

CONCEPT NOTE
FOR
SETTING UP
THE CONSULTANCY SERVICES ORGANISATION

September, 2011



Ministry of Statistics and Programme Implementation
Central Statistics office
Sardar Patel Bhawan
New Delhi

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PREFACE


The National Statistical Commission-2001 had made a recommendation *inter-alia* for setting up a Consultancy Services Wing under the Ministry of Statistics and Programme Implementation [MOSPI] to cater to the increasing demand for professional statistical services, especially within the Government. To implement the recommendation and keeping in view the requirements of developing a database of survey capabilities of private agencies and establishment of a consultancy wing, a study entitled “Assessment of Survey Capabilities of Private Sector” was assigned to the Indian Agricultural Statistics Research Institute (IASRI), New Delhi. The main objectives of the study were; to gather information on private organizations/ agencies engaged in undertaking statistical surveys and studies, to assess the survey capabilities of such agencies and to prepare project document for setting up the Consultancy Wing.

2. To discuss and decide on the necessity and/or utility of establishment of a Consultancy Wing in the Ministry of Statistics and Programme Implementation, Government of India, a Steering Committee was constituted under the chairpersonship of Secretary (MOS&PI). The said Steering Committee concluded, after detailed and due deliberation that there is a necessity and also utility to have a Consultancy Services establishment in MOSPI. The institutional form of this wing was to be examined by a sub-group constituted suitably. This sub-group may also examine the details of the report of the feasibility study undertaken by Indian Agricultural Statistical Research Institute [IASRI] and formulate a strategic action plan, along with the identification of actionable points including the budget lines for setting up of the Consultancy Services Wing. Consequent to the decision of the Steering Committee, a Sub-Group was constituted for the purpose under the chairpersonship of Director General, Central Statistics Office (CSO).

3. The Sub-Group after discussing the matter in detail in its two meetings during January, 2011 and July 2011 finalized this concept note. The concept note covers all the contours of the proposed institutional form of the Consultancy Wing to be established under the aegis of the MOSPI.

4. The comments received on the draft Concept Note, circulated earlier for the purpose among the Members of the Sub-Group, have been appended to the Report (Annexure-VIII) and these comments have been duly incorporated into the Concept Note in an appropriate manner.

5. I place on record my sincere thanks for the significant contributions made by some distinguished professionals in the preparation of this concept note; particularly, Shri Ramesh Kolli, former, Additional Director General (CSO), Shri Ashish Kumar, ADG(NAD), CSO, Shri TV Raman, DDG(ISSP), Dr. Rattan Chand, Chief Director, Ministry of Health & Family Welfare, Shri Pravin Srivastava, DDG, RO, NSSO(FOD), Bhopal and Shri Vinay Gupta, Company Secretary, IMacs. I also thank the Ministries/ Departments/Organizations who have provided input for the preparation of the concept note. Last but not the least, I place on record my deep and heartfelt appreciation for the excellent, creative and painstaking work done by Shri Inderjeet Singh, Deputy Director General with the assistance of Shri MP Diwakar, Asstt. Director, Social Statistics Division, under the overall guidance of Smt. S. Jeya lakshmi, Additional Director General, in bringing out this comprehensive concept note in commendable manner.


(S. K. Das)
DG, CSO

Abbreviation & Acronym

-O-

ADB:	Asian Development Bank
BSLLD:	Basic Statistics for Local Level Development
CAG:	Comptroller and Auditor General of India
CCEA:	Cabinet Committee on Economic Affairs
CEO:	Chief Executive Officer
CMD:	Chairman-cum-Managing Director
CSO:	Central Statistics Office
CSR:	Corporate Social Responsibility
CSW:	Consultancy Services Wing
CW:	Consultancy Wing
DGE&T:	Director General Employment & Training
DPR:	Detailed Project Report
GM:	General Manager
IASRI:	Indian Agricultural Statistics Research Institute
IFD:	Internal Finance Division
ILO:	International Labour Organisation
IMaCS:	ICRA Management Consulting Services Limited
IPR:	Intellectual Property Rights
ISCS:	India Statistical Consultancy Services Limited
MOSPI:	Ministry of Statistics and Programme Implementation
MSSRF:	MS Swaminathan Research Foundation
NAD:	National Accounts Division

NASA:	National Academy of Statistical Administration
NICSI:	National Informatics Centre Services Incorporation
NSC:	National Statistical Commission
NSSO:	National Sample Survey Office
NTPC:	National Thermal Power Corporation
PI:	Programme implementation
PIB:	Public Investment Board
PPP:	Public Private Partnership
UTES:	Rail India Technical and Economic Services Limited
SAARC:	South Asian Association for Regional Cooperation
SSD:	Social Statistics Division
TOR:	Terms of Reference
UNSD:	United Nations Statistics Division
WAPCOS:	Water and Power Consultancy Services (India) Limited
WHO:	World Health Organisation

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CONCEPT NOTE FOR SETTING UP THE CONSULTANCY SERVICES ORGANISATION

1. INTRODUCTION

1.1 The National Sample Survey Office (NSSO) in India is primarily responsible for conducting nationwide surveys on subjects of national importance. NSSO has been conducting multi-subject integrated sample surveys all over the country in the form of successive rounds relating to various aspects of social, economic, demographic, industrial and agricultural statistics. In order to strike a balance between the urgent need for the data on wide variety of topics and the constraint of the limited resources, both financial and others, the NSS from its very inception has been following a multi-subject integrated survey system. In this system several subjects of enquiry, not necessarily closely related, are simultaneously taken up in a single survey operation to optimise the use of resources, to effect economy and operational convenience and also to achieve better analysis of the survey results.

1.2. But due to the changing global scenario, increasing entrepreneurial competitiveness and Intellectual Property Rights (IPR) related issues, the need for securing information, related to various areas of national and regional importance especially the emerging areas in the service sector like Information Technology, Communications, Entertainment etc., has increased manifold. The NSSO may not be in a position to take up additional surveys due to non-availability of adequate manpower and its already ongoing survey programmes. Further, several private organizations/ NGOs/ agencies have come up on the national scene which are capable of carrying out surveys of various kinds in the country. In this context, the Ministry of Statistics and Programme Implementation, Government of India is considering the possibility of making use of the survey expertise available with the private sector for conduct of sample surveys in the emerging areas of national importance (a sort of Public Private Partnership). There was no database available with the Government on the survey capabilities of the private sector. Moreover, the need was felt to develop a mechanism which could cater to the increasing demand for professional statistical services, especially within the Government. In view of the requirements of developing a database of survey capabilities of private agencies and establishment of a consultancy wing, the study entitled “Assessment of Survey Capabilities of Private Sector” was assigned to the Indian Agricultural Statistics Research Institute (IASRI), New Delhi with the objectives;

- To gather information on private organizations/ agencies engaged in undertaking statistical surveys and studies,
- To assess the survey capabilities of such agencies,

- To develop a classified database of such agencies,
- To suggest structure and functions of a Consultancy Wing to be set up by MOS&PI with linkages to the private sector, and
- To prepare a project document for setting up the Consultancy Wing.

1.3 The study commenced from 22nd August, 2005. The Ministry received the report in two parts by April, 2007;

Part –I: Analytical Report on Survey Capabilities of Private Agencies and
Part-II: Project Document for Setting up the Consultancy Wing.

2. FINDINGS OF THE REPORTS

PART –I: ANALYTICAL REPORT ON SURVEY CAPABILITIES OF PRIVATE AGENCIES

2.1 The primary purpose of the study was to examine whether or not surveys were properly designed by the private agencies, how efficiently the surveys were conducted by these agencies to collect quality data by optimum utilization of resources, whether or not modern tools like computers, statistical packages were used for data processing, the quality of manpower and infrastructure available with the agencies and the experience and expertise of the agencies.

2.2 The analytical report contains information on 109 responding agencies. Besides, a list of four research organizations having proven survey capabilities is also provided. The analytical report provides indicator wise information on the responding agencies as also detailed information on agencies having capacity to carry out surveys up to the National/Regional/State level.

2.3 The **main findings** of the study indicate that although majority of states of India and Union territories are covered by way of headquarters and branches of the responding agencies, some states like Tripura, Mizoram, Sikkim and Himachal Pradesh do not have either the headquarter or the branches of any of the agencies. Similarly, Union territories like Andaman & Nicobar, Daman & Diu, Dadra & Nagar Haveli, Pondicherry and Lakshadweep do not have representation by way of headquarter as well as branch office of any agency.

- Out of the 109 responding agencies, there are 74 agencies which have reported that they have the capacity to conduct surveys at the national level, 24 agencies reported capacity to conduct surveys at the state level, 9 reported capacity to conduct surveys at the district level and only 2 at the local level.

- There are 46 agencies having completed projects covering 1 to 4 states, 15 agencies have completed projects covering 5 to 9 states. Only 8 agencies have completed projects covering 15 or more than 15 states.
- Out of the 109 responding agencies only 44 compute standard errors, 40 agencies prepare instruction manual, 57 agencies use optimum field man supervisor ratio and 45 agencies have executed projects funded through international agencies.
- As many as 97 agencies have the capacity to carry out complete survey and 63 agencies do not have any branch office. Only 9 agencies have less than 3 years experience and 38 have more than 15 years experience.
- Of the 109 responding agencies 55 agencies have at least one economist, 54 have at least one Statistician, 53 have at least one IT Specialist and 84 agencies have at least one Subject Matter Specialist. Similarly, 40 agencies have at least one Field Investigator and 54 agencies have at least one Field Supervisor.
- Majority of the responding agencies have completed projects in socio-economic surveys. The number of such agencies was 78. Similarly, 40 agencies have completed projects in the area of agriculture. Only 2 agencies completed projects in the price sector. None of the agencies completed projects in the trade sector. Delhi leads in all the areas of specialization in terms of number of agencies.
- Majority of the responding agencies have total score falling in the range 40 to 60, whereas only 2 agencies have total score falling in the range 80 to 100. 11 agencies have total score falling in the range 0 to 20. Only 17 agencies have total score greater than or equal to 60.

*(On the recommendation of task force on the study, criteria for assessment of survey capabilities of the private agencies were devised. Broadly, five indicators were proposed for the assessment of survey capabilities of the agencies. These were: projects handled in the past, manpower, infrastructure available with the agencies, experience and expertise of the agencies and annual turn-over on survey activities. Depending upon the importance of these five indicators, weights were assigned accordingly. **The total score of each of the agencies was the weighted sum of these five indicator scores.**)*

PART-II: PROJECT DOCUMENT FOR SETTING UP THE CONSULTANCY WING

2.4 The primary purpose of the study was to examine and to suggest structure and functions of a Consultancy Wing to be set up by MOS&PI with linkages to the private sector and to prepare a project document for setting up the Consultancy Wing. IASRI, the consultant, studied 7 main organizations, out of which 2 are in

Private Sector i.e. National Informatics Centre Services Incorporated (**NICSI**), Water and Power Consultancy Services (India) Limited (**WAPCOS**), Rail India Technical and Economic Services Limited (**RITES**), IRCON International Ltd., MS Swaminathan Research Foundation (**MSSRF**), FRACTAL (A leading provider of advanced analytics services that help retail financial, banking and telecommunication institutions) and National Thermal Power Corporation (**NTPC**) Limited, while preparing the report.

