

National Manufacturing Competitiveness Council

24th, June, 2009.

The matter for placing an advertisement in one of the national dailies (e.g. Times of India, New Delhi), **at an earliest date (say on or before 24th, June 2009.** for inviting bids/proposals to conduct a Study to Evolve a Comprehensive Fibre Policy for India for the NMCC is given in the box below. The NMCC has engaged the DAVP in an earlier occasion also, a copy of the same [davp 8029(12)06] is enclosed for perusal.

**GOVERNMENT OF INDIA
NATIONAL MANUFACTURING COMPETITIVENESS COUNCIL (NMCC)
(MINISTRY OF COMMERCE & INDUSTRY)
Vigyan Bhavan Annexe, New Delhi- 110011.**

Notice –Re-tender in suppression of our advertisement appeared in the Times of India on 14.09.2008, Inviting proposals for Undertaking a Study to Evolve Comprehensive Fibre Policy for India.

The National Manufacturing Competitiveness Council (NMCC), an apex autonomous body set up by the Government of India to provide inputs for policy making as well as to suggest and help and implement measures for enhancing the competitiveness of the Indian Manufacturing Industry, invites proposals from reputed consultancy organizations/research institutions having experience in undertaking similar studies in the area of Textiles and Garments to conduct a Study to Evolve Comprehensive Fibre Policy for the Textiles and Garments sector of India.

Interested organizations/institutions may send their Proposal with Technical and Financial bids separately in two sealed envelopes to be placed in another sealed cover along with the prescribed earnest money and as per other details required for the study proposal given at the NMCC's website: www.nmcc.nic.in addressed to Shri. Gaurav Dave,(Chief) Joint Secretary, NMCC, Room No.227, Vigyan Bhavan Annexe, New Delhi, with in 20 days from the release of this advertisement.

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File No. 3(3)/2007-NMCC
Government of India
National Manufacturing Competitiveness Council (NMCC)
(Ministry of Commerce & Industry)

Vigyan Bhawan Annexe, New Delhi-110011.
Dated: The 24th June, 2009.

Subject: Inviting Proposals for conducting a Study to evolve a Comprehensive Fibre Policy for the Textiles and Garments sector of India.

I. Background:

The National Manufacturing Competitiveness Council (NMCC), an Apex Autonomous Body set up under the Ministry of Commerce & Industry to provide a continuing forum for policy dialogue to energize and sustain the growth of manufacturing industries in India and to suggest various ways and means for enhancing the competitiveness of manufacturing sector including identification of manufacturing sectors which have potential for global competitiveness; current strengths and constraints of identified sectors, and recommend National level industry/sector specific policy initiatives as may be required for augmenting the growth of manufacturing sector. The NMCC invites Proposals from reputed consultancy organizations/research institutions as per subject/sector specific Terms of reference (ToR) given in the Annexure to entrust a Study to evolve a Comprehensive Fibre Policy for India. The detail of the study is as given below;

(a) Scope and Objective of the Study:

The Indian Textiles and Garments (T&G) sector has envisioned a long-term growth plan to attain a market size of US\$ 115 bn, an export target of US\$ 60 billion so that it can achieve a global market share of 9% (from the present share of 4 %) in 2011-12 by attaining an annual growth rate of 16%. But, the average annual growth rate recorded for Textiles sector as per the IIP (total textiles) data during the period 2004-05 to 2008-09 is only 6.49%. The average growth rates for import and export of yarns, fabrics and made-up during the same period have recorded 5.98% and 3.21% respectively. As per estimates, the projected additional requirement of fibre during 2011-12 is about 4,194 Million Kg. as compared to 2006-07. Thus, it is evident that there are intrinsic issues to be resolved in the fibre front for augmenting the value added segments of the entire textiles value chain. This needs to be viewed in the context of India being a significant player in the production, consumption and export of both natural and man-made textile fibres.

The Fibre economy (both natural and man-made fibre sector) of India requires special attention to achieve the envisioned growth of the Textiles and Garment sector. Our domestic fibre consumption ratio 60:40 between cotton and man-made fibres is in contrast to the 40:60 ratios prevailing worldwide. This situation may change both globally and also in India depending on a host of factors, including that of climate

