

THIRTY-FIFTH REPORT

COMMITTEE ON PUBLIC UNDERTAKINGS (1993-94)

(TENTH LOK SABHA)

EDUCATIONAL CONSULTANTS INDIA LIMITED
MINISTRY OF HUMAN RESOURCE DEVELOPMENT
(DEPARTMENT OF EDUCATION)



*Presented to Lok Sabha on 29.4.94
Laid in Rajya Sabha on 29.4.94*

LOK SABHA SECRETARIAT
NEW DELHI

April, 1994/Vaisakha, 1916 (Saka)

**Corrigenda to the 35th Report of the
Committee on Public Undertakings (1993-94)
on Ed. CIL**

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COMMITTEE ON PUBLIC UNDERTAKINGS
(1993-94)

CHAIRMAN

Shri Vilas Muttemwar

MEMBERS

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2. Shri Basudeb Acharia
3. Shri R. Anbarasu
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- ***20. Shri Santosh Kumar Sahu
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SECRETARIAT

1. Shri G.L. Batra —*Additional Secretary*
2. Smt. P.K. Sandhu —*Deputy Secretary*
3. Shri P.K. Grover —*Under Secretary*

*Ceased to be a Member of the Committee consequent on his appointment as Minister in the Council of Ministers w.e.f. 17th February, 1994.

**Elected w.e.f. 12.8.1993 vice Shri Sunil Basu Ray ceased to be Member of the Committee w.e.f. 9.7.1993 consequent on his retirement from Rajya Sabha.

***Ceased to be a Member of the Committee consequent upon the retirement from Rajya Sabha w.e.f. 2nd April, 1994.

PART A

BACKGROUND ANALYSIS

CHAPTER I

ROLE AND OBJECTIVES

A. Historical Background

1.1 Educational Consultants India Limited (Ed. CIL) was conceived and set up as a public sector undertaking by the Government of India in 1981 to offer consultancy and technical services in different aspects of Human Resource Development not only within the country but also on a global basis. Ed.CIL was created to fill a definite need to channelise the rich experience and the vast expertise that India has accumulated over the years in building a resource base in the field of Education and Human Resource Development. Creation of better infrastructural facilities in education within the country and other developing countries is also one of the prime objectives of Ed.CIL. The authorised share capital of the company as on 31.3.1993 was Rs. 200 lakhs and the issued and paid-up capital was Rs. 125 lakhs. The whole of the paid-up capital has been provided by the Government. The company has not received any loans.

B. Objectives and Obligations

1.2 Some of the major objectives of the company are:—

- (i) to offer educational consultancy services to a number of agencies such as Government and educational institutions, funding organisations like the World Bank/ADB and international agencies like UNESCO and ESCAP etc;
- (ii) to undertake surveys of educational requirements and prepare feasibility and educational projects and programmes;
- (iii) to plan and establish educational institutions/programmes on turn-key basis.
- (iv) to prepare detailed project reports for establishment of educational institutions/programmes;
- (v) to develop organisational structure for educational administration and management and;
- (vi) to undertake training of foreign and local students at the institutions in our country and provide manpower in the educational field to client countries.

1.3 When the Committee enquired as to what extent the Company had

achieved its main objectives so far, the Ed.CIL stated in a written reply that the company is fulfilling its objectives to a large extent.

1.4 Asked about the Ministry's assessment in regard to the performance of the Ed.CIL in fulfilling its role, the Additional Secretary, Department of Education stated during evidence:—

"I would only like to say that the concept of having an educational consultancy company is not a traditional one in the Country. It is a new feature which is more oriented towards future because earlier, the educational institutions used to be of a fairly definite type and if some body, State Government or the Government of India decided to set up a University or a College or an Engineering College or a School, generally the existing institutions features were duplicated in creating a new institution. But in the last two or three decades with the onward march of the technology and with the complexion of the society changing, new things are coming up and it is no longer valid that the new institutions should duplicate the earlier existing institutions. Therefore, there is a need for an expert agency to develop in the Country. It can consider the needs of the society and design an institution in response to the needs of the society. With these objectives, ED.CIL was constituted in 1981. At the national level, the Ministry has been using Ed.CIL to a very large extent. We are trying to get the State Government also to realise the advantage of having such an expert agency. But the process has started. But it is yet to develop in a large way. We are persuading the states also to use such expert agencies in setting up new institutions and new facilities and we hope that it will grow in the coming years."

1.5 Subsequently the Ministry of Human Resource Development stated in a written reply as follows:—

"It has obtained and implemented a number of prestigious projects from not only the Department of Education but also from MOI University in Kenya, Asian Development Bank and University of Mauritius. From this point of view the Government is fully satisfied that the decision to set up Ed.CIL has been a fruitful one. However, the turn-over of Ed.CIL has not reached a large enough volume. There is a great deal of scope in the State Government sector and in the private (educational) sector where Ed.CIL can fruitfully achieve much bigger business for itself for the benefit of that sector and of the country. It is expected that Ed.CIL would actively pursue these large segments of the educational sector."

