

Government of India
Ministry of Micro, Small and Medium Enterprises



No. 16(6)/2011 - S&D

Terms of Reference for:

Selection of Four Agencies (Zonal level) for Collection, Verification, Validation, Scrutiny, Analysis and Transmission of Data on Micro, Small & Medium Enterprises (MSME) to assess the Health of MSME Sector

Assignment Title: *Management of Collection, Verification, Scrutiny, Validation, Analysis and Transmission of Data on Micro, Small & Medium Enterprises*



January, 2015

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This is a draft version of Terms of Reference -cum-Status note on Request for Expression of Interest (REOI). The final Terms of Reference will be issued as a part of the Request for Proposal to the shortlisted bidders.

1. Background

MSME Sector constitutes a significant component of national economy. Its diverse nature of activities, falling under both Manufacturing and Services make it unique in terms of its relevance to the national economy, as these Sectors account for nearly 85% of Gross Domestic Product (GDP). The MSME Sector is assessed to contribute nearly 38% of the GDP generated during 2012-13. While the share of MSME Manufacturing Sector is 7.04%, the same of MSME operating in Services Sector is 30.50%. MSME Manufacturing Sector produces nearly 6000 products. The employment in Manufacturing and Services Sectors are nearly 320 lakh and 480 lakh respectively.

1.2 The Sector, at present is monitored by conduct of periodic census. The latest census conducted was with base reference period 2006-07. The results of the censuses highlighted importance of MSME Sector in the national economy. Both in Manufacturing and Services Sector, MSME have significant presence. The Sector is also seen important due to its fast pace of growth.

1.3 In term of number of MSME, Fourth All India Census of MSME 2006-07 estimated the size of the Sector at 361.76 lakh, making use of data available from various sources. Corresponding estimates of employment generated was 805.24 lakh. While on a strictly comparable basis, growth rate recorded during the 2001-02 (As per the Third All India Census of Small Scale Industries (SSI), 2001-02) to 2006-07 was 15.30% and 15.02% for estimated number of MSME and the employment respectively, Sector as a whole recorded a growth rate of 28.02% and 26.42% in cases of estimated number of MSME and employment respectively, taking into account the additional coverage during Fourth All India Census due to the change over from SSI to MSME Sector.

1.4 However, a short term measure on assessing the changes in MSME Sector is yet to be developed. One of the standard measures of short term changes widely used is Index of Industrial Production (IIP). IIP, compiled and released by Economic Statistical Division (ESD), Central Statistics Office (CSO), Ministry of Statistics & Programme Implementation (MoSPI) is one of such headline statistics of official statistics in India. While IIP monitors growth of Manufacturing, Mining, Electricity, Gas & Water Supply as a whole, various committees had suggested in favor of developing an IIP for SSI / MSME Sector.

2 Recommendations of various Committees:

Prof. C.P. Chandrasekhar Committee (2003)

In the 7th meeting of the Standing Committee on Industrial Statistics (SCIS) (1998), it was decided to undertake the revision of the base year of IIP of CSO, MoSPI to 1999-2000. A sub-group under the Chairmanship of Prof. C.P. Chandrasekhar was constituted to recommend the technical and operational aspects of revision of the IIP. The sub-group, in its meeting held on April 1, 2003 considered these aspects and recommended that:

- (a) The Manufacturing Sector would cover only the Registered Manufacturing Sector for revised series of IIP*
- (b) The CSO would compile an index for the Registered Manufacturing Sector as a lead indicator*
- (c) Office of Development Commissioner, MSME (O/o DC, MSME) may come out with a separate index for MSME Sector*

National Statistical Commission (2005)

The O/o DC (MSME) should make efforts to compile monthly IIP as against the present practice of compiling quarterly IIP, for monitoring the trend of the MSME. Efforts should be made to enlarge the coverage of items in order to make the index more representative of the MSME Sector. The base year of the two indices namely, all-India IIP, CSO, MoSPI and O/o DC (MSME) index should be in close proximity if not the same. The O/o DC (MSME) should publish the index for use by the Government, private agencies and researchers.

Meeting of Committee of Secretaries (COS) held on Revision of IIP brought out by CSO, MoSPI (2011).

Ministry of MSME will, in consultation with MoSPI and other concerned Ministries/Departments, expedite setting up a mechanism for collection of data for the MSME Sector and give adequate attention to coverage of unorganised units, as well as expedite developing a separate index for the MSME Sector, which could be suitably dovetailed with the IIP.

3 Need for a production Index for MSME Sector and assessment of Health of MSME Sector

Production index for the industrial Sector, usually called IIP, are used as short-term economic indicators. The availability of IIP on a monthly basis and the strong relationship between changes in the level of industrial production and economic cycles facilitates the use of IIP as a reference series in determining or forecasting turning points in business cycles. Advantage of the IIP compared to other indicators is the combination of high frequency (relative to GDP for example) and industry disaggregation. IIP is an abstract number, the magnitude of which represents the status of production in the industrial Sector for a given period of time as compared to a reference period, the frequency of which can be increased by reduction of period of time. It is also possible to publish IIP data for specified groupings, such as by stage of processing or by type of use groupings, which has the capacity to inform monthly movements in the industrial production space in addition to industry verticals.

3.2 Although IIP specially generated for MSME Manufacturing Sector would measure changes in production in MSME Sector, there is a felt need for accessing the overall Health of MSME Sector, given the growing importance of MSME Sector in generation of employment, export of goods and services etc.

4 MSME Sector

MSME Sector got defined subsequent to the enactment and implementation of Micro, Small, & Medium Enterprises Development Act, 2006 (MSMED Act, 2006). The Sector covers erstwhile Small Scale, Cottage & Village industries, traditional industries like Coir, Khadi & Silk, to include all Non- Agricultural, including service related activities with limiting conditions of size of MSME in terms of original value of plant and machinery / equipments. The Act resulted in, among other things, integrating the above referred heterogeneous segments of Non-Agricultural Sector of National economy. The definitional changes brought about by the MSMED Act, 2006, expanded the scope of the Sector beyond the earlier known ones such as Small Scale Industries (SSI) and Small Scale Service and Business Enterprises (SSSBE). SSI units were defined as industrial undertakings as defined in terms of the provisions of Industrial Development & Regulation Act, 1951 (ID&R Act, 1951). SSSBE were defined by executive orders. The definitions of such units were subjected to periodic revisions and the criteria for classification / identification kept changing. These changes has resulted in expanding the scope which was earlier was limited to Manufacturing or production of goods pertaining to any industry specified in the first schedule to the ID&R Act, 1951, to include Service Sectors as well under an umbrella

classification of MSME. Given the focus of ID&R Act 1951 on Manufacturing Sector, it continues to be the dominant segment of MSME Sector.

4.2 As per MSMED Act, 2006, enterprises are defined under sub-section (1) of section 7 of the Act, according to which enterprises, whether proprietorship, Hindu undivided family, association of persons, co-operative society, partnership or undertaking or any other legal entity, by whatever name called, are classified as enterprises as noted below.

For Manufacturing Sector, an enterprise is classified as:

- (i) Micro enterprise, if investment in plant and machinery does not exceed rupees twenty five lakh;
- (ii) Small enterprise, if investment in plant and machinery is more than rupees twenty five lakh but does not exceed rupees five crore; or
- (iii) Medium enterprise, if investment in plant and machinery is more than rupees five crore but does not exceed rupees ten crore.

In case, enterprises are engaged in providing or rendering of services, it is classified as:

- (i) Micro enterprise, if investment in equipment does not exceed rupees ten lakh;
- (ii) Small enterprise, if investment in equipment is more than rupees ten lakh but does not exceed rupees two crore; or
- (iii) Medium enterprise, if investment in equipment is more than rupees two crore but does not exceed rupees five crore.

4.3 *Registered MSME Sector:* Enterprises registered or having filed Entrepreneurs Memorandum Part II (EM-II) of MSMED Act, 2006, with District Industries Centres (DICs) in the States/UTs., Khadi and Village Industries Commission/ Khadi and Village Industries Board, Coir Board as on 31.3.2007 and factories under the coverage of section 2m(i) and 2m(ii) of the Factories Act, 1948 used for Annual Survey of Industry having investment in plant and machinery upto ₹ 10 crore, as on 31.3.2007, were defined to constitute Registered MSME Sector.

4.4 *Unregistered MSME Sector:* All enterprises engaged in the activities of Manufacturing or in providing/rendering of services, not registered permanently or not filed EM-II on or before 31.3.2007 which is otherwise eligible for registration/ filing EM-II with DIC are called unregistered enterprises. Those enterprises that are temporarily registered on or before 31.3.2007 was also the units that are temporarily or permanently registered or filed EM-II after 31.3.2007 till the date of Sample Survey, conducted as part of Fourth All India Census of MSME 2006-07 were be treated as unregistered enterprises, constituting Unregistered Sector.

