

**ASSOCIATION OF INDIAN UNIVERSITIES**  
**AIU HOUSE, 16-COMRADE INDRAJIT GUPTA MARG**  
**NEW DELHI**

Minutes of the Finance Committee Meeting held on 24.09.2012 at 11.30 a.m. in the AIU House, New Delhi.

**Present:**

Prof. S N Puri

Prof. H M Desai

Dr. P T Chande

(Dr. R Krishnakumar could not attend the meeting.)

In Chair

Member Secretary

Member Secretary

1. To confirm the minutes of the last meeting of the Finance Committee held on 26.08.2011.  
(Appendix-I)

Confirmed. While confirming the minutes, members unanimously resolved that the items having financial implications should invariably be routed through the Finance Committee before the same are placed for the consideration of the Governing Council for approval.

2. To consider a report on the action taken on the minutes of the last meeting of the Finance Committee.

[Note: While discussing the Action Taken Report of Item Nos. 6 & 8 of Finance Committee meeting dated 22.12.2010, the following resolutions were passed:

A. Transport Allowance paid to Prof. Beena Shah, Secretary General, AIU

The matter was discussed and resolved that the Transport Allowance be given to the Secretary General only after verifying the facts whether the Vice-Chancellors of the Central Universities are entitled to this allowance or not.

The above decision was noted and confirmed in the Finance Committee Meeting held on 26.8.2011 with the following remarks:

Detailed discussions with regard to para 6 of the Action Taken Report were held. The members are of the view that the Secretary General can either take Transport Allowance or avail the facility of official Staff Car. Accordingly, a letter be sent to the Registrar of the Central Universities with regard to the entitlement of Transport Allowance to the Vice Chancellor of the Central University and similar facility be proposed for the Secretary General, AIU.

In the light of reply from Central Universities, the payment of Rs.1,55,342/- made to Prof. Beena Shah, Secretary General for the period 20.7.2009 to 30.11.2010 be considered/reviewed.

The replies received from the Central Universities are placed for consideration.

The Transport Allowance amounting to Rs.1,55,342/- was paid to Prof. Beena Shah for the period 20.07.09 to 30.11.10. The Transport Allowance was not paid from December, 2010 onwards as per the above cited decision of Finance

Committee Meeting dated 26.8.2011. In the light of the replies received from Central Universities, the mode of recovery, if any, for Transport Allowance of Rs. 1,55,342/- paid to Prof. Beena Shah, Secretary General may be decided.]

#### B. Purchase of Staff Car

"...the members also took a serious note of the distortion and wrong notings in spite of written objection on the minutes of Governing Council meeting dated 12.10.2010 in which it was decided that the staff car should not cost more than 4-5 lacs and model and the cost should be approved by the Governing Council before the purchase is done.

The Staff Car Maurti SX4 as approved by Dr. P T Chande, the Hon'ble President AIU was purchased in the month of June, 2012 for Rs.8.31 lacs].

(Appendix-II)

**The Finance Committee considered the reports received from the Central Universities about the Transport Allowance provided to Prof. Beena Shah, Secretary General during the period 20.7.09 to 30.11.10. After detailed discussions on the matter, the Finance Committee concluded that over payment of Rs. 1,55,342/- has been made to the Secretary General. Therefore, the Committee recommends to the Governing Council to consider recovery of Rs. 1,55,342/- from Prof. Beena Shah, Secretary General and decide the modus operandi in this regard.**

**The members discussed that considering the escalation in cost of the vehicle during a time span of 2 years approximately, the decision taken by the then Hon'ble President to purchase Staff Car Maurti SX4 for Rs. 8.31 lacs is recommended for ex post facto approval of the Governing Council.**

3. To consider the mode of recovery for expenditure incurred by AIU for cancellation of Business Coupons (Item No.15 of FC dated 26.8.2011) and Interest paid to Late Prof. Dayanand Dongaonkar, former Secretary General on pending dues of Rs.4.00 lacs (Item No.16 of FC dated 26.8.2011).