1.6 In accordance with the guidelines issued by Department of Public Enterprises (earstwhile Bureau of Public Enterprises) in 1979 and 1983, all Public Undertakings were required to frame their micro-objectives spelt out in the Government of India Industrial Policy Statement of

December, 1977 and get them approved by the Administrative Ministry to facilitate meaningful evaluation of the enterprises by Government. When the Committee desired to know whether the Company has framed its micro-objectives in accordance with the Department Public Enterprises guidelines, the Managing Director, Ed.CIL stated during evidence:—

“.....when this company was established in 1981, all the, various activities which we were entrusted with and which formed our mandate were described in fair detail....we are not quite clear as to how we can define our objectives in further micro details.”

1.7 During the course of examination of the Ministry of Human Resource Development (Department of Education), the Committee enquired whether the Ministry at any time advised the Ed.CIL to frame its micro-objectives in terms of DPE guidelines, the Ministry stated in a written reply:—

“The need to define micro-objectives for an organisation would arise if its objectives are framed in a broad manner. In contrast the Memorandum of Association by which Ed. CIL has been created defines the objectives in detailed and precise manner. Therefore, the Government feel that there is no need for developing any micro-objectives for Ed.CIL.”

1.8 Enquired as to how in the absence of micro- objectives Ed.CIL's performance was being evaluated, the Managing Director, Ed.CIL stated in a written reply:—

“The performance of the Company is being evaluated through MOUs being signed with the Administrative Ministry.

1.9 In response to another enquiry, the Committee were informed by Ed.CIL in a note that it had been signing the MOU with the Ministry for the last 3 years (i.e. since 1991-92).

1.10 When the Committee desired to know the methodology adopted by Ed. CIL for interaction with State Governments regarding its consultancy services for setting up of educational institution etc., the Managing Director, Educational Consultants India Limited informed in evidence:—

“We issue a Newsletter once in every quarter which goes to all Secretaries of Education..... when there are meetings here in Delhi of all the State Education Ministers, when there are meetings of State Education Secretaries, we keep tab on them and we know what is happening.....whenever we think that we can make contribution and whenever they think that they need contribution from us, we get together and we create a situation where we can provide services.”

1.11 On being asked whether the company had a system to know as to the projects that have come up in various States without consulting Ed.CIL

and the States where new institutions are being planned, the witness stated:—

“I cannot answer this in statistical value.....we do not have that kind of information.”

1.12 The Committee asked whether it would not be better if some system was evolved whereby all the States and all other institutions who are in the process of setting up such institutions should be aware of Ed.CIL's consultancy service so that they could approach the company in advance. The Managing Director, Ed. CIL replied:—

“I think, that is very desirable.”

1.13 At its meeting held on 28th June, 1993 the Board of Directors of Ed. CIL adopted a resolution that the Ministry of HRD be requested to give the company representation in policy making and advisory bodies of the Ministry and its constituents as member or invitee as appropriate in each case. When the Committee wanted to know the views of Government in this regard the Ministry of Human Resource Development stated in a written reply that Ed. CIL has been conceived as an expert organisation in planning and implementation of educational projects. Policy formulation and review is a deliberative exercise and the Department does not feel Ed.CIL has any substantial role to play in such matters. Therefore, Ed.CIL has not been so far involved in policy making bodies. However, the resolution of the Ed. CIL will be considered in the near future when the Central Advisory Board of Education is reconstituted.

C. Corporate Plan

1.14 The first Corporate Plan of Ed.CIL covered the 3 financial years from 1987-88 to 1989-90. The two financial years 1990-92 have been missed out in the planning process. The 2nd Corporate Plan relates to the years 1992-95.

1.15 Asked for the reasons for non-formulation of corporate plan before 1987, Ed. CIL stated in a written reply that the company was suffering a financial loss until the year 1984-85 and its focus was only on improving performance. Hence the Corporate Plan could be adopted only during 1987.

1.16 The main causes for the two financial years (1990-92) being missed out from the planning process are stated to be as follows:—

“During 1990-91 the then Managing Director was completing his tenure and for greater part of 1991-92 Ed.CIL had no full time Managing Director.”

1.17 Asked whether the Corporate Plan should not be prepared for a longer time, Ed.CIL, in a written reply, stated that developing a Corporate Plan should be a meaningful activity; the length for which it can be prepared is a function of stage of growth of the Corporation.

1.18 From the information furnished by the company, the Committee noticed that at its meeting held on 28 June, 1993 the Board of Directors of Ed. CIL revised the targets for receipts, expenditure and profit for the years 1992-93, 1993-94 and 1994-95. The revised targets are stated to be as follows:—

(Rs. in lakhs)			
Particulars	1992-93	1993-94	1994-95
Existing			
Receipts	830.00	880.00	1000.00
Expend.	723.00	768.00	877.00
Profit	106.00	112.00	123.00
Revised			
Receipts	490.00	565.00	630.00
Expend.	426.00	498.00	556.00
Profit	64.00	67.00	74.00

1.19 The reasons for slashing down substantially the targets fixed initially for receipts, expenditure and profit are stated to be as follows:—

“The Second Corporate Plan was prepared in the year 1992 and the basis for fixing the targets of this Corporate Plan initially was the targets set in the MOU for 1991-92. Since the target in MOU for 1991-92 were totally unrealistic and inconsistent with the actual performance of the company in the past five years, in 1993 it was decided to reflect realistic targets in the Corporate Plan and a change was effected.”