4.5 MSME Manufacturing Sector: The MSME Manufacturing Sector constitute the erstwhile SSI registered under the ID&R Act, 1951 and MSME which had subsequently files EM-II at per MSMED Act, 2006. The standards adopted for classification MSME in Manufacturing Sector is National Industrial Classification (NIC). NIC divisions 15-37 (NIC-2004) define the Manufacturing Sector of the economy. Broad activities covered are Manufacturing of food products and beverages, manufacture of tobacco products, manufacture of textiles, manufacture of wearing apparel; dressing and dyeing of fur, tanning and dressing of leather; manufacture of luggage, handbag, and footwear, manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials, manufacture of paper and paper products, publishing, printing and reproduction of recorded media, manufacture of coke, refined petroleum products and nuclear fuel, manufacture of chemicals and chemical products, manufacture of rubber and plastics products, manufacture of other non-metallic mineral products, manufacture of basic metals, manufacture of fabricated metal products, except machinery and equipment, manufacture of machinery and equipment, not elsewhere classified, manufacture of office, accounting and computing machinery, manufacture of electrical machinery and apparatus, not elsewhere classified, manufacture of radio, television and communication equipment and apparatus, manufacture of medical, precision and optical instruments, watches and clocks, manufacture of motor vehicles, trailers and semi-trailer, manufacture of other transport equipment, manufacture of furniture and recycling.

5 Profile of MSME Manufacturing Sector

The MSME Manufacturing Sector covers both Registered and Unregistered Sectors. As already explained, SSI / MSME Sector adopted different definitions at different point of time and periodic censuses were conducted to monitor the growth of the Sector. So far, Four All India Censuses were conducted to map operational features of the SSI / MSME, all of which resulted in rich data sets on SSI / MSME Manufacturing Sector. The salient features last two censuses are summarized below to profile recent changes in SSI / MSME Manufacturing space, as the assignment on assessing health of MSME Sector is limited to MSME Manufacturing Sector.

5.2 Third All India Census of SSI, 2001-2002

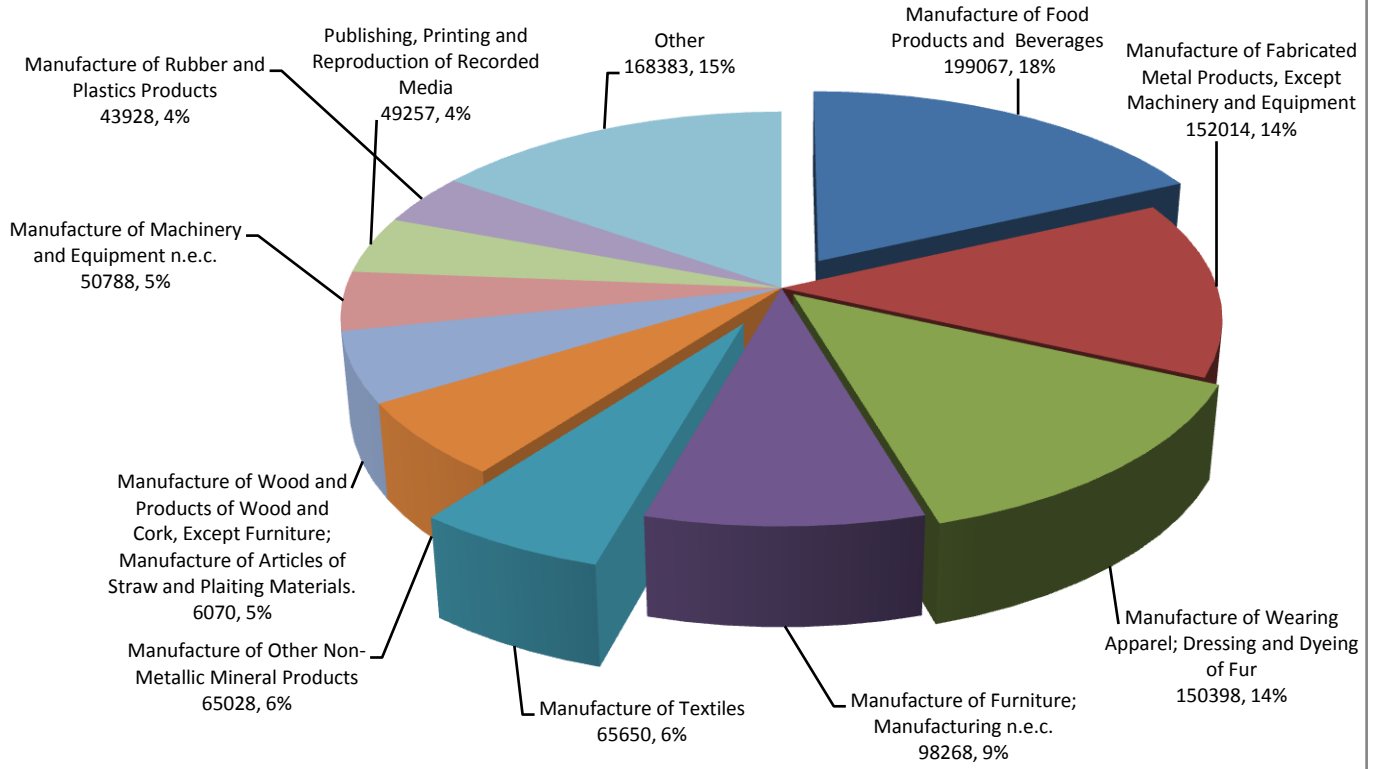
The definition adopted for conduct of Third All India Census of SSI, 2001-02, was in terms of industrial undertakings in which the investment in plant and machinery, whether held on ownership terms, or on lease, or by hire purchase, does not exceeding ₹ 100 lakh as on 31.3.2001. As per Third All India Census of SSI, the number of SSI Sector was estimated to be 105.21 lakh units, with employment of 249.33 lakh, original value of plant & machinery of ₹

54,893.60 crore and gross output of ₹ 2,82,269.98 crore. SSI pertaining to Manufacturing Sector was estimated at 41.75 lakh (39.69%).

5.2.1 *Registered SSI*: All SSI registered permanently with State Directorates of Industries (SDIs) / DICs as on 31.3.2001 are called registered SSI. Some SSI which were registered when the upper ceiling limit in plant and machinery was ₹ 300 lakh were also treated as part of registered SSI. As per Third All India Census of SSI, the number of registered SSI was estimated to be 13.74 lakh, with employment of 61.63 lakh, original value of plant & machinery of ₹ 30,328.68 crore and gross output of ₹ 2,03,254.62 crore. SSI pertaining to Manufacturing Sector was estimated at 8.70 lakh (63.45%).

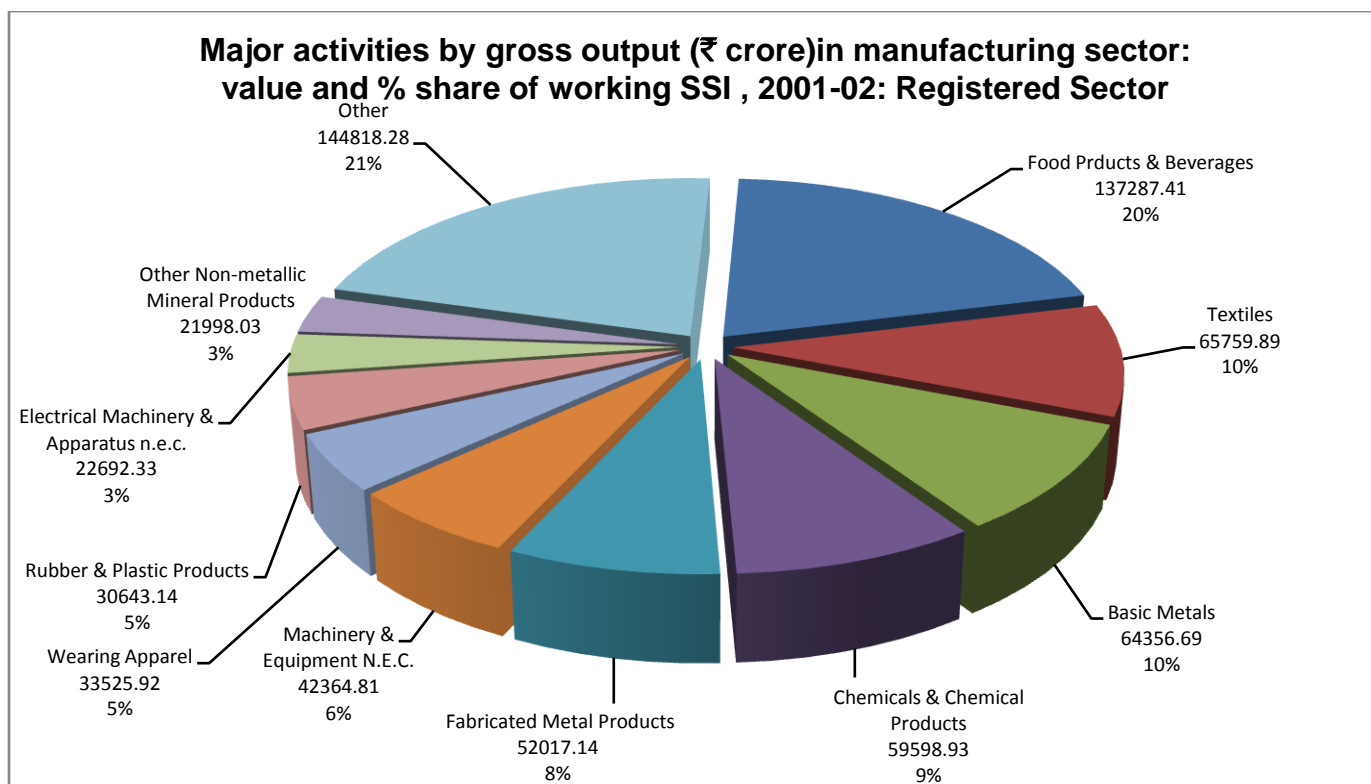
5.2.2 Manufacturing of food products and beverages accounted had the largest number of SSI with a share of 18% at NIC 2 digit level. Other leading activities in terms of number of SSI were Manufacturing of fabricated metal products, except machinery equipment (14%), wearing apparel; dressing & dyeing of fur (14%), furniture not elsewhere classified (9%), textiles (6%), other non-metallic mineral products (6%), wood and products of wood & cork, except furniture (5%), machinery and equipment not elsewhere classified (5%), publishing, printing and reproduction of recorded Media (4%) & rubber and plastics products (4%). The contribution of all other industries was 15%. Activities wise distribution of number of SSI at NIC 2 digit level is summarized in chart below:

Major activities by No. of SSI in manufacturing sector: number and % share of working SSI, 2001-02: Registered Sector



Source: Final Result: Third All India Census of Small Scale Industries 2001-02

5.2.3 Manufacturing of food products and beverages had the largest share of gross output (GOP) (20%) at NIC 2 digit level. Other leading activities in terms of GOP were Manufacturing of textile (10%), basic metals (10%), chemicals & chemical products (9%), fabricated metal products(8%), machinery equipment not elsewhere classified (6%), wearing apparel, dressing and dyeing of fur(5%), rubber and plastics products (5%), electrical machinery and apparatus not elsewhere classified (3%) and other non-metallic mineral products (3%). The contribution in GOP of all other industries was 21%. Activities wise distribution of gross output at NIC 2 digit level is summarized in chart below:



Source: Final Result: Third All India Census of Small Scale Industries 2001-02

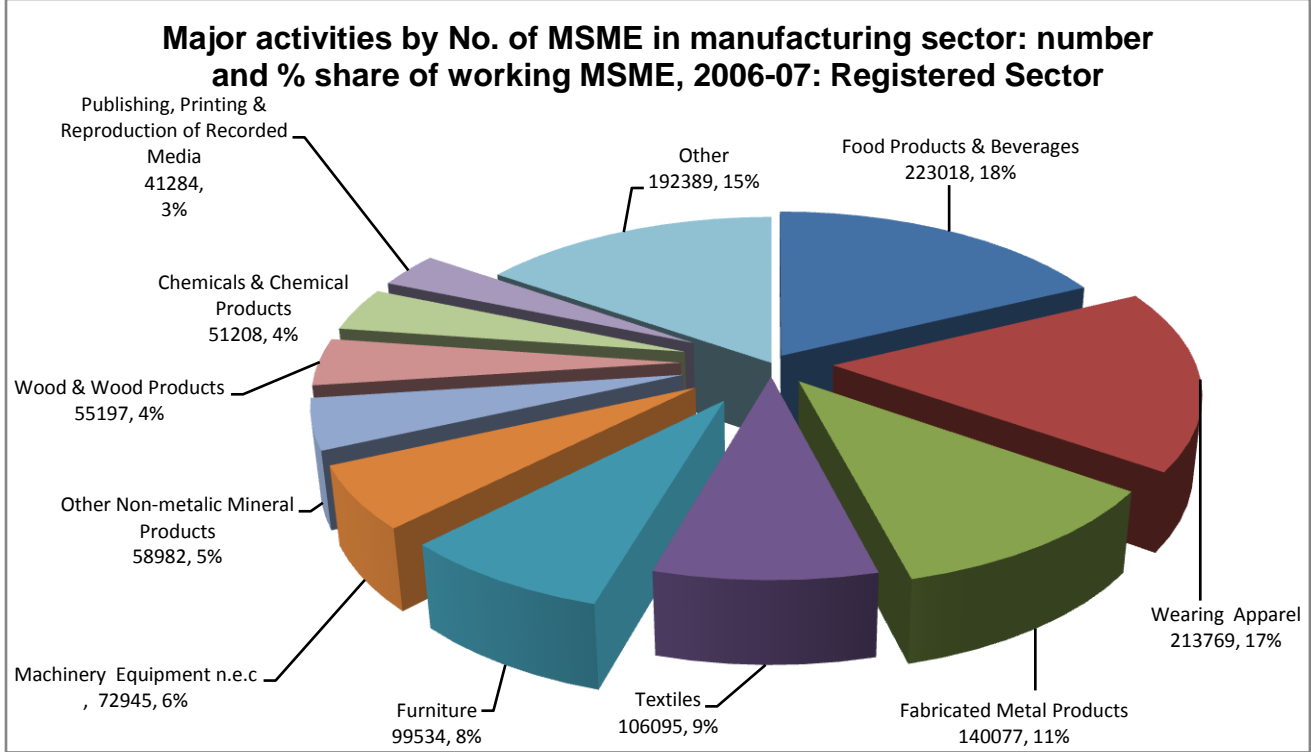
5.3 Fourth All India Census of MSME 2006-07

The definition adopted for Fourth All India Census of All India Census, 2006-07 was the same as the definition of enterprises as per MSMED Act, 2006. As per Fourth All India Census of MSME and other MSME relevant data, the number of enterprises in MSME Sector was estimated to be 361.76 lakh, with employment of 805.24 lakh, original value of plant & machinery of ₹ 1,99,664.21 crore and gross output of ₹ 10,77,212.86 crore. The MSME pertaining to Manufacturing Sector was estimated to be 115.01 lakh (31.79%).

5.3.1 Registered Sector: MSME registered with DICs in the State/UTs., KVIC/ Khadi and Village Industries Board, Coir Board as on 31.3.2007 and factories under the coverage of section 2m(i) and 2m(ii) of the Factories Act, 1948 used for Annual Survey of Industry having investment in plant and machinery upto ₹ 10 crore were considered to belong to registered Sector. For registered Sector, the estimated number of MSME was 15.64 lakh with employment of 93.09 lakh, original value of plant & machinery of ₹ 1,05,024.61 crore and gross output of ₹ 7, 07,510.27 crore. The MSME pertaining to Manufacturing Sector was estimated to be 10.49 lakh (67.10%).

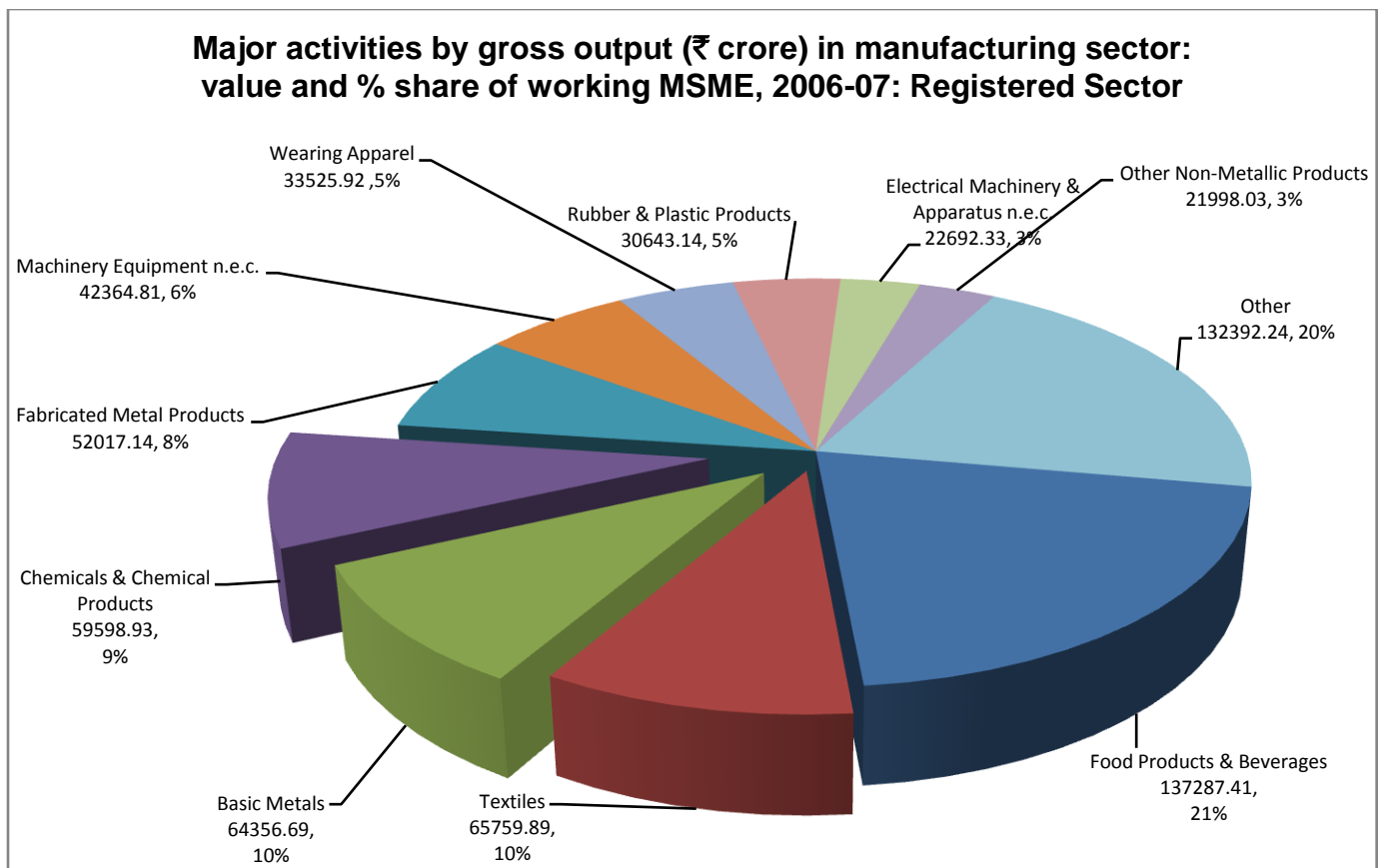
5.3.2 Manufacturing of food products & beverages industry had the largest number of MSME with a share of 18% at NIC 2 digit level. Other leading activities in terms of number of MSME

