

Bill No. 20 of 2017

THE INDIAN INSTITUTES OF MANAGEMENT BILL, 2017

ARRANGEMENT OF CLAUSES

CLAUSES

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Bill No. 20 of 2017

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BILL

to declare certain Institutes of management to be institutions of national importance with a view to empower these institutions to attain standards of global excellence in management, management research and allied areas of knowledge and to provide for certain other matters connected therewith or incidental thereto.

BE it enacted by Parliament in the Sixty-eighth Year of the Republic of India as follows:—

CHAPTER I

PRELIMINARY

5 **1. (1)** This Act may be called the Indian Institutes of Management Act, 2017.

(2) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint, and different dates may be appointed for different provisions of this Act.

Short title
and
commencement.

10 **2.** Whereas the objects of the Institutes mentioned in the Schedule are such as to make them institutions of national importance, it is hereby declared that each such Institute is an institution of national importance.

Declaration
of certain
institutions as
institutions of
national
importance.

Definitions.

3. In this Act, unless the context otherwise requires,—

(a) "Academic Council" means the Academic Council referred to in section 15;

(b) "Board", in relation to any Institute, means the Board of Governors referred to in sub-section (1) of section 10;

(c) "Chairperson" means the Chairperson of the Board of Governors of the Institutes appointed under clause (a) of sub-section (2) of section 10;

(d) "Coordination Forum" means the Coordination Forum established under section 29;

(e) "corresponding Institute" in relation to an Institute mentioned in column (3) of the Schedule, means an Institute as specified against the said Institute in column (5);

(f) "Director", means the Director of the Institute appointed under sub-section (2) of section 17;

(g) "existing Institute" means any Institute mentioned in column (3) of the Schedule;

(h) "Institute" means any Institute mentioned in column (5) of the Schedule;

(i) "notification" means a notification published in the Official Gazette and the expression "notify" with its cognate meanings and grammatical variation shall be construed accordingly;

(j) "Ordinances" means Ordinances made by the Academic Council under this Act;

(k) "prescribed" means prescribed by rules made under this Act;

(l) "regulations" means regulations made by the Board;

(m) "Schedule" means the Schedule annexed to this Act;

(n) "society" means any of the societies registered under the Societies Registration Act, 1860 or the Mysore Societies' Registration Act, 1960 or the Madhya Pradesh Societies Registration Act, 1973 or the Tamil Nadu Societies Registration Act, 1975 or the Jammu and Kashmir Societies Registration Act, 1998 mentioned in column (3) of the Schedule.

CHAPTER II

THE INSTITUTES

Incorporation of Institutes.

4. (1) On and from the commencement of this Act, every existing Institute shall be a body corporate by the same name as mentioned in column (5) of the Schedule.

(2) Every Institute referred to in column (5) of the Schedule shall have perpetual succession and a common seal, with power, subject to the provisions of this Act, to acquire, hold and dispose of property, both movable and immovable, and to contract and shall, by the said name, sue or be sued.

Effect of incorporation of institutions.

5. On and from the commencement of this Act,—

(a) any reference to an existing Institute in any contract or other instrument shall be deemed as a reference to the corresponding Institute;

(b) all properties, movable and immovable, of or belonging to every existing Institute shall vest in the corresponding Institute;

(c) all rights and debts and other liabilities of every existing Institute shall be transferred to, and be the rights and liabilities of, the corresponding Institute;

(d) every person employed by every existing Institute immediately before such commencement shall hold his office or service in the corresponding Institute, with the same tenure, at the same remuneration and upon the same terms and conditions and with the same rights and privileges as to pension, leave, gratuity, provident fund and other matters as he would have held had this Act not been enacted and shall continue to do so unless and until his employment is terminated or until such tenure, remuneration and terms and conditions are duly altered by regulations;

Provided that if the alteration so made is not acceptable to such employee, his employment may be terminated by the Institute in accordance with the terms of the contract with the employee, or, if no provision is made therein in this behalf, on payment, to him by the Institute, of a compensation equivalent to three months' remuneration in case of permanent employee and one months' remuneration in the case of other employee:

Provided further that any reference, by whatever form of words, to the Director, and other officers of an existing Institute under any law for the time being in force, or in any instrument or other document, shall be construed as a reference to the Director, and other officers of the corresponding Institutes;

(e) every person pursuing, before commencement of this Act, any academic or research course in every existing Institute, shall be deemed to have migrated and registered with the corresponding Institute, on such commencement at the same level of course in the Institute from which such person migrated;

(f) all suits and other legal proceedings instituted or which could have been instituted by or against an existing Institute, immediately before the commencement of this Act, shall be continued or instituted by or against the corresponding Institute.

6. Each Institute shall have the following objects, namely:—

Objects of Institutes.

(a) to educate and support leaders who can contribute as professional managers, entrepreneurs, and stewards of existing and emerging enterprises in the private, public, and social sectors;

(b) to carry out research, publication, consultancy and advisory work to advance new knowledge and innovation and to provide global leadership in management theory and practice;

Provided that research so conducted shall also be directed towards such areas of study which shall enhance inclusive, equitable and sustainable national development goals as enshrined in the objects of the Act;

(c) to provide management education of high quality and to promote allied areas of knowledge as well as interdisciplinary studies;

(d) to sensitise management education to the vision of inclusive, equitable and sustainable national development goals in order to contribute holistically to Society;

(e) to support and develop programmes promoting social and gender equity;

(f) to develop educational programmes and faculties that advance the cause of education, teaching and learning, across disciplines;

(g) to set-up centres for management studies and allied areas;

(h) to support and collaborate with management institutions and other educational institutions in India;

(i) to co-operate and collaborate with educational or management institutions in other countries to extend the interests of management education and research.