2.4.1 The project report evaluates the advantages and disadvantages of working in different systems like Government, Autonomous and Private Sector. Taking advantages and disadvantages of different working systems into consideration, the structure and functions of the Consultancy Wing are proposed as under:

- The Consultancy Wing may be established as a Company under Companies Act, 1956 or Section 25 of the Companies Act, 1956.
- The name of the Consultancy Wing may be India Statistical Consultancy Services (ISCS)/ India Statistical Consultancy Services Limited (ISCS).
- The Registered Office of this Company may be situated in the National Capital Region of Delhi.
- The affairs of the company shall be managed by a Board of Directors. The number of Directors shall be between 8 to 10. The number of Directors can be increased up to 12 with the approval of the Annual General Meeting but beyond 12, the approval of the Central Government is required.
- The Board of Directors will have a administrative person (not below the rank of Joint Secretary), 6-8 technocrats. A person having specialization in finance and working in the Government will be the Ex-Officio Director of the Company.
- Out of 6-8 technocrats in the Board of Directors, 4-5 will be from the MOS&PI. The remaining technocrats may be drawn from reputed research organization in Statistics/Economics in India/ similar consultancy companies in other Ministries of the Government of India.

2.4.2 The company shall start with a corpus fund to be provided by the CSO, Ministry of Statistics and Programme Implementation for a period of five years. The total amount of corpus fund shall be ` 2500.00 lakhs. This fund will be used in meeting the core expenditure. With time, it is expected that it will increase its corpus and develop into a self sustaining entity capable of managing its affairs, including finance, independently.

2.4.3 The head of the ISCS may be designated as Chief Executive Officer (CEO)/ Chairman-cum-Managing Director (CMD). The ISCS will have three General

Managers (GM) i.e. one each for Statistical Surveys, Economic analysis and Data Analysis Divisions. The Statistical Survey Division will consist of 5-6 officers (Area Managers) from different sectors such as Agriculture, Industries, Socio-economic, Population and Health, Finance and Service Sectors as necessary. The Economic Analysis and Data Analysis groups could have 2-3 officers each covering the areas of importance. These groups should be adequately supported by technical/professional staff. An expert in IT should be a part of this set up. There will be an administrative cum finance unit to support this organization. Besides, there shall be a regular company secretary in the company.

2.4.5 The professional staff of the ISCS may be drawn from the Cadre of the Indian Statistical Service and/or Research/Academic Institutions on tenure/deputation basis initially for a period of three years. The salaries/complete salaries package of the staff of ISCS will be governed by deputation rules.

2.4.6 The primary functions of the ISCS would be to undertake methodological development works, model building type of studies, award and monitor studies to the meritorious private survey agencies and strengthening of the Indian Statistical System through involvement of the private agencies in conduct of studies of national importance. The Company will function as an effective inter-face between Government survey demand and execution of work by private survey agencies. It will sanction funds for different studies. Simultaneously, request for expression of interest, placing tenders, requirement analysis and preparing documents for sanction of funds will be the responsibility of the Company. It may also look into the aspect of capacity building of statistical staff of Government as also private agencies on specific requests.

3. NATIONAL STATISTICAL COMMISSION RECOMMENDATIONS

3.1 The National Statistical Commission (NSC)*, set up by the Govt. of India to restructure the Indian Statistical System so that the system functions in a coordinated manner and the public trust in quality of statistics generated through the system remains undiluted. Therefore, the need was felt for setting up a Consultancy Wing (CW) to cater the increasing demand of surveys etc. The views of the NSC in this regard are reproduced as below: -

“The Consultancy Wing would cater to increasing demand for professional statistical services, especially within the government. Presently this demand is being partially catered to by private agencies whose competence could be questionable. It is understood that some Central and State Government Departments have been incurring an annual expenditure of the order of few hundred crores of Rupees on account of outsource studies, surveys and consultancy work. The Consultancy Wing will aim to cater to the increasing demand for investigations and studies of a

*(National Statistical Commission Report (2001). Central Statistical Office, Ministry of Statistics and Program Implementation, recommendation No.14.5.18 to 14.5.20)

statistical nature and provide related professional statistical services that cannot be accommodative in the existing arrangements with in the government. This wing would essentially function as an autonomous body and aim to be the commercial being for professional statistical activities. In its nascent stage it will be nurtured by the NSO, before it hives off as an independent corporate entity outside the government.

To start with, it may undertake projects from Governmental and International agencies regarding data collection, processing, analysis and report generating through sample surveys or other means of topics assigned to it. It could also take-up consultancy services relating to statistical problems including methodological studies and model building. It would carry out detailed analytical reporting, consultancy (both national and international) and compete in the consultancy market on commercial terms. Some of the activities include methodological studies, surveys, macro-econometric modeling and forecasting and consultancy to the State Governments. It will adhere to the appropriate statistical standards and methodology. The Consultancy Wing would be free to hire skilled personnel for project-specific work including officers of the Indian Statistical Service on deputation. This being a new activity, the Commission recommends that the organizational structure for it should evolve along with the growth of its activities.”

4. STEERING COMMITTEE ON SETTING UP OF CONSULTANCY SERVICES WING (CSW)

4.1.1 A Steering Committee, on setting up of Consultancy Services Wing (CSW) in the Ministry of Statistics and Programme Implementation [MoSPI], under the Chairmanship of Secretary (S&PI), was constituted on August 6, 2010. The order for constitution, composition & Terms of Reference of the **Steering Committee** is given in the **Annexure-I.**

4.1.2 The First meeting of the Steering Committee on setting up of Consultancy Services Wing (CSW) in the Ministry of Statistics and Programme Implementation [MoSPI], under the Chairmanship of Secretary (S&PI) was held on October 13, 2010 to decide the necessity and/or the utility of establishment of CSW in the MoSPI, to formulate strategic action plan along with the identification of actionable points and the divisions responsible for these points, to set up a Sub-Group for studying the details of establishment of CSW including the budget line.

4.1.3 It was decided by the Steering Committee that there is a necessity and also utility to have a consultancy services establishment in MOSPI. The institutional form of this wing should be examined by the sub-group.

4.1.4 The Steering Committee also decided that the Sub-Group as suggested in the other agenda item may be constituted after carefully selecting the members. This sub-group may examine the details of the report of the feasibility study undertaken

by Indian Agricultural Statistical Research Institute [IASRI] and to formulate strategic action plan along with the identification of actionable points including the budget lines. The sub-group may study the working of similar organization for preparation of its report. The report of the Sub-Group may be place before the Steering Committee for its examination and taking appropriate decision.

5 SUB-GROUP TO EXAMINE THE MODALITIES FOR ESTABLISHMENT OF CONSULTANCY SERVICES WING (CSW)

5.1 As per the decision of the Steering committee, a Sub-Group, under the chairmanship of DG, CSO, was constituted to examine the details of the report of the feasibility study undertaken by Indian Agricultural Statistical Research Institute [IASRI] and to formulate strategic action plan along with the identification of actionable points including the budget lines. The order for constitution, composition & Terms of Reference of the **Sub-Group** is given in the **Annexure-II.**

5.2 The First meeting of the **Sub-Group to examine the modalities for establishment of Consultancy Services Wing (CSW) in the Ministry of Statistics and Programme Implementation**, under the Chairmanship of Director General, CSO was held on January 28, 2011. The Sub-Group discussed on the various options given in the consultant's (IASRI's) report for establishment of Consultancy Services Wing. The options available were; (a) A normal Consultancy Company under the Company Act or (b) a Company Under Section 25 of Company Act i.e. non-profit company or (c) an organization under Societies Act. All the members were of the view that the option of constitution of consultancy service organization as a society may be dropped.

"It was unanimously decided that two options of either a normal company or a company under Section 25 may be examined in details by studying the similar organizations in the Government of India. A detailed report may be prepared and put up before the Sub-Group for its consideration in the next meeting."

5.3 The Second meeting of the **Sub-Group to examine the modalities for establishment of Consultancy Services Wing (CSW) in the Ministry of Statistics and Programme Implementation**, under the Chairmanship of Director General, CSO was held on July 26, 2011. A draft concept note was placed before the Sub-Group. The Sub-Group concluded that the Concept Note has been accepted with the revision as per the suggestions made by the Sub-Group. There will be no further meeting of the Sub-Group. The so finalized Concept Note would be presented to the Chairman of Steering Committee on setting up of the CSW in MOSPI for its consideration. The Minutes of the two meetings of the Sub-Group is placed at **Annexure-II (a) & II (b).**

6. CRITICAL APPRAISAL OF VARIOUS WORKING SYSTEMS

6.1 In order to meet the expectations and spirit of the recommendations of NSC, the Consultancy Wing must inherit the advantages of the working under the government system as well as benefit from the flexibility of the private companies. A brief working of Government System, Private Companies and the Autonomous Organisations is given as follows:

GOVERNMENT SYSTEM

6.2 In the government system, there is well defined hierarchy with centralized control system along with well defined procedures for operation which must be observed by all. The detailed rules and regulations under the government set-up are often a great help in arriving at the right conclusions without any ambiguity and subjectivity of any kind. The procedures are very well drafted with the sole objective of optimising the output and at the same time ensuring the accountability of the decision makers. Centralised control mechanism with a well defined hierarchy leads to streamlining the energies of its employees towards well defined goals and objectives of the organisation. The organisation can be more focused if negative tendencies can be kept under control. Other advantages are:

- Opportunities for higher learning and professional development as it can invest in its people, providing challenging work and supporting on-going learning and professional development of its employees
- Provides job security so that employees can contribute more positively without distracting their attention due to the occupational hazards.
- Fixed Working Hours i.e., a maximum of 39 hours per week provides an opportunity to the employees in better planning of their work, home and social matters.
- Prestige of working in the Government system provides greater career advances and openings to the employees due to credit worthiness etc.
- Besides pay, working in the Government provides several associated social benefits including retirement, pension, medical facilities, Leaves, Leave Travel Concession and others
- Government can provide better working infrastructure to its employees due to reliable funding source which consequently should lead to better output.

PRIVATE COMPANIES

6.3 Working in private companies is, more often than not, output driven rather than procedure driven. Private companies have distinct advantage by way of possibility of flexible working hours and flexible work arrangements at office /home. Private companies are innovative and can take risks. They encourage creativity, innovation and intellectual freedom in the pursuit of an exciting agenda for the Company's objectives. They are quick to adapt to changing requirements and bring out improvements in their internal processes for greater working efficiency. Other advantages are:

- Private companies have to be internationally competitive for stay in business. They are, therefore, tuned to working on a 24 x 7 basis.
- Private sector offers greater and exciting opportunities for career advancement and wide variety of career choices.
- Productive persons working in the private sector enjoy flexibility of working place, pay structure and other benefits. There are thus attractive incentives for good work in the private sector.
- They support employees in balancing their working and personal lives through flexible work arrangements, streamlining processes and balancing workload with resources available.
- Private companies show respect, civility, fairness and are caring towards their employees. Private companies respect diversity in people, ideas and differences of view. They show leadership through participation, openness, communications, teamwork, recognition and rewards for results and accomplishments. Thus the atmosphere in the private sector is generally healthy in relative terms.

AUTONOMOUS ORGANIZATIONS

6.4 If a good autonomous and a adequately empowered organisation can be created under the Government with full working autonomy and all the benefits of Government working it could be an ideal situation in the interest of optimising work efficiency. This has the advantages of both Government & Private system.

6.5 Taking all factors in view, the sub-group proposes that an autonomous organization with full functional autonomy may be established under the Companies Act 1956. The other details of the proposed consultancy company are discussed in the succeeding paragraphs.