were manufacturing of wearing apparel (17%), fabricated metal products (11%), textiles (9%), furniture (8%), machinery equipment not elsewhere classified (6%), other non-metallic mineral products (5%), wood & wood products(4%), chemicals products (4%), publishing, printing & reproduction of recorded Media (3%). The contribution of all other industries was less than 15%. Activities wise distribution of number of MSME at NIC 2 digit level is summarized in chart below:



Source: Final Report Fourth All India Census of MSMEs 2006-07: Registered Sector

5.3.3 Manufacturing of food products and beverages had the largest GOP of MSME with a share of 21% at NIC 2 digit level. Other leading activities in terms of GOP were manufacturing of textile (10%), basic metals (10%), chemicals & chemical products (9%), fabricated metal Products (8%), machinery equipment not elsewhere classified (6%), wearing apparel (5%), rubber & plastic products (5%), electrical machinery & apparatus not elsewhere classified (3%), other non-metallic mineral products (3%). The contribution in GOP of all other industries was 20%. Activities wise distribution of gross output at NIC 2 digit level is summarized in chart below:

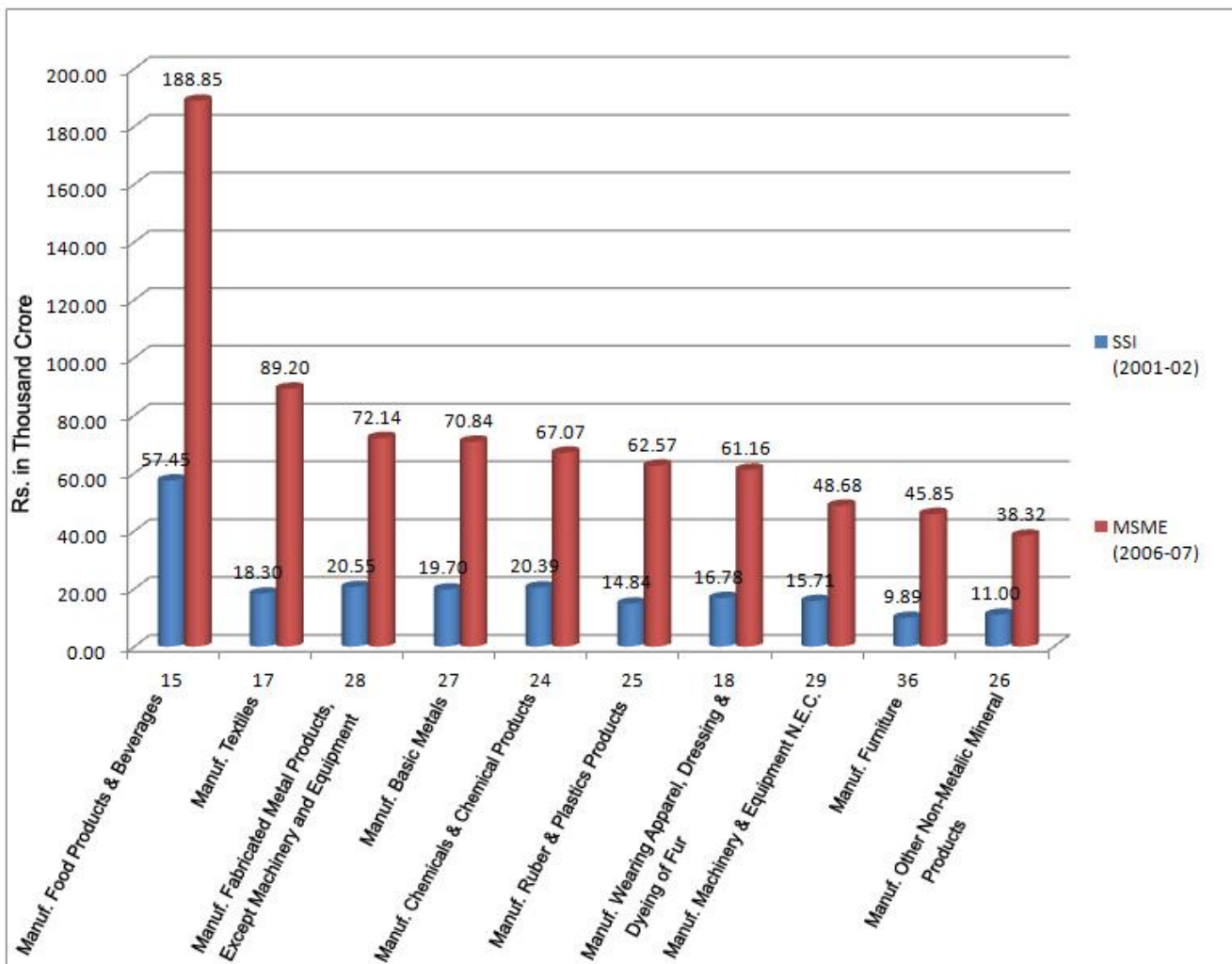


Source: Final Report Fourth All India Census of MSMEs 2006-07: Registered Sector

6 Top 10 Industry in terms of Gross Output of Manufacturing Sector

The graph and table below lists top 10 industries in terms of estimated GOP (as per Fourth All India Census of MSME Sector 2006-07) and its relative size as assessed during the previous census. It may be seen that highest value was observed in the manufacturing of food products & beverages, which was followed by manufacturing of textiles, metal products and basic metals.

6.2 The total manufacturing output of SSI / MSME Sector as increased from 2.58 thousand crore in 1972-73 to 39.36 thousand crore in 1987-88, 2.48 lakh crore in 2001-02 & 9.14 lakh crore in 2006-07 as per various censuses conducted. The top 10 industries groups as shown in the above graph contributes more than 80% of the total output of Manufacturing MSME Sector. The efforts make the country the manufacturing hub of the world would need transformation of the MSME Manufacturing Sector and its product profile through timely interventions. This REOI seeks to buildup the data base needed for assessing the changes in the MSME Manufacturing Sector.



Top 10 Industry in Terms of Gross Output of Manufacturing Sector		(Value in Thousand Crore)	
NIC 2004	Description	SSI (2001-02)	MSME (2006-07)
15	Manufacture of Food Products and Beverages	57.45	188.85
17	Manufacture of Textiles	18.3	89.2
28	Manufacture of Fabricated Metal Products, Except Machinery and Equipment	20.55	72.14
27	Manufacture of Basic Metals	19.7	70.84
24	Manufacture of Chemicals and Chemical Products	20.39	67.07
25	Manufacture of Rubber and Plastics Products	14.84	62.57
18	Manufacture of Wearing Apparel; Dressing and Dyeing of Fur	16.78	61.16
29	Manufacture of Machinery and Equipment Not Elsewhere Classified.	15.71	48.68
36	Manufacture Of Furniture; Manufacturing Not Elsewhere Classified.	9.89	45.85
26	Manufacture of other Non-Metallic Mineral Products	11	38.32
	Other	44.26	169.37
Total		248.87	914.04

Source: (i) Final Result: Third All India Census of Small Scale Industries 2001-02, (ii) Final Report Fourth All India Census of MSME 2006-07: Registered Sector, (iii) Final Report Fourth All India Census of MSME 2006-07: Unregistered Sector.

