

Punjab Biotechnology Incubator

(A State Govt. Undertaking)



CONSULTANCY RULES

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PREAMBLE

To formulate and finalize the Consultancy Rules of PBTI as decided in the 3rd meeting of the Society held under the Presidentship of Chief Secretary to Govt. of Punjab on 08.10.2008, a committee comprising of the following was constituted and approved by Secretary, Science, Technology & Environment, Govt. of Punjab :

1. Chief Executive Officer, PBTI
2. **Dr. Naresh Kumar**, Head R&D and Planning Dept. CSIR, New Delhi
3. **Prof. Arvind Kumar Bansal**, Head, Dept. of Pharmaceutical, NIPER
4. **Sh. H.S. Kandhola**, Additional Secretary, Science Technology & Environment, Punjab
5. **Mr. Uma Kant Mehta**, Chartered Accountant
6. **Dr. Ajit Dua**, Senior Scientist (Quality Manager), PBTI

The above committee in its meeting held on **16.12.2009** in PBTI's office, after detailed discussion and deliberations finalized the Consultancy Rules for the staff of Punjab Biotechnology Incubator which are placed hereinafter.

Member Secretary,
Governing Council of PBTI

ACKNOWLEDGEMENT

These guidelines are **substantially based** on the guidelines operative in Council of Scientific and Industrial Research (CSIR), National Institute of Pharmaceutical Education and Research (NIPER) and Indian Institute of Technology, Delhi (IIT).

PBTI acknowledge all these agencies for the same.

1. DEFINITION AND SCOPE

All consultancy services in Punjab Biotechnology Incubator (PBTI) shall be institutional. Consultancy shall be an area of expertise of PBTI, preferably in its mandated areas. PBTI through the instruments of its consultancy services shall interact with the Academic Institutions / R&D Institutions / PSUs / Entrepreneurs, Industries and Corporate Groups to solve their specific problems. These jobs can be carried out either by an individual or by a group of Scientific staff with the support of Technical Staff.

The consultancy services shall fall under the following three categories :

- 1.1 Advisory Consultancy
- 1.2 Research Consultancy and
- 1.3 Technical Services

The consultancy shall comprise scientific, technical, or other professional advice/assistance based on the available knowledgebase /expertise of PBTI Laboratory and envisaging minimum use of laboratory facilities for essential experimentation and computation to meet the objectives of the consultancy assignment. It may *inter-alia* cover :

- i. Scientific, technical, or other professional advice provided to a client
- ii. Literature survey and preparation of feasibility studies, technology forecasting/evaluation reports etc.
- iii. Interpretation of test results and data provided by the client
- iv. Risk and hazard/environment impact assessment/analysis, pollution abatement/control measures etc.
- v. Customized human resource development programme either at the laboratory or at client's location. (These will be specially tailored training programmes undertaken by PBTI either on its own or at specific request of clients).
- vi. Technical advice such as troubleshooting, problem resolving, quality control etc.
- vii. Any other consultancy falling within the scope / mandate of PBTI

2. TYPES OF CONSULTANCY

The consultancy rules may be referred as under:

2.1 Advisory Consultancy :

Under this category the specified and identified problems would be undertaken through investigational processes & technical/scientific advice and involve no laboratory work. The intellectual fee received will be shared between the Consultant and/or his/her team and PBTI in the ratio of 70:30 after deducting all expenses. Visits if required can take place provided Travelling Allowance/Daily Allowance expenses are met by the party and the rates are not less than the entitlement as per PBTI rules.

2.2 Research Consultancy :

Under this category the emphasis would center around the interaction between the PBTI and the industry and normally involve laboratory work. Detailed work plan would be agreed prior to the signing of the agreement and shall be the basis for calculating project charges. The rules governing the category would principally be the same as per the advisory consultancy. The intellectual fee charged would be shared between the Consultant and/or his/her team and PBTI in the ratio of 30:70 after deducting all expenses.

2.3 Technical Services :

The routine testing/production of special products/studies/supply of information (data) where neither an interpretation of the result is called for nor any technical/scientific advice/specialized training rendered are covered under this category. Under this category the distribution of intellectual fees earned, amongst the consultants and the concerned Scientific, Technical and Ministerial staff shall not exceed 20% of the net charges received from the client after deducting all the expenses including depreciation (recovery of capital charges in 7 years).