7. THE PROPOSED COMPANY/ENTERPRISE [STAT INDIA LTD.]

INCORPORATION

7.1 The proposed consultancy company may be incorporated as Public Limited Company to run on commercial lines with monitoring, quality of information/statistics as main motive. **The authorized capital may be taken as ` 50 crores, as it is expected that it may touch the limit in 5 years. The paid-up capital may be taken as ` 30 crores.** The details are given in para-7.19 of this document. Initially the Government holding the 100% shares of the company and at later stage, when the company start earning profit, it may be disinvested by offering to public the shares of the company in the form of (Initial Public Offer). The decision to that effect may be taken by the management of the proposed Company. The Government may keep the majority stake while the public stake may be raised as per the decision of the Board of Directors at that time. The shares of the company would be freely transferable i.e. it will have the share holders unlimited and are listed on National Stock Exchange. The Limited word in the name of the company indicates the company with limited liability. The procedure for incorporation a public sector company is given at **Annexure-III**. But the sub-group recommends ***MOSPI needs to engage a professional consultant for preparation of Detailed Project Report [DPR] and the incorporation of the company.***

NAME OF THE COMPANY

7.2 The company may have a catchy name which could be easily identified with its working. The sub-group on CSW decided that the proposed company may be named as – ***STAT INDIA LTD. Or STATISTICS INDIA (Subject to availability of the name at Registrar of the Companies)***

LOCATION

7.3 The registered office of the proposed company (STATINDIA LIMITED) will be located at National Capital Region, Delhi. Other branch offices may be opened depending upon the need, utility and extent of business available (actually or potentially) in a particular place.

MISSION

7.4 The ***Main Objectives*** of the proposed Company may be as under:

- Exploring and optimally exploiting the market (private or public) for data/information based services and data/information products.

- To provide utility oriented quality and time bound services to its clients and stakeholders for conducting Statistical surveys/ studies, in India and abroad, by making use of potential available in the private sector/autonomous bodies on commercial basis, thereby strengthening the Indian Statistical System.
- To undertake methodological studies, surveys, macro-econometric modeling and forecasting and consultancy to the National/State Governments.
- To identify and exploit the currently unmet/ under met demands as also the emerging future demands for data oriented services and products.
- To focus on value added/value additive and client-specific/client-tailored products and services through qualified professional management personnel, with the required business acumen and marketing capabilities.
- To ensure the highest levels of accuracy, efficiency and timeliness in completion of projects, on turnkey basis; which includes all the activities from designing till publication of results, undertaken by it.
- To cater to the emerging data needs in a dynamic socio-economic context.
- To provide leadership and coordination to ensure harmonious, efficient and integrated services.
- To satisfy customer's requirements and expectations through dedicated services.
- To provide economic, scientific, technological, social and cultural development of India by promoting the utilization of latest technology in the field of surveys & studies.
- To promote development of services, technologies, infrastructure and expertise in the field of analytical surveys & studies, which will increase the revenue earning capacity of the company.

VISION

7.4.1 To be a premier consultancy organisation recognised as a '**BRAND**', in the field of Official Statistics in India, particularly for surveys & studies, for Total Projects Solutions in India and Abroad

REVENUE MODEL

7.5 The proposed company would ensure quality and time bound services to the clients which would be the essence of its operations. The proposed company would derive its strength from its human resources, which would be the backbone of the organization. The main spectrum of services would be;

- Strengthening of the Indian Statistical System through involvement of the Government/ Private agencies/ Autonomous bodies in conduct of studies of national importance.
- Feasibility studies/planning/project formulation
- Survey design and tendering process
- Operation, Monitoring and Quality Control
- Institutional and Human Resources Development
- Undertake methodology development, model building type of studies
- Updation of database on survey capabilities of private agencies and verification of agencies

CLIENTELE

7.6 The proposed company expects the clientele as under:-

NATIONAL

- Central Government
- State Governments
- Public Sector Undertakings
- Corporations and Industrial Establishments
- Private Enterprises

INTERNATIONAL

- National Governments (*Particularly that of SAARC countries, African Countries and Latin American Countries*)
- United Nations and its associated agencies like; UNSD, WHO, ILO etc.
- Asian Development Bank (ADB)
- Other International Bodies

EXECUTION STRATEGY

7.7 The proposed company would be a techno-commercial organization under the aegis of **Ministry of Statistics and Programme Implementation (MOSPI)**. It may utilize the talent and expertise developed in the various organizations of Government of India and State Governments. But its main focus would be to utilize the survey capabilities available in the Private sector/Autonomous Bodies. For the purpose, a feasibility survey was conducted by Indian Agricultural Statistical Research Institute and the report has been discussed in Para-2, Part-I. One hundred and nine private companies have been found capable of doing surveys at National and Sub-National level. This data needs to be updated regularly, which would be done by the proposed Company.

7.8 The proposed company would empanel the private companies having capability to undertake surveys. **Mainly it will act as an interface between Government and the Private Sector.** It would develop technical expertise in the field of conducting statistical surveys and would manage statistical operations and quality control; whereas the actual execution of the project would be done by the empanelled Private companies/ Autonomous Bodies. The proposed Company will keep its margin for meeting its expenses. The international operations would be carried-out either through Indian companies or local companies of the concerned country where project is to be implemented. These would be taken up on case to case basis.

7.9 The Outsourcing Model proposed in the Concept Note has been successfully implemented by the Ministry of Health & Family Welfare through Census Commissioner & Registrar General of India while undertaking the Annual Health Survey (AHS), which was conceived at the behest of National Commission on Population, the PMO and Planning Commission to yield benchmark of core vital and health indicators at the district level and to map its rate of change on a continual basis to assess the efficacy of various health interventions including those under National Rural Health Mission [NRHM]. The AHS is being implemented in all the 284 districts of 9 states i.e. Bihar, Jharkhand, Madhya Pradesh, Chhattisgarh, Orissa, Rajasthan, Uttar Pradesh, Uttarakhand and Assam. The survey has been carried out by adopting the hybrid model wherein the field work was undertaken by survey agencies having experience of conducting large scale sample surveys. For effective and smooth execution of the project, the overall supervision was done by the dedicated staff posted in the Directorate of Census Operations. 7 private agencies capable of undertaking large scale surveys were selected for the primary survey and two agencies were selected for audit of the primary data collected by these seven agencies. The proposed company will follow the similar model for successful carrying out large scale sample surveys.

MARKETING STRATEGY

7.10 Since the proposed company would be a techno-commercial organization, its business would need a clear marketing strategy for its expansion. For the purpose,

a Department of Marketing has been proposed in the structure of the Company which will be headed by a General Manager, who will be assisted by Manager (Domestic Business) and Manager (International Business). These positions will be drawn from the open market having requisite business management degrees. This Division will be responsible for expansion of the business of the proposed company through aggressive marketing strategies.

REVENUE

7.11 The main source of revenue of the proposed Company would be the consultancy services, technical expertise services and the statistical survey projects undertaken on task basis through vendors. It has been observed that various Ministries/Departments of the Government of India incur huge amount of expenditure on surveys and studies relevant to them through private organizations for which the process is very tedious and time consuming. The results of the surveys/studies are generally delayed because of this reason. Moreover, there is no control on quality of the data collection, tabulation, compilation and analysis as different agencies follows different standards, definitions, concepts etc. The proposed company would use standardize statistical tools, concepts, definitions for comparability and quality of data.

7.12 An information on surveys/studies conducted and expenditure thereof was sought from major Ministries/Departments of the Govt. of India to know the extent of business available for the proposed company at Central Government level. Forty-four different Ministries/Departments were requested to supply the information, of which, sixteen replied. A statement in this regard is attached at [Annexure-IV](#). It may be observed from the statement that a total of ` 410 crores have been incurred during the last three years by these sixteen Ministries/Departments of the Govt. of India. More business opportunities may be available at States/UTs Government levels. Even if, the proposed company taps 25% of the business reported to be available at Central Government level (i.e. ` 100.00 crores in three years), the formation of the company will be viable. On the basis of this a projected operating income has been worked out for three years. It is given at [Annexure-V\(g\)](#).

7.13 Some of the important ratios [projected] namely, Gross Profit Margin, Total Asset Turnover, Earnings Per Share and Return On Investment have been worked out and are given in [Annexure V\(h\)](#).

7.14 The proposed company would be governed by the professionals on competitive commercial basis. It would enjoy the autonomous status in its functioning. It is expected to take-up the work immediately on its incorporation. The company is envisaged to capture a large chunk of market share in its area of activities during the five year period and is expected to cross the breakeven point after its seven years of operation.

7.15 Ministry of Statistics and Programme Implementation (MOSPI) is exploring the possibilities of bi-lateral cooperation in statistical sector with various countries, such as, SAARC Countries, African Countries and Latin American countries. Recently MOSPI has signed MoU with the Government of Mongolia and Afghanistan. More MoUs are likely to be signed in near future. The proposed company may find a lucrative market in these countries.

EXPENDITURE

7.16 The detail of cost estimates for the proposed company is given at **Annexure-V (b)**, which includes the (i) Personnel Expenses, (ii) Administrative Expenses and (iii) Other Expenses. The total expenses for three years are around ` 23.27 crores. The projected year-wise expenditure is given in as under:-

<i>PARTICULARS</i>	Y1 Projected	Y2 Projected	Y3 Projected	Total Projected
	(` in Crore)	(` in Crore)	(` in Crore)	(` in Crore)
EXPENDITURE				
Personnel Expenses	1.50	4.16	5.55	11.21
Administrative Expenses	1.56	1.69	1.83	5.07
Other Expenses	1.79	2.21	2.99	6.99
Sub-Total	4.85	8.05	10.37	23.27

7.17 The proposed company is expected to generate revenue from the year of inception. It is expected to cover 50% of its funding by the 5th year. Total independence in terms of expenses is expected by tenth year. As the operations of the company would also increase over a period of three years, the funding pattern may not change but it is expected that the additional funding may not be required due to its revenue generation. **As the technical manpower will be drawn from the strength of the MOSPI or the officers working in different departments, the actual expenditure at the overall Government of India level would be much less than the projected.**

FOREIGN COMPONENT

7.18 Initially, no foreign component is required for the working of the proposed company but it is expected that the proposed company will be able to support for its ventures abroad through its own finances which are proposed to start from third year of its inception. The initial two years are required for stabilization of the working of the company. The seed money to start the proposed company needs to be given on annual basis through budgetary process on reviewing its physical and financial performances by MOSPI.

PAID-UP CAPITAL

7.19 The company shall start with an initial money (in the form of paid-up capital) to be provided by the Central Statistical Office (CSO), Ministry of Statistics and Programme Implementation for a period of three years. The total amount of money required will be ` 30 crores [Approx.]. The paid-up capital would be drawn from the Government of India in a **phased manner (i.e. on yearly basis)** as follows:

Figures in ` crores

Sr. No.	Phase-I Year-1	Phase-II Year-2	Phase-III Year-3
1.	10.00	10.00	10.00

The head wise and year wise detail of the funds required and expenditure for the period of 3 years, including projected operating income provided in **Annexure-V (a to g)**. These funds will be used in meeting core expenditure of the proposed Company. With time it is expected that the Company will develop into a self sustaining entity capable of managing its finances independently.