CHAPTER II

PROJECTS & ACTIVITIES

A. Present Activities

2.1 At present Ed. CIL is stated to be primarily engaged in five activities viz. project consultancy, placement & training, secondment of experts to other countries, supply of educational aids and books and turnkey projects.

2.2 Asked about the total number of projects undertaken by the company since its inception of Ed. CIL in its post-evidence replies stated as follows:—

(i) Consultancy projects	—127
(ii) Turn-key projects	— 12
(iii) Supply of Books & Educational aids	— 17
(iv) Training & Placement of foreign students	—817
(v) Secondment of experts	—330
(vi) Logistic support	— 6

2.3 In reply to a query regarding the number of States to whom Ed. CIL has provided consultancy services, the company informed in a note that it has provided such services to 24 States and Union Territories to date.

2.4 When the Committee desired to know the number of projects taken up by Ed.CIL in private sector during the last three years:—

Year	Contacted	Awarded to Ed. CIL
1991-92	1	—
1992-93	2	1
1993-94	8	4

2.5 On being enquired as to how many institutions in the field where Ed.CIL could provide consultancy have come up in private sector ever since the beginning of Ed. CIL, the Company revealed in its post-evidence replies:—

“No such data available with Ed.CIL.”

2.6 When the Committee desired to know the activity-wise turnover of the Company during the last 3 years, Ed. CIL stated in a written reply the following:—

(Rupees in lakhs)			
Particulars	1990-91	1991-92	1992-93
Trg. and placement Project consultancy	164.18	56.08	27.65
Turnkey Projects	74.89	248.68	147.37
Supply of Books & Educational aids	70.10	183.37	110.22
	0.96	2.83	19.78
	310.13	490.96	305.02

2.7 On being enquired as to which of these activities is more profitable for the company, the company stated in a written reply:

“The profitability of Project consultancy activity is high but turnover for this is low. Whereas profitability of Turnkey Project activity is low but turnover for this is high.”

2.8 On being asked about the share of foreign projects in the total turnover during the last three years the Committee were furnished with the following information by the company:

Year	Foreign %age
1990-91	69.72
1991-92	58.29
1992-93	55.48

2.9 Ed.CIL has also been offering a wide range of programme to international students through various agencies like Government/Educational Institutions/funding organisations (like UNDP, UNESCO, FAP etc.). The wide range of programmes which have been offered include regular courses in engineering and technology, pharmacy, management, arts and sciences. In addition Ed. CIL has offered

placements in short-term courses and has also organised tailor-made programmes. The various countries from which students have been placed are Afghanistan, Bahrain, Bangladesh, Botswana, Ethiopia, Ghana, Iran, Malaysia, Nepal, North Korea, Somalia, Sri Lanka, Vietnam, Western Somalia and Yemen.

2.10 Enquired about the role of Ed. CIL in the selection of foreign students, Ed. CIL stated in a written reply that Ed. CIL does not play any role in the selection of foreign students. The eligibility requirements are examined by the institute admitting the students, as per norms applicable to foreign students.

2.11 In this connection the Managing Director, Ed. CIL stated during evidence that the Government's Policy in regard to admitting foreign students is very vague and unclear. He also suggested that the practice of charging same fee from foreign students as was being charged from Indian Students should be given up except for some diplomatic reasons.

2.12 Asked for further clarification from the Ministry in this connection, the Ministry, in a written reply, stated the following:—

"So far educational facility to foreign students in Indian Universities/Colleges has been broadly on the same lines as for Indian students. Foreign students come for education to Indian Institutions in broadly two manners. For students from some countries seats are obtained in educational institutions for diplomatic reasons. A number of educational institutions from all over the country are persuaded to volunteer a number of seats to be filled up by foreign students belonging to this category. The overall number in this category are regulated in consultation with the Ministry of External Affairs. Placement of students is coordinated by the Indian Council of Cultural Relations. Benefit of admission for this category of students is directed at countries with which India has had traditionally very close and friendly relations. The second category of students is from any country generally who come for education to India on their own initiative. They approach the educational institutions on their own and the educational institutions grant them admission in accordance with their own procedures and rules. Once students of either category are admitted, the conditions as apply to Indian students generally apply to such students.

• However, the Supreme Court has given an important decision in the Unnikrishnan case in 1992. The Supreme Court has prescribed a scheme for determining admission and fees and under this dispensation 15% seats in professional, private unaided technical institutions have been last year made available for NRIs and foreign students. Some of the Universities are also now changing the terms of admissions for foreign students and are prescribing

higher fees. The IITs have prescribed the fee of US \$ 2,000/- per Semester for under-Graduate Programme and US \$ 3000/- per Semester for all the Post-Graduate programmes for foreign students since 10.5.1993 compared to Rs. 500/- each for five year integrated M.Sc and M.Sc 2 years per Semester, Rs. 750/- each for M.Tech. and M.Sc Programme, and Rs. 1000/- for Ph.D. Programme per Semester for Indian students.

