driving its growth. It is a more developed market as compared to the Management consultancy market. The Indian Engineering consultancy market has shown a steady growth over the last few years mainly due to

increased public spending and investments in infrastructure, but it is still relatively small in revenue as compared to the global Engineering consulting market and it has contributed only 0.2% to the GDP in the year 2008.

The Indian Management consultancy market is one which is still in its nascent stage, with high growth and large entry of players being the key characteristics. Though the Indian Management Consultancy has shown high growth partly due to the low base from which it picked up, it is still relatively small in revenue as compared to the global Management consulting market, which captured only 0.6% of worldwide market share in management consulting in the year 2006.

Over the past decade, India has emerged as one of the fastest growing consultancy markets worldwide. This is largely attributable to increased investment activities due to liberalization of FDI restrictions, entry of many new players into the Indian market, high growth in most key sectors, and India being an emerging economy and a low cost sourcing destination.

Though the growth of Indian consulting industry has been phenomenal in last few years, the key inhibitors for Indian consultants are: low brand equity, inadequate international experience of Indian consultants working abroad, lack of local presence, lack of strategic tie-ups, low competency image and lack of market intelligence on consulting opportunities abroad. Further, there is a need to build a strong competency framework of consultants that improves quality in delivery of consulting assignments.

Realizing the tremendous potential available for growth of Consulting market and that there is a need to strengthen the framework of Indian Consulting Industry, Consultancy Development Centre (CDC), an autonomous institution of Department of Scientific & Industrial Research (DSIR), Ministry of Science & Technology, Govt. of India proposes to undertake a comprehensive study for assessing the present status and opportunities available for Indian Consulting Industry.

1.2 Objectives of the study:

- To assess the present status of the consulting industry in India, including priority sectors for both Engineering Consulting and Management Consulting
- To analyze futuristic demand for consultancy in both domestic as well as international market over the next 10 years
- To recommend an Action plan aimed towards enhancing consulting skills and capabilities, promotion and strengthening of the Indian consulting industry including export of Indian consultancy services

1.3 Scope of the study:

- Status of consulting industry in India covering the following aspects:
 - Total market size of consulting business, including the priority sectors and type of services provided in these sectors. The sectors' list is given in *Annexure-I*. (*Annexure-I is only an indicative list of priority sectors, the consultant may include more sectors based on its experience and outcome of the research*). The total market size may be assessed in terms of both Engineering Consulting and Management Consulting.
 - Major areas of consultancies and types of services offered in both Technical and Management Consulting across various sectors
 - Categories of consultants - individuals and firms (large, medium and small) and approximate market size of each segment of the consulting space (individuals, private firms and government affiliated consulting firms). Consulting Industry shall also be classified in terms of Domestic and Foreign players operating in India as well as their market share occupied in Indian Consulting Industry.
 - Present Share of Indian Consulting Market with respect to Global Consulting Market
 - Competencies / skills available in terms of expertise of key personnel

- Policy framework and institutional mechanism including policies for consulting industry
- Role of foreign collaborations and FDI in consulting including impact of entry of multinational consultancy firms
- Assessment of demand for consulting services in next 10 years (at domestic and international level) considering various factors such as: Market share, Economic growth, Govt. priorities, trend analysis, Funding by Bilateral / Multilateral funding agencies, investment level etc.
- Carry out a Gap Analysis in terms of Supply and Demand of Indian Consulting industry
- Identify Issues, constraints and challenges faced by Indian Consultants and reasons for the same (These may be broadly classified in terms of: Human capital constraints, Regulatory and policy constraints, Quality issues, Globalization Challenges, WTO issues, need of internal and external reforms etc.)
- Benchmarking to be done with international consultancy practices (on select basis) in terms of various aspects such as: Desirable Skills / Expertise of Human Resources, Contractual issues and quality of delivery, Client-consultant relationships, Business Development strategy, Policies for consultancy services and Institutional support mechanisms
- Evolve an Action plan aimed towards development and growth of Indian consulting industry covering the following aspects:
 - Present skills/competencies of Indian consultants, areas for capacity building where Indian expertise is low or not available
 - Role of various stakeholders towards growth of Consulting Industry: Government, Government Nodal Agency (Consultancy Development Centre), Educational Institutes, Consulting & Industry Associations, Consultants and Clients

- Demand of consultancy in International market presently/envisaged in next decade, target list of countries / regions along with priority sector(s) for Export of Indian Consultancy Services
- Models and Mechanisms required for Capacity Development & Policy Framework to overcome the constraints faced by stakeholders
- Recommendations alongwith the Implementation Plan to give the much needed impetus to domestic consulting Industry

1.4 Approach & Methodology

Approach

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

Methodology

The proposed methodology for execution of the assignment shall be given by the Consultant keeping in view the objectives and scope of work.

1.5 Deliverables and Milestones:

Deliverables

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 on Draft report.

Note:

- All milestones upto 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

1.6 Time frame:

The Study is to be completed within **8 months** from the date of the Award of Contract.

2. General

2.1 Eligibility Criteria:

The agencies / consultants must meet the following minimum eligibility criteria: -

- a) Should have minimum of 5 years of experience in the consulting field as on **8th June 2015**.
(Copy of the letter of award/contract/agreement for consulting assignment signed/initiated on or before 8th June 2010, which substantiates a minimum of 5 years of experience).
- b) Should have completed minimum three (3) study assignments in the last 3 years *as on 8th June 2015*.
(Copy of letter of award/contract/agreement for similar assignment initiated not earlier than 8th June 2010 and which have been completed in the last 3 years i.e. between 8th June 2012 and 8th June 2015)
- c) Should have minimum average consulting turnover of Rs. 5 crores in last three financial years (2011-12, 2012-13, 2013-14)².