STRUCTURE OF THE COMPANY

7.20 The affairs of the company shall be managed by a Board of Directors. The number of Directors shall be between 8 to 10. The Board of Directors of the company shall have an optimum combination of Functional, Nominee and Independent Directors. The number of Functional Directors (including MD & CEO) and the number of Nominee Directors appointed by Government shall be as per the **guidelines on Corporate Governance for Central Public Sector Enterprises issued time to time by Ministry of Heavy Industries and Public Enterprises Department of Public Enterprises.**

7.21 The head of the Company may be designated as Managing Director & Chief Executive Officer (MD & CEO). The Company should have at least some core staff who may be statisticians, economists and data analysts having exposure to the

survey methodology and computer data analysis. The professional staff of the company may be drawn initially from the cadre of the Indian Statistical Service and/or Research/Academic Institutions on tenure/deputation basis. These posts will not belong to any cadre. When the company starts becoming financial independent, the staff will be recruited on competition cum merit basis from the open Labour Market. **The salaries of the staff of the company will be governed by deputation rules and/or the scales fixed by the company as a Public Sector Undertaking.**

7.22 The Company should be a lean but efficient organization comprising of;

- i. **Five General Managers (GMs);** one each for Statistical Surveys, Economic analysis, Data Analysis, Administration & Finance Division and Marketing respectively.
- ii. The Statistical Survey group could consist of **7 officers (Area Managers/Managers)** from different sectors such as; Agriculture, Industries, Socio-economic, Population and Health, Finance and Service Sectors, administration, HRD, Finance, Marketing (Domestic Business) and Marketing (International Business).
- iii. The **Economic Analysis and Data Analysis** groups may have **2 officers (each)** covering the areas of importance and requirement. These groups would be adequately supported by technical/professional staff.
- iv. An expert in IT would be a part of this set up.
- v. There should also be an administrative cum finance unit to support this organization.
- vi. The most important Unit would be the marketing. It will be responsible for expansion of the business of the Company in India & abroad.
- vii. There shall be a whole-time Company Secretary in the Company (this is the requirement under the law).
- viii. There will be one expert having specialization in finance.

7.23 A retired person of the rank of Deputy Secretary from the government shall be posted on contract basis to look after the accounts till regular arrangement is made. Other staff for this purpose can be hired for a fixed period of time. Administrative staff also can be hired on the same lines. The structure diagram is given at **Annexure-VI. The company may start working with one DDG level officer and one Director level officer drawn from Indian Statistical Service including adequate supporting staff from the CSO.** Its strength may be increased as per the requirement of the Business by the approval of the Board of Directors.

8. CORPORATE SOCIAL RESPONSIBILITY [CSR]

8.1 The pursuit of rapid economic growth alone is not enough and businesses need to factor in social and environmental impacts of their decisions on posterity. There is a growing recognition and expectation that businesses should pay attention to their collective impact along three axes: economic, social and environmental. Corporate Social Responsibility (CSR) can make a significant contribution towards sustainability and competitiveness. The European Commission's definition of CSR is:

"A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis."

SOCIAL

8.2 As per the guidelines for Corporate Social Responsibility [CSR], an Enterprise needs to address the concerns of the society in which the enterprise is operating. There should be free interaction between enterprises and community leaders. The Enterprise may approach Corporate Social Responsibility as a professional management process with a long-term strategy integrating it with corporate strategies. CSR activities may be planned in parallel to the business plan, looking at every possible opportunity to link and integrate business plans with the social and environmental concerns available. A long-term Corporate Social Responsibility Plan needs to be prepared matching with the long-term business plan; This may be broken down into short-term and medium term plans, specifying activities to be undertaken, budgets allocated, responsibilities and authorities defined, and measurable results expected. Assistance to be mostly project based rather than donation, so as to generate community goodwill, create social impact and visibility. Emphasis on principles of Sustainable Development, based on the immediate and long-term social and environmental consequences of the activities undertaken; Improvement of the existing ecological conditions;

8.2.1 The **CSR budget** to be mandatorily created through a Board Resolution as a **percentage of net profit** in the following manner:-

Type of CPSEs Net Profit (Previous Year)	Expenditure range for CSR in a Financial Year (% of profit)
(i) Less than ` 100 crore	3% – 5%
(ii) 100 crore to ` 500 crore	2% – 3% (Subject to a Min. of 3 cr)
(iii) ` 500 crores and above	0.5% – 2%

All these would be followed by the proposed enterprise.

ENVIRONMENT

8.3 As the work of the proposed company would be taking up of Surveys/Studies/Plan evaluation types of work, it will not be having any bearing on environment. However, after crossing the breakeven, a part of the profit could be utilized for the protection of environment cause.

9. RISK FACTORS

Though, it is difficult to visualize all the risks involved in establishing a consulting organization, an attempt has been made to list a few risks. These are given below:-

- So far as business is concerned, the main source of business to the proposed company would come from the Central Government Departments, therefore, the delay in approval process of the concerned ministries/departments may affect the work of the company.
- The change in the policy of the International bodies/National Governments of the other countries offering business may affect the profitability of the company.
- The variation in the value of the foreign currency especially dollar may affect the profitability of the proposed company.
- The executing private companies (i.e. vendors) working may also be cause of concern as the business model proposed here is the execution of survey projects through the public private partnership (PPP).
- The work of the proposed company will be dependent on the availability of the qualified professional (especially the statisticians). The scarcity may affect the business.

10. AUDIT

10.1 The audit of the proposed enterprise would be done as follows:

- i) Audit by the **internal auditor** of the proposed company, which will be a comprehensive audit entailing all the aspects of the proposed company.

ii) Audit by the certified **Chartered Accountant**, generally termed as external audit. It is a statutory requirement and, in addition, by

ii) The office of **Comptroller and Auditor General of India [CAG]**.

11. ROAD MAP

11.1 Tentative Road Map for incorporation of the proposed STAT INDIA Ltd. Company is given in **Annexure-VII**. The timeline for completion of various activities such as; Preparation of EFC note, Approval of EFC, Approval of CCEA, Incorporation of the proposed Company etc. has been worked out. It is expected that all the activities involved in the incorporation of the proposed company may be completed by January, 2013.

12. COMMENTS/SUGGESTIONS OF THE SUB-GROUP MEMBERS.

12.1 The Concept Note was circulated to all the members of the Sub-Group; as was decided in its second and the last meeting of the Sub-Group. The comments/suggestions received from the members have been incorporated in the Concept Note. A summary of the suggestions/comments received and action taken thereof is given at **Annexure-VIII**.



No.I-21057/4/2003-SSD-II (Pt.)
Government of India
Ministry of Statistics & Programme Implementation
Central Statistical Organisation
(Social Statistics Division)

West Block-8, Wing-6(Ground Floor),
Sector 1, R.K. Puram, New Delhi-110066.

Friday, August 6, 2010.

OFFICE MEMORANDUM

Subject: Re-constitution of Steering Committee to study the modalities for establishment of Consultancy Services Wing (CSW) in the Ministry of Statistics and Programme Implementation.

With the approval of the Competent Authority, it has been decided to re-constitute the existing Steering Committee to formulate strategic action plan and to study modalities to establish Consultancy Services Wing (CSW) in the Ministry of Statistics and Programme Implementation.

The revised composition of the committee is as under:

1.	Secretary (S&PI)	Chairman
2.	DG, CSO	Member
3.	DG & CEO, NSSO	Member
4.	AS&FA, CSO	Member
5.	ADG(DPD)	Member
6.	ADG(ESD)	Member
7.	ADG(FOD)	Member
8.	ADG(NAD)	Member
9.	ADG(NASA)	Member
10.	ADG(SDRD)	Member
11.	ADG(SSD)	Member
12.	ADG(Health & FW)	Member
13.	DDG, NSC Secretariat	Member
14.	Additional RG, Office of RGI & Census Commissioner	Member
15.	DDG, Ministry of Social Justice and Empowerment	Member
16.	DDG, Ministry of Environment and Forests	Member
17.	DDG(HRD)	Member
18.	Director, IASRI, New Delhi	Member
19.	Head, Indian Statistical Institute(ISI) Delhi	Member
20.	Representative of Registrar of Companies	Member
21.	Dr. Tarun Seem, Head, Health Systems Support Unit, Public Health Foundation of India, New Delhi.	Member
22.	Shri J. P. Mishra, Independent Consultant and holding honorary positions of Advisor(Planning), Govt. of Delhi & Advisor to the Office of Commissioner of Supreme Court on Right to Food	Member
23.	DDG (IJS), CSO SSD	Member Secretary

6. The Steering Committee may invite any other officers/experts, as a Special Invitee, for any of its meetings, as and when that is considered helpful for the working of the Committee. **The SSD division of the Ministry would perform the role of secretariat of this Steering Committee.**

7. **Terms of Reference:**

The Terms of Reference for the **Steering Committee** are as follows:-

- (i) *To decide on the necessity and/or utility of establishment of a Consultancy Wing in the Ministry of Statistics and Programme Implementation, Government of India and if "Yes", to set out and define the contours and framework of a business model to install, stabilize and run such a Consultancy Wing in a professional and businesslike manner.*
- (ii) *To formulate a strategic action plan, along with identification of actionable points and the officers/divisions responsible for those points, time lines and Budget lines for establishment of Consultancy Services Wing in the Ministry of Statistics and Programme Implementation.*
- (iii) *To formulate the Terms of Reference (TORs) for the said Consultancy Services Wing, along with the associated Rules of Business and allied Issues inter-alia providing adequate scope for incorporating changes therein, as may be warranted from time to time.*
- (iv) *To define the administrative and functional relationship between the proposed Consultancy Wing and MOSPI and*
- (v) *Any other matter relating to the establishment of Consultancy Services Wing in the Ministry of Statistics and Programme Implementation.*

8. The Official members would draw TA/DA from their respective departments. The non-official members, as and when invited for the purpose of discharge of designated business by the steering committee, are entitled for TA/DA, as per the prevailing rules of the Government of India. Non-official Members will also be entitled for a fee @ Rs.1000/- per sitting, which is the prevailing rate (or at the revised rate, should there be any revision), in addition to TA/DA.

9. This **Steering committee** will function for a period of 18 months since the date of its constitution or else, till such time the Consultancy Wing is established in MOSPI, whichever is earlier.

8. The **Steering Committee** may apprise the NSC/MOS(IC) periodically about the status of the work.



(Ram Mohan)

Under Secretary to the Government of India

Copy Forwarded to.

- 1. Chairman and all members of the Committee.
- 2. DDG (NSC).



No.I-21057/2/2010-SSD-II
Government of India
Ministry of Statistics & Programme Implementation
Central Statistical Organisation
(Social Statistics Division)

West Block-8, Wing-6(Ground Floor),
Sector 1, R.K. Puram, New Delhi-110066.
Friday, November 26, 2010.

OFFICE MEMORANDUM

Subject: Constitution of Sub-Group to examine the modalities for establishment of Consultancy Services Wing (CSW) in the Ministry of Statistics and Programme Implementation.

With the approval of the Competent Authority, it has been decided to constitute a Sub-Group to examine the details of the feasibility study Assessment of Survey Capabilities of Private Sector undertaken with the assistance of Indian Agricultural Statistics Research Institute (IASRI) and institutional form of the proposed establishment of a Consultancy Services Wing (CSW) in the Ministry of Statistics and Programme Implementation.