Any exception/modification to these guidelines shall be reported to the Governing Council for post facto approval

2.4 Contract Research

Any Project work carried out by PBTI, fully funded by client / sponsor shall fall under this category. The project shall have clearly defined goal and time lines and may result in generation of intellectual property. In case of project of National importance, exception to full funding by the sponsor can be permitted by the competent authority.

2.5 Other Work

PBTI's staff may receive fee/honorarium with the prior approval of the Chief Executive Officer for the purpose such as:-

Examinations, paper setting, evaluation, superintendence, Invigilation, report writing, publications, other academic work, attending meetings of the Board of Directors of Outside / Govt. / Semi Govt. organization, selection meetings in various organization, planning & execution, research management, delivering invited lectures, conducting Ph.D / M.Tech./ M.Sc. viva-voce examinations, etc. One can take such jobs for maximum period of 30 man days or FTE (Full Time Equivalent) in a year.

In the case of Workshops / Seminars / Conferences / Routine / General Trainings etc., saving after deducting all expenses, 20% or maximum of Rs. 1.00 lacs whichever is less, may be distributed amongst the organizers and rest 80% shall be credited to the budget head revenue generated by PBTI.

3 INTELLECTUAL PROPERTY & LICENSING

Intellectual property *inter alia* includes Patent, Copyright, Registered design, Trade mark, Know-how for process / product / design & computer software and is usually covered under two categories:

3.1 Unencumbered

Development through in-house R&D programmes /projects. In such cases ownership of Intellectual property is solely that of PBTI and consequently the licensing rights are that of PBTI alone

3.2 Encumbered

Developed through Contract or fully funded research with/without technical inputs from users/clients. In such case, the ownership of Intellectual property shall be that of sponsor, who shall bear all expenses relating to filing, prosecution & maintenance. While the innovator shall be the staff who have actually contributed towards generation of IP/innovation, full rights shall be assigned to the sponsor who fully funds the project(s).

In case of Intellectual property developed so and subsequently rendered encumbered as per the contractual arrangement with the client, the assigning of Intellectual property by PBTI would be in accordance with the terms & conditions agreed upon with the sponsor.

4. LICENCING OF INTELLECTUAL PROPERTIES

Licensing of Intellectual property shall mean granting the licensee the right to utilize the Intellectual property and sell or use the resulting products either for commercial/captive purpose or as otherwise agreed to Terms and conditions of licensing of IP shall be settled as per mutual discussion within the ambit of PBTI's charter and these guidelines.

4.1 PRICING OF INTELLECTUAL PROPERTY

There is no rigid format for determining the price of Intellectual property and thus estimates, vary on case to case basis. The price of know-how/ Intellectual property is normally about 10% of either the plant & equipment cost or the projected turnover of the unit for a period of 5 years.

To arrive at the price of Intellectual property, following factors are kept in view

- Cost of development
- Estimate of net benefit to be derived by licensee
- Size & number of potential licensees
- Comparative cost of Intellectual property
- Possibility of Intellectual property being pirated
- Opportunity value

5. PROCEDURE FOR APPROACHING PBTI FOR CONSULTANCY

All the requests for consultancy shall be addressed to Chief Executive Officer, PBTI. In case the client gives specific reference of any Section/Laboratory, it is referred to the concerned Scientist, who would in turn assign the job to an individual or a group of individuals in the Section/Laboratory after ascertaining core competency.

The Senior Scientist (Quality Manager) will prepare the proposal according to the prescribed format (**Annexure-I**) adhering to the standard terms and conditions and send it to the Chief Executive Officer's office for obtaining the approval of the Competent Authority as per the project cost.

While undertaking consultancy job, the following norms must be observed:

- 5.1 The consultancy work should not interfere with the assigned work of the Section/Laboratory and with the other duties of the staff member concerned.
- 5.2 The total time to be spent by the individual Consultant(s) on all types of consultancy jobs and other work(s) should not exceed 30 man days or FTE in a year.
- 5.3 All proposals for a consultancy job are to be worked out as per the standard terms and conditions.

- 5.4 The consultancy requests of less than Rs. 1.00 lac value are to be discouraged in general.

