MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (MoU) made at NEW DELHI on 8th day of May 2016 between the President of India (Represented by Additional Development Commissioner, (Micro, Small and Medium Enterprises)), Ministry of Micro, Small and Medium Enterprises, Government of India, Nirman Bhavan, New Delhi, hereinafter referred as ‘MSME’ (which expression shall unless excluded by or repugnant to the context be deemed to include his successor in office or assign) of the FIRST PART.

AND

National Institute of Design (represented by its Director), an Institution of National Importance declared under the National Institute of Design Act, 2014 functioning under the aegis of the Department of Industrial Policy & Promotion (DIPP), Ministry of Commerce & Industry, Government of India for imparting Design Education, training, research and service in various field of Design, having its registered office at Paldi, Ahmedabad-380 007, hereinafter referred as ‘NID’ (which expression shall unless excluded by or repugnant to the context be deemed to include his successor in office or assign) of the SECOND PART.

WHEREAS

Office of the Development Commissioner (DC), Ministry of Micro, Small and Medium Enterprises (MSME), Government of India, has proposed to implement up-scaled “Design Clinic Scheme for Design Expertise to MSME manufacturing sector” under National Manufacturing Competitiveness Programme (NMCP), hereinafter referred to as DCS for the benefit of MSMEs during 12th Plan Period of the office of the DC(MSME), which also includes the expenditure involve under the scheme carried forward from XI Plan to XII Plan and modifications in some of the components of the scheme. Office of the DC (MSME) would act as the sponsoring authority for the DCS. The objective of the DCS is to enhance the manufacturing competitiveness of MSMEs through the application of design interventions for improving the quality of products and services. The main objective of the DCS is to bring MSME sector and design expertise on common platform and to provide expert advice and solutions on real time design problems, resulting in continuous improvement and value addition for existing products. The Design centre and Regional Centres at various States and clusters of the country will usher in a continuous competitive advantage to the MSMEs.

In this regard, Office of the DC (MSME), Ministry of Micro, Small and Medium Enterprises, Government of India desires NID (for their work in domain for DCS) to work as a Principal Implementing Agency [PIA] for planning, coordinating implementation, monitoring and validation of the Design Clinic Scheme across the country on behalf of DC (MSME) which shall work as secretariat to the Project Monitoring and Assessment Committee [PMAC] the apex body in the implementation structure for various activities as envisaged for PIA.
NOW THESE PRESENTS WITNESSETH AND PARTIES HEREBY AGREE AS FOLLOWS.

ARTICLE -1: DEFINITIONS AND INTERPRETATION

In this MOU the following words and expression shall unless repugnant to the context or meaning thereof have the meaning hereinafter respectively described to them.

<table>
<thead>
<tr>
<th>Budget Outlay</th>
<th>“Budget outlay” means total of GoI and MSME contribution for various activities and components of Scheme indicated in Annexure A totalling to Rs. 149 Cr.</th>
</tr>
</thead>
<tbody>
<tr>
<td>DC</td>
<td>Development Commissioner</td>
</tr>
<tr>
<td>DCS</td>
<td>Design Clinic Scheme</td>
</tr>
<tr>
<td>DCSHQ</td>
<td>Design Clinic Scheme Head Quarter of NID at Delhi for housing the Secretariat for Overseeing the implementation of the Scheme under the direct supervision of NID</td>
</tr>
<tr>
<td>Design Guideline</td>
<td>Operational guidelines prepared by the DC(MSME) for the functioning of the Scheme</td>
</tr>
<tr>
<td>Design Project</td>
<td>Proposal selected for implementation as part of the scheme</td>
</tr>
<tr>
<td>MSME</td>
<td>Micro, Small and Medium Enterprises</td>
</tr>
<tr>
<td>PIA</td>
<td>Principal Implementing agency</td>
</tr>
<tr>
<td>NID</td>
<td>National Institute of Design</td>
</tr>
<tr>
<td>PMAC</td>
<td>Project Monitoring &amp; Advisory Committee nominated by AS&amp;DC (MSME) based on the suggestions of NID and headed by the AS &amp;DC (MSME) for monitoring and issuing necessary guidelines on the programmes and activities of the Scheme.</td>
</tr>
<tr>
<td>Priority</td>
<td>Special care would be taken in the relevant component of the programme to ensure that weaker sections (SCs, STs, Minorities, Women etc) would receive their due share of the benefits and facilities.</td>
</tr>
<tr>
<td>RC</td>
<td>Regional Centres already established in the country for taking forward the Design Clinic concept to various clusters of MSME and functioning under the direct supervision of NID</td>
</tr>
<tr>
<td>Scheme</td>
<td>Design Clinic Scheme for Design Expertise to Micro, small and Medium Enterprises</td>
</tr>
<tr>
<td>SPOC</td>
<td>Liaison Officer nominated by the DC(MSME) to liaise with NID on all matters related to the project as a Single Point of Contact</td>
</tr>
</tbody>
</table>
ARTICLE - 2: IMPLEMENTATION STRUCTURE OF THE SCHEME