The composition of the Sub-Group is as under:

1.	DG, CSO	Chairman
2.	ADG, SSD [Smt. S. Jeya Lakshmi]	Member
3.	ADG(ESD/NAD)[Shri Ashish Kumar]	Member
4.	DDG(DGE&T), M/o Labour [Mrs. Amarjeet Kaur]	Member
5.	DDG, SSD [Shri T.V. Raman]	Member
6.	DDG(PI), MoSPI [Shri Ravendra Singh]	Member
7.	DDG(MoH&FW) [Shri Praveen Srivastava]	Member
8.	DDG, NASA [Shri KD Maiti]	Member
9.	Director, IFD	Member
10.	Shri Ramesh Kolli (Rtd. ADG)	Member
11.	Representative of Registrar of Companies	Member
12.	Representative of RITES	Special Invitee
13.	DDG (IJS), CSO SSD	Member Secretary

2. The Sub-Group may invite any other officers/experts, as a Special Invitee, for any of its meetings, as and when that is considered helpful for the working of the Sub-Group. **The SSD division of the Ministry would perform the role of secretariat of this Sub-Group.**

3. **Terms of Reference:**

The Terms of Reference for the Sub-Group are as follows:-

- (i) *To examine the details of the report of the feasibility study undertaken by Indian Agricultural Statistical Research Institute [IASRI];*

- (ii) *To examine the institutional form of the Consultancy Services Wing proposed to be set-up under the Ministry;*
- (iii) *To formulate strategic action plan along with the identification of actionable points including the budget lines.*
- (iv) *To formulate the Terms of Reference (TORs) for the Consultancy Services Wing, along with the associated Rules of Business and allied Issues inter-alia providing adequate scope for incorporating changes therein, as may be warranted from time to time.*
- (v) *To examine the administrative and functional relationship between the proposed Consultancy Wing and MOSPI and*
- (vi) *Any other matter relating to the establishment of Consultancy Services Wing in the Ministry of Statistics and Programme Implementation.*

4. The sub-group may inter-alia study the working of similar organization for preparation of its report. The Sub-Group would prepare a comprehensive report and submit the same to the Steering Committee for Consultancy Services Wing for its examination and taking appropriate decision.

5. The Official members would draw TA/DA from their respective departments. The non-official members, as and when invited for the purpose of discharge of designated business by the steering committee, are entitled for TA/DA, as per the prevailing rules of the Government of India. Non-official Members will also be entitled for a fee @ Rs.1000/- per sitting, which is the prevailing rate (or at the revised rate, should there be any revision), in addition to TA/DA.

6. This **Sub-Group** will function for a period of six months since the date of its constitution or else, till such time the Steering Committee for Consultancy Services Wing needs its services.

7. The **Sub-Group** may apprise the Steering Committee for consultancy wing periodically about the status of the work.



(Chandra Mohan Negi)

Under Secretary to the Government of India

Copy Forwarded to.

- 1. Chairman and all members of the Committee.
- 2. DDG (NSC).

Minutes of the First meeting of Sub-Group to examine the modalities for establishment of Consultancy Services Wing (CSW) in the Ministry of Statistics and Programme Implementation.

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The First meeting of the Sub--**Group to examine the modalities for establishment of Consultancy Services Wing (CSW) in the Ministry of Statistics and Programme Implementation**, under the Chairmanship of Director General, CSO was held on January 28, 2011 at 3.30 P.M. in the Committee Room, 2nd Floor, S.P. Bhawan, Sansad Marg, New Delhi-110001. The list of the participants is as annexed.

2. At the outset, ADG (SSD) welcomed the participants and briefed about the Terms of Reference of the Sub-Group which has been constituted to examine the modalities for establishment of Consultancy Services Wing in the MOS&PI. ADG (SSD) also pointed out that this being the first meeting; the Sub-Group is expected to examine the various options available with the MOS&PI for setting up of the Consultancy Services Wing.
3. DDG (IJS) informed the Sub-Group that this Sub-Group is the offshoot of the decision (s) of the first meeting of the Steering Committee on October 13, 2010. The Steering Committee in its first meeting decided that (i) The Ministry may establish a Consultancy Services Organisation. (ii) A Sub-Group may be constituted after carefully selecting the members. This sub-group may examine the details of the report of the feasibility study undertaken by Indian Agricultural Statistical Research Institute [IASRI] and to formulate strategic action plan along with the identification of actionable points including the budget lines. The sub-group may study the working of similar organization for preparation of its report. The report of the Sub-Group may be placed before the Steering Committee for its examination and taking appropriate decision in its next meeting.
4. The Sub-Group discussed on the various options given in the consultant's (IASRI's) report for establishment of Consultancy Services Wing. The options available were:

(a) A normal Consultancy Company under the Company Act or (b) a Company Under Section 25 of Company Act i.e. non-profit company or (c) an organization under societies Act. All the members were of the view that the option of constitution of consultancy service organization as a society may be dropped. It was unanimously decided that two options of either a normal company or a company under Section 25 may be examined in details by studying the similar organizations in the Government of India. A detailed report may be prepared and put up before the Sub-Group for its consideration in the next meeting.

5. Meeting ended with a Vote of Thanks to the Chairman.

Annexure

List of Participants:

- | | |
|---|----------|
| 1. Shri S.K. Das, DG, CSO, MOS&PI. | Chairman |
| 2. Smt. S. Jeyalakshmi, ADG , SSD, CSO | |
| 3. Shri Ashish Kumar, ADG, CSO | |
| 4. Shri H.K. Sharma, ADG, ESD | |
| 5. Smt. Amarjeet Kaur, DDG (DGE&T), M/o Labour. | |
| 6. Shri Inderjeet Singh, DDG, SSD | |
| 7. Shri B.S. Chhabra, Director, IFD, CSO | |
| 8. Shri M.P. Diwakar, AD, SSD | |
| 9. Shri Raj Kanwar, SSO, SSD | |
| 10. Shri M.C. Sharma, P.A., SSD | |

MINUTES OF THE SECOND MEETING OF THE CONSULTANCY SERVICES WING HELD UNDER THE CHAIRMANSHIP OF SHRI S.K. DAS, DG, CSO ON 26/07/2011 AT 1700 HRS.

A meeting of the Sub-Group on setting up of a Consultancy Services Wing (CSW) in the Ministry of Statistics and Programme Implementation (MOSPI) was held under the Chairmanship of Shri S.K. Das, DG, CSO on 26/07/2011 at 1700 hours in the Conference Room, 2nd Floor, Sardar Patel Bhavan, Parliament Street, New Delhi. The list of participant is as at Annexure –I.

2. At the outset, DG, CSO welcomed the participants and briefly explained the purpose of the meeting, which was mainly called for the discussion on the Concept Note prepared by DDG (IJS). Thereafter, the Chairman asked DDG (IJS) to make a presentation on the Concept Note. During the power point presentation, DDG(IJS) gave the details about the idea of setting up of CSW which was originated from the recommendation of the National Statistical Commission (2001). The National Statistical Commission gave the recommendations that the MOSPI may have a Consultancy Wing which aims to cater to the increasing demand for investigations and studies of statistical nature and provide related professional statistical services that cannot be accommodated in the existing arrangement in the government.

3. The presentation was mainly aimed at explaining the Concept Note for setting up a CSW as a Public Sector Enterprise under the aegis of MOSPI. The Concept Note had covered almost all the aspects of the proposed enterprise which includes; vision, mission, location, incorporation, revenue model, clientele, marketing strategy, expenditure authorized capital, paid up capital, structure of the company, risk factor including road map etc.

4. DDG (PI) also gave a presentation on creation of a society of the retired statistical officers and staff which will take up the surveys and study work from the government.

5. The Sub-Group deliberated upon the ideas given in the two presentations and the following decisions were made:-

- The idea of formation of a society was not accepted by the sub-group as its formation was not viable due to inherent nature of the limitations associated with such societies. Moreover, the society could be formed without the support of the Government of India. However, the society may co-exist with the proposed company which is being established under the aegis of MOSPI and can undertake the work from the company on competitive basis by competing along with other organisations.

- The Concept Note on setting up a CSW needs a fine tuning, which may be revisited on the following points:-
 - The main motive of the proposed company which has been shown as profit may be deleted and its main motive be given as quality, monitoring and information/statistics.
 - Since the course of direction of the company will be decided by its management, therefore, way forward given as 5 to 7 years may be avoided.
 - The aim of the proposed company may be taken as institutionalization of the professional management. The proposed company need not take officers from ISS; therefore, the reference of “only ISS Officer may be taken on deputation” may be avoided.
 - The financial/budget requirement may be revisited and it should not be made more than 3 years. The Officers from Government of India may come on deputation to any new Government PSU, therefore, the initial cost may be revised. The main objectives of the proposed company may be centered around the following broad/core theme.

“Exploring and optimally exploiting the market for data/information based services and data/information products. For the latter, the proposed company may inter-alia identify and exploit the currently unmet/under met demands as also the emerging future demands for data oriented services and products. For this, it was proposed that the company may go in for a strategy focused on value added/value additive and client-specific/client-tailored products and services. It was also stressed in this context that the company should have qualified professional management personnel, with the required business acumen and marketing capabilities.”
 - The input from the Concept Note of DDG (PI) may also be included in the Concept Note of the Company.
 - Shri Vinay Gupta, CS, M/s. Imacs who attended the meeting as a Special Invitee also gave his ideas how to incorporate the company and what could be its authorised/paid up capital. The Chairman suggested that DDG (IJS) and Shri Vinay Gupta, CS may have a meeting to finalise the financial parameter of the proposed company.

- As the work of preparation of Detailed Project Report for the Consultancy Services Company is complicated and no expertise is available with the Ministry, an expert Consultant may be appointed for the purpose with the approval of the Steering Committee on CSW.
 - Shri Ramesh Kolli, former ADG (NAD) while making his comments on the Concept Note said that this is a good beginning. The Concept Note which needs a little fine tuning may be accepted after incorporating the comments as suggested by the Sub-Group. The Sub-Group may finalise the Concept Note.
6. The Chairman, DG, CSO of the Sub-Group concluded that the Concept Note has been accepted with the revision as per the suggestions made by the Sub-Group. There will be no further meeting of the Sub-Group. The so finalised Concept Note would be presented to the Chairman of Steering Committee on setting up of the CSW in MOSPI for its consideration.
7. The meeting ended with the Vote of Thanks to the Chair.

Annexure –I

List of Participants:

- | | |
|--|-----------|
| 1. Shri S.K. Das, DG, CSO, MOS&PI. | Chairman. |
| 2. Smt. S. Jeyalakshmi, ADG , SSD, CSO | |
| 3. Shri H.K. Sharma, ADG , ESD, CSO | |
| 4. Shri T.V. Raman, DDG, ISSP, MOS&PI | |
| 5. Dr. Ravendra Singh, DDG, NASA, MOS&PI | |
| 6. Shri Davendra Verma, DDG, (PI), MOS&PI | |
| 7. Shri Pravin Srivastava, DDG, NSSO (FOD), MOS&PI-in his professional capacity. | |
| 8. Shri Inderjeet Singh, DDG, SSD, MOS&PI | |
| 9. Shri T.R. Mohanty, DDG, CSO, MOS&PI | |
| 10. Shri B.S. Chhabra, Director, IFD, CSO, MOS&PI | |
| 11. Smt. Ratna Chaudhuri, Director, SSD, CSO, MOS&PI | |
| 12. Shri D. Tiwari, Director, SSD, CSO, MOS&PI | |
| 13. Shri M.R. Sindhvani, Dy. Director, DGE&T, M/O Labour | |
| 14. Dr. A. Javed, Dy. Director, DGE&T, M/O Labour | |
| 15. Shri T.R. Singal, US (B&F Section), MOS&PI | |
| 16. Shri Ramesh Kolli, Rtd. ADG, CSO, MOS&PI | |
| 17. Shri Vinay Gupta, IMaCS | |
| 18. Shri M.P. Diwakar, AD, SSD, CSO, MOS&PI | |
| 19. Shri M.C. Sharma, PA, SSD, CSO, MOS&PI | |

PROCEDURE OF INCORPORATION OF A PUBLIC COMPANY

1. Requirements of formation of a public limited company

- 1.1 A public company is one, which is not a private company. A company, which has not included in its articles the three conditions specified in the three clauses of S 3(1)(III), is a public company. Such a company does not:
- (a) restrict the right to transfer of its shares;
 - (b) limit the number of its members to 50; and
 - (c) prohibit any invitation to the public to subscribe for any shares in, or debentures of, the company.
- 1.2 Conversely speaking shares of such a company are freely transferable, it can have members in an unlimited number and it is free to invite the public to subscribe for its shares or debentures.
- 1.3 The fact that the company is limited by shares, is stated in the memorandum and the use of the word 'Limited' in the name of the company indicates that the company is a limited company, that is, a company with limited liability. The absence of the word 'Private' in the name of a company indicates that the company is a public company, but the use of the word 'Public' is not necessary.
- 1.4 Seven or more persons, associated for any lawful purpose, may, by subscribing their names to a Memorandum of Association, and otherwise complying with the requirements of the Act in respect of registration, form a public company, as an incorporated company limited by shares.

