

**REQUEST FOR EXPRESSIONS OF INTEREST
(CONSULTING SERVICES – FIRMS SELECTION)**

Assignment Title: Hiring of an Agency for Conducting a study on the role of MSDE to provide support for formalizing the informal sector through entrepreneurship promotion

Reference No.: EOI/RESEARCH/2017/0027

Date : 28.11.2017

1. The National Skill Development Corporation India (NSDC) is a Public Private Partnership which aims to promote skill development by catalysing the creation of large, high quality vocational institutions. Its mandate is also to enable a support system which focuses on quality assurance, information systems and train the trainer academies either directly or through partnerships. NSDC acts as a catalyst in skill development by providing funding to enterprises, companies and organizations that provide skill training. It also develops appropriate models to enhance, support and coordinate private sector initiatives. NSDC collaborates with multiple stakeholders, including in the international arena, in strengthening the skill development ecosystem through its focus on various areas including awareness building, capacity creation, assessment, certification, technical assistance, as well as domestic and overseas placements.
2. **Background:** Indian economy constitutes largely of informal sector. According to the estimates of National Commission for Enterprises in the Unorganized Sector (NCEUS), about 50 percent of the GDP was contributed by the informal sector in 2004-05, providing livelihoods to 86 percent of the 470 million workers in the country¹. Apart from agriculture, which is one of the major contributor to informal economy, manufacturing, construction and trade also contribute to this sector. According to ILO, most of the informal enterprises produce legal goods and services; even though they might not conform with procedural requirements such as

¹ Working Paper 2, 'Contribution of the Unorganized sector to GDP report of the Sub Committee of a NCEUS Task Force', June 2008

² Report, 'Transforming from the informal economy to the formal economy', Page 4, International Labour Conference, 103rd Session, 2014

³ UNCTAD Report, Trade and Development 2017, Page 10

registrations and compliances³. Therefore the informal sector poses a variety of different challenges which require targeted solutions. Today, the informal economy faces several fundamental challenges such as seasonal unemployment, absence of bargaining skills, lack of access to credit and inability to access government schemes and policies for growth.

Moving towards a formal economy is a tall task and Government has taken multiple initiatives towards the same such as the implementation of Goods and Services Tax (GST)⁴. In the short-term, these actions may have resulted in reduced cost competitiveness of firms in the informal sector owing to higher transaction and compliance costs. However, if provided with necessary support such as entrepreneurship training, access to markets, mentoring, and access to credit, it is likely that the informal enterprises could gradually move towards formalization with potential to generate employment and wealth.

3. **Provision of support through Entrepreneurship Promotion:** In 2002, ILO launched the ‘Decent Work Agenda’ providing seven key avenues towards formalization of an economy. One of the seven agenda points was - ‘Entrepreneurship, Skills, Finance, Management and Access to Markets’⁵. Given the spread of informal sector in India, which is marred with low productivity and poor wages, it is crucial to aim Government policies and programmes towards informal enterprises which can help the enterprises to move towards formalization⁶. Government has taken multiple initiatives in this direction, with several departments supporting entrepreneurship through one or more schemes. However, entrepreneurship support in its true sense does not get addressed in rural areas due to lack of access to these schemes⁷. To overcome these challenges, the Ministry of Skill Development and Entrepreneurship (MSDE) looks forward to work towards providing necessary growth support to informal enterprises to enable them to move towards formal sector and contribute positively to India’s growth story.

1. The insights generated from this report shall assist the Ministry of Skill Development and Entrepreneurship (MSDE) / NSDC.

⁴ Report, ‘Transforming from the informal economy to the formal economy’, International Labour Conference, 103rd Session, 2014

⁵ The informal economy and decent work: A policy resource guide: Supporting transitions to formality (Geneva, 2013), Brief 4C2.

⁶ Das, K. (2008), ‘SMEs in India: Issues and Possibilities in Times of Globalisation’, in Lim, H. (ed.), SME in Asia and Globalization, ERIA Research Project Report 2007-5, pp.69-97.