7. Subject to the provisions of this Act, every Institute shall exercise the following powers and perform the following functions, namely:—

Powers and functions of Institute.

(a) to carry out the administration and management of the Institutes;

(b) to provide by regulations for the admission of candidates to the various courses of study in conformity with the laws for the time being in force;

(c) to specify and conduct courses of study, training and research in management and allied subjects and document, and disseminate knowledge thereof;

(d) to evolve innovative management education pedagogy aligned to dynamic global management practices;

(e) to conduct examinations and to establish processes for evaluation and performance assessment through a fair and transparent system;

(f) to grant degrees, diplomas and other academic distinctions or titles and to institute and award fellowships, scholarships, prizes and medals, honorary awards and other distinctions;

(g) to lower the cost of education and to enhance the reach of the education by use of information and communication technology and other innovative methods;

(h) to establish and maintain such infrastructure as may be necessary;

(i) to determine, specify and receive payment of, fees and other charges as the Institute may deem fit, from students and any other person, institution or body corporate for instruction and other services, including training, consultancy and advisory services, provided by the Institute;

(j) to acquire, hold and deal with the property belonging to or vested in the Institute, with the approval of the Board, and in case of immovable property, under prior intimation to the Central Government, for advancing the objects of the Institute subject to the condition that such property is not obtained wholly or partly from the State Government or the Central Government funds:

Provided that where the land for the Institute has been provided free of cost by a State Government or the Central Government such land may be disposed of only with the prior approval of the Central Government;

(k) to create academic, administrative, technical, ministerial and other posts under the Institute other than the post of Director of the Institute and to make appointments thereto;

(l) to appoint committees for the disposal of any business of the Institute or for tendering advice in any matter pertaining to the Institute;

(m) to receive grants, gifts and contributions and to have custody of the funds including internally generated funds of the Institute to meet the expenses, including capital expenditure of the Institute including expenses incurred in the exercise of its powers and discharge of its functions;

(n) to create partnership, affiliation and other classes of professional or honorary or technical membership or office as the Institute may consider necessary;

(o) to perform such other functions as may be necessary for carrying out the objects of the Institutes;

(p) to do all such things and activities, incidental to the attainment of all or any of the objects of the Institute.

Institutes to be open to all irrespective of sex, race, creed, caste or class.

8. (1) Every Institute shall be open to all persons irrespective of sex, race, creed, caste or class, and no test or condition shall be imposed as to religious belief or profession in admitting or appointing members, students, teachers or workers or in any other connection whatsoever.

(2) No bequest, donation or transfer of any property shall be accepted by any Institute which in the opinion of the Board involves conditions or obligations opposed to the spirit and object of this section.

(3) The admission to every academic course or programme of study in each Institute shall be based on merit assessed through transparent and reasonable criteria disclosed through its prospectus, prior to the commencement of the process of admission by such Institute:

5 Provided that nothing in this section shall be deemed to prevent the Institute from making special provisions for the employment or admission of women, persons with disabilities or for persons belonging to any socially and educationally backward classes of citizens and, in particular, for the Scheduled Castes and the Scheduled Tribes:

5 of 2007. Provided further that every such Institute shall be a Central Educational Institution for the purposes of the Central Educational Institutions (Reservation in Admission) Act, 2006.

10 9. (1) Every Institute shall be a not-for-profit legal entity and no part of the surplus, if any, in revenue of such Institute, after meeting all expenditure in regard to its operations under this Act, shall be invested for any purpose other than for the growth and development of such Institute or for conducting research therein.

Institute to be not-for-profit legal entity.

(2) Every Institute shall strive to raise funds for self-sufficiency and sustainability.

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CHAPTER III

THE AUTHORITIES OF INSTITUTES

10. (1) The Board of Governors of each Institute shall be the principal executive body of that Institute.

Board of Governors.

(2) The Board of each Institute shall consist of the following members, namely:—

20 (a) a Chairperson, from amongst eminent persons distinguished in the field of industry or education or science or technology or management or public administration or such other field, to be appointed by the Board;

(b) one nominee of the Central Government having charge of the management education or his representative;

25 (c) one nominee of the respective State Government or representative of such nominees, within whose territorial jurisdiction the Institute is located;

30 (d) four eminent persons, of which at least one shall be a woman, distinguished in the field of education, industry, commerce, social service or public administration, to be nominated by the Board, having such experience and in such manner as may be specified by regulations;

(e) two members from the faculty of respective Institutes to be nominated by the Chairperson, in the manner to be laid down by the Board by regulations;

(f) one person from the Scheduled Castes or Scheduled Tribes to be nominated by the Board from amongst the members referred to in clauses (d), (e) and (g);

35 (g) up to five persons to be co-opted by the Board from the alumni or the members of society of the existing Institute who have distinguished themselves in the field of management:

Provided that out of such five persons, not more than one member shall be from the Society;

40 (h) three women members to be nominated by the Board from amongst the members referred to in clauses (d), (e) and (g);

(i) Director of the Institute, *ex officio* member.

(3) The Board may nominate a person to fill up any temporary vacancy, of a member referred to in clauses (d) and (g) of sub-section (2), for a period which may extend to three months.