6. APPROVAL OF CONSULTANCY

For all the consultancy jobs / assignments, the approval procedures to be followed are as below :

Competent Authority	Value of the consultancy
Chief Executive Officer	Upto Rs. 25.00 lacs and not involving the Chief Executive Officer as the sole consultant
Chairman, Governing Council	a. Beyond Rs. 25.00 lacs or involving CEO as sole consultant. b. For foreign clients

The project proposal will be placed before the Competent Authority for consideration and approval in the prescribed proforma **(Annexure-I)** and clearly spelling out obligations of the respective parties and terms of payment by the client(s).

The approval of the Competent Authority shall be conveyed by PBTI to the client which shall include the following details :

- The charges which the client organization is required to deposit with PBTI and the mode and time lines of payment;
- Other terms and conditions as arrived at by the consultant and the authority approving the job.

The client will be informed only the consolidated charges required to be deposited with PBTI. The Consultancy work will be accepted only when the proposal letter is accompanied with Bank draft of 40% of the total consultancy charges as advance payment.

7. AUTHORIZED SIGNATORIES TO CONTRACTS

The authorized signatories for all contracts/agreements relating to consultancy work will be Administrative cum Finance & Accounts Officer or any other officer authorized by the Chief Executive Officer.

8. FINANCIAL ASPECTS

8.1 Costing of Project(s)

The charges for Project shall comprise of three main components viz :

8.1.1 Direct Expenses

- 8.1.1.1 *Cost of man days of staff deployed
- 8.1.1.2 Cost of consumables raw materials/components / services, utilities and physical inputs (if any) with 25% overhead charges.
- 8.1.1.3 Equipment usage running cost
- 8.1.1.4 TA/DA on actual basis
- 8.1.1.5 Contingencies and external payments envisaged e.g. to outside consultants, for procuring data, hiring of infrastructural facilities etc.
- 8.1.1.6 Others (if any)

Total direct expenses = sum of [(8.1.1.1) to (8.1.1.6)]

* Calculation of cost of man days of the staff deployed for consultancy jobs :

Category of Staff	Man power Rates (Rs)
	Per Diem
Chief Executive Officer	15000
Senior Scientist (QM)	9000
Scientist(s)	6000
Technical Staff	Actual cost with 40% overheads

In case of Advisory Consultancy, manpower rates can also be equivalent to half day charges for each category

8.1.2 Intellectual Fee

This fee represents the expertise, knowledge base and facilities developed and rendered at PBTI, cumulated over years of its existence. This fee compensates PBTI for providing access to client to partake a share of PBTI's domain knowledge/facilities.

Fee to be decided by the authority competent to approve the project (Minimum equivalent to 33% of total direct expenses)

$$\begin{aligned}\text{Project Charges} &= \text{Total direct expenses} + \text{intellectual fee} \\ &= 8.1.1 + 8.1.2\end{aligned}$$

8.1.3 Service Tax

The service tax will be charged as applicable at the time of final payment.

The total consultancy charges to a client shall thus be as follows:

- I. Total Direct Expenses [8.1.1]
 - II. Intellectual fee [8.1.2]
- Project charges = (I+II)
- III. Service tax on the total [8.1.3]
of (8.1.1 + 8.1.2)
 - IV. Total consultancy charges to be charged from client = (I+II+III)

9. EXPLANATION

9.1 Expenses

Costing of various elements/components contributing to the expenses of the Advisory Consultancy and Technical Service Project shall be similar to that of Contract Research & Development.

9.2 Intellectual Fee

This reflects charges for PBTI's investment over a period of time in building and sustaining the level of expertise, knowledge base and

facilities. Intellectual fee to be charged should therefore commensurate with quantum and quality of PBTI's resource inputs and also the likely benefits to be derived by the clients on implementation of the project results.

There are different methods to estimate and link, the intellectual fee to project output, such as expenses on manpower, inputs etc. While there is no ceiling on the upper limit of the intellectual fee to be charged, it should in no case be less than the estimated manpower charges, except in cases of consultancy offered against open tender, where the intellectual fee could be decided by the Competent Authority keeping in view the potential competition.