6.3 MSME Manufacturing Sector consists of parts of both organized and un-organized Manufacturing Sector, as defined by CSO for National Accounts Classification. While the unorganized Manufacturing Sector, as defined by CSO is completely covered under unorganized Sector of MSME, only part of the organized Manufacturing Sector as defined by CSO is covered under MSME Sector. As per the revised methodology suggested by CSO, on the basis of the data on GDP published by CSO and final results of the latest Census, the estimated Manufacturing GDP and GOP of MSME Sector and All India GOP and GDP, during 2006-07 to 2012-13, are as noted below:

Manufacturing Output (Rs. lakh crore)

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
MSME	11.99	13.23	13.76	14.88	16.54	17.89	18.10
Total Output	28.53	31.51	33.73	37.55	42.95	47.74	48.49

Source: National Accounts Statistics, CSO, MoSPI

Manufacturing GDP (Rs. lakh crore)

	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
MSME	2.75	3.04	3.13	3.36	3.63	3.82	3.86
Total GDP	35.65	38.97	41.59	45.16	49.19	52.48	54.82

Source: National Accounts Statistics, CSO, MoSPI

7 Purpose / intend for REOI

The purpose / intend of Request for Expression of Interest (REOI) is selection of Four Agencies (Zonal Level) for undertaking Collection, Verification, Scrutiny, Validation, Analysis and Transmission of Data on selected parameters to assess the Health of MSME Sector and upgrade the process to real time IT enabled platform. Agency selected will have responsibility managing the transition to modern IT based solutions for Data Collection, Validation, Verification, Scrutiny, Analysis and Report Generation for major States of the Zone and a consolidated report at Zonal level. Agency will help S&D Division for preparation of All India Report.

8 Scope of Work

Creation of capacity for large scale data collection and management of data to create value for stakeholders.

- (i) Preparation of list of MSME (Frame) for data reporting
- (ii) Initial Data collection
- (iii) Monthly data collection and management for generation of reports on Health of MSME Sector for major States within the Zone and for the Zone.

The list of State / UTs falling under the respective zones, along with number of districts and approximate number of Registered Working Manufacturing MSME are given in Annexure 1.

9 Objectives

(a) Strategic Objective:

The strategic objective of the project is to establish and manage Data Centre to capture monthly data on performance of MSME, by mobilizing MSME, MSME Associations, Government and other Non-Government Agencies on a user friendly IT platform and generate value for stake holders.

(b) Specific Objectives:

- (i) To estimate a set of variables on performance of MSME Sector on real time.
- (ii) To estimate the growth of selected variables like Production, Employment, Export, Loan, Value Added Tax, Fuel Consumed, Working Capital, Sales etc.
- (iii) To establish IT enabled system and software development service to facilitate collection and management of real time data, data mining and business analytics.
- (iv) To use such data and pattern as inputs for new policy initiatives and for compilation of IIP for MSME Sector which will supplement the IIP brought out by CSO, MoSPI.

10 Processes Proposed

The selected agencies would be required to collect and manage data in two phases.

- (i) First phase involves collect data for nearly 1.2 lakh MSME for preparation of a list of MSME as per Format in Annexure 2 (Frame Register) and Annexure 3 (Initial Data Collection). Zone wise distribution of the proposed sample of 1.2 lakh MSME is given in Annexure 4. This sample size has been decided on the basis of need for compilation of production index and approximately 60000 MSME has already been identified. To assess the Health of MSME for policy interventions, the sample size may need to be raised substantially upto 5 lakh. Various MSME clusters would be specially focused to ensure 100% reporting by inclusion of all the units in the clusters to facilitate assessment of Health of these clusters. Traditional Sectors like Coir, Khadi, Handicrafts and Emerging Sectors where MSME has substantial presence on which list of MSME is available from administrative sources, coverage would be 100%.
- (ii) Agency need to finalise the list of MSME (Frame) with the help of MSME-Development Institutes and SDIs / DICs, Industry / MSME Associations and local MSME leaders , other sources and individual MSME.

- (iii) The Frame so prepared would serve the purpose of the Master Directory of permanent nature which would be the reference point for updation of transaction data of each MSME. It may be seen from the format given in Annexure II that preparation of the Frame requires compilation of sub-directories of purposes codes for geographical units and classificatory standards from secondary sources. Also, the MSME listed in Frame may become non-operational, temporarily or on prolonged basis to get closed. Each MSME identified in the Frame by a permanent ID marker would cease to exist on the closure of the MSME along with the permanent ID. Protocols for substitution of MSME for non-response and causality would also form part of Frame where ever coverage is less than 100%.
- (iv) Phases two involves collect and manage transaction monthly data to assess the Health of MSME Sector (Annexure 5).
- (v) Selection of Field Enumerators, Field Supervisors, Data Entry Operators, Data Scrutinizers, System and data analyst Managers (HR / Data Collection / Data Processing / Research & Coordination), Coordinators and Team leader to collect and manage the data.
- (vi) Training of Field Enumerators and Field Supervisors as per Manual on Data Collection (Annexure 6) & Data Entry Operators and Data Scrutinizers as per Manual on Data Processing (Annexure 7).
- (vii) Defining the functional responsibilities of various functionaries: Team Leader - Would be in charge all the operations including the release of Zonal Reports by consolidating Reports of major States prepared by State Coordinators and manage the works of minor States and UTs, reports to O/o DC, MSME; State Coordinators - Would be required to interact with officers of SDIs/ UTs, MSME-DIs., other Central / State Govt. agencies and Industry / MSME Associations to ensure consistency of Data Collection, Processing, Analysis and Report generation, reports to Team leader; Managers - Would be responsible for specific areas of manpower management training, establishment, data collection & processing and research and reports generation, reports to State coordinators / Team Leader (above three category having work jurisdiction of State / UTs); Data Analysts - Would perform a variety of tasks related to cleaning, editing, derivation, validation, transforming, organizing data and interpreting statistical information and generating report at major States and Zonal levels. Field Supervisor – Would undertake supervision of 4 Field Enumerators, reports to Managers; Field Enumerators – data collection, reports to Field Supervisor, (above two category have work jurisdiction over selected districts).

- (viii) Training of Field Enumerators and Supervisors is an important activity that needs continued attention of agency throughout the life span of the Assignment. Basic concept and methodology adopted for assessment of Health of MSME Sector has been finalized by the O/o DC, MSME. The agency would require to organize State level training conferences to train the Field Enumerators and Supervisors engaged in the data collection and processing. Officers of O/o DC, MSME would be deputed to oversee the arrangements efficient conduct of such conferences to ensure that the concept and methodology are appropriately understood by the field staff. For the training programmes to be organized by agency selected would be required to make adequate copies of the training material as finalized by O/o DC, MSME, which should be proper quality and adequate quantity. The costs of all activity related to training need to be meet by the agency. Proper documentation of training proceedings is the responsibility of agency, copies of which need to be submitted to O/o DC, MSME.
- (ix) Adequate provisions need to be made for training of new field staff due to attrition. On initiation of data collection, scrutiny and uploading, the agency would be required to consolidate clarification and corrections made on the basis of scrutiny and spot checking by field supervisor/difficulties encountered in collection of data on monthly basis. The copy the same need to be supplied to O/o DC, MSME for consolidation and circulation to all staff engaged in data collection. Immediately on initiation of data collection, data collected in the first fortnight would be carefully scrutinized for conformation to standard prescribed. Various corrections would be consolidated within a week and corrective training measures are to be taken on a staff/location specific manner.
- (x) On completion of training, Field Enumerators and Supervisors would be required to visit SDIs, MSME-DIs and DICs for phase one data collection pertaining to their respective districts. In consultation with officers of DICs the contact address of MSME would be updated. The allocation of workload to the team consisting of 4 Enumerators and Supervisors would be the responsibility of the Supervisor. Each Field Enumerator would be allotted a compact areal unit, preferably, Taluk / Tehsil for the purpose of data collection of MSME in the area. Each Filed Supervisor would be allotted 4 Enumerators for training, guidance, scrutiny of the schedules submitted by Enumerators.
- (xi) The agency will also need to organize monthly meeting of Field Enumerators and concerned Supervisors, organized into separate groups to address issues of understanding of concepts, data correction based on scrutiny note of Field

Supervisors, addressing practical issues relating to data collection like non-cooperation of MSME and resolution of specific issues needing attention for timely completion of field data collection and its online uploading. The Supervisors would document summary of clarifications given and important decisions taken and submit the same to the Managers, who would consolidate and submit the same to O/o DC, MSME. Special meeting/discussion may be called for as decided by field officers of M/o MSME, for which the Managers of the agency may make arrangements for, as and when needed.