45 (4) The Board shall designate an officer of the Institute to act as Secretary of the Board.

(5) The Chairperson shall have the power to invite any number of experts, not being members of the Board, to attend meetings of the Board, but such invitees shall not be entitled to vote at the meeting.

Powers and
functions of
Board.

11. (1) Subject to the provisions of this Act, the Board of every Institute shall be responsible for the general superintendence, direction and control of the affairs of the Institute and shall have the power to frame or amend or modify or rescind the regulations governing the affairs of the Institute to achieve the objects of the Institute specified in section 6. 5

(2) Without prejudice to the provisions of sub-section (1), the Board shall have the following powers, namely:— 10

(a) to take decisions on questions of policy relating to the administration and working of the Institute;

(b) to examine and approve the annual budget estimates of the Institute;

(c) to examine and approve the plan for development of the Institute and to identify sources of finance for implementation of the plan; 15

(d) to establish departments, faculties or schools of studies and initiate programmes or courses of study at the Institute;

(e) to set-up centres of management studies and allied areas within the country under intimation to the Central Government;

(f) to grant degrees, diplomas and other academic distinctions or titles, and to institute and award fellowships, scholarships, prizes and medals; 20

(g) to confer honorary degrees in such manner as may be specified by the regulations;

(h) to grant honorary awards and other distinctions;

(i) to create academic, administrative, technical and other posts and to make appointments thereto; 25

Provided that the cadre, the pay scales, allowances and term of employment of such posts shall be such as may be determined by the Central Government;

(j) to determine, by regulations, the number and emoluments of such posts and to define the duties and conditions of services of the academic, administrative, technical and other staff; 30

(k) to set-up centres of management studies and allied areas outside India in accordance with guidelines laid down by the Central Government from time to time and in accordance with the provisions of the laws for the time being in force in such foreign country; 35

(l) to pay, variable pay to the Director of the Institute on the basis of performance objectives as may be specified by the regulations;

(m) to specify by regulations, the fees to be charged for courses of study and examinations in the Institute;

(n) to specify by regulations the manner of formation of department of teaching; 40

(o) to specify by regulations the institution of fellowships, scholarships, exhibitions, medals and prizes;

(p) to specify by regulations the qualifications, classification, terms of office and method of appointment of the academic, administrative, technical and other staff of the Institute; 45

(q) to specify by regulations the constitution of pension, insurance and provident funds for the benefit of the academic, administrative, technical and other staff;

(r) to specify by regulations, the establishment and maintenance of buildings;

(s) to specify by regulations, the conditions of residence of students of the Institute and levying of fees for residence in the halls and hostels and of other charges;

5 (t) to specify by regulations, the manner of authentication of the orders and decisions of the Board;

(u) to specify by regulations, the quorum for meetings of the Board, the Academic Council or any Committee, and the procedures to be followed in the conduct of their business;

(v) to specify by regulations, the financial accountability of the institute; and

10 (w) to exercise such other powers and perform such other duties as may be conferred or imposed upon it by this Act or the rules made thereunder.

(3) Subject to the provisions of this Act, the Board may by regulations, delegate such powers and functions of the Board to the Director as it may deem fit.

(4) The Board shall conduct an annual review of the performance of the Director, in the
15 context of the achievements of objects of the Institute:

Provided that such review shall include performance reviews of faculty members of the Institute on such parameters, periodicity and terms of reference as may be determined by the Board.

(5) The Board shall, through an independent agency or group of experts, within a
20 period of three years from the date of incorporation of the Institute, and thereafter at least once every three years, evaluate and review the performance of the Institutes, including its faculty, on the parameters of long term strategy and rolling plans of the Institutes and such other parameters as the Board may decide and the report of such review shall be placed in public domain.

(6) The qualifications, experience and the manner of selection of the independent
25 agency or group of experts, referred to in sub-section (5), shall be such as may be specified by regulations.

(7) The report of the evaluation and review under sub-section (5) shall be submitted by the Board to the Central Government along with an action taken report thereon.

(8) Where in the opinion of the Chairperson or the Director the situation is so emergent
30 that an immediate decision need to be taken in the interest of the Institute, the Chairperson, in consultation with the Director may issue such orders as may be necessary, recording the grounds for his opinion:

Provided that such orders shall be submitted for ratification by the Board in the next meeting.

35 (9) The Board shall in the exercise of its power and discharge of its functions under this Act, be accountable to the Central Government.

Term of office of, vacancies among, and allowances payable to members of Board.

12. (1) Save as otherwise provided in this section, the term of office of the Chairperson or any other member of the Board, other than an *ex officio* member, shall be four years from the date of his appointment or nomination:

40 Provided that the term of office of a member nominated under clause (e) of sub-section (2) of section 11 shall be two years from the date of his nomination:

Provided further that the Chairperson, or any other member of the Board, other than an *ex officio* member, may be appointed or nominated for a second term:

45 *ex officio* member, shall not be appointed or nominated for more than two consecutive terms.

(2) The term of office of an *ex officio* member shall continue so long as he holds the office by virtue of which he is a member of the Board.

(3) A member of the Board, other than a nominee of the Central Government or the State Government, who fails to attend three consecutive meetings of the Board without permission of the Chairperson, shall cease to be a member of the Board.

(4) A casual vacancy of a member shall be filled up in accordance with the provisions of section 10. 5

(5) The term of office of a member nominated to fill a casual vacancy shall continue for the remainder of the term of the member in whose place he has been so nominated.