2. Provide insights / recommendations for MSDE's current arrangements agreements with external parties
3. The duration of the assignment is four months from the date of signing the contract. The draft Terms of Reference (TOR) is appended below.
4. The National Skill Development Corporation (NSDC) now invites eligible consulting firms ("Consultants") to indicate their interest in providing the Services. Interested Consultants should provide information demonstrating that they have the required qualifications and relevant experience to perform the Services. The short-listing criteria are:
 - a. The Agency must be a registered entity with the appropriate authority in India and in business for at least the last 5 years.
 - b. The agency should have an average annual turnover of at least INR 5 Crore from consulting and research activities in the last three financial years. (2014 – 2015, 2015 – 2016, 2016 – 2017).
 - c. The agency must be registered under Income Tax, PAN, GST and/or any other statutory authority required for this purpose.

Agencies are required to furnish the information as per the format given under Annexure - 1

5. Consulting firm may associate with other firms in the form of a joint venture or a sub-consultancy to enhance their technical qualifications. The "Association" may take the form of a joint venture (with joint and several liability) or of a sub-consultancy, and this should be stated clearly in the submission.
6. Consultant will be selected in accordance with the **Consultant Qualification based Selection (CQS) method** set out in the Consultant Guidelines.
7. Further information can be obtained at the address below during office hours 10:00 to 17:00 hours.
8. Expressions of interest must be delivered as one hard copy and electronic/soft copy either in USB drive or CD to the address below through registered post/speed post/ courier/ by Hand by **11th December 2017** ` **till 17:00 hrs.**

Manish Kumar, CEO & MD

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E- mail: procurement@nsdcindia.org

Format for Submission of Information to NSDC for Conducting a study on the role of MSDE to provide support for formalizing the informal sector through entrepreneurship promotion

Submission Requirements:

1. Consultant's Profile: The Agency must be a registered entity with the appropriate authority, and in business for at least last 5 years.									
		Name of the Organization:							
		Postal Address:							
		Telephone / Mobile no.							
		Fax/ E-mail/ Website:							
		Contact Person name and designation with contract details:							
		Date of establishment (DD/MM/YY):							
		Date and place of Registration:							
		Registration No (Copy to be enclosed):							
		Location of Head office:							
		Details of Branches if any:							
		Provide a brief description of the background of organization:							
		Any other information which the consultant wants to add.							
2. Financial Information {Please enclose financial statements of last three financial years}									
The agency should have an average annual turnover of at least INR 5 Crore from consulting and research activities in the last three financial years. i.e for financial year (2014-15, 2015-16 and 2016-17)			Provide the turnover on the basis of audited financial statement of the previous three financial years in Rupees. (enclose copies of audited financial statements)						
i. Consultant's Experience									
3. The agency should have relevant experience of having executed at least 5 research studies in public sector within the last 5 years. (<i>Work order/Purchase Order and Certificate of completion or any other relevant document as proof to be enclosed</i>). You may add more rows, if required.									
Sl. No	Name of the Project/ Assignment	Brief details of the Service provided	NSDC and count	Duration of Assignment in months			Value of Contract (in INR)	Whether contract closed or not	Please mention Page Number of the supporting document to be referred
				From {start date }	To {End date }	Total months			
4. The agency should have relevant experience of having executed research studies on entrepreneurship promotion (or other interventions aimed at creating (self-employment)). (<i>Work order/Purchase Order and Certificate of completion or any other relevant document as proof to be enclosed</i>)									
Sl. No	Name of	Brief	NSDC	Duration	of	Value	Whethe	Please	

	Project/Assignment	details of the Service provided	and country	Assignment in months			Contract (in INR)	contract closed or not	mention Page No of the supporting document to
				From {start date}	To {End date or ongoing}	Total months			
5. The agency should have relevant experience of having executing research studies on informal sector in India. <i>(Work order/Purchase Order and Certificate of completion or any other relevant document as proof to be enclosed). You may add more rows</i>									
Sl. No	Name of the Project/Assignment	Brief details of the Service provided	NSDC and country	Duration of Assignment in months			Value of Contract (in INR)	Whether contract closed or not	Please mention Page No of the supporting document to be referred
				From {start date}	To {end date or ongoing}	Total months			
6. The agency must be registered in India under Income Tax, PAN, GST and/or any other statutory authority required for this purpose. (attach copies of these registrations)									
7. The agency should not have been black listed by any Government Agency/Public Sector Undertaking/autonomous bodies. The agency will be required to submit an Affidavit to this effect as per the format provided overleaf as Annexure -II.									