[Note: The resolution of FC dated 26.8.2011 with regard to Item No.15 reads as:

"This seems to be a case of willful financial irregularity causing loss to the organization. As there is no provision for prior purchase of advance coupons in the AIU Bye laws, the expenditure of Rs. 14,206/- needs to be recovered from Prof. Beena Shah, Secretary General, AIU."

The resolution of FC dated 26.8.2011 with regard to Item No.16 reads as:

"The organization has been holding a sum of Rs.4.00 lacs from the final payment of Prof. Dayanand Dongaonkar, former Secretary General, AIU since May 2010. There has been an undue delay in releasing the pending dues.

The members expressed concern for the staggering impending liability on account of interest on the withheld amount and proposed to recover it from the defaulter"].

**Resolved that the expenditure of Rs. 14206/- incurred by the Association for cancellation of Business Coupons purchased by Prof. Beena Shah, Secretary General be booked in AIU account.**

The members took notice of the fact that the audit of accounts of the Association by DACR auditors is pending for the last 4 financial years. It was directed by the Hon'ble President, AIU that a letter be sent to the Director, DACR under his signature immediately for taking up the pending audit of the Association. It was further unanimously resolved that the Finance Division of the Association must ensure auditing of accounts by Govt. Auditors annually. The members resolved that the decision of the Govt. Auditors with regard to recovery of interest of Rs. 56667/- from Prof. Beena Shah, if any, for delayed payment in favour of Dr. Deepti Dongaonkar, w/o late Prof. Dayanand Dongaonkar, former Secretary General on withheld amount of Rs. 4 lacs would be final.

4. To consider that 60 member universities have yet to pay Annual Subscription for the current financial year.

(Appendix-III)

[Note: The letters duly signed by the Secretary General were sent to the member universities for remitting the Annual Subscription for the current financial year and arrears, if any, followed by letters from Finance Division].

**Resolved that the Finance Division should make vigorous attempt for recovery of Annual Subscription from the pending 57 Universities by sending letters/e-mails/fax etc.**

It was further decided that the Secretary General may remind to the concerned Universities/Institutes by sending DO letters to the Vice Chancellors/Directors for remitting the Annual Subscription to the Association.

5. To report that the Dearness Allowance was paid to the AIU Staff Members as per Bye Law 2.1.

[Note: The D.A. to AIU Employees @ 7% (from 58% to 65%) was paid w.e.f 1.1.2012 as per Bye law 2.1 in view of sanction by the Govt. of India for Central Govt. Employees vide Order No.1(1)/2012-E-II(B) dated 3<sup>rd</sup> April, 2012. The provision for payment of DA @ 6% was made in the B.E. for the year 2012-13. The financial impact of this installment of DA on different budgets of AIU was Rs. 0.90 lacs approx. per month].

**Approved. The action is as per Bye Law 2.1.**

6. To report that the following deficits were met from the AIU Funds for the implementation of various Schemes of GOI (Ministry of HRD and Ministry of Youth Affairs & Sports):

(Rs. in lacs)					
Grant Head	Sanction by the Ministry 2011-12	Expenditure Incurred 2011-12	Income from other sources	Deficit	Remarks
Youth Affairs (Administrative Expenses)	Nil	22.78	0.47	22.31	Expenses on TA/DA, Salaries, Administrative Expenses were incurred during the FY 2011-12. Grant was not sanctioned by the Ministry for the FY 2011-12, therefore, the expenditure was borne by AIU from its own sources.
SSG (Administrative Expenses)	Nil	29.56	7.67	21.89	-do-
Non Plan	32.00	56.68	Maintenance Grant	24.68	Expenses on Building Maints., Postage, Property & Other Taxes & Stationery were incurred during the FY 2011-12. The deficit in expenditure over and above grant is borne by AIU from its own sources.