2.1 Office of the DC (MSME), Government of India, through PMAC would form the highest tier of the implementation structure of the scheme.

2.2 DCSHQ at New Delhi would constitute next level of the implementation structure. This Secretariat will function as a link between the NID and the Government (DC MSME), acting -as single point of contact (SPOC) for the office of the DC (MSME).

2.3 The Regional Centres already established at selected locations will form the third level of implementation structure in taking forward the Scheme to various clusters considering the proximity with MSME concentration and the presence of designers and design institutions in these cities.

2.4 Services of NID faculty, students and alumni, established designers/design houses and agencies and alumnius of likeminded design institutions like IITs and reputed Institutions/Associations would be involved by NID on suitable terms for planning, conducting, and management of the Scheme at different places in the country.

2.5 Each level would be responsible for reporting to its next higher level tier.

ARTICLE-3: ROLES AND RESPONSIBILITIES OF PARTIES

3.1 ROLES AND RESPONSIBILITIES OF THE OFFICE OF DC (MSME).

3.1.1 Office of the DC (MSME) will further publicize the scheme nationwide spelling out through different media including the appointment of NID as Principal Implementing Agency for implementation of DCS.

3.1.2 The Office of the DC (MSME) will nominate the members for PMAC as per the details given in the scheme guideline.

3.1.3 Office of DC (MSME) through PMAC will provide overall direction to the Scheme. PMAC [(headed by the Development Commissioner (MSME)] will meet as frequently as possible and would also strive to meet at specific request made by NID to deliberate and take decision on the issues and matters brought to it. It may consider the recommendations made by NID for this purpose.

3.1.4 Office of the DC (MSME), through PMAC would inter alia; approve the applications of professional design projects from the individual MSMEs/ group of MSMEs / Clusters/Associations of Clusters & student design projects and other agencies to get associated with the Scheme. PMAC would also approve the designers / design companies short-listed / recommended by NID.

3.1.5 Office of the DC (MSME), through PMAC would release instalments of grants from time to time to NID based on utilization of the grants released for implementation of the scheme.

3.1.6 Office of the DC (MSME), through PMAC would meet periodically to review the progress of the implementation of the scheme and give necessary directions/guidance as may be required.

3.1.7 Office of the DC (MSME) through PMAC would also monitor the duties being discharged by NID as Principal Implementing Agency in accordance with this MoU.

MoU for the revised/Up-scaled Design Clinic Scheme-11.5.2016
3.2 ROLES AND RESPONSIBILITIES OF NID (PRINCIPAL IMPLEMENTING AGENCY)

3.2.1 The NID team would draw out detailed requirements and tentative budgetary requirements for the functioning of the DCHQ and implementation of the scheme and place the same before the PMAC for approval. The DCHQ will function as a link between the NID and the Government, acting as a single point of contact for the office of the DC (MSME).

3.2.2 Design Clinic Regional Centre’s of NID already established in the country keeping in view the need for such establishments will further take the Design Clinic concept to various clusters of MSME considering the proximity with MSME business concentration and the presence of designers and design institutions in these cities.