(On the letter head of Firm)

Declaration

Date:.....

To whomsoever it may concern

I/We hereby solemnly take oath that I/We am/are authorized signatory in the firms/Agency/Institute/ Company and hereby declare that "Our firm/ Agency/ Institute/Company/Organization do not face any sanction or any pending disciplinary action from any authority against our firm/ Agency/ Institute/ Company /Organization or partners." Further, it is also certified that our firm has not been blacklisted by any government or any other donor/partner organization/World Bank.

In case of any further changes which effect of this declaration at a later date; we would inform NSDC accordingly.

Authorized Signatory
(with seal)

Firms will be evaluated based on the shortlisting and technical criteria as per EoI.

S. No.	Shortlisting Criteria	Maximum marks	Must Meet criteria
1	The Agency must be a registered entity with the appropriate authority in India and in business for at least the last 5 years.		Must Meet
2	The agency should have an average annual turnover of at least INR 5 Crore from consulting and research activities in the last three financial years. (2014 – 2015, 2015 – 2016, 2016-17).		Must Meet
3	The agency must be registered in India under Income Tax, PAN, GST and/or any other statutory authority required for this purpose.		Must Meet
4	The agency should not have been black listed by any Government Agency/Public Sector Undertaking/autonomous bodies. The agency will be required to submit an Affidavit to this effect.		Must Meet
5	The agency should have relevant experience of having executed at least 5 research studies in public sector within the last 5 years. The agency that provides evidence for maximum number of such studies shall score 20 marks.	20	
6	The agency should have relevant experience of having executed research studies on entrepreneurship promotion (or other interventions aimed at creating self-employment). The agency that provides evidence for maximum number of such studies shall score 40 marks.	40	
7	The agency should have relevant experience of executing research studies on informal sector in India. The agency that provides evidence for maximum number of such studies shall score 40 marks.	40	
	Total Marks for Experience	100	

Technical Evaluation:

Consultant will qualify, based on descending order of marks scored and 1 Consultant (highest scorer) will be shortlisted to issuance of the RFP.

National Skill Development Corporation

DRAFT TERMS OF REFERENCE

Project Title : **Conducting a study on the role of MSDE to provide support for formalizing the informal sector through entrepreneurship promotion**

Duration : 4 months

Assignment Type : Research Study

Background and Objectives

The National Skill Development Corporation India (NSDC) is a Public Private Partnership which aims to promote skill development by catalyzing the creation of large, high quality vocational institutions. Its mandate is also to enable a support system which focuses on quality assurance, information systems and train the trainer academies either directly or through partnerships. NSDC acts as a catalyst in skill development by providing funding to enterprises, companies and organizations that provide skill training. It also develops appropriate models to enhance, support and coordinate private sector initiatives. NSDC collaborates with multiple stakeholders, including in the international arena, in strengthening the skill development ecosystem through its focus on various areas including awareness building, capacity creation, assessment, certification, technical assistance, as well as domestic and overseas placements.

Objective of the Assignment

The key objectives of this assignment are as follows:

- a. To measure the ‘spread and depth’ of informal enterprises in India in terms of sectors, geographies and other relevant parameters. The study needs to understand the informal sector, highlighting the bottlenecks and proposing action points for MSDE, to incentivize and enable their movement towards formal sector.
- b. To consolidate information on multiple initiatives and construct one pragmatic framework for MSDE to provide support to entrepreneurs in the informal sector. This is expected to be performed by aligning the current initiatives taken by multiple ministries in informal sector and strengthening the existing support system through MSDE.
- c. To identify appropriate solutions (including technology integration) that support the movement of informal enterprises towards formalization through policy as well as funding support.