The Committee discussed at length the deficit met from the AIU funds for implementing various Schemes of GOI (Ministry of HRD and Ministry of Youth Affairs & Sports) and recommends to the Governing Council to accord approval for the final amount of the deficit shown above.

The members emphasized that efforts be made by the concerned Divisional Heads for timely release of grant and enhancement of administrative expenses in the sanction from the Ministry of HRD and Ministry of Youth Affairs & Sports for smooth running of the schemes.

7. To consider the Receipt and Payment Account, Income and Expenditure Account, Balance Sheet, Audit Report and Points for Attention of the Management in respect of AIU for the year 2011-2012 received from M/s. DSP Associates, Chartered Accountants, New Delhi, AIU Auditors.

(Appendix-IV)

The Finance Committee agreed to the Receipt and Payment account, Income & Expenditure account, Balance Sheet and recommends it to the Governing Council for its approval.

A report from M/s. DSP Associates, Chartered Accountants, New Delhi showing Points for Attention of the Management be placed before the forthcoming Finance Committee Meeting likely to be held in November, 2012 for detailed discussions.

8. To consider the Revenue Account, Balance Sheet, Points for Attention of the Management along-with audit report for the year 2011-2012 in respect of AIU Provident Fund Trust received from M/s. DSP Associates, Chartered Accountants, New Delhi.

(Appendix-IV)

The Finance Committee agreed to the Revenue Account and Balance Sheet alongwith the draft audit report and recommends it to the Governing Council for its approval.

9. To consider the Revised Estimates for the year 2012-13 and the Budget Estimates for the year 2013-14 in respect of the following Budgets along-with relevant schedules:

AIU Main Budget  
Non Plan Budget  
Plan Budget  
Youth Affairs Budget  
Sports Budget (Not prepared)

[Note: A schedule showing the designation, pay bands, total expenditure on salaries is enclosed in respect of the posts sanctioned. The provision of DA, Bonus, Children Education Allowance and vacant posts is also made in the budgets].

(Appendix-V)

The Finance Committee agreed to the RE 2012-13 & BE 2013-14 and recommends it to the Governing Council for its approval subject to following amendments:

**AIU Budget (RE 2012-13):**

- Provision of Rs. 1 crore for the vacant positions in place of Rs. 20 lacs under the expense head 'Salary & Allowances'
- Provision of Rs. 20 lacs under the expense head 'International Travel'

**Plan (Research Cell) Budget (RE 2012-13)**

- Provision of Rs. 5 lacs under the expense head 'Research Journal'

10. To consider the appointment of AIU Auditors for the Financial Year 2012-13 in respect of AIU and AIU PF Trust.

[Note: The Accounts of AIU and AIU PF Trust for the financial year 2011-12 were audited by M/s DSP Associates, Chartered Accountants, New Delhi on a remuneration of Rs.20000/- & Rs.7500/- respectively. The services of the Statutory Auditors have been satisfactory. A Gazette notification dated 30.1.0.2003 received from EPFO stating "The same auditors should not be appointed for two consecutive years and not more than two years in a block of six years in respect of accounts of Employees Provident Fund Trust" is placed below for ready reference. The Auditors for A.I.U. P.F Trust may accordingly be finalized].

**M/s DSP Associates, Chartered Accountants be appointed as Statutory Auditors for the AIU for the FY 2012-13 also. The Committee authorized the President, AIU to take decision with regard to appointment of Statutory Auditors of AIU PF Trust for the FY 2012-13 on behalf of the Committee.**

11. To report that a sum of Rs.3.00 lacs has been transferred from AIU Fund to AIU Gratuity Fund.

[Note: There was a short fall of Rs.3.00 lacs in AIU Gratuity Fund during the FY 2011-12 as no provision was made for payment of Gratuity to Mr. K C Grover who stands retired from AIU service on 31.12.2011 (AN) as per Office Order No. Admn/PF/2012 dt 20.1.2012. In order to make the payment of Gratuity to him, a sum of Rs.3.00 lacs was transferred from AIU General Funds to AIU Gratuity Fund. A provision of Rs.17.00 lacs is also being made in the Budget Estimates for 2012-13 for payment of Gratuity to employees retiring during the year].