change issues, which could alter the demand for cotton based cloths across the globe. Further, it is to be seen that, in the context of the evolving global and Indian (domestic) economic slowdown effect, what steps are to be taken in the Fibre Policy front in the medium to long-term period to achieve the envisioned higher growth of the T&G sector. The study needs to elaborate on the concerted interventions in policy areas for augmenting investment, support mechanisms both fiscal and non-fiscal front to attain the growth and competitiveness of this labour intensive manufacturing sector. The suggestions of the study need to spell out the mechanisms resulting in facilitating the required fibre availability so that the ambitious growth target for the T&G sector can be achieved in a consistent manner. Hence, it is imperative to have a long-term vision and a structured policy approach to the fibre sector so that the envisioned production targets across the textiles value chain can be attained. Accordingly, the third HLCM had suggested to formulate a Comprehensive Fibre Policy (natural and man-made) with an objective to provide a sustained growth of various fibre producing as well as the fibre consuming segments of the T&G sector. This is expected to provide the required impetus for the enhancing the growth and competitiveness of the important T&G sector of the country.

(b) Purpose of the Study:

Thus, it is proposed to be submitted that to arrive at a Comprehensive Fibre Policy a detailed study needs to be undertaken to examine the issues involved in devising the policy by looking into the various issues of inter-play in the domestic sector as well as the fibre situation in the competing countries. The purpose of the study is primarily to come up with the necessary inputs which would facilitate to evolve a Comprehensive Fibre Policy so that the above envisioned goals for the T&G sector can be attained without hindrances and delay. The policy is intended to provide the necessary balance between the initiatives of the producers and the benefits of the consumers prevailing across the various segments of the T&G sector. Further, to have a broader perspective to formulate the scope, approach and methodology to be adopted for a study, consultations have been held with the industry stakeholders and the Ministry of Textiles and the Deptt. of Chemicals & Petrochemicals. Thus, a detailed Terms of Reference (ToR) has been formulated and the proposed study is to be undertaken as per the detailed ToR as given in the Annexure.

(c) Approach & Methodology:

The approach of the study should be broad based to have detailed interaction with key players in the Textile industry and the decision makers to gather the necessary information by interacting with all the stakeholders concerned with the T&G sector which would help to evolve a Comprehensive Fibre Policy (CFP) and also formulate a roadmap for facilitating the growth of the Technical Textiles sector, an emerging potential Textiles segment. In this the key Ministries viz. the Ministry of Agriculture (Cotton & Jute), Ministry of Chemicals and Fertilizers (Man-made Fibres) and the Ministry of Textiles (processing & distribution) play important roles. To meet the objective the study should proceed by examining the inter-play between the demand and supply mechanisms in terms of industry parameters like imports, exports, domestic production, price, tariff and incentive issues, and factors determining the flow of investments for production of adequate fibre in the natural based as well as from the man-made

segments, both in the immediate future and also with a long-term view. The detailed methodology to be adopted is given in the ToR(Annexure).

(d) Recommendations of the Study:

The study is being undertaken with the sole purpose to provide the necessary input to formulate a comprehensive fibre policy. Thus the recommendations of the study would be formulated such a way that it would help to arrive at a medium to long-term policy instruments and intelligent inputs which could facilitate to strengthen various mechanisms to ensure the availability of the raw materials like cotton, man-made fibre etc. at affordable price, and ascertain the investment and other instruments required for meeting the required growth rates in various segments of the textiles value chain in the medium to long-term period.

II. Submission of Bids

Bids/proposals are invited from reputed consultancy organizations and research institutions. The bids are to be submitted in two parts under:

i. Technical bid consisting of all the technical details along with commercial terms and conditions covering the following specifications:

(A). The technical bid should be submitted with the details of the approach and methodology for undertaking the study and the task-wise activities to be undertaken as per the terms of reference (TOR) for the study as given in the Annexure.

(B). Criteria for evaluation of the firms:

1. The consultants shall be short listed based on defined criteria which inter-alia include past experience of handling similar type of studies, strength of their manpower and financial strength of the consultancy firms. They will be evaluated/assessed on the criteria by following the procedure suggested by the Ministry of Finance, Department of Expenditure entitled 'Manual of Policies and Procedure of Employment of Consultants' (August 31, 2006), specifically on chapter 3, 'Selection of Consultants' on para 3.12 viz. cost evaluation under combined quality-cum-cost based system (CQCCBS) will be followed. The criteria include:

- i. General Criteria
 - ii. Organizational structure and constitution;
 - iii. Core business and duration of business;
 - iv. Technical and managerial capability of the firm;
 - v. Performance record of the last five years;
 - vi. Methodology and work programme for the proposed assignments;
 - vii. Experience in the field of assignment and qualification of key team members to be deployed in the work (full time & part time separately);
 - viii. Likely time period indicated to complete and submit the report for each sector/subject.
2. The consultancy firm's proposal will be evaluated by the NMCC's Consultancy Evaluation Committee, (CEC) based on the laid out criteria as elaborated in the above mentioned document of the Ministry of Finance.