2. What is the procedure for incorporation of a Public limited company

- 2.1 A public limited company is incorporated as a body corporate by the name contained in the Memorandum of Association, as made available by the Registrar of companies, (with the last word being 'Limited'), when it is registered by the registrar in accordance with the provisions of the Act and the rules and regulations made thereunder.
- 2.2 A public limited company will be registered when the memorandum and articles of the proposed company (and certain other documents mentioned below) are presented for registration to the registrar of the state in which the registered office of the company is to be situated.
- 2.3 Procedure involved to incorporate a public limited company :
- (1) Availability of name : The first step for the registration of a public limited company is to select a name for the company. This is to be made made available from the registrar of the state in which the registered office of the company is proposed to be situated.

- (2) Drafting memorandum : Draft a Memorandum of Association to be presented to the registrar.
- (3) Drafting of Articles of Association : Articles of Association need to be drafted and to be presented to the registrar. Section 33 of the Act requires that, the articles, if any, shall be presented to the registrar for registration in order to get a public limited company incorporated.
- (4) Stamping of memorandum and articles : Stamp Act of the state in which the proposed company is to be registered need to be checked as also the rates of the Stamp Duty payable on the memorandum and the articles. Printed copy of each of them stamped need to be obtained from the concerned Stamp Authority by franking or affixing adhesive stamps or otherwise as required under the relevant Stamp Act or the rules made under it. The stamped copies are required to be presented to the registrar.
- (5) Letter of Authority/Power of attorney : A Letter of Authority/Power of Attorney on a stamp paper of requisite value in favour of a director or some other person, such as company secretary or a chartered accountant in practice, authorizing him to make changes/corrections in the memorandum of articles as suggested by the registrar, to collect the Certificate of Incorporation, and to do all things and acts in connection with the incorporation of the company.
- (6) Filing of documents for registration : For registration of a public limited company, the following documents shall be submitted to the Registrar of Companies:
 - (a) The stamped and signed original memorandum and Articles of Association;
 - (b) A declaration of compliance with the provisions relating to registration, in Form No. 1;
 - (c) The letter communicating the availability of the name issued by the Registrar of Companies;
 - (d) Letter of Authority/Power of Attorney as stated at S.No. (5) above;
 - (e) Form No. 32 in duplicate, in respect of the first directors named in the Articles of Association or, if not so named, in respect of the subscribers to the memorandum who are deemed to be the first directors under s 254;
 - (f) Notice of the situation of the registered office of the company in Form No. 18;
 - (g) The agreement, if any, which the company proposes to enter into with any individual for appointment as its Managing Director or whole-time Director or Managers;
 - (h) Consent of the first Directors named in the Articles of Association in Form No. 29.

The Registration of company, now a day, is being carried out through on-line.

(7) Payment of registration fees : Pay the fees on the documents submitted to the Registrar of Companies at the rates prescribed under Sch X to the Act. The fees on the documents submitted shall be payable as follows :

- (a) Registration fee on the memorandum depending upon the amount of the authorized share capital state in the memorandum.
- (b) Filing fee on the articles.
- (c) Filing fee on Form No. 1.
- (d) Filing fee on Form No. 18.
- (e) Filing fee on Form No. 32.
- (f) Filing fee on Form No. 29.

(8) Collection of the Certificate of Incorporation : Collect the Certificate of Incorporation from the office of the Registrar of Companies. On the registration of the memorandum of a company, the Registrar of Companies shall certify under his hand, that the company is incorporated and, in the case of a limited company, that the company is limited.

EXPENDITURE INCURRED BY VARIOUS DEPARTMENTS/MINISTRIES, GOVERNMENT OF INDIA ON SURVEYS/STUDIES UNDERTAKEN.

(` In lakhs)

Sl. No.	Name of Ministry/Department/Organisation*	2008-09	2009-10	2010-11	Total
1.	Ministry of Social Justice and Empowerment	10.42	7.84	23.85	42.11
2.	Ministry of Agriculture, Department of Agriculture & Cooperation	1700.00	1286.00	1472.00	4458.00
3.	Ministry of Road Transport and Highways, Transport Research Wing	0.00	0.00	0.00	0.00
4.	Ministry of Health & Family Welfare, Central Bureau of Health Intelligence	0.00	0.00	0.00	0.00
5.	Ministry of Health & Family Welfare, Statistics Division	1330.00	33390.00	0.00	34720.00
6.	Directorate of Data Management, Central Excise & Customs	0.00	0.00	0.00	0.00
7.	Ministry of Science & Technology, Department of Biotechnology	0.00	0.00	0.00	0.00
8.	Office of the Custodian, Banking Division, Department of Financial Services, M/O Finance	0.00	0.00	0.00	0.00
9.	Ministry of Commerce and Industry	0.00	0.00	0.00	0.00
10.	Central Board of Excise and Customs	0.00	0.00	0.00	0.00
11.	Ministry of Women and Child Development	0.00	0.00	0.00	0.00
12.	National Centre for Disease Control, Directorate General of Health Services	274.81	13.83	0.00	288.64
13.	M/o Commerce & Industry D/o Industrial Policy and Promotion	6.80	41.50	121.67	169.97
14.	Planning Commission, SER Division	131.73	88.37	124.29	344.39
15.	CSO [SSD, BSLLD,NAD]	347.30	32.46	340.54	720.30
16.	M/o Defence	-	-	-	216.00
Total		3801.06	34860.00	2082.35	40959.41

*- Information received from the departments.

Ministry of Statistics and Programme Implementation (MoSPI)							
Projected Balance Sheet for 3 financial years							
PARTICULARS		Y1	Y1	Y2	Y2	Y3	Y3
		Projected	Projected	Projected	Projected	Projected	Projected
		(Amount in `)	(` in Crore)	(Amount in `)	(` in Crore)	(Amount in `)	(` in Crore)
LIABILITIES							
1 Shareholders' Funds							
(a) Share Capital		100,000,000	10.00	200,000,000	20.00	300,000,000	30.00
(b) Reserves and Surplus		-		-		8,127,734	0.81
Total Liabilities		100,000,000	10.00	200,000,000	20.00	308,127,734	30.81
ASSETS							
1 Non-current Assets							
(a) Fixed Assets							
(i) Tangible assets							
Gross Block		10,410,000	1.04	12,210,000	1.22	13,410,000	1.34
Less: Depreciation		(2,082,000)	(0.21)	(4,107,600)	(0.41)	(5,968,080)	(0.60)
Net Block		8,328,000	0.83	8,102,400	0.81	7,441,920	0.74

(ii) Intangible assets							
Gross Block		4,000,000	0.40	4,500,000	0.45	5,500,000	0.55
Less: Depreciation		(800,000)	(0.08)	(1,540,000)	(0.15)	(2,332,000)	(0.23)
Net Block		3,200,000	0.32	2,960,000	0.30	3,168,000	0.32
Sub-total		11,528,000	1.15	11,062,400	1.11	10,609,920	1.06
2 Current Assets							
(a) Cash and cash equivalents		66,641,400	6.66	146,178,987	14.62	297,517,814	29.75
(b) Profit & Loss Account		21,830,600	2.18	42,758,613	4.28		-
Sub-total		88,472,000	8.85	188,937,600	18.89	297,517,814	29.75
Total Assets		100,000,000	10.00	200,000,000	20.00	308,127,734	30.81

Ministry of Statistics and Programme Implementation (MoSPI)									
Projected Profit & Loss Account cum Budget for 3 financial years									
PARTICULARS	Y1	Y1	Y2	Y2	Y3	Y3	Total	Y3	
	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	
	(Amount in `)	(` in Crore)	(Amount in `)	(` in Crore)	(Amount in `)	(` in Crore)	(Amount in `)	(` in Crore)	
INCOME									
Consulting Income	24,000,000	2.40	52,500,000	5.25	144,000,000	14.40	220,500,008	22.05	
Operating Income	24,000,000	2.40	52,500,000	5.25	144,000,000	14.40	220,500,008	22.05	
Other Incomes	5,561,400	0.56	9,837,087	0.98	13,210,442	1.32	28,608,931	2.86	
Sub-Total	29,561,400	2.96	62,337,087	6.23	157,210,442	15.72	249,108,938	24.91	
EXPENDITURE									
Personnel Expenses	15,035,000	1.50	41,554,500	4.16	55,522,965	5.55	112,112,471	11.21	
Administrative Expenses	15,550,000	1.56	16,855,000	1.69	18,278,000	1.83	50,683,003	5.07	
Other Expenses	17,925,000	1.79	22,090,000	2.21	29,870,650	2.99	69,885,654	6.99	
Sub-Total	48,510,000	4.85	80,499,500	8.05	103,671,615	10.37	232,681,128	23.27	

PROFIT BEFORE DEPRECIATION, INTEREST, PRIOR PERIOD ADJUSTMENTS AND TAX	(18,948,600)	(1.89)	(18,162,413)	(1.82)	53,538,827	5.35	16,427,810	1.64	
Depreciation	(2,882,000)	(0.29)	(2,765,600)	(0.28)	(2,652,480)	(0.27)	(8,300,081)	(0.83)	
PROFIT BEFORE TAX	(21,830,600)	(2.18)	(20,928,013)	(2.09)	50,886,347	5.09	8,127,730	0.81	
Provision for Taxes	0	-	0	-	0	-	0	-	
PROFIT AFTER TAX	(21,830,600)	(2.18)	(20,928,013)	(2.09)	50,886,347	5.09	8,127,730	0.81	
PROFIT AVAILABLE FOR APPROPRIATIONS	(21,830,600)	(2.18)	(20,928,013)	(2.09)	50,886,347	5.09	8,127,730	0.81	
TOTAL EXPENSE	51,392,000	5.14	83,265,100	8.33	106,324,095	10.63	240,981,208	24.10	

Schedules annexed to and forming an integral part of the Profit & Loss Account

OTHER INCOMES	Annual Increase									
Interest		5,546,400	0.55	9,820,587	0.98	13,192,292	1.32	28,559,281	2.86	Refer worksheet
Miscellaneous Incomes	10%	15,000	0.00	16,500	0.00	18,150	0.00	49,650	0.00	This head is created for misll credits towards accounting adjustments