3.2.3 NID will chalk out plan for awareness programme (Design Seminars & Workshops) and operational strategies for the functioning of the design clinic and place before PMAC for approval.

3.2.4 The DCHQ set up at New Delhi under the direct supervision of NID would spread awareness and facilitate matchmaking between the Design Companies/Consultants and MSMEs. The secretariat would undertake the following:

a) Prepare detail promotional material along with an interactive Website for the scheme.

b) Prepare a list of Designers /Design Companies/Academic institutions and recommend the same to Project Monitoring and Advisory Committee (PMAC) for approval/empanelment.

c) Provide an intermediation platform. It will establish linkages with industry initiatives and government initiatives.

d) Arrange seminars, workshops and design awareness programmes etc.

e) Organize orientation programme for design consultants.

f) Organize mobilization & Coordination Workshop for MSME officials, study of global best practices and Design Clinic programme of other countries and National Level Workshop on DCS.

3.2.5 NID will Design, plan, coordinate, Implement, monitor and validate the Design Clinic scheme across the country on behalf of DC (MSME) which would inter alia include:

a) Identifying clusters for conducting seminars, workshops and other design intervention activities as per the approved scheme.

b) Organize orientation programme for design consultants.

c) Prepare formats for various agreements to be utilized at various stages. Device an evaluation sheet for each consultant/cluster/MSME.

d) Submit periodic/annual reports to the PMAC on overall progress of the Scheme.

MoU for the revised/Up-scaled Design Clinic Scheme-11.5.2016
e) Implementation of online submission of applications and tracking for application status.

f) Maintain a separate ledger account of funds for the Scheme and release the funds as per the scheme guidelines.

g) Submit the Utilization Certificate (UC) in prescribed format to the Office of DC (MSME).

3.2.6 NID shall endeavour to achieve quantified and qualitative targets as per the guidelines of the PMAC.

ARTICLE 4: PAYMENT OF FEES

4.1 NID will maintain a dedicated separate bank A/c for the DCS grant-in-aid received and targets taken up from 4th March, 2016 as per Annexure A hereto. This account shall be opened for inspection by the C&AG of India, internal audit by PAO of Ministry of MSME or any officer appointed by the office of DC (MSME) for this purpose.

4.2 All the committed activities as per the earlier MoU of November 2010 shall be completed by the Principal Implementing Agency within the specified time limit as per the agreements executed and extension, if any granted, for which the grants-in-aid released till 31st March 2015 (including interest earned on grants released from the inception of the scheme till date) shall be used and any excess expenditure (actual + committed) shall be released by the office of the DC MSME separately based on the statement of account submitted by the NID within 4 weeks. This exercise will be done in accordance of the earlier guidelines. The said sum of release of grants in aid shall be continued to be part of the existing ledger Accounts of NID for which audited statements of accounts and utilization certificate as per GFR shall be submitted by NID on completion of the ongoing tasks and reimbursement of the expenditure to the concerned parties as per the earlier guidelines and agreements executed between the NID and the concerned parties.

4.3 As for coordinating, and implementing the revised targets, the Single Coordinating Body/Principal Implementing Agency, NID shall be paid the actual expenditure for operational and NID fees for implementing the activities envisaged in Annexure A subject to a maximum of Rs. 22.35 crore i.e. 15% of the total financial outlay of Rs.149 crore as mentioned in Annexure A.

4.4 The DC (MSME) shall release the grants for meeting various expenditure on implementation of revised targets, setting up and operational/administrative expenditure as under:

(i) NID will submit projection of targets anticipated to be taken up during the financial year based on which the office of the DC (MSME) shall release 50% of the envisaged GoI contribution as Grant-in-aid to NID. Further releases will equivalent to the actual expenditure incurred for various targets for which necessary Utilization certificates as per GFR will be submitted. The interest earned on the GIA released as advance payment will also be taken into account while making final payment to NID in terms of completed targets.