3. In the evaluation/short listing of consultants, in a first stage the technical proposals will be evaluated on the basis of the past experience of the key person and applicant in handling similar types of studies, strength of their manpower and financial strength of the consultancy firm. Scores to the response of each consultant based on weightages assigned to each of the criteria in this document viz. past experience of the firm (60%), experience of key personnel (25%) and financial strength of the firm (15%). The short listing of the consultants will be based on securing the minimum required marks (normally 50%), in the technical evaluation of document. Only those applicants whose technical proposal score 50 marks or more out of 100 shall qualify for further consideration, and shall be ranked from the highest to the lowest on the basis of their technical score (St). The scoring criteria to be used for evaluation shall be based on the following three broad areas and the details are as follows:

- **Of the past experience of the firm (60%),** the further details within this aspect will be as follows; Firm's relevant years of experience(30%), past experience of studies of similar nature (70%), marks shall be awarded for the number and quality of relevant consultancy assignments undertaken by the applicant firm in the area of textiles and garments sector concerning.
- **Under the experience of key personnel (25%),** the further detailed weightages will be 30% for qualifications and 70% for their relevant experience.
- **Under the financial strength of the firm (15%),** the further breakup will be turn over figure for last three years (50%) and net profit figure for last three years (50%)

In the second stage, the Financial evaluation will be carried out and each financial proposal will be assigned a financial score (Sf). The lowest financial proposal(Fm) will be given a financial score of 100 points. The financial scores of other proposals will be computed based on the formula $Sf=100 \times Fm/F$. (F=amount of financial proposal).

- The technical and financial scores will be combined with their respective weights viz. 0.70 and 0.30, to arrive at the final score.
- The highest combined score applicant/firm will be ranked first and will be invited for awarding the study. The second ranked applicant shall be kept in reserve in case the first ranked applicant withdraws, or fails to comply with the requirements, as the case may be.

4. The NMCC will NOT reimburse any of the expenses incurred by the Agency/firm towards preparation of the proposal/document, traveling cost, boarding and lodging incurred for attending any pre-bid/bid meeting or visiting the Council's Office for making the presentation. The NMCC shall, in NO case, be responsible or liable for any such costs whatsoever, regardless of the outcome of the process.

5. The NMCC reserves the sole right to accept or reject any or all bids without assigning any reason therefore. NMCC at its discretion may invite any or all the bidders for discussion with a view to sort out any minor inconsistencies and seek clarification on both technical and financial aspects of the bids. Names and short CVs of the full time & part time researchers, including field of specialization of each of the proposed key personal to be deployed on the assignment (the CVs would need to be backed written commitment of the person of availability of his service). The CVs must be accurate,

complete and signed by an authorized official of the consultant/consulting firm and the individual proposed. Methodology - A detailed plan indicating how the firm proposes to carry out study in the specific segment/subject/area. The Plan shall include the rationale behind the intended methodology.

(C). Time Schedule & Report Submission

1. The final report of the study is to be completed within 3 to 4 months(apprx.) time from the award of work (extendable by the NMCC at its discretion depending upon the requirements/justification). The following schedule needs to be adhered for the report submission:

- (i) By the end of one month of the award of the study the party shall make a presentation of the inception report of the study to the NMCC.
- (ii) The first draft report of the study shall be submitted to the NMCC within one month of the inception report presentation of the study after taking note of the points raised during the draft report presentation an interim draft report will be presented within 15 days to the NMCC.
- (iii) The final report shall be submitted within one month by incorporating the all the comments from the NMCC on the interim Report. The Final Report of the study will be submitted to the NMCC in 50(fifty) Hard copies and a soft (in CD) copy.

Note: For any delay on the part of the consultant accrual charges applicable as mentioned in the item V Penal Clause will be applicable.

ii. Financial bid indicating task-wise price for the tasks mentioned in the technical bid with full details/instructions.

1. The technical bid and the financial bid should be sealed by the bidder in separate covers duly superscribed and both these sealed covers to be put in a bigger cover which should also be sealed and duly super scribed. The sealed bids should be submitted to Shri Gaurav Dave, Chief (Joint Secretary), NMCC, Room No. 227, Vigyan Bhavan Annexe, New Delhi - 110011 within 20 days of releasing this advt. along with refundable earnest money of Rs. 20,000 (Rupees Twenty Thousand Only) by way of demand draft drawn in favour of DDO, NMCC, New Delhi payable at New Delhi.