**The Finance Committee took a notice that a sum of Rs. 3 lacs was transferred from AIU General Funds to AIU Gratuity Fund after taking approval from the Secretary General for payment of Gratuity to Mr. K C Grover who stands retired from AIU service on 31.12.2011 (AN) as per Office Order No. Admn/PF/2012 dt 20.1.2012. The Committee recommends for ex post facto approval from the Governing Council in this regard.**

12. To report Order dated 27.4.2012 from Joint Director of Income Tax Hqrs. (Exemption), New Delhi rejecting our application u/s 10(23C)(iv) of the Income Tax Act, 1961.

[Note: In view of following observation from our Statutory Auditors M/s Ved Gupta and Associates while auditing the accounts for the FY 2009-10 that:

“No provision for Income Tax has been made on profits earned during the year in view of amendment of definition of charitable activities under Income Tax Act”

an expert opinion from M/s. D P Bansal & Associates was procured (copy enclosed). As advised, in the opinion, an application for grant of exemption u/s 10(23C)(iv) & (v) was lodged with the Income Tax Deptt. on 5.4.2011 through our Statutory Auditors M/s Sanjay Satpal & Associates for the FY 2010-11. However, our application has been rejected by the Joint Director of Income Tax Hqrs. (Exemption), New Delhi with the pretext that the activities of the Association do not fall under any of the limbs of definition of charitable purpose. The concept of charitable purpose may be manifested in different forms like relief of the poor; education, medical relief etc. but a charitable purpose should always take care of the welfare and interest of the public and especially the poor section of the public. Running a Society only for the purpose of coordination between the universities does not show any work of charity being undertaken by the society. The basic purpose of the Association is coordinator among member universities which cannot be said to be an activity of charitable nature].

(Appendix-VI)

**Noted.**

13. To consider the expert opinion procured from Mr. Salil Agarwal, with regard to statutory provision u/s 2(15) of Income Tax Act, 1961 for utilization of income for charitable purpose.

[Note: The expert opinion received from Mr. Salil Agarwal clearly states that the Association of Indian Universities registered under Societies Registration Act 1860 is engaged in providing education under section 2(15) of the Act. An institution may be carrying on educational activities as are being carried on by the Association without imparting formal education and without being affiliated to or accountable to any authority. Such a trust can certainly be considered as qualifying for exemption under section 11 (1) (a) read with section 2 (15). He has also recommended that the association may apply for exemption under section 10(23 C) (vi) of the Income Tax Act, 1961].

(Appendix-VII)

**There was an extensive debate on the expert opinion received from Mr. Salil Agarwal, Chartered Accountant. However, members are of the view that the Secretary General of the Association may personally discuss the matter with the expert and apply for exemption with the Income Tax Department u/s 10(23C)(vi), if required, through our Statutory Auditors based on the expert opinion.**

14. To consider revival of 15% Special Allowance to AIU Employees.

[Note: The Association in its 28<sup>th</sup> Annual General Meeting held on 5.1.1953 approved Special House Rent Allowance @ 10% for AIU employees. The nature

of this allowance was amended from Special House Rent Allowance to Special Allowance @ 10% of Pay including DP in Standing Committee meeting held on 31.1.1972. This Special Allowance was raised from 10% to 15% in the Standing Committee meeting held on 20.5.1984.

The Special Allowance was given to AIU employees from 1953 to July 1997 in view of the fact that AIU does not provide to its employees all the facilities being given by the Central Govt. to its employees (CPF in place of GPF, CGHS, House Building Advance, Staff Quarters etc.).

The AIU has no plan to provide housing facility/staff quarters to its employees in the near future also. The rent for accommodation in Delhi have escalated due to acute shortage of housing facilities which has affected the AIU employees badly.