(6) Members of the Board shall be entitled to such allowances, as may be specified in the regulations, for attending meetings of the Board.

(7) The Board shall meet at least once in every three months. 10

Resignation of
Chairperson.

13. The Chairperson may, by notice in writing under his hand addressed to the Board, resign from his office.

Academic
Council.

14. (1) The Academic Council shall be the principal academic body of every Institute, consisting of the following persons, namely:—

(a) Director of the Institute, who shall be the Chairperson of the Academic Council; 15

(b) Deans in charge of academics, research, student affairs and such other functions of the Institute;

(c) Chairs of Areas or Programmes, Heads or Coordinators of Faculties or Schools or Centres or Departments, of the Institute; 20

(d) all full time Faculty at the level of Professors and such number of other full time Faculty of the Institute as may be determined by the Board;

(e) such members, by invitation of the Board on the recommendation of the Director, who are eminent in the fields of industry, finance, management, public administration and academics. 25

(2) The term of office of an *ex officio* member shall continue so long as he holds the office by virtue of which he is a member.

(3) The term of office of a member nominated under clause (d) of sub-section (1) shall be two years from the date of his nomination.

Power and
functions of
Academic
Council.

15. (1) The Academic Council shall perform the following functions, namely:— 30

(a) to specify the criteria and process for admission to courses or programmes of study offered by the Institute;

(b) to specify the academic content of programmes and courses of study and undertake modifications therein;

(c) to specify the academic calendar, guidelines for conduct of examination and recommend grant of degrees, diplomas and other academic distinctions or titles. 35

(2) The Academic Council shall exercise such other powers and perform such other functions as may be conferred upon it, by this Act or the regulations or by the Board.

Director.

16. (1) The Director shall be the Chief Executive Officer of the Institute and shall provide leadership to the Institute and be responsible for implementation of the decisions of the Board. 40

(2) The Director shall be appointed by the Board, on such terms and conditions of service as may be prescribed.

(3) The Director shall be appointed out of the panel of names recommended by a search-cum-selection committee to be constituted by the Board, consisting of:— 45

(i) the Chairperson of the Board, who shall be the Chairperson of the search-cum-selection committee;

(ii) three members chosen from amongst eminent administrators, industrialists, educationists, scientists, technocrats and management specialists:

5 Provided that where the Board is not satisfied with the recommendations of the search-cum-selection committee, it may ask the search-cum-selection committee to make fresh recommendations.

(4) The Director shall exercise the powers and perform the duties as may be assigned to him under this Act or the regulations or as may be delegated to him by the Board:

10 Provided that the Board may lay down the criteria to be followed by the Director while exercising powers and performing his duties, which shall be evaluated by the Board annually, and if the Board is of the opinion that such criteria has not been followed, then, the Board may, after giving an opportunity of being heard to the Director, initiate action for removal of such Director under sub-section (7).

15 (5) The Director shall, except on account of resignation or removal, hold office for a term of five years, from the date on which he enters upon his office.

(6) The Director may, by notice in writing under his hand addressed to the Board, through the Chairperson, resign his office at any time.

(7) The Board may remove from office the Director, who—

20 (a) has been adjudged as an insolvent; or

(b) has been convicted of an offence which, in the opinion of the Board, involves moral turpitude; or

(c) has become physically or mentally incapable of acting as a Director; or

25 (d) has acquired such financial or other interest as is likely to affect prejudicially his functions as a Director; or

(e) has so abused his position or so conducted himself as to render his continuance in office prejudicial to the public interest:

30 Provided that the Director shall not be removed from office except by an order made by the Board, after an enquiry instituted by it in which the Director has been informed of the charges against him and given a reasonable opportunity of being heard in respect of those charges.

(8) Where the post of Director is likely to fall vacant on account of completion of tenure, the Board shall initiate the process of appointment nine months prior to the occurrence of such vacancy.

35 (9) Where the post of Director falls vacant on account of any reason, the Board may appoint the senior most faculty in the institution as the Director in charge till a regular Director is appointed:

Provided that if the senior most faculty is not willing to hold the post of Director in charge, then the next senior most willing faculty may be appointed as Director in charge.

Initiation of
inquiry. 40 17. (1) The Board may initiate an inquiry as deemed proper against the Institute which has not been functioning in accordance with the provisions and the objectives of the Act:

Provided that such an inquiry shall be conducted by a retired High Court Judge.

45 (2) The Board may, based on the findings of such an inquiry, remove the Director or take any other action deemed fit, and the Institute shall be bound to comply with such directions within reasonable time.

Custodian of records, etc.

18. The Board may designate any officer or officers of the Institute as the custodian of records, common seal, funds of the Institute and any other property of the Institute.

Role of members of Society.

19. The members of the societies referred to at serial numbers 2 and 3 under column (3) of the Schedule, may be engaged by the respective Boards of corresponding Institutes, for advisory assistance to it, by passing a resolution in that behalf.

Committees and other authorities.

20. (1) The Board may, constitute such committees and other authorities of the Institute and specify the duties and functions of each such committees and authorities by regulations.

(2) The Board may constitute such *ad hoc* committees as it may deem fit, for proper management of affairs of the Institute.

CHAPTER IV

ACCOUNTS AND AUDIT

Grants by Central Government.

21. For the purpose of enabling the Institutes to discharge their functions efficiently under this Act, the Central Government may, after due appropriation made by Parliament by law in this behalf, pay to every Institute such sums of money in such manner as it may think fit.

