

# TERM OF REFERENCE

**Subject: Expression of Interest-One Person Company**

## **Background:**

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The Companies Bill, 2013, got the President's assent on 29 August 2013. The 2013 Act seeks to consolidate and amend the law relating to Indian companies and intends to improve the India's corporate governance, raise levels of transparency and to further strengthen regulations. The 2013 Act made significant changes to the provisions of the former law and has introduced several new concepts.

One Person Company or OPC has been defined in section 2(62) of the 2013 Act as a company which has only one person as a member.

The idea of OPC was mooted by the J JIrani Committee which was set up to take a comprehensive view on the changes necessary in the Companies Act, 1956 in context of the changing economic and business environment. In its report the committee had observed

*"With increasing use of information technology and computers, emergence of the service sector, it is time that the entrepreneurial capabilities of the people are given an outlet for participation in economic activity. Such economic activity may take place through the creation of an economic person in the form of a company. Yet it would not be reasonable to expect that every entrepreneur who is capable of developing his ideas and participating in the market place should do it through an association of persons. We feel that it is possible for individuals to operate in the economic domain and contribute effectively. To facilitate this, the Committee recommends that the law should recognize the formation of a single person economic entity in the form of 'One Person Company'. Such an entity may be provided with a simpler regime through exemptions so that the single entrepreneur is not compelled to fritter away his time, energy and resources on procedural matters."*

OPC enables entrepreneur(s) carrying on the business in the Sole-Proprietor mode to enter into a Corporate Framework. OPC is a hybrid of Sole-Proprietor and Company form of business, and has been provided with concessional/relaxed requirements under the Act. Though this

concept is new in India it is already a part of many other countries like China, Australia, Pakistan and UK etc. OPC will not only bring flexibility to an Individual or Professional to manage his business efficiently but at the same time allows them to enjoy the benefits of a Company. It will be easier for business man to approach Banks, Financial Institutions, for funding and will also provide protection for business Limited Liability etc. in the name of a separate legal entity.

### **Objective:**

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The North-East region is home to more than 45 million people (3.76 per cent of India's population) with high literacy level (most North Eastern states being above the national average of 74.04 per cent). The region has recorded an annual economic growth rate in excess of 8 per cent during the last decade. However, the moot point is 'Where does NER stand in entrepreneurial activity?' The harsh reality indicates that the region lacks entrepreneurship and provides a weak start-up ecosystem for small businesses to flourish.<sup>1</sup> Many businesses in NER continue to operate in an ad-hoc and unstructured manner thus calling for a dire need for organisation of this sector which will usher growth and a corporate structure. NER is endowed with huge untapped natural resources (tea gardens, crude oil, natural gas, silk, bamboo, etc.), and has got the potential to transform itself into a commercial hub of India. It is therefore imperative for the government to mobilise the businesses operating here and help them channelize their resources for the economic development of the region.

Lack of access to knowledge, network and news on government policies and the associated benefits is identified as the main challenge. OPC which is a newly-implemented chapter in the Companies Bill can prove to be of immense value in the NER to spurt organisational growth, and momentum.

### **Terms of Reference (ToR)**

This TOR seeks to identify an agency that will organise an advocacy event in the North East region on generating awareness and action on the OPC. The event must enable beneficiaries connect with financial institutions, government, and ancillary organisations to take forward the OPC mandate forward. The event should aim at helping unstructured businesses step into the corporate framework with ease and efficiency.

The agency is to undertake the following activities:-

1. Prepare background note for One Person Company (OPC)
2. Prepare relevant material on OPC, its salient features, benefits etc for distribution during advocacy events
2. Survey and identify targeted participation in Guwahati (Assam), Gangtok(Sikkim) and Shillong (Meghalaya) with at least 50 participants each in the 3 events.
3. Plan all logistics, develop structure, content and organize three one day advocacy workshops
4. Prepare a detailed report for each location giving full information about the event enclosing relevant photographs, news reports and also list of participating beneficiaries as well as Resource Persons.

### **PROPOSAL SUBMISSION GUIDELINE**

Relevant and experienced agencies with necessary and required exposure in the north east are to send the following documents for the contract.

A: Technical Proposal comprising of the following:

- Brief Proposal
- Details of agency/company including knowledge and experience of working in the north east India
- Details of capabilities of the agency to mobilize targeted participation and knowledge Resource Persons on North Eastern Region.
- Knowledge of leading academic institutions, NGO's & other organizations in the north east for resource support.
- List of team members, including those drawn from North Eastern Region.

### **Note :**

- Agencies/companies with sound knowledge and experience of working in the north east will have advantage
- Agencies with coordinating offices in Delhi NCR and north east will be preferred

## **B: Financial Proposal**

Agency may indicate total workshop-wise budget including travel, Resource Persons, logistics including Hall, backdrop, other on-site expenses, still/video photography, rapporteur, lunch, refreshment, out station and local conveyance, media expenses etc. All relevant taxes may also be included or indicated separately.

Finally, all three workshops budgets may be added and a grand total may be indicated.

The technical proposal & financial proposal may be put inside envelopes separately. Then both the envelopes may be placed in a bigger envelope and sent.

The work will have to be completed well within 30 days of the award of the contract.

### PAYMENT SCHEDULE

On issue of contract : 50%

On completion of assignment : 50%

Please send your proposal to this email id:

[rkjain.iica@gmail.com](mailto:rkjain.iica@gmail.com)

Also kindly send a hard copy of the proposal to the following address:

R.K.Jain  
Finance & Admin Officer,  
Indian Institute of Corporate Affairs,  
Ministry of Corporate Affairs,  
Plot No: 6,7,8 Sector-5, IMT Manesar  
Gurgaon (Haryana)

**Note: The proposal may be submitted not later than 5 pm,29<sup>th</sup> August,2014 .**

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