As required by the Supreme Court the AICTE for technical institutions and UGCs for general higher education institutions are shortly intending to frame regulations under their respective Acts to regulate admissions and fees in pursuance of the judgement of the Supreme Court in Unnikrishnan case for regulating admissions and fees."

2.13 Asked about the agencies which are providing the same services as that of Ed. CIL, the Company pointed out in its post-evidence reply, the following agencies:—

- i) British Council, New Delhi
- ii) Tata Consultancy Services, Bombay
- iii) Educational Consultants Consortium, New Delhi.

2.14 It was also pointed out by Ed. CIL that as far as business in India is concerned (ii) and (iii) above have recently begun to provide services in the field of education. The British Council is a strong competitor of Ed. CIL in the international sector.

2.15 Enquired whether any comparative study between Ed. CIL and its competitors has been made, the Managing Director of Ed. CIL stated in during evidence:—

"They are just beginning. We are much more established than they are."

2.16 It was also stated in the evidence that on one occasion, Ed. CIL had lost a project to Tata Consultancy Services because the report of Ed. CIL was not as responsive to the needs of the client as it should have been.

2.17 In this connection, the Ministry stated in its written reply:—

"The Department of Education is not aware of any other consultancy organisation in the country of the nature of Ed. CIL."

B. Future Programme

2.18 It has been stated in the 2nd Corporate Plan of Ed. CIL that investment in education is beginning to receive greater attention of the World Community. As such Educational Consultancy provides a steady ever-increasing market with high profit opportunities. Ed. CIL with its

experience of having undertaken projects funded by international financial institutions should lay a greater emphasis on consultation abroad.

2.19 It has also been stated in the Corporate Plan that Ed. CIL hopes to take up hitherto unexploited areas of organising continuing education and developing and marketing instructional resource material or the emerging areas of creation of data bases and organising exhibitions for international audiences on educational products and services.

2.20 Enquired about many concrete plans by Ed. CIL to enter into these new areas, Ed. CIL stated in a written reply:—

“Ed. CIL has already started developing instructional resource material on project to project basis and the first project is being executed in the state of Karnataka. While the work of organising continuing education and taking up development of database on commercial basis is yet to start. Ed. CIL has already organised exhibitions and ‘Workshops’ at national level before venturing into organising exhibitions for international audiences.”

CHAPTER III
FINANCIAL MATTERS

A. Turnover

3.1 The target and actuals of turnover of the company during the last 5 years were stated to be as follows:—

(Rs. in lakhs)

Year	Target Turnover	Actual Turnover	Variation Turnover
1988-89	281.00	236.00	(-) 45
1989-90	475.00	367.00	(-) 108
1990-91	291.00	310.00	(+) 19
1991-92	695.00	491.00	(-) 204
1992-93	450.00	305.00	(-) 145

3.2 The reasons for the actual turnover being generally less than the targets was stated to be the policy of fixing high targets of turnover to motivate the employees to achieve it.

3.3 Asked to state whether the employees could not be motivated by any other means, the company stated in a written reply that it has already introduced a scheme of productivity linked bonus from the financial year 1992-93.

3.4 Asked as to what extent the new scheme has been effective as a means of motivating employees in the organisation the company stated in its post-evidence reply:—

“The scheme is definitely going to act as a motivation of employees to achieve the targets set in MOU. Company is now fixing the targets realistically.”

3.5 Enquired whether the Ministry were aware that the company had been fixing the targets of turnover unrealistically, the Committee were informed in a written reply:—

“Considering that Ed. CIL is now 13 years old, target of Rs. 4.50 or Rs. 6.95 crores cannot be said to be very high. As submitted earlier, the Ed. CIL is now properly set up and it should actually reach out to the potential customers in the state Government and private educational sector and achieve substantially higher turnover. The Ministry proposes to persuade

Ed. CIL to act in this manner in a planned way in coming years. In the earlier years the Ministry has tended to accept the existing situation in regard to turnover in Ed. CIL because the Ed. CIL has been making profit consistently."

3.6 Asked for the reasons for shortfall in the targets during 1992-93, Ed. CIL stated in a written reply:

"The Company was to be awarded Establishment of Kendriya Vidyalaya Schools in the 1990-91 valuing Rs. 290 lakhs. It was expected that 50% of this work would be completed during the year 1992-93. However, the same could not be done as the project was not awarded in time and the revised targets for the year 1992-93 could not be achieved."

3.7 Enquired as to why the job of establishment of Kendriya Vidyalaya was not awarded in time, the Ministry stated in a written reply:

"It may be noted that normal construction agency for Kendriya Vidyalayas is CPWD in the Civil sector and the MES in the military sector. Therefore, the work of construction of Kendriya Vidyalayas is traditionally not assigned to Ed. CIL. In order to give opportunity to Ed. CIL to prove its expertise in managing construction works efficiently, the work of constructing two Kendriya Vidyalayas, one at Rewari and the other at Nahara (both in Haryana) has been awarded to Ed. CIL. The proposal in this regard was submitted by Ed. CIL in May 1992. Discussions were held with the KVS and conceptual plan was submitted by Ed. CIL to KVS in October, 1992 which was approved by KVS in December, 1992. Ed. CIL submitted the cost estimates in March, 1993 which were approved by the KVS in December, 1993 and January, 1994 respectively."