(ii) The NID will be granted GIA as per the plan submitted by them before PMAC for the activities under this scheme mentioned in Annexure A. The operational expenditure to NID will however, be computed in terms of physical targets achieved by them against the target allocated to them in particular financial year.

MoU for the revised/Up-scaled Design Clinic Scheme-11.5.2016
4.5 NID shall submit monthly progress reports to the office of the DC MSME for apprising the PMAC.

4.6 In order to ensure speedy implementation of various activities of the project, both the parties shall endeavor that meetings of the PIC, PAP and PMAC are convened as frequently as necessary for expediting approvals.

4.7 The Single Coordinating Body/ Principal Implementing Agency NID shall submit annual reports for the activities completed and targets achieved.

4.8 NID will maintain a dedicated separate ledger A/c for the Design Clinic Scheme for the Grant-in-aid received and expenditure made during the implementation. Necessary Utilisation Certificates will be submitted periodically by NID as per the GFR.

4.9 The Utilisation Certificate will indicate the actual amount spent on the project programmes + the operational charges + NID fees on the basis of physical target achieved against the target allocated to NID and the amount spent towards design contribution, planning, monitoring, administration and coordination of the scheme, faculty time, indirect cost on usages of NID infrastructural facilities, administrative & support overheads and service tax on the fees charged.

4.10 The services tax applicable will be extra in addition to the applicable charges as per prevailing rates.

4.11 All travel expenses (including air fare, boarding, etc.) as per NID's TA/DA Rules, in case the NID officers is to travel outside Ahmedabad in connection with the project will be charged on actual basis from the project fund released and will form part of operational expenditure of the scheme. However, for attending the PMAC meeting at New Delhi or elsewhere the TA/DA in respect of PMAC members will paid by O/o DC (MSME). Overall expenditure under this activity will not exceed to the budget allocated during the year for this activity.

4.12 Depending upon the progress of the Scheme, the subsequent grants will be released to NID by the O/o DC (MSME) based on the Utilisation Certificates/ Statement of Audited accounts submitted by NID from time to time as per the recommendations of the PMAC.

4.13 NID shall submit monthly progress report (physical and financial progress with State-wise) of its activities undertaken as Principal Implementing Agency to DC (MSME) on 25th of every month for apprising PMAC.

4.14 NID shall also prepare and submit the data of DCS activity-wise/State-wise/year-wise separately with physical and financial to DC (MSME) on end of the Financial Year.
ARTICLE 5: DISPUTE REDRESSAL PROCEDURE

5.1 All Disagreements/differences of opinion/ disputes regarding the interpretation of the provision of this memorandum of understanding shall be resolved by mutual consultation by the signatories, failing which the unresolved disputes or differences shall be referred to Arbitration of an Arbitrator to be nominated by Secretary, Dept. of Legal Affairs. The Arbitrator and Conciliation Act, 1996 (No. 26 of 1996) shall not be applicable to the Arbitration under the clause. The award of the Arbitrator shall be binding upon parties to the dispute, provided, however, any party aggrieved by such award may make a further reference for setting aside or revision of the award to the Secretary (Law) whose decision shall bind the parties finally and conclusively.

IN WITNESS WHEREOF THE PARTIES HERE TO HAVE CAUSED THIS MOU TO BE EXECUTED THE DAY MONTH AND YEAR FIRST HEREINBEFORE WRITTEN.

ADDITIONAL DEVELOPMENT COMMISSIONER (MSME)
7th FLOOR, NIRMAN BHAWAN, NEW DELHI.
FOR & ON BEHALF OF THE PRESIDENT OF INDIA

In the presence of:

Witness: 

1. SANJEEV CHAWLA
   Director (NMCP) 0/0 DC (MSME)

2. SIGNED BY DIRECTOR NATIONAL INSTITUTE OF DESIGN PALDI, AHMEDABAD

In Presence of:

Witness:

1. RAKESH KUMAR
   Dy. Director (NMCP) 0/0 DC (MSME)

2. M. FARRUQ 8.8.16
   Mohd. Ali Rehman
   Deputy Director Ab DC (MSME)

Annexure A.