Fund of Institute.

22. (1) Every Institute shall maintain a Fund to which shall be credited—

(a) all moneys provided by the Central Government;

(b) all fees and other charges received by the Institute;

(c) all moneys received by the Institute by way of grants, gifts, donations, benefactions, bequests or transfers;

(d) all moneys received by the Institute from utilisation of intellectual property arising from research conducted or rendering advisory or consultancy services by it; and

(e) all moneys received by the Institute in any other manner or from any other source.

(2) All moneys credited to the Fund of every Institute shall be deposited in such banks or invested in such manner as may be laid down by the Board by regulations.

(3) Each Institute shall create a corpus fund for long term sustainability of the Institute, to which shall be credited such per cent. of the net income of the Institute and donations made specifically towards such corpus fund as the Central Government may in accordance with the provisions of the Income tax Act, 1961, notify:

Provided that the Board may also create endowment funds for specific purposes to which donations may be specifically made.

(4) The fund of any Institute shall be applied in such manner and for such purposes as may be specified by the regulations.

Accounts and audit.

23. (1) Every Institute shall maintain proper accounts including income and expenditure statements, internal audit report and statement audited by internal auditor specifying investments and other relevant records and prepare annual statement of accounts including the balance sheet in such form and as per such accounting standard as may be specified by notification by the Central Government in consultation with the Comptroller and Auditor-General of India.

(2) Where the statement of income and expenditure and the balance sheet of the Institute do not comply with the accounting standards, the Institute shall disclose in its statement of income and expenditure and balance sheet, the following, namely:—

(a) the deviation from the accounting standards;

(b) the reasons for such deviation; and

(c) the financial effect, if any, arising out of such deviation.

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(3) The accounts of every Institute shall be audited by the Comptroller and Auditor-General of India and any expenditure incurred by audit team in connection with such audit shall be payable by the Institute to the Comptroller and Auditor-General of India.

(4) The Comptroller and Auditor-General of India and any person appointed by him in connection with the audit of the accounts of the Institute shall have the same rights, privileges and authority in connection with such audit as the Comptroller and Auditor-General of India has in connection with the audit of the Government accounts and, in particular, shall have the right to demand the production of books, accounts, connected vouchers and other documents and papers and to inspect the offices of the Institute.

(5) The accounts of every Institute as certified by the Comptroller and Auditor-General of India or any other person appointed by him in this behalf together with the audit report thereon shall be forwarded annually to the Central Government and that Government shall cause the same to be laid before each House of Parliament in accordance with such procedure as may be laid down by the Central Government.

24. Every Institute shall keep proper updated books of account with respect to—

(a) all sums of money received and expended by it and the matters in respect of which receipt and expenditure takes place;

(b) the assets and liabilities of the Institute;

(c) the properties, movable and immovable of the Institute.

Books of account to be maintained by Institute.

Explanation.—For the purposes of this section, if books of account give a true and fair view of the state of affairs of the Institute and its transactions, it shall be deemed as proper books of account with respect to the matters specified therein.

25. (1) The Board of every Institute shall, prior to the end of every financial year, and without prejudice to the provisions contained in the Comptroller and Auditor-General's (Duties, Powers and Conditions of Service) Act, 1971 or any other law for the time being in force containing provisions for audit of accounts by the Institutes, appoint such auditors including the internal auditor, on such remuneration as it thinks appropriate, to scrutinise the balance sheet and the statement of income and expenditure of such Institute:

Appointment of auditors.

Provided that the Board shall change the auditors after every four years.

(2) The Board of every Institute shall constitute an Audit Committee to provide an expert advice on effectiveness of internal control system, risk management and audit report to the Board.

(3) The auditor appointed under sub-section (1) or any person employed by him shall not have any direct or indirect interest, whether pecuniary or otherwise, in any matter concerning or related to the administration or functions of the Institute.

26. (1) There shall be attached to every statement of accounts laid before the Board of each Institute under section 27, a report, by its Director, with respect to—

Annual report of Director.

(a) the state of affairs of such Institute;

(b) the amounts, if any, which it proposes to carry to any surplus reserves in its balance sheet;

(c) the extent to which understatement or overstatement of any surplus of income over expenditure or any shortfall of expenditure over income has been indicated in the auditor's report and the reasons for such understatement or overstatement;

(d) the productivity of research projects undertaken by the Institute measured in accordance with such norms as may be specified by the Board;

(e) appointments of the officers and faculty members of the Institute;

(f) performance indicators and internal standards set by the Institute, including the nature of innovations in teaching, research and application of knowledge.

(2) The report of the Director shall also include a statement showing the names of the five officers including faculty members and other employees of the Institute who received the highest remuneration (including allowances and other payments made to such employees) during the financial year and the contributions made by such employee during the financial year.

(3) The statement referred to in sub-section (2) shall indicate whether any such employee is a relative of any member of the Board or Academic Council of the Institute and if so, the name of such member; and such other particulars as may be determined by the Board. 5

(4) The Director shall also be bound to give the complete information and explanations in the report referred to in sub-section (1) on every reservation, qualification or adverse remark contained in the auditors' report. 10

Board to consider statement of accounts.

27. (1) The statement of accounts, including the balance sheet and the statement of income and expenditure, the auditor's report, the report of the Director and other documents required to be annexed or attached with such statement, shall be brought before the Board of concerned Institute in its meeting not later than three months, from the conclusion of the financial year.