B. Working Results

3.8 The estimated and actual profits earned by the Company during the last 5 years was as follows;—

Year	Income	Expend.	Profit	
			Estimated	Actual
88-89	254.21	214.93	31.11	39.28
89-90	399.17	338.95	50.39	60.22
90-91	338.12	304.81	29.80	33.31
91-92	543.75	381.21	122.90	162.54
92-93	371.14	312.41	62.40	58.73

3.9 While pointing out that except in 1992-93 the actual profit has been always higher than the estimated profit when the turnover has been lower

than the targets, the Committee asked as to how the estimated profit of the company is fixed, Ed. CIL stated in a written reply:

"We have a mix of project types, each with its own profitability. We estimate the mix likely to materialise in the coming years and then work out profits."

3.10 The main causes for the steep fall in profit during 1992-93 as compared to 1991-92 were stated to be as follows:—

"The year 1991-92 was unique period for Ed. CIL in which for the first time Ed. CIL was assigned a turnkey project for execution in Mauritius. Major component of turnover and profit for this 3 year project was booked during that year on account of the nature of the contract. This had a major influence on turnover and profit that year which would not be reflected in the next year."

The actual profit during the year 1993-94 was likely to be more than Rs. 67 lakhs.

C. Outstanding dues

3.11 The position of Outstanding dues of the company with age-wise classification as on 31st March, 1993 was reported to be as follows:—

Year	Outstanding for more than six months	Outstanding for less than six months	(Rupees in lakhs)	
			Total	Turnover
1990-91	40	54	94	310
1991-92	28	177	205	491
1992-93	40	65	105	305

3.12 It has also been stated that the company has no bad debts. However, where the dues have not been recovered for quite a long time, these cases have been taken up with the debtors. And for the recovery of outstanding dues, the company is following up with the respective debtors on expiry of 90 days from the date of raising the invoice. It has been stated that in most of the cases, the dues are being realised within a period of three to five months.

3.13 Asked for the reasons due to which the reasons of outstanding dues was delayed Ed. CIL stated in a written reply:

"The dues are generally realised within a period of 3 to 5 months. However, in certain cases some clarifications are required by the clients before they accept the report and therefore, the realisation is delayed."

3.14 In this connection, Ed. CIL stated in a written reply the year-wise details of outstandings for more than six months along with major Defaulters:

Year	No. of cases
1990-91	20
1991-92	31
1992-93	34

Major Defaulters

1. Mahanagar Telephone Nigam Limited, New Delhi.
2. Asian Development Bank, Manila, Philippines.
3. IVTB, Mauritius.
4. Arba-Minch Water Resource Commission, Ethiopia.
5. Ministry of Textiles, New Delhi.

3.15 Asked about company's proposed plan to realise the outstanding dues in time, Ed. CIL stated in a written reply the following:—

“For each project a Realisation Committee is constituted which closely chases such cases with the respective clients.”

CHAPTER IV ORGANISATION AND MANPOWER

A. Appointment of Chief Executive

4.1 From the information furnished to the Committee it was noticed that though Ed. CIL was established in June, 1981, the company remained dormant till April, 1982 when the first regular Managing Director joined. Similarly, there was no Chairman of the Company from August, 1990 to February, 1993. During the greater part of 1991-92, the Company had no full-time Managing Director.

4.2 Asked for the reasons for not appointing a Managing Director initially for about 2 year and the post of Chairman remaining vacant for about 2½ years, the Ministry stated, in a written reply, the following:—

“Ed. CIL came into existence as a company in June 1981. It may be noted that the process of filling up the post of Managing Director involves advertisement of the post by the Public Sector Enterprises Selection Board, selection by them consideration of the panel in the Government and appointment by the Government after ACC approval. It does take a few months to go through this process. Obviously, the process of selection cannot be initiated before the organisation comes into existence and viewed in this light the gap in appointment of Managing Director in 1981-82 cannot be said to be unreasonable.

As for vacancy in the post of Chairman, Ed. CIL during 1990-92. Prof. Rais Ahmed, a distinguished academic was the Chairman and his term was upto 31.3.1992. Normally, the process of selection is started in such cases a few months before the expiry of the term of the existing incumbent so that there is no large gap between the previous Chairman relinquishing and the new Chairman taking over.

However, in this case Prof. Rais Ahmed left for an assignment in Mauritius prematurely, by resigning from this post on 22nd August, 1990. Therefore, the Department of Education could not take advance action for selecting this successor. After Prof. Rais Ahmed left the organisation, the Department selected Prof. Satya Bhushan who was Director of National Institute of Educational Planning and Administration (NIEPA). His appointment was approved by Minister on 21.4.1991 but he also got offer of an appointment in Mauritius and left. Because of this the Department had to go through another selection and appointment of the

present incumbent was approved by the Minister on 4.6.1992 and he joined his post on 3.2.1993. It would be clear from the above that the vacancy in the post of Managing Director and of the Chairman, Ed. CIL has been there for some time for no fault on the part of the Department."