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

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

Note:

- 1) Proposals submitted by a consortium are not acceptable.
- 2) In case the Financial Year is Calendar year, the turnover details shall be submitted accordingly.

2.2 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, “*Status and Opportunities for Indian Consulting Industry*”.

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.

2.3 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:

- a) Brief description about the agency / consultant
- b) Consultancy experience

In addition to overall experience of the consultant, details of specific consultancy 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*)

- c) Comments and suggestions on understanding of *Terms of Reference*.
- d) Approach
- e) Methodology
- f) Work Plan and time schedule
- g) Detailed profile and CV of manpower proposed to be associated with this assignment.

2.4 Financial Proposal Content:

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.

2.5 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.

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 <ul style="list-style-type: none"> ○ No assignments = 3 ○ No assignments > 3 and < 6 ○ No of Assignments = 6 & above <p><i>(Marks will be awarded based on Work order / completion certificates of assignments executed enclosed along with the Technical proposal)</i></p>	15 Marks 7 10 15
1.2	Study Assignments done in similar sector (related to Consulting Industry / Market Assessment / Status & Opportunities Assessment) <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 Consulting turnover during last three years	10 Marks
3.1	<p>Value of assignments/turn over</p> <ul style="list-style-type: none"> ○ =>5 < 7 crores ○ =>7 < 10 crores ○ 10 crores and above <p><i>(Marks will be awarded based on audited proof of Annual Turnover enclosed along with the Technical proposal)</i></p>	<p>5 Marks</p> <p>7 Marks</p> <p>10 Marks</p>
4	Resources & Other details	20 Marks
4.1	<p>Personnel including skills & competencies</p> <ul style="list-style-type: none"> i. Proven skills, competencies, experience in Consulting Industry <ul style="list-style-type: none"> ○ 1 - 2 persons ○ 3 or more persons ii. Proven skills, competencies, experience in conducting Market Assessment studies (<i>Max. 8 marks</i>) <ul style="list-style-type: none"> ○ 1 - 2 persons ○ 3 or more persons iii. Proven skills, competencies, experience in execution of projects for Govt. Clients (<i>Max. 4 Marks</i>) <ul style="list-style-type: none"> ○ 1 - 2 persons ○ 3 or more persons <p><i>(Marks will be awarded based on CVs of Key personnel submitted for the project)</i></p>	<p>8 Marks</p> <p>4</p> <p>8</p> <p>8 Marks</p> <p>4</p> <p>8</p> <p>4 Marks</p> <p>2</p> <p>4</p>
Total		100 Marks

Threshold for shortlisting consultants in technical evaluation will be 75 marks (seventy five marks). CDC shall short list all the Consultants who secure the minimum cut off of 75 % (Seventy five Percent).

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 consultant 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 consultant securing the highest combined marks will be considered for award of the contract.

$$\text{Total Score} = (\text{Technical Score} \times 0.70 + \text{Financial Score} \times 0.30)$$

Evaluations 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 for technical evaluation** (in addition to all other documentary evidences mentioned in this document elsewhere) should be provided along with the proposal:

- a) Proof of Turnover (Audited)
- b) Contract/Work/Engagement orders/Completion Certificates indicating the details of assignment, client, value of assignment, date of award etc.
- c) CVs of Key Personnel for the project

(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)

2.6 Amendment to Invitation of Proposal

- a. At any time prior to the deadline for submission of proposals, CDC may, for any reason whether its own violation or in response to clarifications requested by bidders, modify the Invitation of Proposal document by issuance of an Addendum/ Corrigendum.
- b. 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 and bidders are advised to see the website. The addendum/ corrigendum then issued will be a part of the 'Invitation of Proposal' and any Proposal without Addendum/ Corrigendum, if any, will not be considered.

2.7 Validity

The proposal shall be valid for 120 days from the last date of submission of the proposal.

2.8 Payment Terms:

Payment Terms	Milestones
20%	<ul style="list-style-type: none"> - On acceptance of proposal & Signing of Contract Agreement - Submission of Performance Bank Guarantee (10% of Contract value) for Performance Security - Submission of Inception Report and its acceptance
50%	On Submission of Draft Report and its acceptance
30%	On submission and acceptance of Final Report

2.9 Date for submission of proposal

The Proposals must be sent to CDC office on or before **8th June 2015 by 1500 hrs.** The proposals have to be sent only in hard copy by post/courier/by-hand. Proposals sent by e-mails will not be considered. The proposals will be opened on **8th June 2015 at 1530 hrs.**

Notes: -

- 1) Consultancy Development Centre (CDC) reserves the right to accept or reject any or all proposals without assigning any reasons thereof.
- 2) Responses to 'Invitation of Proposal' not accompanied with documentary evidence requested above, may be summarily rejected.

Enquiries & submission of proposals should be addressed to:

Head (Projects)
Consultancy Development Centre
Core 4B 2nd Floor, India Habitat Centre, Lodhi Road
New Delhi - 110 003
Tel: 91 11 24603425; 24602601
Fax: 91 11 24602602
Website: www.cdc.org.in

Annexure 1: Indicative List of sectors

1. Agriculture and Rural Development
2. Banking and Financial services
3. Construction
4. Chemicals
5. Education
6. Energy
7. Environment
8. Governance and Public Administration
9. Hospitality, Healthcare & Life Sciences
10. Infrastructure (Rural & Urban Development works)
11. Information Technology
12. Irrigation & Water Management
13. Law & Regulation
14. Manufacturing
15. Retail
16. Science & Technology
17. Telecommunications
18. Tourism
19. Transport
20. Utilities