		5,561,400	0.56	9,837,087	0.98	13,210,442	1.32	28,608,931	2.86	
PERSONNEL EXPENSES										
Salaries & Allowances		11,850,000	1.19	35,595,000	3.56	47,748,150	4.77	95,193,155	9.52	Refer worksheet
Staff Welfare Expenses	10% of salary cost	1,185,000	0.12	3,559,500	0.36	4,774,815	0.48	9,519,315	0.95	Health insurance, Lunch coupons (tax free incentive), Medical reimbursements, Diwali gifts, daily Tea/coffee, etc.
Training and Recruitment Expenses		2,000,000	0.20	2,400,000	0.24	3,000,000	0.30	7,400,000	0.74	As employee strengths increases training requirement increases.
Sub-Total		15,035,000	1.50	41,554,500	4.16	55,522,965	5.55	112,112,471	11.21	
ADMINISTRATIVE EXPENSES										
Rent@	10%	4,800,000	0.48	5,280,000	0.53	5,808,000	0.58	15,888,001	1.59	
Rates & Taxes	10%	50,000	0.01	55,000	0.01	60,500	0.01	165,500	0.02	Miscellaneous taxes with average increase of 15% p.a.
Repairs and Maintenance	5%	2,500,000	0.25	2,625,000	0.26	2,756,250	0.28	7,881,251	0.79	Covers Equipment Maintenance, Office

ce										Maintenance, Computer Maintenance like AMC to IT vendor
Communi cation Expenses \$	10%	1,500,000	0.15	1,650,000	0.17	1,815,000	0.18	4,965,000	0.50	\$
Electricity & Water Expenses	10%	1,200,000	0.12	1,320,000	0.13	1,452,000	0.15	3,972,000	0.40	10% increase on YoY basis
Printing & Stationery #	10%	2,000,000	0.20	2,200,000	0.22	2,420,000	0.24	6,620,000	0.66	#
Insurance Charges	5%	2,500,000	0.25	2,625,000	0.26	2,756,250	0.28	7,881,251	0.79	The Company should ideally take insurance covers like asset insurance, Directors & Officers Liability Insurance, Professional Indemnity cover etc.
Books & Periodical s (incl Fees & Subscripti on)	10%	1,000,000	0.10	1,100,000	0.11	1,210,000	0.12	3,310,000	0.33	
Sub-Total		15,550,000	1.56	16,855,000	1.69	18,278,000	1.83	50,683,003	5.07	

OTHER EXPENSES

Travelling and Conveyance	20%	7,000,000	0.70	8,400,000	0.84	10,080,000	1.01	25,480,002	2.55	Both domestic and international travel of all members of staff and Directors
Directors' Sitting Fees		25,000	0.00	30,000	0.00	30,000	0.00	85,000	0.01	Usually fixed, but increased on YoY basis to accommodate any experienced and learned Director for support and guidance
Professional Charges	16%	4,000,000	0.40	4,640,000	0.46	5,382,400	0.54	14,022,401	1.40	Paid to experts, out-sourced consultants, legal/professional advisors, internal auditors, website hosting charges
Conference and Meeting Expenses	15%	2,500,000	0.25	2,875,000	0.29	3,306,250	0.33	8,681,251	0.87	Self-explanatory
Advertisement and Marketing Expenses	5% of income	1,200,000	0.12	2,625,000	0.26	7,200,000	0.72	11,025,000	1.10	Self-explanatory
Statutory Auditors' Remuneration	10%	200,000	0.02	220,000	0.02	242,000	0.02	662,000	0.07	Self-explanatory
Business Development	10%	2,500,000	0.25	2,750,000	0.28	3,025,000	0.30	8,275,001	0.83	Self-explanatory

ent Expenses										
Miscellaneous Expenses	10%	500,000	0.05	550,000	0.06	605,000	0.06	1,655,000	0.17	Miscellaneous expenses
Sub-Total		17,925,000	1.79	22,090,000	2.21	29,870,650	2.99	69,885,654	6.99	
<p>@- For 50 people, we would require an office space of approximately 8,000 sqft which would ideally have 60 workstations, 2 Conference Rooms, 4 Cabins, 1 server room, reception, separate toilets, pantry and storage. Being a subsidiary of Govt it is presumed that the Rent would be 41ubsidized. Therefore, Rent has is taken as ` 50 psft (all inclusive) (Market rent of ` 80 psft) plus Service Tax @ 10.3% for plug and play premises. Escalation of 12% p.a.</p> <p>\$-Includes: Postage and Courier Expenses, Telephone Expenses, Internet and Networking Expenses. Y1 it will be on a higher side as compared to Y2. As there are lot of consumable items that are being installed and are not part of Capital Expenditure</p> <p>#- Printing & Stationery like letter heads, visiting cards, brochures, pads, folders, etc will be higher in the first year</p>										

Ministry of Statistics and Programme Implementation (MoSPI)							
Projected Cash Flow for 3 financial years							
PARTICULARS		Y1	Y1	Y2	Y2	Y3	Y3
		Projected	Projected	Projected	Projected	Projected	Projected
		(Amount in `)	(` in Crore)	(Amount in `)	(` in Crore)	(Amount in `)	(` in Crore)
Opening cash in-hand		-	-	66,641,400	6.66	146,178,987	14.62
Add:	Paid-up capital	100,000,000	10.00	100,000,000	10.00	100,000,000	10.00
Less:	(Profit)/Loss for the year	21,830,600	2.18	20,928,013	2.09	(50,886,347)	(5.09)
		78,169,400	7.82	145,713,387	14.57	297,065,334	29.71
Add:	<u>Non-cash item</u>						
	Depreciation	2,882,000	0.29	2,765,600	0.28	2,652,480	0.27
		81,051,400	8.11	148,478,987	14.85	299,717,814	29.97
Less:	Capex	14,410,000	1.44	2,300,000	0.23	2,200,000	0.22
	Cash at bank	66,641,400	6.66	146,178,987	14.62	297,517,814	29.75

Annexure V(d)

Ministry of Statistics and Programme Implementation (MoSPI)								
Projected Capital Budget for 3 financial years								
(Amount in `)								
PARTICULARS	ITEM DESCRIPTION	COST		Y1 Projected	Y2 Projected	Y3 Projected	Total Projected	
TANGIBLE ASSETS								
Data Processing Equipment								
Desktops in Y1		42,000	30	1,260,000			1,260,000	
Desktops in Y2		45,000	10		450,000		450,000	
Laptops in Y1		50,000	5	250,000			250,000	
Laptops in Y2		50,000	2		100,000		100,000	
Complete IT Set-up including servers, networking, leased lines etc				3,500,000	500,000	500,000	4,500,000	It includes complete IT set-up with yearly incremental expenditure of ` 5 lakh to meet any contingency
UPS, Printers, scanners, EPBX, telephones, fax				1,000,000	250,000	250,000	1,500,000	
LCD screens, projector, conference equipments				500,000	100,000	100,000	700,000	
Sub-total				6,510,000	1,400,000	850,000	8,760,000	
				43				
Furniture and Fixtures								It is presumed office furniture is provided by

				1,000,000	200,000	200,000	1,400,000	the land lord but for contingency sake this amount has been budgeted
Office Equipment	Fire resistant Storage compactors			1,000,000	-	-	1,000,000	
	Almirahs			200,000	100,000	50,000	350,000	
	Sub-total			1,200,000	100,000	50,000	1,350,000	
Vehicles	Indigo with driver		1	700,000	-	-	700,000	To have own vehicle would save travel cost.
	Indica with driver		1	500,000	-	-	500,000	
	Sub-total			1,200,000	-	-	1,200,000	
Total of Tangible Assets				10,410,000	1,800,000	1,200,000	13,410,000	
INTANGIBLE ASSETS								
Software								
	Accounting and Payroll Softwares			500,000	-	-	500,000	
	Windows, MS Office, Anti-virus, Email licenses			2,500,000	500,000	500,000	3,500,000	
	Any other software that may be required during the course of business			1,000,000	-	500,000	1,500,000	
Total of Intangible Assets				4,000,000	500,000	1,000,000	5,500,000	
Total Capital Expenditure				14,410,000	2,300,000	2,200,000	18,910,000	
Average Depreciation on Yearly basis		Depreciation in Y1	20%	2,882,000				
		Written Down Value in Y1		11,528,000				
		Add: Purchases in Y2		13,828,000				

		Depreciation in Y2	20%	2,765,600				
		Written Down Value in Y2		11,062,400				
		Add: Purchases in Y3		13,262,400				
		Depreciation in Y3	20%	2,652,480				
		Written Down Value in Y3		10,609,920				
		Tangible						
		Depreciation		2,082,000	2,025,600	1,860,480		
		Written Down Value		8,328,000	8,102,400	7,441,920		
		Intangible						
		Depreciation		800,000	740,000	792,000		
		Written Down Value		3,200,000	2,960,000	3,168,000		

Annexure V(e)

Interest Income		Projected in `		
		Y1	Y2	Y3
Opening Balance		100,000,000	166,641,400	246,178,987
Closing cash balance		84,880,000	160,711,500	193,564,085
Average Cash balance		92,440,000	163,676,450	219,871,536
Average Interest @	6%	5,546,400	9,820,587	13,192,292

Annexure V(f)

PERSONNEL COST									
	Cost p.a.	No. of months	Y1 (No.)	Y1	Y2 (No.)	Y2	Y3 (No.)	Y3	Total
						113%		113%	
Managing Director & CEO	3,500,000	6	1	1,750,000	1	3,955,000	1	4,469,150	10,174,152
General Managers	2,000,000	6	2	2,000,000	3	6,780,000	5	11,300,000	20,080,008
Area Manager (including Company Secretary)	1,600,000	6	7	5,600,000	10	18,080,000	13	23,504,000	47,184,023
Other Staff (including Support Staff)	500,000	6	10	2,500,000	12	6,780,000	15	8,475,000	17,755,027
Sub-Total			20	11,850,000	26	35,595,000	34	47,748,150	95,193,210

Annexure V(g)