B. Board of Directors

4.3 The DPE guidelines issued on 16.3.1992 vide Circular No. 18(6)/91-GM indicate that the number of Government Directors on a Board should in no case exceed two. But it was stated by Ed. CIL that it has eight Government Directors on its Board appointed by the Ministry of course, at the moment, three positions are lying vacant.

4.4 The guidelines further provide that the number of non-official part-time Directors on a Board should be at least one-third of its actual strength and wherever there is under-representation of such Directors on the Board, the concerned Ministries should take immediate steps to fill up the vacancies to stipulated level. But it was stated by Ed. CIL that there has not been any non-official Member in the Board so far. It was also pointed out that Ed. CIL had sent recommendations to the Ministry regarding the inclusion of non-official members in the Board. They had suggested that there should be only two Government Directors one from the Ministry of Human Resource Development and the other from the Ministry of External Affairs and all the rest should be from Public Sector, Private Sector or Educational Sector.

4.5 When the Committee enquired as to what action the Ministry have taken in this regard, the Ministry stated in a written reply:—

"The Board of Ed. CIL was constituted by the Ministry in 1981. It has been continuing except for the change in incumbents in designated positions. At that time the Department of Education thought that ex-officio representation of prominent organisations in the field of education would be helpful for the Ed. CIL. The guidelines of the DPE have been received in March, 1992. These guidelines envisaged change in the structure of the Board in the form of having some functional Directors and in having at least 1/3rd non-official, part-time Directors. The Department of Education has accepted these guidelines and it is in the process of redetermining the structure of the Ed. CIL to bring it in conformity with the DPE guidelines. Two proposals were received from Ed. CIL for reconstitution of this Board in pursuance of the DPE guidelines, one in January and the other in May, 1993. After receiving these proposals decision at the level of Minister was obtained in the Department and as required by the DPE reference was made to DPE on 4th March, 1994. As soon as the concurrence of DPE is received, the Board of Directors of Ed. CIL is proposed to be reconstituted in accordance with the DPE guidelines."

4.6 As per the DPE guidelines, every Board should have some full time functional Directors. On such Board where the posts of Functional Directors do not exist, Administrative Ministries will take immediate steps to create such posts in accordance with the prescribed guidelines.

4.7 Enquired whether any action has been taken by the Ministry in this Connection, the Ministry in a written reply have stated:—

“There is only one Functional Director in Educational Consultants India Limited in the form of Managing Director. The Board of Educational Consultants India Limited is proposed to be reconstituted as soon as Department Public Enterprises express concurrence for the proposed reconstitution.”

C. Staff Strength

4.8 The total staff strength of Ed. CIL category-wise as on 31.3.1993 as against the sanctioned strength was stated to be as follows:—

STAFF POSITION AS ON 31.3.1993

Category of Posts	Sanctioned	Existing	Vacant posts to be filled now	Vacant posts to be filled latter
Sr. Executive	6	4	—	2
Executive	34	14	12	8
Sr. Supervisory	4	2	2	—
Supervisory	30	10	19	1
Non-Supervisory	36	26	4	6
Total	110	56	37	17

4.9 Asked for the reasons for low staff strength, Ed. CIL stated during evidence:—

“When this Consultancy agencies were set-up, the idea was that this should be a very lean organisation, with not too much staff”.

4.10 In this connction the Committee were informed by Ed. CIL in a writren reply that as a result of restructuring undertaken in 1992, 50% of vacant position in the executive cadre and 40% in non-executive cadre are not to be filled yet.

4.11 However, the Committee noticed from the 2nd Corporate plan of the Company that during the next three years the company plans to concentrate on seeking more work abroad, diversifying into some new areas and consolidating its capability to be able to undertake more work. It has also been stated that unless manpower and infrastructure are now developed, the company will soon find itself unable to effectively provide—quality service or continue to grow.

4.12 To a query whether Ed. CIL required the approval of Ministry for sanctioning and recruitment of staff, the Ministry stated in a written reply, the following:—

“Ed. CIL does not required approval of the Department of Education for either creating posts or filling up posts. Therefore, the sanctioned posts which are vacant in Ed. CIL are because of their own internal decision. It may, however, be noted that with the limited, turnover which Ed. CIL has, there is advantage in not unduly increasing the load of staff salary. It may also be noted that most of the experts work in Ed. CIL is done by engaging experts on consultancy, Therefore, a small staff strength should not be seen as a weakness, rather it could be seen as a strength of Ed. CIL that it has not unduly increased the staff strength and the load of salary bill. It can, of course decide to fill up these posts progressively in future, as soon as it generates additional work.”