(2) A copy of every statement of accounts referred to in sub-section (1) shall be sent to every member of the Board not less than twenty-one days before the date of the meeting. 15

(3) The statement of accounts referred to in sub-section (1) shall on its approval by the Board, be published on the website of the Institute.

Annual report of Institute.

28. (1) The annual report of every Institute shall be prepared under the directions of the Board, which shall include, among other matters, steps taken by the Institute towards the fulfilment of its objects and an outcome based assessment of the research being undertaken in such Institute. 20

Explanation.—For the purposes of this sub-section, the expression "outcome based assessment of research" shall mean an elaboration and analysis of the research conducted and the qualitative and quantitative outcomes of such research along with its impact factor and social outcomes. 25

(2) The annual report prepared under sub-section (1) shall be submitted to the Board on or before such date as may be specified by the Board who shall consider the report in its meeting.

(3) The annual report on its approval by the Board shall be published on the website of the Institute. 30

(4) The annual report of each Institute shall be submitted to the Central Government who shall, as soon as may be, cause the same to be laid before both Houses of Parliament.

CHAPTER V

COORDINATION FORUM 35

Establishment of Co-ordination Forum.

29. (1) With effect from such date as the Central Government may, by notification, specify in this behalf, there shall be established a Coordination Forum for all the Institutes.

(2) The Coordination Forum shall consist of the following members, namely:—

(a) an eminent person to be selected by a Search-cum-Selection Committee as may be constituted by the Coordination Forum, as chairperson: 40

Provided that the Coordination Forum may select one of its members to act as the chairperson till the chairperson is appointed;

(b) the Secretary to the Government of India, in charge of the Ministry or Department of the Central Government having administrative control of management education, member—*ex officio*; 45

(c) two Secretaries in charge of management education of State Governments in which the Institutes are located, by rotation, each year, member—*ex officio*;

(d) four Chairpersons of Institutes, to be nominated by the Chairperson of the Coordination Forum, by rotation for two years;

(e) the Director of each Institute, member—*ex officio*;

5 (f) five persons of eminence, of which at least one shall be a woman, in academia or public service, to be selected by a sub-committee constituted by the Coordination Forum.

(3) The term of office of a member referred to in clause (f) of sub-section (2) shall be three years from the date of his nomination.

10 (4) The non-official members of the Coordination Forum shall be entitled to such travelling and other allowances, as may be prescribed.

(5) The Director of the host Institute where the meeting of the Coordination Forum takes place shall be the Member Secretary of the Coordination Forum and shall continue to be the Member-Secretary till a new host Institute is selected.

15 30. (1) The Coordination Forum shall facilitate the sharing of experiences, ideas and concerns with a view to enhancing the performance of all Institutes.

Functions of
Co-ordination
Forum.

(2) Without prejudice to the provisions of sub-section (1), the Coordination Forum shall perform the following functions, namely:—

20 (a) recommend to the Central Government, the institution of scholarships including for research and for the benefit of students belonging to the Scheduled Castes, the Scheduled Tribes and other socially and educationally backward classes of citizens;

(b) deliberate on such matters of common interest to Institutes as may be referred to it by any Institute;

25 (c) promote necessary coordination and co-operation in the working of the Institutes;

(d) review the achievement of policy objectives; and

(e) perform such other functions as may be referred to it by the Central Government.

30 (3) The Coordination Forum may constitute such committees as it may consider necessary for carrying out its functions under this section.

(4) The Chairperson of the Coordination Forum shall ordinarily preside at the meetings of the Coordination Forum and in his absence, any other member chosen by the members present amongst themselves at the meeting, shall preside at the meeting.

35 (5) The Coordination Forum shall submit a report on its functions under sub-section (2) to the Central Government.

(6) The Coordination Forum shall meet at least once in a calendar year.

(7) At each meeting of the Coordination Forum, the host institute, which would host the next meeting, shall be selected:

Provided that no Institute shall host the meeting for more than two consecutive years.

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CHAPTER VI

MISCELLANEOUS

31. No act of any Institute or the Board or the Academic Council or any other body set-up under this Act or the regulations, shall be invalid merely by reason of—

Acts and
proceedings
not to be
invalidated by
vacancies,
etc.

45 (a) any vacancy or defect in the constitution thereof; or

(b) any irregularity in its procedure not affecting the merits of the case; or

(c) any defect in the selection, nomination or appointment of a person acting as a member thereof.

Returns and information to be provided to Central Government.

32. Every Institute shall furnish to the Central Government such returns or other information with respect to its policies or activities as the Central Government may, for the purpose of reporting to the Parliament or for the making of policy, from time to time, require.

Institute to be public authority under Right to Information Act.

33. (1) The provisions of the Right to Information Act, 2005 shall apply to each Institute, including Institutes established in public-private partnership, as if it were a public authority established by notification issued or order made under clause (h) of section 2 of the Right to Information Act, 2005. 5 22 of 2005.

(2) A copy of every notification proposed to be issued or order to be made under the Act referred to in sub-section (1), shall be laid in draft before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in disapproving the issue of the notification or order or both Houses agree in making any modification in the notification or order, the notification or order shall not be issued or made, as the case may be, shall be issued or made only in such modified form as may be agreed upon by both the Houses. 10 15

Power of Central Government to make rules.

34. (1) The Central Government may, by notification, make rules, for carrying out the provisions of this Act.