Scope of Work

In view of the above background and objectives, MSDE seeks to engage consultants to conduct the following tasks:

1. **Conduct a comprehensive study, through the existing databases (already commissioned studies, private reports etc.) to understand the informal sector**

a. Activities:

- i. Perform a literature review of the studies conducted in the informal sector aimed at formalization.
- ii. Study the current databases (national as well as state level) such as NCEUS, Economic Surveys, MOSPI, NSSO, data available with various relevant ministries and other available reports to provide an in-depth analysis on the extent of informal sector in India.
- iii. The analysis should cover the extent of informal sector across all states and union territories, providing a percentage break-up between formal and informal enterprises under each state and sector.
- iv. Map all the policies and support provided to informal sector by various stakeholders such as central and state ministries, large scale NGOs, social impact enterprises, private sector CSR activities, technology firms etc. and identify agencies which are carrying out the related ground level support and implementation activities.
- v. Review of case studies, working mode of private organizations, international best practices etc. to understand the challenges faced by micro-entrepreneurs, including gaps in terms of accessing government policies, formal/ informal training, access to capital, markets, mentoring and role played by technology platforms (if any) etc.
- vi. Prepare at least one case study identifying a country (comparable to India) where formalization of enterprises was successfully achieved. Specifically, various interventions that led to success need to be studied.

b. Outcome:

- i. To arrive at the estimation of the extent of informal sector in India and to provide a detailed classification of informal enterprises under various sectors and sub sectors across states and union territories.
- ii. Identification of priority sectors (based on relevant parameters like employment, economic contribution, inclusiveness, geography etc.) and states/departments/industry associations etc. for MSDE to focus its efforts on.

- iii. Identification of institutional bottlenecks and challenges (key issues) faced by micro-entrepreneurs, especially issues in terms of access to finance capital, infrastructure capital, knowledge capital etc.

2. **Identifying potential interventions and the role to be played by MSDE:** The results of the comprehensive desktop research must be discussed with a panel of experts in a ‘Stakeholder Workshop’ to identify key areas of interventions by MSDE to support formalization of the informal sector. The workshop will include representatives from stakeholders in the entrepreneurial space, such as enabling agencies and incubators, impact investors, NGOs, key sector experts, technology firms, financial institutions providing support to micro-enterprises in the informal sector and policy making bodies.

a. Activities:

- i. To develop a framework of approach based on possible synergies across the stakeholders in the ecosystem to inform policy at MSDE.
- ii. To conduct stakeholder workshops as well as individual interviews to discuss the results from the desktop research conducted.
- iii. To deliberate and discuss on actionable interventions that can be undertaken by MSDE to support the movement of informal sector to formal sector.

b. Outcome:

- i. Identify action points with the stakeholders to create a roadmap and guidelines for MSDE to provide necessary support (to enable movement of informal enterprises towards the formal sector by exploring various approaches and solutions). The workshop will explore the potential role of MSDE and the support it may provide to informal enterprises in terms of skills, training, access to markets and capital, mentoring, capacity building, and exploring disruptive digital technology solutions etc.
- ii. To provide a solution/working plan to align all schemes aimed at supporting the informal sector. This is to remove duplicity of efforts while increasing impact.
- iii. Build an operational framework for MSDE to implement the proposed solutions by clearly identifying mission, vision, due

diligence processes for partnerships, yearly plans, governance model, digital platform and support eco-systems (compliance handling, payment solutions, B2B, B2C and G2B networking etc.), convergence etc.

Note: The Consultants may be called upon to discuss progress in the project at regular intervals. NSDC reserves the right to review output and request changes in line with the scope, whenever required. The Consultants must allocate adequate resources and team members to ensure timely completion of the project.