4.13 During evidence of the representatives of Ed. CIL, the Committee were informed that some recruitment was made by the company in 1992. Asked to furnish the details in the matter, the company furnished the following information:—

Group	No. of posts vacant in 1992	No. of posts advertised in 1992	No. of candidates offered appointment	No. of candidate actually joined.
'A'	19	19	16	10
'B'	15	15	8	6
'C'	9	9	6	6
'D'	2	2	1	1

4.14 In respect of the post remaining unfilled it was stated that 10 posts belonging to Group 'A', 'B' and 'C' have been readvertised/notified to Employment Exchange while selection for the post under category 'D' was under process.

PART B

Conclusions and Recommendations of the Committee

1. Educational Consultants India Limited (Ed. CIL) was set up in 1981 with a view to offer consultancy and technical services in different aspects of Human Resource Development and create better infrastructural facilities in education within the country and other developing countries. However, the Committee are constrained to observe that even after 13 years of its existence, Ed. CIL has failed to make its existence felt even within the country. As admitted by the Additional Secretary, Deptt. of Education there is great deal of scope for the State Government Sector and the private educational sector for deriving benefits from Ed. CIL. That the process of making the State Governments realise the advantages of such an expert agency has just started speaks volumes about the apathy of Ed. CIL as well as Government to fulfil its role effectively. The Committee's examination revealed that even a proper system has not so far been evolved whereby Ed. CIL can gather information about the educational and technical institutions planned to be set up by various State Governments. The Committee recommend that Government should ensure that in future all such institutions set up by the Central and State Governments at least benefit from the expertise attained by Ed. CIL. On the basis of examination of Ed. CIL and the Ministry of Human Resource Development by the Committee, they have made a number of suggestions which are contained in succeeding paragraphs. The Committee desire that after implementation of these suggestions, the performance of Ed. CIL should be reviewed and if it does not show any significant improvement within a year Government should consider the feasibility of its being made a part of the Ministry of Human Resource Development itself. The Committee would like to be informed accordingly.

2. The Committee regret to note that Educational Consultants India Limited (Ed. CIL) has not yet framed its specific micro-objectives in terms of DPE guidelines issued in 1979 and 1983 whereby each public undertaking was required to formulate with the specific approval of the administrative Ministry its micro objectives which should *inter-alia* lay down the broad principles of effective Management. The Committee wonder as to how in the absence of specific micro objectives the Ministry has been reviewing the performance of Ed. CIL all these years. The argument that the Memorandum of Association by which Ed. CIL has been created defines the objectives in a detailed and precise manner or that the performance of the Company is being evaluated through the MoUs is hardly convincing since MoU cannot be a substitute for micro objectives and moreover MoU is being signed by the Company only for the last three years. The Committee,

therefore, recommend that specific micro objectives of Ed. CIL should be framed as per DPE guidelines and got approved by the Ministry without any further delay.

3. The Committee are surprised to find that though the Ed. CIL was conceived as an expert organisation in planning and implementation of Educational Projects, the Company is not represented in policy making and advisory bodies of the Ministry of Human Resource Development and its constituents. The Board of Directors of Ed. CIL adopted a resolution on 28th June, 1993 and sent it to the Ministry requesting for giving Ed. CIL such representation in their advisory bodies. However, no decision has so far been taken by Government on this resolution. The Committee are of the view that being an expert organisation in planning and implementation of educational project, Ed. CIL can play a definite role in policy formulation if it is associated at that stage. They would, therefore, urge that a final decision on the resolution of the Ed. CIL's Board of Directors for giving representation to the Company on the advisory bodies of the Ministry should be taken urgently under intimation to the Committee.

4. The Committee regret to note that while first Corporate Plan of Ed. CIL covered the period 1987-88 to 1989-90, the second Corporate Plan relates to the years 1992-93 to 1994-95 thus missing out completely the two years 1990-92 from the planning process. The plea that the then Managing Director was completing his tenure in 1990-91 or the Company has no full-time Managing Director for greater part of 1991-92 is hardly convincing. It certainly cannot be a justified reason for the Company to stop planning for the future. It is only indicative of inaction on the part of the company and the Government. What is more astonishing is the fact that the targets fixed for each year of the second Corporate Plan were slashed down substantially after the first year of the plan i.e. 1992-93 had already been completed since they were found to be totally unrealistic. The Committee wonder how the targets for 1992-93 could be revised after the end of the financial year. Fixing of targets unrealistically has been commented upon by the Committee in a subsequent paragraph.

5. The Committee note that the activities of Ed. CIL are at present confined to project consultancy, placement & training, secondment of experts to other countries, supply of educational aids and books and turnkey projects. They have been given to understand that the profitability of project consultancy activity is comparatively high but turnover for this is low whereas profitability of turnkey project activity is comparatively low but turnover for this is high. The Committee would suggest that the Company should for the present lay greater emphasis on activities which are more profitable.

6. The Committee find that Ed. CIL could obtain only 5 projects in the private sector during the last three years. It is surprising that the company even does not have any data available with them regarding the number of

institutions that have come up in the private sector and where Ed. CIL could have provided consultancy. The Committee urge that in view of the competition which Ed. CIL is likely to face from private consultancy organisations, it should make all out efforts to procure business from the private sector also. Though the present competitors are stated to be recent entrants in the field, Ed. CIL has already lost a project to one of them.