II. Period of validity of Bids

Bid shall remain valid for a period of not less than three months after the deadline date for bid submission. A bid valid for a shorter period shall be rejected by the Council as non-responsive. The Council may request the bidder to extend the period of validity for a specified additional period in exceptional circumstances. During this time/period the Bidders will maintain without change, the personnel proposed for the assignment and the proposed price.

IV. The payment schedule of the study will be as follows:

- 10% of the total cost of the study on signing up (startup cost)
- 20% after submission of inception report and its approval by the NMCC.
- 40% on submission of draft report
- 30% on submission of final report and its acceptance by the NMCC.

V. Penal Clause:

The penal clause for the delay in completion of services will be applicable. For any delay in submission of the Report a penalty @ 0.2% per day of the total cost of the study subject to a maximum of 10% (ten percent) of the contract value bill will be applicable and shall be recovered by appropriation from the performance security or otherwise. However, in case of delay due to reasons beyond the control of the Consultants, suitable extension of time shall be granted. Further, in the case of any legal dispute, it needs to be settled in the Court at Delhi only.

VI. Earnest Money Deposit

The Earnest Money Deposit (EMD) of Rs. 20,000/- as indicated in the Notice Inviting Tender should accompany the technical bid by Demand Draft drawn in favour of DDO, NMCC, New Delhi and payable at New Delhi. The EMD would be forfeited if the bidder withdraws his bid during the validity period. The details about the mandate/outreach of the NMCC, National Manufacturing Strategy Paper prepared and sectors covered for analysis/study by the Council are available at its website: <http://www.nmcc.nic.in>

Shri Gaurav Dave,
Chief (Joint Secretary)

Terms of Reference (ToR)

Study to evolve a Comprehensive Fibre Policy for India

1. Scope and Objective of the Study

The Indian Textiles and Garments(T&G) industry has set a target growth rate of 16% per annum to attain an ambitious market size of US\$ 115 billion(US\$ 60 bn. export) by 2011-12. This can be achieved, provided, one of the key inputs, the availability of raw materials, is given at every value chain segments of the industry. The prevailing fibre consumption pattern, both Global and Indian, could change, with factors influencing them in a dynamic situation. These factors, which include both economic and others, for instance, the climate change issues. Thus, could preferably alter the demand for cotton based cloths across the globe. Further, it is to be seen that, in the context of the evolving global and Indian(domestic) economic slowdown effect, what steps are to be taken in the Fibre Policy front in the medium and long-term periods to achieve the envisioned higher growth of the T&G sector. Thus, the broad objective of this study is to gather and arrive at the necessary policy inputs to facilitate for evolving a Comprehensive Fibre Policy for India, which would help to enhance the growth and competitiveness of the T&G sector.

Thus, the study needs to elaborate on the concerted interventions in policy areas for augmenting investment, support mechanisms both fiscal and non-fiscal front to attain the growth and competitiveness of this labour intensive manufacturing sector. The suggestions of the study need to be specific on the mechanisms to be rolled out facilitating the required fibre availability, quality of fibre, technical and technology inputs for generating high quality fibre etc so that the ambitious growth target for the T&G sector can be achieved in a consistent manner. Hence, the study need to spell out the various inputs which would help to evolve a long-term vision and a structured policy approach to the fibre sector as a whole to attain the envisioned production and growth targets across the textiles value chain.

2. Coverage of the study

The emerging Fibre economy(Global & domestic) has been influenced by various factors including economic and structural issues of the sector. Hence, a study on the Fibre policy need to encompass the various actors like global demand, price, domestic supply, agro-climatic factors affecting the natural fibres, technological and innovation, oil futures etc. Accordingly, the proposed study should cover both the economic and structural issues related to the main fibre raw materials like Cotton and Man-made fibres such as polyester staple fibre, polyester filaments, viscose staple fibre, viscose filaments, acrylic staple fibre, synthetic fibre raw material(intermediate/building blocks) and acrylic filaments and like silk, wool, jute and nylon and analyze the inter-play of various issues intrinsic to the sector. The study need to focus on the inter-play between the production and consumption of various fibres in India and abroad. The study should specifically examine;

- Demand and Consumption pattern of various Fibres in the major textile consuming countries like USA, EU Members, China(PR), India, Pakistan, Japan,

Turkey, etc in the past(5 years) and in future(in different phases say next 5 year & 10 year period).