Support provided by NSDC

For the purpose of this assignment, NSDC will provide the Consultants relevant support in stakeholder consultations. NSDC will also provide relevant inputs on aspects such as job role definitions, skills training and certification processes, the role of various institutions in standards development and placement, bilateral ties, state skill development missions, functioning of IISCs etc.

Special Terms & Conditions

Timeframe:

The duration of the assignment will be for a period of 4 months. The Consultants will deliver outputs according to the schedule in the table above.

Reporting:

For the purpose of this assignment, the Consultants will be reporting to the Managing Director & Chief Executive Officer, NSDC. For day-to-day reporting, the Consultants will engage with the relevant team at NSDC (as specified by NSDC).

S. No.	Type of Document	Reporting Format	Deliverables (illustrative)	Timelines
1.	Inception Report	One hard copy, one soft copy to be signed off by JS (MSDE)	Kick-off meeting, finalizing Approach and Methodology, governance structure, reporting formats	T+10 days
2.	Interim Report with Data Analysis using existing database	One hard copy, one soft copy to be signed off by JS (MSDE)	Analysis of secondary research and classification of informal enterprises, action plan to conduct stakeholder workshop	T+60 days

S. No.	Type of Document	Reporting Format	Deliverables (illustrative)	Timelines
3.	Draft Final Report	One hard copy, one soft copy to be signed off by JS (MSDE)	Prioritization of the action plan as per the operational framework/ stakeholder workshop findings	T+95 days
4.	Final Report	One hard copy, one soft copy to be signed off by JS (MSDE)	Finalization of the operational framework to be adopted by MSDE	T+120 days

Location:

The team allocated by the Consultants for this project will be based out of its own office. However, it should be available for meetings at regular intervals. These meetings must be attended by the Project Lead and other senior representatives, as per NSDC's requirements.

Credentials of the proposed team: The Consultants should have an adequate number of professionals and support staff for carrying out the assignment. The Consultants should allocate a project lead, subject matter experts, and a team of researchers to the assignment with expertise in designing, planning, and executing rigorous studies on public Sector, entrepreneurship promotion, informal sector in India:

List of key positions

Key experts

S. No.	Position	Skills Set
1.	Team Leader (1)	<ul style="list-style-type: none"> - At least 5 years of experience of working with government advisory. - Should have at least a master's degree in public policy/labour economics/any other relevant field. - Should have preferably conducted at least one sectoral study in India.
2.	Manager – Research & Strategy (1)	<ul style="list-style-type: none"> - At least 5 years of experience of working with Government advisory and preferably should have prior experience in project management. - Should have a master's degree in public policy/labour economics/any other relevant field. - Should have prior experience of conducting labour market or sectoral research studies.

Non-Key experts

S. No.	Position	Skills Set
1.	Research Consultant (2)	<ul style="list-style-type: none">- At least 3 years of experience of conducting quantitative and qualitative analysis.- Should be proficient with research tools such as STATA/SPSS/R
2.	Research Analyst (2)	<ul style="list-style-type: none">- 1-3 years of experience in working on similar studies.- Should be proficient with research tools such as STATA/SPSS/R

Required Qualifications and Experience:

- It must have adequate experience in similar projects, related to research study in public sector, research study on entrepreneurship promotion and research studies on informal sector in India.
- It should have adequate experience in conducting studies in diverse geographies, and must be able to highlight how it has addressed the challenges faced in different states.
- The Consultants must have the ability to deliver under strict timelines and be NSDC responsive.
- It must have adequate resources and team members to ensure timely completion of the project.

Confidentiality and Data Ownership:

All data collected under, and provided by the NSDC for, this assignment is solely the property of the NSDC and may only be used for purposes outlined in this assignment. These data may not be shared with anyone not explicitly approved in writing by the NSDC. They must be uploaded to any secure server designated by the NSDC, and the Consultants must adhere to any and all ethics and confidentiality protocols provided by the NSDC. All data collected for this assignment must be handed over to the NSDC by contract closure. Any publications using these data must be explicitly approved in writing by the NSDC prior to publication and the logo and name of the NSDC should be acknowledged in the publications.