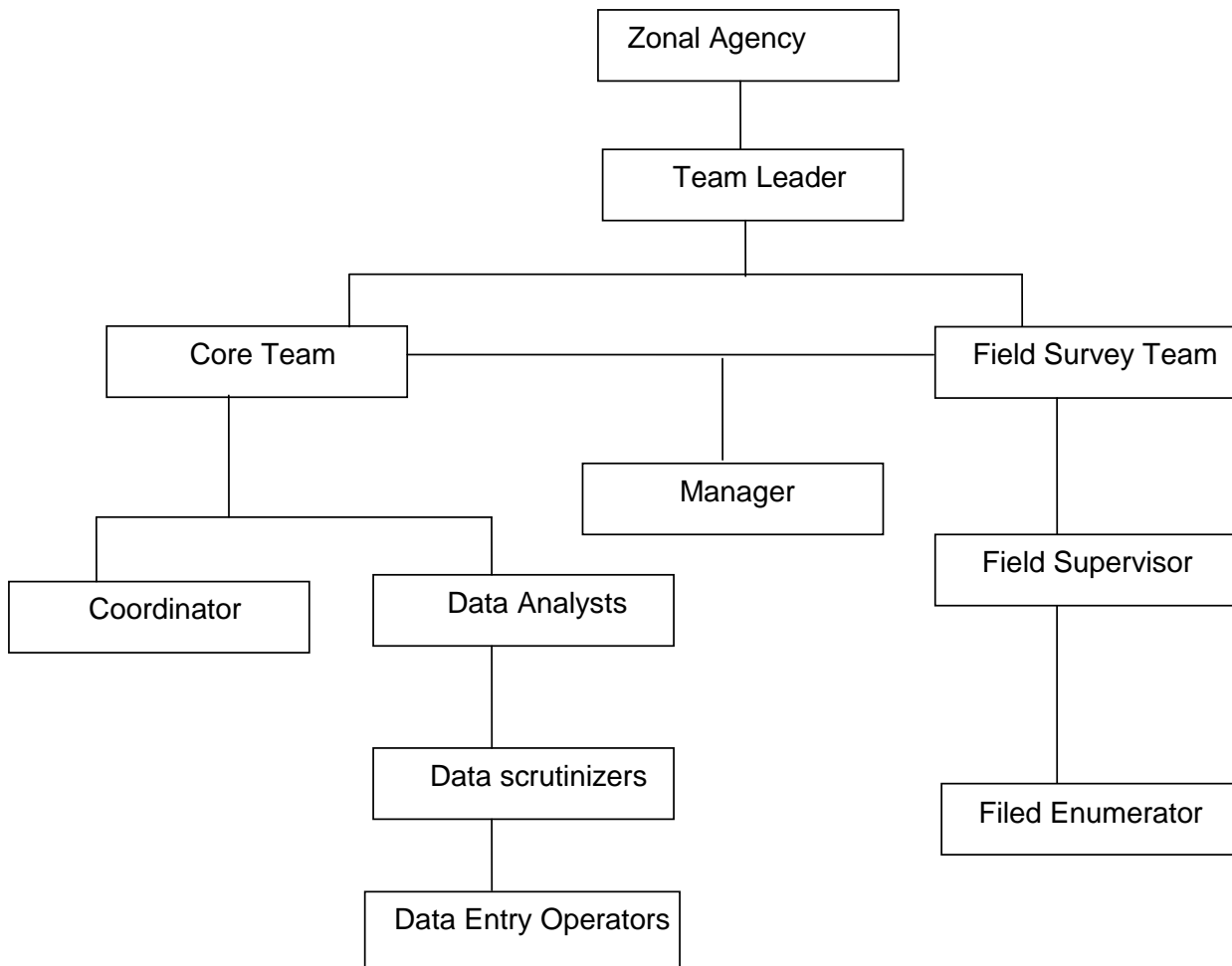
- (xii) All decision/suggestion taken on technical and operational issues for resolving field difficulties in the monthly meeting/training programmes would be documented and submitted to the concerned District Supervisors of field office of M/o MSME and to O/o DC, MSME within 24 hrs of such decision being taken for confirmation and consolidation.
- (xiii) In addition to providing for training material the Agency would print adequate copies of the format for data collection as approved by O/o DC, MSME as it may be necessary to collect the data in pen and paper format as all MSME may not be able to upload the data through web based application with the help of Field Enumerators.
- (xiv) All data formats would need to be serially numbered and accounted for. The filled in data format would be formally handed over to the concerned MSME-DIs.
- (xv) All Field Enumerators and Supervisors would maintain Operation Register in work allotment, updated copy of training material and scrutiny feedback circulated on type of error noticed in data collected and corrections carried out, updated operation register indicating MSME wise dates of establishing contacts/visit, date of data collection, date of uploading of data, date of spot checking by Supervisor and other remarks.
- (xvi) Field Supervisor would keep systematic record of guidance provided to Enumerators, scrutiny feedback handed over to Enumerators, Details of contacts/visits to MSME for spot checking, summary of discussions held with Field Enumerators and Zonal level functionaries / Officers of MSME-DI and SDI/DIC.
- (xvii) All documents maintained by Field Enumerators and Supervisors would be made available to officers of MSME-DI and third party evaluators for examination on demand.
- (xviii) Ensuring quality of data by undertaking spot-checking (20%) and inspection at various levels as per the prescribed norms with the help of Industry Associations with the share of MSME-DIs.
- (xix) Popularizing the available web-based e-form and managing transition to computer aided telephone and personal interviewing methods to scale up and provide access to

entrepreneurs and data users the coverage as well as development of technology applications for collection of data through SMS, Mobile APPs & integration of existing datasets with data collection and processing. A note on software solutions is given in Annexure 8.

- (xx) Generation of user friendly management information system for Senior Officers of the Ministry.
- (xxi) To provide security and quality control at all stages of data generation and processing.

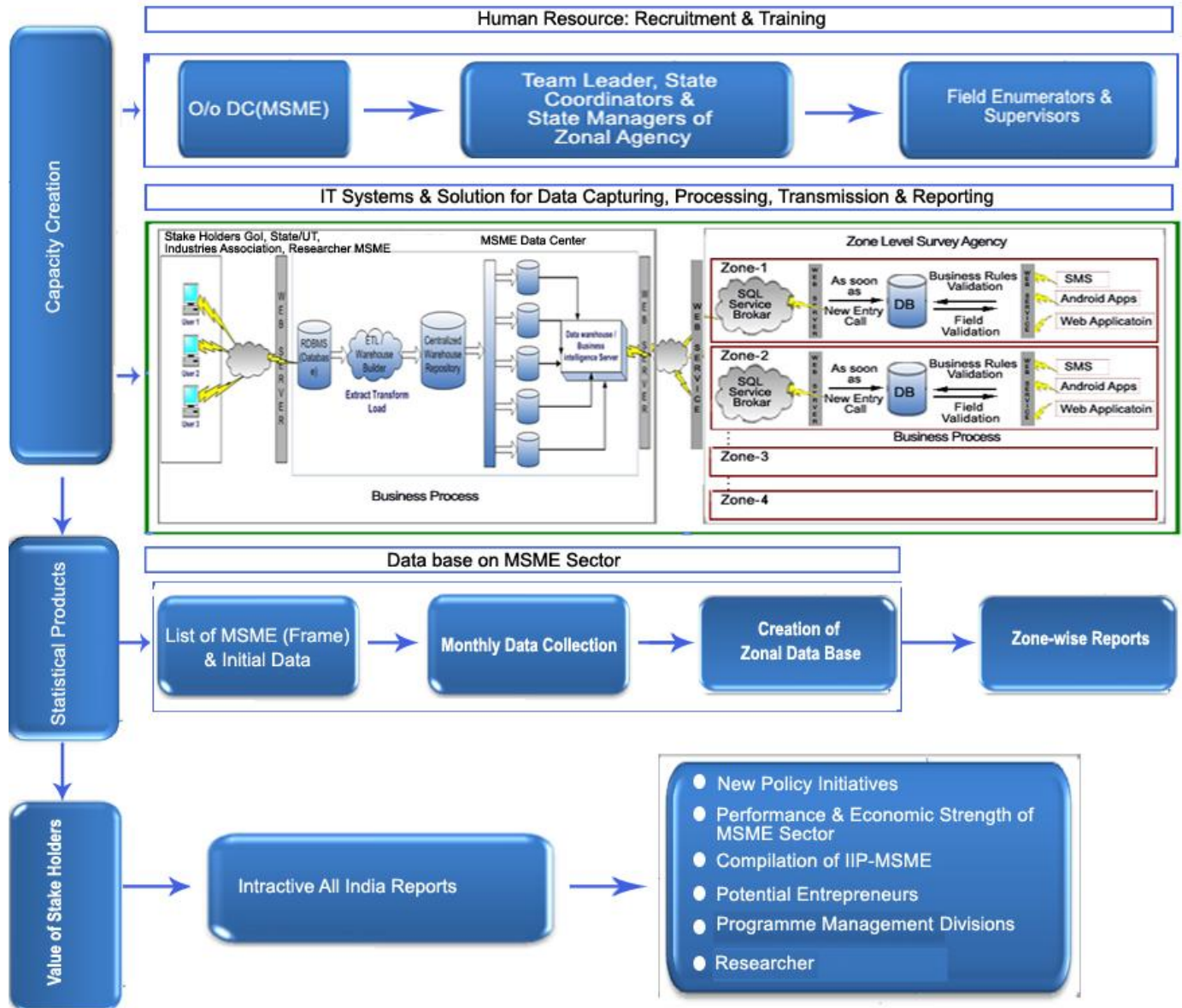
11 Envisaged Team Structure

The Zonal Agency would be required to deploy a Core Team and Field Survey Teams for each zone that they are bidding for. The composition of core team resources would remain the same for all the zones, however the number of functionaries would vary zone wise.