MoU for the revised/Up-scaled Design Clinic Scheme-11.5.2016
The total cost of the project is Rs. 149.00 crore (Government of India contribution Rs 110.64 crore, MSMEs contribution Rs 38.36 crore) during 12th Plan year. The SFC approved the proposal with the following budget outlay:

<table>
<thead>
<tr>
<th>Item Nos as per Annex. A</th>
<th>Description/Activities</th>
<th>Rate (Nos.)</th>
<th>GOI contribution.</th>
<th>Beneficiary Contribution</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1, 2 &amp; 3</td>
<td>Setting-up of 2 new Design Regional Centre</td>
<td></td>
<td>2235.00</td>
<td>-</td>
<td>2235.00</td>
</tr>
<tr>
<td></td>
<td>Operating Expenses for Design Regional Centres to be made by DC(MSME) through implementing agencies</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Implementing agencies fees (Honorarium for hiring of Designer/consultant/scientist/professors/ academicians, utilizing their services and infrastructure of different Institutes)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Mobilisation &amp; Coordination Workshop for MSME officials.</td>
<td>10.00</td>
<td>5</td>
<td>50.00</td>
<td>50.00</td>
</tr>
<tr>
<td>5</td>
<td>Design Awareness Programmes</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 (a)</td>
<td>Seminars On Design Clinic Scheme</td>
<td>0.60</td>
<td>600</td>
<td>360.00</td>
<td>360.00</td>
</tr>
<tr>
<td>5 (b)</td>
<td>Workshops (including need assessment survey) (75% GoI funding)</td>
<td>5.00</td>
<td>275</td>
<td>1031.25</td>
<td>1375.00</td>
</tr>
<tr>
<td>6</td>
<td>Design Clinic Projects:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6 (a)</td>
<td>Student Projects (75% GoI funding)</td>
<td>2.00</td>
<td>205</td>
<td>307.50</td>
<td>410.00</td>
</tr>
<tr>
<td>6 (b)</td>
<td>Individual Micro projects (75% GoI funding) (upto 3 units)</td>
<td>15.00</td>
<td>120</td>
<td>1350.00</td>
<td>1800.00</td>
</tr>
<tr>
<td>6 (c)</td>
<td>Group SME projects (60% GoI funding) (upto 3 units)</td>
<td>25.00</td>
<td>148</td>
<td>2220.00</td>
<td>3700.00</td>
</tr>
<tr>
<td>6 (d)</td>
<td>Group Micro projects (75% GoI funding) (more than 3 units)</td>
<td>25.00</td>
<td>80</td>
<td>1500.00</td>
<td>2000.00</td>
</tr>
<tr>
<td>6 (e)</td>
<td>Group SME projects (60% GoI funding) (more than 3 units)</td>
<td>40.00</td>
<td>60</td>
<td>1440.00</td>
<td>2400.00</td>
</tr>
<tr>
<td>7</td>
<td>Promotional Activity, Website, Publicity, Miscellaneous Expenses, etc.</td>
<td>LS</td>
<td>-</td>
<td>100.00</td>
<td>100.00</td>
</tr>
<tr>
<td>8</td>
<td>Orientation Programme for stakeholders of Design Clinic Scheme</td>
<td>2.00</td>
<td>75</td>
<td>150.00</td>
<td>150.00</td>
</tr>
<tr>
<td>9</td>
<td>Study of Global Best Practices and Design Clinic Programme of Other Countries</td>
<td>50.00</td>
<td>6</td>
<td>300.00</td>
<td>300.00</td>
</tr>
<tr>
<td>10</td>
<td>National level Workshop on Design Clinic</td>
<td>10.00</td>
<td>2</td>
<td>20.00</td>
<td>20.00</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td>11063.75</td>
<td>3836.25</td>
<td>14900.00</td>
</tr>
</tbody>
</table>

MoU for the revised/Up-scaled Design Clinic Scheme-11.5.2016