(2) In particular, and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:— 20

(a) such other powers and duties of the Board under clause (w) of sub-section (2) of section 11;

(b) the term and conditions of service of the Director under sub-section (2) of section 16;

(c) the travelling and such other allowances payable to the members of the Coordination Forum for attending its meetings or its Committees under sub-section (4) of section 29; 25

(d) any other matter which is to be or may be, prescribed or in respect of which provision is to be made by the Central Government by rules.

Regulations how made.

35. (1) The Board may, by notification, make regulations not inconsistent with this Act and the rules made thereunder to carry out the provisions of this Act. 30

(2) In particular and without prejudice to the generality of the foregoing power, such regulations may provide for all or any of the following matters, namely:—

(a) tenure, remuneration and terms and conditions of employees of existing Institute under clause (d) of section 5;

(b) admission of candidates to the various courses of study under clause (b) of section 7; 35

(c) the manner of nominating the members from the faculty of respective Institutes under clause (e) of sub-section (2) of section 10;

(d) the conferment of honorary degrees under clause (g) of sub-section (2) of section 11; 40

(e) the number of posts, emoluments and the duties and conditions of service of the academic, administrative, technical and other staff under clause (j) of sub-section (2) of section 11;

(f) determine performance objectives on the basis of which variable pay may be paid to the Director under clause (i) of sub-section (2) of section 11; 45

(g) to specify by regulations, the fees to be charged for course of study and examinations in the Institute under clause (m) of sub-section (2) of section 11;

(h) the manner of formation of Departments of teaching under clause (n) of sub-section (2) of section 11;

(i) the institution of fellowships, scholarships, exhibitions, medals and prizes under clause (o) of sub-section (2) of section 11;

5 (j) the qualifications, classification, terms of office and method of appointment of the academic, administrative, technical and other staff of the Institute under clause (p) of sub-section (2) of section 11;

10 (k) the constitution of pension, insurance and provident funds for the benefit of the academic, administrative, technical and other staff under clause (q) of sub-section (2) of section 11;

(l) the establishment and maintenance of buildings under clause (r) of sub-section (2) of section 11;

15 (m) the conditions of residence of students of the Institute and levying of fees for residence in the halls and hostels and of other charges under clause (s) of sub-section (2) of section 11;

(n) the manner of authentication of the orders and decisions of the Board under clause (t) of sub-section (2) of section 11;

20 (o) the meetings of the Board, the Academic Council or any Committee, the quorum at such meetings and the procedure to be followed in the conduct of their business under clause (u) of sub-section (2) of section 11;

(p) the financial accountability of the Institute under clause (v) of sub-section (2) of section 11;

(q) delegate such powers and functions of the Board to the Director under sub-section (3) of section 11;

25 (r) the qualifications, experience and the manner of selection of the independent agency or group of experts under sub-section (5) of section 11;

(s) allowances of the members of the Board for attending meetings under sub-section (6) of section 12;

30 (t) such other powers and functions of the Academic Council under sub-section (2) of section 15;

(u) the powers and duties of the Director under sub-section (4) of section 16;

(v) constitution of such committees and other authorities of the Institute and their duties and functions under sub-section (1) of section 20;

35 (w) the manner of depositing or investing the moneys credited to the Fund of every Institute under sub-section (2) of section 21;

(x) the manner of application of the Fund of the Institute under sub-section (4) of section 21; and

(y) any other matter which is to be or may be, specified by regulations.

40 36. (1) Save as otherwise provided in this section, Ordinance shall be made by the Academic Council.

Ordinances
how made.

(2) Subject to the provisions of this Act and the rules and regulations made thereunder, the Ordinances of every Institute may provide for all or any of the following matters, namely:—

(a) the admission of students to the Institute;

(b) the courses of study to be laid down for all degrees and diplomas of the Institute;

(c) the conditions under which students shall be admitted to the degree or diploma courses and to the examinations of the Institute, and shall be eligible for degrees and diplomas;

(d) the conditions of award of the fellowships, scholarships, exhibitions, medals and prizes;

(e) the conditions and model of appointment and duties of examining bodies, examiners and moderators;

(f) the conduct of examinations;

(g) the maintenance of discipline among the students of the Institute; and

(h) any other matter which is to be or may be provided for by the Ordinances.

(3) All Ordinances made by the Academic Council shall have effect from such date as it may direct, but every Ordinance so made shall be submitted, as soon as may be, to the Board and shall be considered by the Board at its next meeting.

(4) The Board shall have power by resolution to modify or cancel any such Ordinance and such Ordinance shall from the date of such resolution stand modified accordingly or cancelled, as the case may be.

Rules and regulations to be laid before Parliament.

37. Every rule made by the Central Government and the first regulation made by the Board under this Act shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the rule or regulation or both Houses agree that the rule or regulation shall not be made, the rule or regulation shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule or regulation.

Power to remove difficulties.

38. (1) If any difficulty arises in giving effect to the provisions of this Act, the Central Government may, by order published in the Official Gazette, make such provisions not inconsistent with the provisions of this Act, as may appear to it to be necessary or expedient for removing the difficulty:

Provided that no such order shall be made under this section after the expiry of the period of three years from the date of commencement of this Act.

(2) Every order made under this section shall, as soon as may be after it is made, be laid before each House of Parliament.

Transitional provisions.