For small scale units (as per extant government definition), the minimum intellectual fee chargeable could be 30-50% of the estimated manpower charges. Voluntary / cooperative agencies and cottage/village scale units in deserving cases, could be considered for further concessions in intellectual fee. The projects envisaging concession should be cost normally and the extent of concession in intellectual fee may be decided by the Authority, competent to approve the project. However, reasons justifying the concession should be specifically indicated in the project proposal, put up for approval.

9.3 Service Tax

The Finance Act 2004 has brought most of the client related R&D activities under the purview of Service Tax. PBTI may therefore charge service tax for all categories of projects/services rendered except for Grant-in-aid projects. Thus the total charges for an assignment shall include an additional component for payment of Service Tax, which will be charged separately. The Service Tax shall be charged as applicable on the date of receipt of payment.

10. TERMS OF PAYMENT

PBTI shall endeavour to obtain an advance of maximum percentage which should not be less than 40% of project charges on or before signing the agreement. Balance payment shall be as per the following schedule :

- Before the handing over of preliminary results : 40%
- Before handing over the final report : 20%

In case of any exigency, CEO reserves the right to change the above schedule on case to case basis.

11. OPERATION OF CONSULTANCY

Once the terms and conditions have been accepted by the client organization and the consultancy charges (40% as advance) deposited with PBTI, the job becomes operational.

The Consultant is to ensure the satisfactory completion of the job adhering to the agreed terms and conditions.

During the course of working on the consultancy, the consultant in charge can draw temporary advances to meet expenses on contingencies; local conveyance etc., by sending requisitions to the Chief Executive Officer.

During the currency of the consultancy, the consultant, if need be, can request to revise the break-up of budget heads, giving justification for the change. It should have the approval of the client as well.

12. INDEMNITY/LIABILITY

The liability, if any, explicit or implicit, for PBTI, arising out of or in connection with Consultancy Services shall be subject to the maximum amount received by PBTI from the Party.

PBTI will not be liable for any loss incurred to the sponsor during the contract period, which the client may attribute to PBTI.

13. GENERAL ASPECTS

13.1 Contractual obligations for the execution of a consultancy project for which PBTI signs an agreement with the client, shall be of PBTI and not of an Individual Scientist or team of Scientists. PBTI shall ensure that every care has been taken to avoid / prevent legal complication while providing consultancy services.

13.2 In the case of consultancy service rendered to Govt. Dept. the terms and conditions including payment schedules may be settled through negotiation. In such cases, formal agreement on non judicial paper may not be necessary, but for Govt. undertakings/Society/PSUs etc. a formal agreement as per the settled terms & conditions will be entered into.

13.3 PBTI is often called upon to carry out investigational jobs by Govt. agencies, Courts of Law, Statutory authorities etc. These jobs may need to be undertaken on an urgent basis at the cost of jobs in hand as per the mandate and in such cases PBTI shall not subject to acceptance of payment and other terms by the client in writing, insist on advance installment of payment etc.

13.4 The staff involvement for each consultancy project shall be approved by Chief Executive Officer on the recommendations of Senior Scientist (Quality Manager) as the case may be. While assigning the consultancy job to a staff member, due cognizance shall be taken of his/ her workload, qualifications

and experience vis-à-vis the specific requirement of the consultancy job, honorarium likely to accrue to him / her from consultancy etc.

- 13.5 Consultancy assignment of less than Rs.1.00 lac value should not in general be encouraged. Exceptions, in deserving cases judged by the importance/necessity of assistance to client/service sought, may be made at the discretion of the Chief Executive Officer, PBTI.
- 13.6. The total number of days devoted by individual staff member on consultancy work should not exceed 30 man days or FTE in a financial year.
- 13.7. A copy of the project report for all consultancies undertaken by PBTI shall be retained under confidentiality, for record purposes with the Chief Executive Officer except for those which are purely advisory in nature and no project report is required to be submitted to the client. In such cases, a brief note on the consultancy rendered should be submitted to the Chief Executive Officer, for record.
- 13.8 Monitoring the progress of consultancies:
The progress of the consultancy jobs shall be monitored as :
 - 13.8.1 Consultancy jobs exceeding Rs. 10.00 lac and to be completed in more than one year be jointly reviewed with the client every three months. The cost for attending the review meeting shall be borne by the respective parties. In such meetings decisions taken for any mid-course correction should be approved and signed by the Client.
 - 13.8.2 If the client and the consultant agree to a revised time schedule, written consent of the client be obtained and Chief Executive Officer is informed accordingly.