The special allowance was withdrawn from August 1997 on account of financial crunch faced by the Association at that point of time due to implementation of 5<sup>th</sup> CPC recommendations.

The item for revival of 15% Special Allowance was considered in the 311<sup>th</sup> GC meeting of the Association and it was resolved that the same be placed before the Finance Committee along with possible financial implications and financial position of AIU. Accordingly, a statement showing financial implications on different budgets of AIU for revival of Special Allowance, if any, and the financial position/savings available with AIU is placed below for consideration please].

(Appendix-VIII)

**Resolved that the matter be placed before the Hon'ble President, AIU and Chairman, Grievance Committee along with other items of supplementary agenda of the Finance Committee, namely, reimbursement of hospitalization on actual basis, hospitalization bills of 2 employees, earned leave encashment along with LTC, TA for journey on transfer as per GOI rules for AIU employees.**

15. To report enhancement in Travelling Allowance Rates by 25% as Dearness Allowance on the revised pay structure goes up by 50%.

[Note: TA/DA rules as amended by the Govt. of India in the 6<sup>th</sup> Central Pay Commission vide following Office Memorandums were adopted and implemented in AIU (FC item No.9 dated 30.9.2009):

OM of GOI dated 23.9.2008  
OM of GOI dated 19.11.2008  
OM of GOI dated 22.1.2009  
OM of GOI dated 13.7.2009

subject to following suggestions:

- I) Mileage Allowance for journeys performed:

Own Car	- Rs. 8.00 per km
Taxi	- Rs. 10.00 per km



Autorickshaw/Own Scooter - Rs. 4.00 per km

- 2) Journeys may also be performed by Private Airlines as per convenience.

As per OM No.F.No. 19030/3/2008-E.IV, GOI, Ministry of Finance, Deptt. of Expenditure dated 23.9.2008, the TA/DA rates mentioned in para 2(D)(b) and (c) (mileage for road journey by taxi/own car/autorickshaw/own scooter/bicycle etc., para (3)(all components of daily allowance on tour including rate of DA for journey on foot) para 4(c) (rates of transportation of personal effects) of this annexure, shall automatically increase by 25% whenever Dearness Allowance payable on the revised pay structure goes up by 50%.

Accordingly, a note dated 30.11.2011 was initiated by the Finance Division in line with above provision of OM of GOI dated 23.9.2008. The then Secretary General directed to place the item for the consideration of Governing Council. However, the same could not be placed before the GC by the Meeting Division. In the meantime, the members attending the meetings demanded higher rate of Mileage Allowance for journeys performed by taxi/staff car/own car etc. The claims made by the members for higher mileage allowance only were settled after procuring the approval from the competent authority.

It is for consideration that the Govt. of India orders may be adopted in its true form i.e. without any amendment in the rates/conditions prescribed in the order for smooth/timely settlement of claims as per GOI rules].

**The proposal for increase in Mileage Allowance rate for Own Car/Taxi/Autorickshaw/Own Scooter by 25% whenever DA payable on revised pay structure goes up by 50% was approved.**

16. To consider revision in the Special Allowance given to AIU Staff Members as per the approval of Governing Council.

[Note: As per GOI OM No.F.5-06/2011-PAP dated 24.1.2012 the allowances such as Cash Handling/ Washing/ Children Education/DA on Tour/Mileage/ Special Allowance shall automatically increase by 25% whenever Dearness Allowance goes up by 50%. Accordingly the Special Allowance being paid to the following employees of the Association were revised by 25% with effect from January, 2011:

(A) Allowances to AIU employees as per GOI rules and approved by the GC:

Name	Amount	Purpose
M N Bhaskar	375	Cash Handling Allowance
Balwawn Singh	188	Assisting Cashier for cash
Satya Prakash	75	Washing Allowance
Shoban Singh	75	-do-
Shambu Dutt	75	-do-
Virender Singh	75	-do-
T A Sassi	75	-do-
Bahadur Singh	75	-do-
Suresh	75	-do-
Vasudevan Swamy	75	-do-