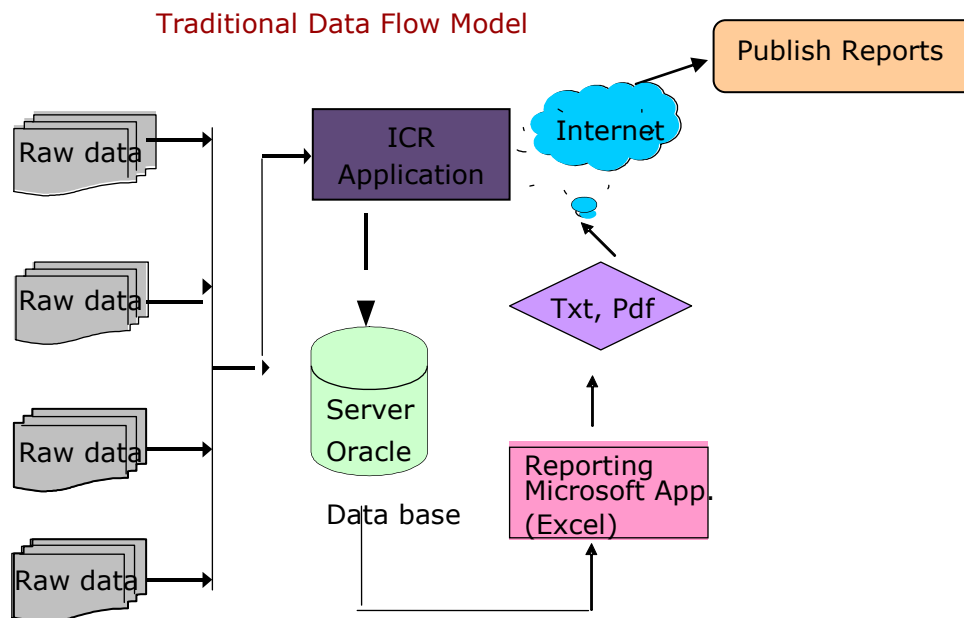
The expected educational profile of the core team is given in Annexure 9.

12 Key Service Deliverables:



13 Present System

The existing database of MSME Sector is based on conducting periodic censuses of registered Sector and sample survey of unregistered Sector. The existing system is described in graph below:



13.2 To meet the periodic data requirements on MSME Sector, following the recommendations of various committees and decisions of competent authority, O/o DC, MSME, Ministry of MSME has constituted a Working Group (WG) under the Chairmanship of Prof. C.P. Chandrasekhar, Jawaharlal Nehru University, New Delhi and Shri Amarendra Sinha, AS&DC, O/o DC, MSME as Vice Chairman to finalise and recommend suitable methodology for compilation of an IIP-MSME Sector. The WG had members from Indian Statistical Institute, New Delhi, Ministry of Textile, National Account Division and ESD, CSO, MoSPI, Department of Industrial Policy & Promotion, M/o Commerce and Industry, Planning Commission, Food Processing Industry, Directorate of Industries and Commerce, Govt. of Tamil Nadu, Industries Commissionerate, Govt. of Gujarat, Department of Commerce and Industries, Govt. of Sikkim.

13.3 The WG was mandated to address specific issues relating to the finalization of coverage, methodology and process of preparation of IIP for MSME Sector among other issues. The Draft Report of WG, which is under consideration of competent authority, suggested methodology for preparation of a production Index. In presence of recommendation made by the WG, S&D Division completed the various activities as listed below towards compilation of a production Index.

- (i) Identification of important products accounting for 80% of GOP of Registered Sector (562 Products), as per Fourth All India Census of MSME.
- (ii) Identification of cluster products to augment item basket of IIP-MSME.

- (iii) Identification of Products from District Industrial Potentiality Survey Report and dispatch to MSME-DI (Annexure 10).
- (iv) Nearly 60000 leading MSME identified.
- (v) Development of prototype of web-enabled software for data collection with features: Web based system for collection and compilation of MSME Health with 24x7 availability with built in validation checks with provision for management and automatic report generation (Annexure 11).

14 Service Level Agreement

The agency selected would be required to ensure detailed service level standards in deliverables. Appropriate agreement as outlined below would be signed by DC, MSME and the agency on the standards of service to be ensured in format and procedures as desired by DC, MSME.

This SLA shall operate as a legally binding services agreement specifying terms which apply to the Agency & DC, MSME.

14.1 Objective of the Agreement

14.1.1 The Agency is to provide Service Levels which will ensure the following:

- (i) Collection, spot checking, inspection, complete verification and updation and validation of data with desirable level of accuracy at MSME level.
- (ii) Ensure transparency in operations by enabling the stakeholders to have total access to the process and records to DC, MSME, and to infuse accountability in operations.
- (iii) Automated data transfer to O/o DC, MSME with provision for “disaster” copies of data records.
- (iv) Generation of meaningful Management Information System from the system at District / State and Zonal levels.
- (v) Inbuilt mechanism of security and quality control at all stages of data generation and processing.
- (vi) Upgradation/Integration of existing datasets with data collection and processing.
- (vii) Easy web access to entrepreneurs and data users.

To meet the aforementioned objectives the Agency will provide the Service Levels in accordance with the performance metrics as more particularly described in Appendix A in this SLA.

14.2 Scope of the Agreement

14.2.1 This agreement encompasses the outsourcing portion of the Data Collection, processing, transmission, storage and analysis of data between the parties. This Service Level Agreement (SLA) will do the following:

- (i) Establish mutual responsibilities and accountability
- (ii) Define each party's expectations in terms of services provided
- (iii) Establish performance measurements criteria
- (iv) Define availability expectations
- (v) Define escalation process
- (vi) Establish trouble reporting single point of contact
- (vii) Establish framework for SLA change management
- (viii) Parties covered by this Agreement

The following parties are obligated to follow the procedures as specified by this:

- (ix) O/o DC, MSME
- (x) Agency

14.3 Contact List

14.3.1 Any changes to the listed contacts and the Single Point of Contact (POC) for all Outsourced Service problems shall be notified and communicated to each other and subsequently and Updation shall be notified from time to time. The phone number of the POC is monitored 24 hours per day. 7 days per week.

Name	Title	Location	Telephone
O/o DC, MSME			
Operator			
Tehsil/Sub Tehsil Offices			

14.4 Principal Contacts

14.4.1 The O/o DC, MSME and the Agency will nominate a senior staff member to be the POC regarding operation of this SLA. At the start date of this SLA, the nominated principal contacts are:

O/o DC, MSME :

Agency principal :

14.5 Commencement and Duration of this SLA

14.5.1 This SLA shall commence on the date on which it is fully executed by the O/o DC, MSME and the Agency (hereinafter the 'Effective Date') and shall, unless terminated earlier in accordance with its terms or unless otherwise agreed by the Parties, expire on the date on which this SLA expires or terminates for any reason, which shall be three years from the Effective Date of SLA.

14.6 Terms of Payment

14.6.1 In consideration of the Services and subject to the provisions of the award of tender and this SLA, the O/o DC, MSME shall pay the charges and the service credits to the Agency in accordance with the Terms of Payment Schedule of the RFP

14.6.2 It is clarified here that the O/o DC, MSME or its nominated agencies can also calculate a financial sum and debit the same against the terms of payment as defined in the Terms of Payment Schedule of the SLA as a result of the failure of the Agency to meet the Service Level under the affected assignment, such sum being determined in accordance with the terms of the corresponding assignment as noted in SLA.

14.7 Updating the Service Level Agreement

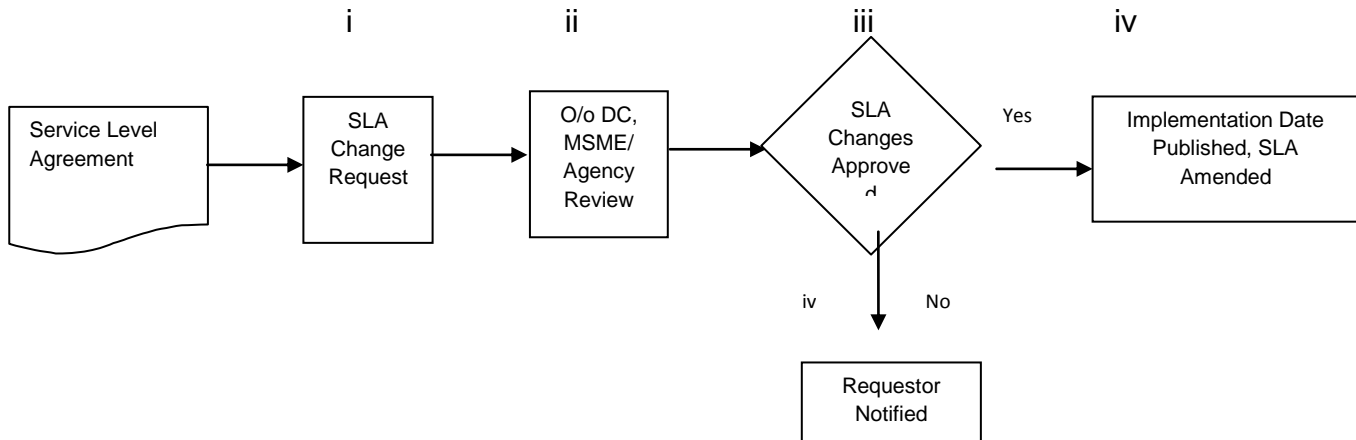
14.7.1 Any changes to the agreement will be initiated in writing between the O/o DC, MSME and the Agency. The service levels in this agreement are considered to be standard for the O/o DC, MSME and will only be modified if both parties agree to an appended set of terms and conditions.

14.7.2 This Service Level Agreement is not a fixed document to be produced once and used forever. Instead, it must be re-evaluated and updated as the work environment changes. As technology changes, the service and systems covered by this agreement will change.