13.8.3 In case PBTI finds that the consultancy is not getting completed in the agreed time schedule / revised schedule, Senior Scientist (Quality Manager) to hold a meeting of the client and the Consultant and after ascertaining the facts make recommendations to the Chief Executive Officer for a decision.

Under the above listed conditions the client shall make the payment to PBTI for the completed consultancy job.

13.9 **Foreclosure of the project :** In the event, a project requires foreclosure, the project leader (Consultant) shall submit a comprehensive proposal stating the reasons for foreclosure, to the Competent Authority. Based on the proposal, Sr. Scientist (QM) shall prepare a comprehensive note including financial statement with the help of AF&AO for the approval by the Competent Authority of PBTI for the foreclosure of the project.

13.10 **Deferment of installment:** If due to technical reasons, the PBTI is unable to meet its obligations to achieve the agreed milestones as per the agreement/contract, PBTI may defer receipt of payment of subsequent installment(s) from client till such time that it meets with its stipulated obligations. In such cases, where a deferment of subsequent installment(s) is to be affected, the laboratory shall place the proposal, clearly stating the reasons for non-fulfillment of obligations to the Competent Authority for approval.

13.11 **Write off of unrecoverable dues :** In the event there are unrecoverable dues relating to premium/royalty/installments from Client, the Scientist (Section Incharge) / Senior Scientist (Quality Manager) shall prepare a comprehensive proposal stating the reasons for short receipts of dues to the Competent Authority. The Competent Authority shall constitute a committee comprising Chief Executive Officer as Chairman, AF&AO as

convener and one Scientist as member. The committee recommendations for waiving off the unrecovered dues shall be placed before Governing Council for approval.

13.12 **Feedback to Competent Authority:** Information on the progress of all consultancy projects shall be provided to Competent Authority after every six months i.e. twice in a year.

13.13 The PBTI's staff has to ensure that their attention is not diverted from its primary job/responsibilities as well as other activities to consultancy. A proper balance of the manpower and other resources to be deployed between primary responsibilities, R&D activities, consultancy and technical services should be decided by the Chief Executive Officer.

14. DISTRIBUTION OF CONSULTANCY EARNING

The distribution of consultancy earnings from scientific and technical advice is apportioned between the Consultant(s) and PBTI, after deducting the expenses towards salary (per diem charges as given in table), consumables, laboratory chemicals, utilities, allied services, central facilities, TA/DA, overhead charges etc. from the total Consultancy charges received, in the ratio of 70:30 or 30:70 or 20:80 for Advisory, Research or Technical Services, respectively, depending upon the category of Consultancy Job.

The fee is apportioned by Consultant after putting up the request for apportionment as per **Annexure-II**, along with the copy of the consultancy report submitted by the consultant.

The distribution of consultancy earning amongst the Scientific / Technical or other entitled staff on the basis of median of their pay scale shall be considered and approved by the Competent Authority of the project.

The settlement of all accounts of the 'Consultancy Job' by the Consultant is a pre-requisite for release of fee payment to the Consultant. However, in case of short receipts, if any, the competent authority has the reason to believe that the consultancy staff has put in their best and carried out the job fully, he / she can authorize the intellectual fee distribution from out of the actual receipts as initially agreed upon / authorized.

On completion of the Job, the consultancy report is to be given/issued to the client with the approval of the Chief Executive Officer.

In case no formal report is required to be prepared due to the requirement of the confidentiality, PBTI must obtain a certificate from the Client that the job has been completed satisfactorily.

15. PBTI RESEARCH FUND

The institutional share is accumulated and credited to a fund, specially created as PBTI Research Fund. The same would be used for the upgradation of the Laboratory and updation the technical skills of the PBTI's staff with the approval of Chief Executive Officer.