Sudhir	75	-do-
Babu Lal	75	-do-
Gopal Das Sharma	75	-do-
Parmanand Maurya	75	-do-
Gopal Dutt	75	-do-
Tribhuvan Singh Rawat	75	-do-
Balwan Singh	75	-do-
Bihari Lal	75	-do-

(B): Special Allowance as per the approval of GC

The special allowance is given to following employees for the purpose shown against each name in view of the decision of the Governing council. These allowances are not according to GOI allowances:

Pradeep Kumar	Rs.600 pm	Working beyond office hours.
Vijaya Sampath	Rs.600 pm	Working beyond Office hours and booking accommodation at Rest Rooms
Bihari Lal	Rs.2500 pm	Special Allowance
Satya Prakash	Rs.400	For additional work of maintaining the Diesel Generator Set
T A Sassi	Rs.150	Dispatch Work & handling Franking Machine and accounting.
Vasudevan Swamy	Rs.150	For Receipt & Dispatch, maintaining its Accounts.

It is for consideration whether the Special allowance being paid to the employees under table 'B' is to be enhanced by 25%].

**The enhancement in Special Allowance by 25% was not approved in respect of 'B' above.**

17. To review a policy/procedure for investment of AIU funds in the light of investment made in the last 5-10 years.

[Note: The surplus funds of the Association are being invested in Fixed Deposit Receipts of Nationalized Banks as per the investment pattern described under section 11(5) of the Income Tax Act, 1961 for charitable institutions. A statement showing investment of funds as at 31.3.2012 duly audited by the Statutory Auditors is enclosed. The funds are invested after calling for quotations from nationalized banks by the committee constituted by Secretary General. The item was placed in the 312<sup>th</sup> Governing Council Meeting held on 30.6.2012 without verifying the facts for investment of surplus funds from the Finance Division].

(Appendix-IX)

Noted.

18. To report that arrears amounting to Rs.46.88 lacs were paid to 49 employees in December, 2011 for the period ranging from 1.1.2006 to 2011 without having any provision in the Budget for the FY 2011-12.

[Note: The withheld arrears of superannuated employees were also released as per the approval accorded by the competent authority on 25.6.2012.

The arrears with retirement benefits were released by the Finance Division as per rule, done by the Administration Division during November, 2011 to June, 2012 based on the undertaking from employees subject to review and verification by experts (Hon'ble President, AIU letter dt. 3.10.2011).

Anomalies/reservations of Finance Division pertaining to following issues are available on record:

- Not providing the desired documents in spite of repeated requests/justification for Case Wise Difference Statement submitted.
- Non compliance of Central Govt. pay scales and allowances adopted by AIU for earlier Pay Commission reports (Ref. Bye law 2.1 of AIU)
- Adoption of part 'B' of Sixth Pay Commission Report for specific group in place of Part 'A' (recommendations adopted by AIU as per FC dt. 23.9.08) without any Budget Provisions in this regard. Even conditions given in Section I of part B of Pay Commission Report have been ignored.
- Ignoring reports of two Committees (2 members' committee & 5 members' committee) constituted for fixation of pay and pending representations with Grievance Committee.
- Financial loss to employees because of junior becoming senior due to fixation of pay from back date (i.e. 1.1.2006) ignoring in between promotion approved by the GC in Sept., 2007.
- Change in designation for upward movement].

The members expressed their concern for raising liability on account of arrears paid to the staff members without having any provision in the Budget for the FY 2011-12 and incurring expenditure beyond sanctioned budgetary schedules. They reiterated their stand that the items having financial implications should invariably be routed through the Finance Committee before placing the same to the Governing Council. The members also expressed their concern for anomalies in fixation of pay done by the Administration Division for a specific group with advice that a similar treatment may be meted out to the remaining concerned staff.

Meeting ended with the vote of thanks to the Chair.

  
Prof. S N Pur  
President, AIU