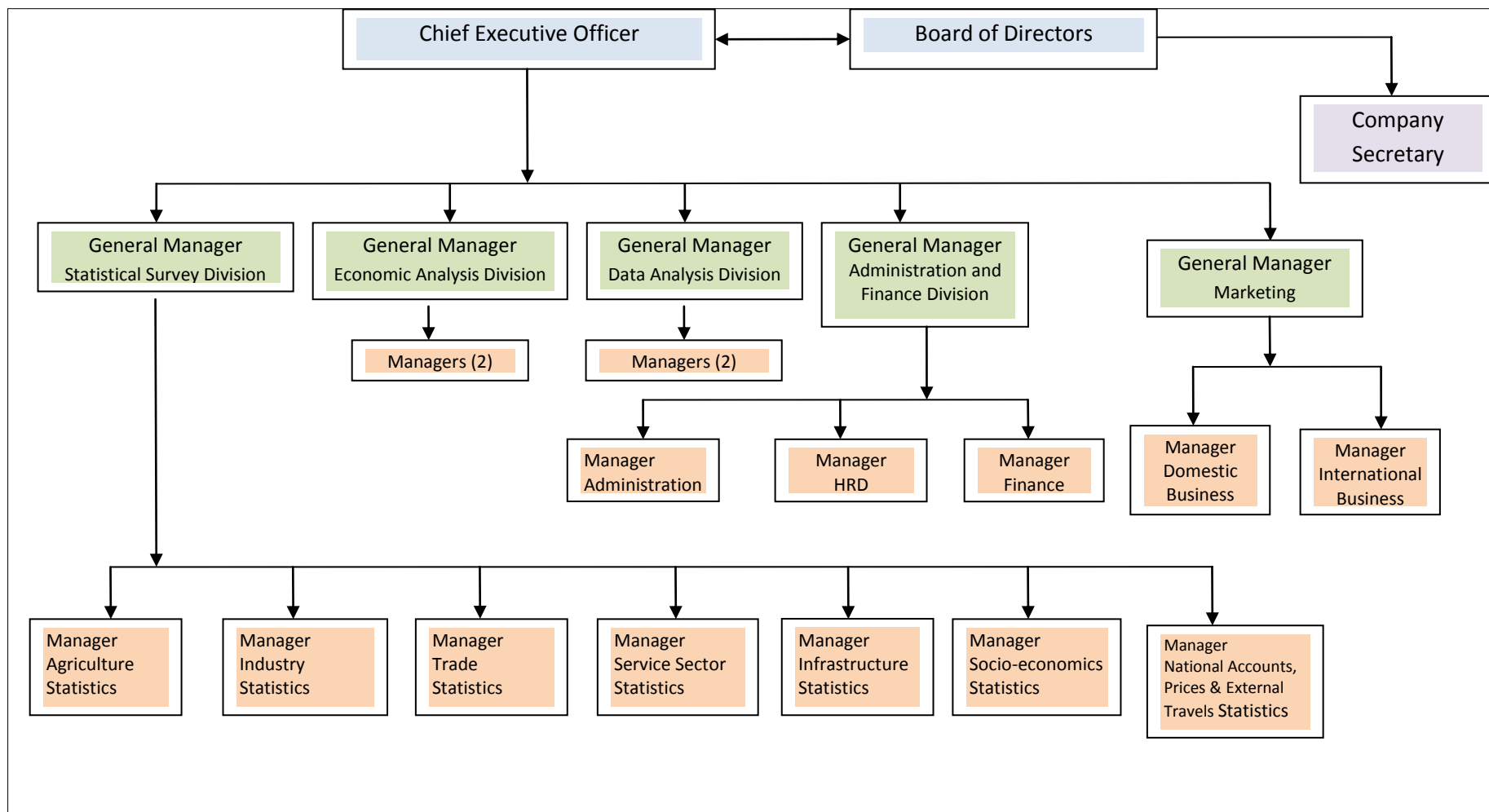
Calculation of Operating Income	Y1	Y2	Y3
		150%	200%
Expected expenditure by various Ministries during the year.	1,000,000,000	1,500,000,000	3,000,000,000
In ` Cr	100.00	150.00	300.00
%age share to be spent through the proposed entity	20%	25%	30%
	200,000,000	375,000,000	900,000,000
In ` Cr	20.00	37.50	90.00
Commission to be charged by the proposed entity	12%	14%	16%
Operating Income during the Year	24,000,000	52,500,000	144,000,000
In ` Cr	2.40	5.25	14.40

Annexure V(h)

Important Ratios

Ratio	How calculated	Y1	Y2	Y3
Gross profit margin	Gross Income / Turnover	-91%	-40%	35%
Total asset turnover	Turnover / Total assets	24%	26%	47%
Earnings per share	Net Income available to shareholders / Number of shares outstanding	-22%	-10%	17%
Return on Investment	Net profit before tax / Shareholder's equity	-22%	-10%	17%

STRUCTURE OF THE PROPOSED COMPANY [STATINDIA LIMITED]



ROAD MAP FOR APPROVAL OF THE PROPOSED STAT INDIA LTD.

Sl. No.	Activities	2011-12									2012-13									
		Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.
1.	Preparation of concept note																			
2.	In principal approval of the Planning Commission																			
3.	Preparation of Public Investment Board [PIB] note/DPR																			
4.	Circulation & obtaining comments of the concerned ministries on PIB Note/DPR																			
5.	Approval of PIB																			
6.	Approval of Full Planning Commission																			

7.	Circulation & obtaining comments of the concerned ministries on CCEA Note																			
8.	Approval of CCEA																			
9.	Incorporation of the proposed Company																			
10.	STARTUP																			

Action taken on the Comments/Suggestions of the Members of the Sub-Group including expert professionals on the Draft Concept note

Sl. No.	Suggestions	Remarks
1.	<p>Ramesh Kolli, former ADG(NAD), CSO:</p> <p>I have gone through the report and find it to be in order. From my side, there are no comments on this.</p>	No comments
2.	<p>Sh. TV Raman, DDG (NAD), New Delhi:</p> <p>Thanks a lot for sending me the Draft “Concept Note for setting-up the Consultancy Services Organization”. In all fairness, I need to and I would, therefore, like to congratulate and complement you for bringing out a very well made, comprehensive, well-argued and even better articulated draft report on such a complex subject as this, on which MOSPI has undertaken to do a detailed exercise for the first time ever. I have no major/substantive comments or suggestions to offer on the draft report. However, I have given a very minor touch-up to certain portions of the report, purely from an editorial angle, which I hope may be of some possible use. These tiny corrections may please be seen in the hard copy of the draft report that I would be sending you shortly.</p> <p>Let me take this opportunity to wish you, in your capacity as the Member Secretary of the concerned Sub-Group as also of the prestigious Steering Committee under which it was set up, the best of luck and all success in all the future endeavors /pursuits on this front. In my view, if and when that happens (hopefully, very soon), it would indeed be a momentous day in the annals</p>	<p>The corrections suggested by Sh. TV Raman, DDG (NAD) have been incorporated in the Concept Note.</p>

	/history of the National Statistical System in India when the proposed Consultancy Services Organization (STATINDIA LIMITED) becomes an operational reality and starts functioning.	
3.	<p><u>Shri Ashish Kumar, ADG(NAD), CSO, New Delhi</u></p> <p>I have gone through the concept note. I agree with most of the provisions made. However, the following may be considered.</p>	
	(i) Authorized capital of the company should be at Rs100 crore with immediate subscription by the Government of Rs 30 crore over a period of three years.	Appropriately taken into account. ` 50 crores taken as authorised capital and ` 30 crores as paid up capital.
	(ii) Projection made about the income from consultancy should be adequately justified.	The justification for the provisions has been provided at the appropriate place.
	(iii) PI check about the requirement of projections. Will it be necessary to make projection for a period of five years.	There is no such requirement.
	(iv) Staff requirement may be phased over the three years and accordingly it may be got sanctioned.	It has already been phased in the expenditure Statement.
	With best wishes for early registration of the company.	Thanks
4.	<p><u>Shri Rattan Chand, Chief Director, Ministry of Health & Family Welfare, New Delhi</u></p> <p>i) I fully support the proposal to have ISCS Ltd.</p>	-

	<p>ii) The note needs improvement. It would be a good idea to develop it into a comprehensive Cabinet note. In case in principle approval, for creating this company is there, then Cabinet note along with the details of formation of the Company can be developed. It would be a good idea to have expert services in preparing draft for constitution of the company as per the requirement of registering authority.</p>	The note has been substantially revised based on the comments/suggestions of the Sub-Group members.
	<p>iii) We are getting the surveys conducted through Office of Registrar General of India (ORGI) and International Institute for Population Sciences (IIPS), Mumbai. Annual Health Survey is being conducted by ORGI with a cost of Rs. 330 Crores for three years in all districts of 9 States and DLHS-4 will be conducted in all districts of 26 States with a cost of Rs. 100 Crore approximately. The field work and data processing etc. is done by the private agencies selected through open bidding process. The same procedure can be adopted by the ISCS and it can work as nodal agency like RGI or IIPS.</p>	This has been included in the note.
	<p>iv) There would not be dearth of assignment to ISCS if it ensures timeliness and quality as per standard statistical protocols.</p>	This would be the main objective of the proposed company.
5.	<p>Pravin Srivastava, Deputy Director General, Regional Office, National Sample Survey Office, Ministry of Statistics & Programme Implementation, Bhopal.</p> <p>The Concept Note is good. I have made certain cosmetic changes in the document – please have a look at it. I did not go through the financials as I expect that the Chartered Accountant would have gone through it.</p>	Thanks for the suggestions. These have been incorporated in the note.
6.	<p>Vinay Gupta, Head – Finance & Company Secretary, Imacs</p>	
	<p>1. Rs. symbol has to be replaced by `</p>	The changes have been effected in the concept

		note as suggested.
	2. As we may not know which name would be approved by the Ministry of Corporate Affairs (MCA), it is advisable to use the words 'Proposed entity' wherever we have used 'StatIndia Limited'.	The changes have been effected in the concept note as suggested.
	3. Annexures to appear serially in the entire document. For example on page 7 of the Concept Note, Annexure No. VII (a) and VII (b) may be replaced to 'II (a) and II (b)'.	The changes have been effected in the concept note as suggested.
	4. In para 7.1 (page 10), following changes may be incorporated:	
	a) Authorized Capital to be changed to ` 50 crores from ` 100 crores. b) Paid capital has to be changed to ` 30 crores in place of ` 35 crores	The change has been effected in the concept note as suggested.
	c) Following statement may be removed from the para, as it may too early to comment on the listing of the proposed entity. Further, the decision to list lies in the hands of the Board of Directors of the company and the shareholders of the entity. <i>"Initially the Government holding the 100% shares of the company and at later state, when the company starts earning profit, it may be disinvested by offering to public the shares of the company in the form of (Initial Public Offer). The decision to that effect may be taken by the management of the Company. The Government may keep the majority stake of 51% while the public stake may be raised to 49%. The shares of the company would be freely transferable i.e. it will have the members unlimited and are listed on National Stock Exchange should be removed as Initial Public Offer is a decision to be taken by the Board."</i>	Since this has been approved by the Sub-Group therefore no change has been made in the para. However, the steering committee may decide on this matter.
	5. a) In para 7.2 (page 10), at least 4 names may be provided in the order of preference to the Ministry of Corporate Affairs (MCA) for approval.	Two names have been given instead of one.
	b) In para 7.3 (page 10), the words 'initial	The changes have been

	office' may be replaced with the words 'Registered Office'.	effected in the concept note as suggested.
	c) In para 7.18 (page 15), Paid-up capital under Phase-1 Year – 1 may be changed to ` '10.00' instead of ` '15.00'.	The changes have been effected in the concept note as suggested.
	d) Wherever CMD/MD/CEO of the proposed entity is mentioned, the same may be changed to 'Managing Director & Chief Executive Officer' like in para 7.19 (page 15)	The changes have been effected in the concept note as suggested.
	e) In para 7.21 vii point (page 21), the words 'regular Company Secretary' may be replaced with 'Whole-time Company Secretary'.	The changes have been effected in the concept note as suggested.
	f) In para 10.1 (page 18), we may provide some scope for Internal Auditors as well.	The changes have been effected in the concept note as suggested.
	g) The financial projections may be expressed in terms of ` in Crore only instead of both.	Some of the sub-group members are in favour of keeping the actual also. Therefore, no change is effected
	h) In Projected Cash Flow (page 32), 'Profit/ (Loss)' should be replaced with '(Profit)/Loss'.	The changes have been effected in the concept note as suggested.

REFERENCES

1. Analytical report on 'SURVEY CAPABILITIES OF PRIVATE AGENCIES'; PART –I, IASRI, pusa, New Delhi.
2. Project document for SETTING UP THE CONSULTANCY WING PART-II, IASRI, pusa, New Delhi.
3. National Statistical Commission Report (2001). Central Statistical Office, Ministry of Statistics and Program Implementation.
4. 41st Annual Report 2009-10, WAPCOS limited, GOI, MOWR.
5. Input from the web-sites of Rites Limited, NICSI and IRCON India Ltd.
6. Input from 16 Ministries & Departments of GOI and a private consulting company IMacs Ltd.
7. Census of India's RFP for Annual Health Survey