16. LIMIT ON EARNING BY THE CONSULTANTS

There is no yearly ceiling on the amount of consultancy share receivable by an individual from all consultancy jobs

Note :

- 1. Basis for defining the consultancy**
 - I. Advisory Consultancy :** Only Scientific or Technical Knowledge and no infrastructure or Laboratory facilities will be used
 - II. Research Consultancy :** Both Scientific or Technical Knowledge of consultancy team and infrastructure or Laboratory Facilities of PBTI will be used
 - III. Technical Service :** Only equipment / infrastructure of PBTI will be used

2. Other works

Meetings, Lectures, Examination etc. (Outside the PBTI)

There shall be no limit on the intellectual fee earned by an individual Scientist/Technician working with PBTI.

3 Maximum time for taking up the consultancy jobs

Scientists/Technicians of PBTI can spend maximum of 30 man days or FTE in a year on consultancy jobs.

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APPROVAL FOR CONSULTANCY WORK

(To be sent to Chief Executive Officer along-with original request from client)

Date :

1. Title of Consultancy work : _____
2. Name of the Client : _____
3. Consultancy Team a) _____
 b) _____
4. Type of consultancy work : _____
5. Nature of consultancy work : _____
6. Type of client : _____
7. Total consultancy fee to be charged : _____
 - A. Estimate of the project _____
 - B. Total fee to be charged _____
 - i. Project cost including utilities _____
 - ii. Intellectual fee _____
(Provide details)
8. Probable dates of :
 - (i) Commencement of work _____
 - (ii) Completion of work _____
9. Name any other external consultant if any with designation _____

10. Whether necessary facilities
and expertise available

Senior Scientist (QM)

Chief Executive Officer

Note: Detailed estimated budget may please be attached by consultant along
with the proposal

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PROPOSAL FOR DISTRIBUTION OF CONSULTANCY EARNING

Dated :

1. Title of Consultancy work : _____
2. Name of the Client : _____
3. Consultancy Approval No. & Date : _____
4. Receipt No. & Gross consultancy fee:
received : _____
5. Intellectual fees received : _____
6. Cost related to & chargeable to
Consultancy work : _____
 - a. Cost of direct technical persons : _____
 - b. Cost of utilities
 - i. Consumables
 - ii. Laboratory Chemicals
 - iii. Maintenance
 - iv. Other Consumables
 - v. Non- Consumables

Total of b
 - c. Overhead Charges (25% of total of 6 b)
 - d. Charges for using external facilities (other than computer)
 - e. Computational Charges
 - f. Cost of external expert
 - g. Cost of temporary employment
 - h. TA/DA expenses
 - i. Cost of secretarial services/preparation of report
 - j. Depreciation of capital equipment used
 - k. Misc. cost (if any)

Total Expenses (a to i)

7. Net Consultancy fee available for distribution (5-6)
8. Consultancy fee at the time of approval
9. Distribution (Calculations on 7 or 8 whichever is low)
 - a Institutional share
 - i. 30% of 7 or 8 in case of Advisory Consultancy
 - ii. 70% of 7 or 8 in case of Research Consultancy
 - iii. 80% of 7 or 8 in case of Technical Services
 - b. Net available for distribution
 - i. 70% of 7 or 8 in case of Advisory Consultancy
 - ii. 30% of 7 or 8 in case of Research Consultancy
 - iii. 20% of 7 or 8 in case of Technical Services
 - c Welfare fund
 - i. 10% of 9 b
 - d Consultancy Share to team

A)	Advisory Consultancy	(90% of 9 b i)
B)	Research Consultancy	(90% of 9 b ii)
	Distribution	
	Innovator & Principal Contributor	(30%)
	Scientific/Technical Staff	(40%)
	Remaining staff of PBTI	(20%)
	(as per median of their pay scale)	
C)	Technical Services	(90% of 9 b iii)
	Distribution	
	Principal Contributor	(30%)
	Scientific/Technical Staff	(40%)
	Remaining staff of PBTI	(20%)
	(as per median of their pay scale)	

Submitted for approval

Signature of Consultant Incharge

Competent Authority (will pass speaking orders)

Note : The PBTI's Laboratory has to ensure that attention is not diverted from its primary job responsibilities i.e Quality Testing and Certification of samples from agri / agri based industries and allied sectors and R&D as well as other activities to consultancy. A proper balance of the manpower and other resources of the PBTI's laboratory to be deployed between primary responsibilities, R&D activities, consultancy and technical services should be decided by the Chief Executive Officer.