- **Supply side issues** related to various Fibre/raw material in international market such as;
 - (a) Issues on acreage, yield, and substitution by competing crops, prices, impact of bio-technological varieties of seeds on acreage / production w.r.t. Cotton.
 - (b) Petrofed allocation - production, sustainability, technological(especially the technology upgradation needs of synthetic fibre/yarn units) and price related issues in the case of MMF / MMFY.
 - (c) Issues related bio-products like viscose, synthetic fibre raw material (intermediate/building blocks) & jute.
 - (d) Issues related to environmental impacts.
- Changes required/mechanism to be evolved to align Indian Production vis-a-vis Consumption patterns of various Fibres with the demand trends projected for the next 10 years in terms of;
 - Fiscal & Non-Fiscal Policy issues
 - Exim Policy & FTA, RTA related issues
 - WTO related policy issues
 - Synchronization with other policies and missions viz. Technology Mission on Cotton, Technical Textiles Mission and Industrial Policy, Trade Policy, Technology Policy & Innovation Policy.
 - Incentives.
- Projection of future production trends of various type of fibre used in Technical textiles etc. in India as well as select competing countries e.g. China, India, Pakistan, South Korea, Indonesia, and Thailand during the next 10 years.
- Fibre application/consumption for Technical Textiles and its projected growth.
- Estimation of additional production of fibres and the Investment required meeting the same in the domestic textile industry during the next 10 years.
- Issues and problems specifically relating to the fibre producing units and consuming patterns in India with reference to a select major producers and consumers of various fibres in the domestic market.
- Documentation and analysis of the Fibre policy instruments prevalent in major textile producing countries like US, China, India, Bangladesh, Pakistan, Vietnam, Indonesia, Sri Lanka, Turkey.
- Innovation and R&D position in Fibre and Fibre related areas in select Competing countries.

3. **Approach & Methodology:**

The study would gather the necessary information inputs from the various stakeholders of the T&G Sector and derive the mechanism which will elaborate ways and means to evolve a Comprehensive Fibre Policy (CFP) and formulate a roadmap for facilitating the growth of the Technical Textiles sector. The study would examine the inter-play between the demand and supply mechanisms in terms of industry parameters like imports, domestic production, and flow of investments for production of adequate fibre in the natural based as well as from the man-made segments, both in the immediate future and also with a long-term view.

The study would also look into in detail the following aspects;

- Customs duty pattern on all fibres.
- Excise duty pattern on all manmade fibres and their intermediaries.
- Issues on Production, export, and use of all fibres
- Availability of the required quantity of fibre at competitive price for the domestic sector.
- Encouraging augmentation of the use of man made fibre, fibres for technical textiles etc. in value added textile products for the export market.
- Fibre Quality and Prices:
 - The cotton exports policy.
 - The cost of production issues of the manmade fibre.
- The issues involved in the availability/installed capacity of the key raw materials in the domestic as well as in the competing countries in the T&G sector viz. (i)Cotton, (ii)Man-made polyester staple fibre, (iii)Man-made polyester filament, (iv)Viscose staple fibre & Viscose filament, (v)Acrylic staple fibre and Acrylic filaments, (vi) Silk, (vii)Jute and (viii)Nylon and (ix) wool.
- A critical review and analysis of the fiscal (Exim) policy, the Trade policy and incentive mechanisms to be put in place from time to time(in a dynamic outlook) so that it will facilitate for the fibre availability on a medium to long time basis considering the fiscal regime in the Asian region.

4. Deliverables:

(i) Inception Report

An inception report presentation detailing the plan of action, parameters to be tracked and list of organizations and other stakeholders(respondents) planned for primary survey contact is to be made to the NMCC within one month from the award of the study by the selected firm/organization. The selected firm will have to enter into an MOU/agreement with the NMCC as per the prescribed format for undertaking the study.

(ii). Draft & Final Report

The study report would delineate and elaborate the specificities to arrive a comprehensive fibre policy. Its recommendations should specify the initiatives and action to be taken in various segments of the textiles and garments sector so that a comprehensive Fibre Policy can be evolved. The report should also help to arrive at a medium to long-term policy instruments which would facilitate to strengthen various mechanisms to ensure the availability of the raw materials at affordable price, and ascertain the investment and other instruments for meeting the required growth rates in various segments of the textiles value chain. The report document and its content will be the sole property of the NMCC. Prior permission of the NMCC needs to be taken for printing of the report.

5. The payment schedule of the study will be as follows:

- 10% of the total cost of the study on signing up (startup cost)
- 20% after submission of inception report and its approval by the NMCC.
- 40% on submission of draft report
- 30% on submission of final report and its acceptance by the NMCC.

6. Penal Clause: The penal clause for the delay in completion of services will be applicable as mentioned in the item V above of this document.