Likewise, as the business changes, the systems, services, and service levels required to support the business may change. New areas of responsibility must be documented.

14.7.3 This document will be reviewed and revised annually. Changes to the Service Level Agreement may be required at other times to include new systems, change in operating hours etc.

14.7.4 The following is a description of this Service Level Agreement Change Process.



Service Level Agreement Change Request Process

- (i) Agency and/or O/o DC, MSME identify a requirement different from any in the current Service Level Agreement. Agency or O/o DC, MSME may complete a Service Level Agreement Change Request.
- (ii) SLA Change Request is presented to O/o DC, MSME, Agency for review.
- (iii) Each party must approve all Service Level Agreement changes within stipulated time frame.
- (iv) If the change is approved, the approval information is filled in on the change form, the requesting party is notified if the implementation date, the approved request is communicated in writing to all parties listed in (ii) above, and the Service Level Agreement Change request is appended to the Service Level Agreement. If the changes are not approved, the requestor of the change will be notified. The Service Level Agreement is updated once a year, with the appended changes and republished to O/o DC, MSME and Agency.

14.8 Scope of services

14.8.1 Project Performance Standards

The Agency services will be available to O/o DC, MSME to update data on weekdays from 0900hrs to 1700hrs. The single point of contact (24/7) will be XXXXXXXXXXXX.

14.8.2 Service Provided to O/o DC, MSME from Agency

This Service Level Definition focuses on the service levels expected from the Agency and successful completion of the project.

14.9 Performance Review

14.9.1 The Principal Contacts will meet monthly to discuss priorities, service levels and system performance. Additional meetings may be held at the request of either the Service Provider or the Service receiver. The Agenda for these meetings will be:

- i. Service Performance
- ii. Review of Specific Problems/Exceptions and Priorities

Review Operations of the SLA and determine corrective action to overcome deficiencies.

15 Payment Terms

O/o DC, MSME will be paid payment to the Agencies on quarterly basis after deductions of necessary penalties.

16 Implementation Plan

Sl. No.	Activity	2015- 16											2016-17												
		April,15	May,15	June,15	July,15	Aug.,15	Sept.,15	Oct.,15	Nov.,15	Dec.,15	Jan.,16	Feb.,16	Mar.,16	April,16	May,16	June,16	July,16	Aug.,16	Sept.,16	Oct.,16	Nov.,16	Dec.,16	Jan.,17	Feb.,17	Mar.,17
Health of MSME Sector																									
1	Selection and training of Manpower																								
2	First Phase of data Collection																								
3	Regular Monthly Data Collection																								
4	Zone-wise reports preparation																								

17 The tentative requirements of manpower (on the basis of the proposed 1.2 lakh MSME for compilation of IIP-MSME) under various categories for each zone and its State/UT wise distribution are as given below:

Initial Data Collection on Health of MSME Sector

Sl. No.	States	No of Field Enumerator	Field Supervisor (20% Field Checking)	Total
(1)	(2)	(3)	(4)	(5)
West Zone				
1	Maharashtra	103	21	124
2	Gujarat	58	12	70
3	Madhya Pradesh	42	8	50
4	Rajasthan	49	10	59
5	Goa	6	1	7
6	Dadra and Nagar Haveli	2	0	2
7	Daman and Diu	4	1	5
Total		264	53	317
South Zone				
8	Karnataka	57	11	69
9	Tamil Nadu	81	16	97
10	Kerala	43	9	52
11	Andhra Pradesh	39	8	47
12	Puducherry	5	1	6
13	Lakshadweep	0	0	0

Sl. No.	States	No of Field Enumerator	Field Supervisor (20% Field Checking)	Total
14	Andaman & Nicobar Islands	1	0	1
Total		226	45	271
North Zone				
15	Delhi	1	0	1
16	Punjab	41	8	49
17	Chandigarh	2	0	2
18	Himachal Pradesh	13	3	16
19	Haryana	47	9	56
20	Uttar Pradesh	82	16	98
21	Uttarakhand	15	3	18
22	Jammu & Kashmir	11	2	13
Total		211	42	253
East Zone				
23	Assam	10	2	12
24	Arunachal Pradesh	1	0	1
25	Bihar	10	2	12
26	Sikkim	1	0	1
27	Mizoram	1	0	1
28	West Bengal	41	8	49
29	Odisha	20	4	24
30	Jharkhand	12	2	14
31	Tripura	1	0	1
32	Nagaland	2	0	2
33	Manipur	4	1	5
34	Meghalaya	1	0	1
35	Chhattisgarh	8	2	10
Total		112	22	134

Note: 2 units per day for 25 days in a month upto 3 months.

18 General Instruction and Terms & Conditions

- (i) The initial project will likely to commence upto 3 years, subject to satisfactory performance of work of the Agency. O/o DC, MSME reserves the right to cancel the project at any stage without assigning any reason.
- (ii) **Earnest Money Deposit:** The bidders should furnish an Earnest Money Deposit (EMD) of Rs. 5,00,000/- (Rupees Five Lakhs only) by means of Demand Draft / Banker Cheque drawn on any Nationalized Bank / Scheduled Bank payable in favour of the **“PAO, MSME, New Delhi”**. The Demand Draft/Banker Cheque for the earnest money shall be put in the envelope for the Prequalification Bid as the technical and Commercial Bid would be opened only in respect of those bidders who qualify the prequalification criteria. The Tenders received without the EMD will be summarily rejected. In the case of successful bidders, the EMD will be adjusted towards the Performance Security to be payable on request. In case of unsuccessful bidders, the EMD will be refunded within a reasonable time. The amount remitted towards EMD is liable to be forfeited in the case the bidder resiles from his offer after submission of the tender or after the acceptance of the offer by O/o DC, MSME or fail to sign the contract or to remit the Security Deposit. No interest will be payable by the O/o DC, MSME on the EMD / remitted.
- (iii) **Performance Bank Guarantee (PBG):** The successful bidder shall at his own expense deposit with O/o DC, MSME, within fifteen (15) working days of the date of notice of award of the contract or prior to signing of the contract whichever is earlier, an unconditional and irrevocable Performance Bank Guarantee (PBG) from a Nationalized / Scheduled bank acceptable to O/o DC, MSME, payable on demand, for the due performance and fulfillment of the contract by the bidder.

This Performance Bank Guarantee (PBG) will be for an amount equivalent to 10% of the contract value for yearly cost which would be renewed every year. All incidental charges whatsoever such as premium, commission etc. with respect to the performance bank guarantee shall be borne by the bidder. The performance bank guarantee may be discharged/ returned by O/o DC, MSME upon being satisfied that there has been due performance of the obligations of the bidder under the contract. However, no interest shall be payable on the performance bank guarantee.
- (iv) Failing to execute the contract Agreement within the said period may result in termination of contract and award of the same to other agency/ agencies at the risk and

cost of the Agency.

- (v) The person to sign the contract agreement should be duly authorised to do so.
- (vi) The data, schedules, reports and other material used by the agencies during the conduction of the survey shall remain the property of the O/o DC, MSME. The Agencies will not be allowed to use this information in any forum, national or international, without the explicit permission given in writing by the O/o DC, MSME.
- (vii) **Termination for Insolvency:** The O/o DC, MSME may at any time terminate the Contract Agreement by giving a written notice to the Agency. Termination of contract will be without compensation to the Agency provided that such termination will not prejudice or affect any right of action or remedy which has accrued or will accrue thereafter to the O/o DC, MSME.
- (viii) The prospective Survey Agency(s) are allowed to bid for a maximum of three zones. However, each of the selected Survey Agency(s) would be allotted a maximum of two zones. The survey agency should invariably mention their order of preference for the various zones, they are bidding for. The specified preference would be taken into consideration while allotting the zones to the selected Survey Agency. However the final decision on allotment of a zone to the respective Survey agency remains the sole prerogative of O/o DC, MSME.
- (ix) In case errors in data are observed beyond the threshold limit during quality checks undertaken by O/o DC, MSME or the third party audit the Survey Agency would be required to revisit all the Units for verification of the information collected as an integral part of the survey.
- (x) Failure to comply with the quality control procedure will invite suitable penalties.
- (xi) Infrastructure support for Data entry shall be the responsibility of the Survey Agency.
- (xii) Continuance of the Core Team members for the entire project period is strongly desired in order to ensure effective execution of the project. However, to take care of unavoidable circumstances, the Survey agency should have appropriate clause in their contract agreement to bind the outgoing member of the core team for at least one month to ensure proper handover, training and handholding to the newly appointed resource. This should invariably be done with the concurrence of the O/o DC, MSME. In case of any attrition in the survey team, the agency would be required to ensure that the new staff is appropriately trained before putting them to the task. The training

and handover is to be monitored by the team leader and the status of completion for the same is to be reported to the O/o DC, MSME.

- (xiii) Cost of travel and stay of the officials from survey agencies for attending training/meeting will be responsibility of the Agency.

List of Annexures		
Annexure- 1	Annexure- 2	Annexure- 3
Annexure- 4	Annexure- 5	Annexure- 6
Annexure- 7	Annexure- 8	Annexure- 9
Annexure- 10	Annexure- 11	