7. Ed. CIL is also offering a wide range of programmes to international students through various agencies like Government/Educational Institutions/funding organisations (like UNDP, UNESCO, FAO etc.). According to the Company the Government's policy in regard to admitting foreign students is very vague. The Committee would like the Government to come out with a clear policy in the matter and issue necessary guidelines to various universities and other educational institutions including the fee to be charged from foreign students keeping in view the recent judgement of the Supreme Court.

8. The Committee have been informed that investment in education is beginning to receive greater attention of the world community and educational consultancy provides a steady ever-increasing market with high cost profit opportunities. However, it is seen that the percentage share of foreign projects of Ed. CIL in its total turnover has steadily declined from 69.72% in 1990-91 to 55.48% in 1992-93. The Committee would therefore like to emphasise that Ed. CIL with its long experience should venture into hitherto unexploited areas of organising continuing education, developing and marketing instructional resource material, creation of data bases and organising exhibitions for international audiences, apart from undertaking consultancy projects.

9. The Committee are astonished to learn that the Company had been deliberately fixing higher targets of turnover ostensibly to motivate the employees to achieve it. As a result the actual turnover (which ranged from Rs. 236 lakhs to Rs. 491 lakhs) during the years 1988-89 to 1992-93) has always failed to meet the targets except during 1990-91. The Committee fail to understand how a meaningful appraisal of the performance of the Company was being made by the Ministry all these years. Surprisingly, the Ministry also kept silent over this tendency of the Company simply because it was earning profits. The Committee feel that the reason for the actual profit of the company being always higher than the estimated profit during this period except the year 1992-93 might also be the company's failure to fix realistic targets. This is borne out by the fact that the targets for each year of the 2nd Corporate Plan had to be revised downward since the targets set in the MoU for 1991-92 were found to be totally unrealistic and inconsistent with actual performance. The Committee take a serious view of the system of fixing financial targets by the company and strongly recommend that henceforth the targets should be fixed realistically so that a true picture of performance of the company is depicted.

10. The Company find that the total outstandings of the company during

1990-91, 1991-92 and 1992-93 have been Rs. 94 lakhs, Rs. 205 lakhs and Rs. 105 lakhs respectively. In the opinion of the Committee the outstandings are quite high as compared to the turnover during these years which was Rs. 310 lakhs, Rs. 491 lakhs and Rs. 305 lakhs respectively. As on 31.3.1993, Rs. 65 lakhs were outstanding for more than six months. Although for each project a realisation Committee was stated to be constituted the Committee observe that the number of cases where the amounts have been outstanding for more than six months have increased from 20 in 1990-91 to 31 in 1991-92 and 34 in 1992-93. The Committee need hardly emphasise that the machinery in the company for recovery of outstanding should be further strengthened.

11. The Committee were informed that though Ed. CIL was established in June, 1981 it remained dormant till April, 1982 when the first regular Managing Director joined. The Committee also find that there was no Chairman from August 1990 to February, 1993. This only reflects a sense of apathy on the part of the Government. The Committee desire that this kind of attitude should not be allowed to be repeated in future.

12. The Committee are astonished to observe that there are at present as many as eight Government Directors on the Board of Ed. CIL. There has never been a non-official Director on the company's Board. What is more distressing is that inspite of the DPE guidelines issued in March, 1992 this situation still continues. According to the guidelines, the number of Govt. Directors on the Board of a Public Undertaking should in no case exceed two. The guidelines also stipulate that the number of non-official part-time Directors on a Board should be at least one-third of its actual strength and wherever there is under-representation of such Directors on the Board. The concerned Ministries should take immediate steps to fill up the vacancies to the stipulated level. The Committee are disturbed to note that inspite of the Ministry of Human Resource Development being aware of the DPE guidelines, and the Ed. CIL having reminded the Ministry twice in January and May, 1993 the Board of Director of Ed. CIL has not so far been reconstituted. The Committee deprecate this lackadaisical approach of the Government in reconstituting the Ed. CIL's Board and recommend that it should be done without any further delay to bring the Board's constitution in accordance with the DPE Guidelines.

13. The Committee find that as against the total sanctioned strength of 110, the staff strength of the company as on 31.3.1993 was 56 only. While originally the idea which might have been to keep the staff strength low, the Committee see no reason why even after 13 years of its existence, the company should not enlarge its staff strength at least to the sanctioned strength. In the near future the company is planning to concentrate on seeking more work abroad, diversifying into some new areas and consolidating its capability to be able to undertake more work. According to the company's own admission unless manpower infrastructure are now developed, it will soon find itself unable to effectively provide quality service

and continue to grow. To meet this need, the Committee recommend that the staff strength of Ed. CIL should be increased adequately. They would also like that urgent action should be initiated to fill the posts which have been kept in abeyance after the recruitment process which started in 1992.

NEW DELHI;
April 28, 1994

Vaisakha 8, 1916 (S)

VILAS MUTTEMWAR,
Chairman,
Committee on Public Undertakings.