39. (1) Notwithstanding anything contained in this Act:—

(a) the Board of every Institute functioning as such immediately before the commencement of this Act shall continue to so function until a new Board is constituted for that Institute under this Act, but on the constitution of a new Board under this Act, the members of the Board holding office before such constitution shall cease to hold office;

(b) every Academic Council or Faculty Council, as the case may be, constituted in relation to every Institute before the commencement of this Act shall be deemed to be the Academic Council constituted under this Act until an Academic Council is constituted under this Act for that Institute, but on the constitution of the new Academic Council under this Act, the members of the Academic Council or Faculty Council, as the case may be, holding office before such constitution shall cease to hold office;

(c) until the first regulations are made under this Act, the rules, and bye-laws of each Institute as in force, immediately before the commencement of this Act shall continue to apply to the Institute in so far as they are not inconsistent with the provisions of this Act.

- 5 (2) The Central Government may, without prejudice to the provisions of this Act, if it considers so necessary and expedient, by notification, take such measures, which may be necessary for the smooth transfer of the existing Institute to the corresponding Institute.

THE SCHEDULE

[See section 4(1)]

Sl. No.	Name of the State	Name of the existing Institute	Location	Name of Institute incorporated under this Act
(1)	(2)	(3)	(4)	(5)
1.	West Bengal	Indian Institute of Management, Calcutta, a Society registered under the Societies Registration Act, 1860 (21 of 1860).	Kolkata	Indian Institute of Management Kolkata.
2.	Gujarat	Indian Institute of Management Ahmedabad, a Society registered under the Societies Registration Act, 1860 (21 of 1860).	Ahmedabad	Indian Institute of Management Ahmedabad.
3.	Karnataka	Indian Institute of Management Bangalore, a Society registered under the Mysore Societies' Registration Act, 1960 (17 of 1960).	Bengaluru	Indian Institute of Management Bangalore.
4.	Uttar Pradesh	Indian Institute of Management Lucknow, a Society registered under the Societies Registration Act, 1860 (21 of 1860).	Lucknow	Indian Institute of Management Lucknow.
5.	Madhya Pradesh	Indian Institute of Management Indore, a Society registered under the Madhya Pradesh Societies Registration Act, 1973 (44 of 1973).	Indore	Indian Institute of Management Indore.
6.	Kerala	Indian Institute of Management Kozhikode, a Society registered under the Societies Registration Act, 1860 (21 of 1860).	Kozhikode	Indian Institute of Management Kozhikode.
7.	Meghalaya	Rajiv Gandhi Indian Institute of Management Shillong, a Society registered under the Societies Registration Act, 1860 (21 of 1860).	Shillong	Indian Institute of Management Shillong.
8.	Haryana	Indian Institute of Management Rohtak, a Society registered under the Societies Registration Act, 1860 (21 of 1860).	Rohtak	Indian Institute of Management Rohtak.
9.	Jharkhand	Indian Institute of Management Ranchi, a Society registered under the Societies Registration Act, 1860 (21 of 1860).	Ranchi	Indian Institute of Management Ranchi.
10.	Chhattisgarh	Indian Institute of Management Raipur, a Society registered under the Societies Registration Act, 1860 (21 of 1860).	Raipur	Indian Institute of Management Raipur.
11.	Tamil Nadu	Indian Institute of Management Tiruchirappalli, a Society registered under the Tamil Nadu Societies Registration Act, 1975.	Tiruchirappalli	Indian Institute of Management Tiruchirappalli.

(1)	(2)	(3)	(4)	(5)
12.	Uttarakhand	Indian Institute of Management, Kashipur, a Society registered under the Societies Registration Act, 1860 (21 of 1860).	Kashipur	Indian Institute of Management, Kashipur.
13.	Rajasthan	Indian Institute of Management, Udaipur, a Society registered under the Societies Registration Act, 1860 (21 of 1860).	Udaipur	Indian Institute of Management, Udaipur.
14.	Punjab	Indian Institute of Management Amritsar, a Society registered under the Societies Registration Act, 1860 (21 of 1860).	Amritsar	Indian Institute of Management, Amritsar.
15.	Himachal Pradesh H.P.	Indian Institute of Management Sirmaur, a Society registered under the Societies Registration Act, 1860 (21 of 1860).	Sirmaur	Indian Institute of Management, Sirmaur.
16.	Odisha	Indian Institute of Management, Sambalpur, a Society registered under the Societies Registration Act, 1860 (21 of 1860).	Sambalpur	Indian Institute of Management, Sambalpur.
17.	Andhra Pradesh	Indian Institute of Management, Vishakhapatnam, a Society registered under the Societies Registration Act, 1860 (21 of 1860).	Visakhapatnam	Indian Institute of Management, Visakhapatnam.
18.	Maharashtra	Indian Institute of Management, Nagpur, a Society Registered under the Societies Registration Act, 1860 (21 of 1860).	Nagpur	Indian Institute of Management, Nagpur.
19.	Bihar	Indian Institute of Management, Bodh Gaya, a Society registered under the Societies Registration Act, 1860 (21 of 1860).	Bodhgaya	Indian Institute of Management, Bodhgaya.
20.	Jammu and Kashmir	Indian Institute of Management, Jammu, a Society registered under the Jammu and Kashmir Societies Registration Act, of 1998 (VI of 1998.)	Jammu	Indian Institute of Management Jammu.

STATEMENT OF OBJECTS AND REASONS

In 1961, the Government of India, decided to establish two Indian Institutes of Management (IIMs), one in Calcutta and other in Ahmedabad, which were industrial, research and commercial hubs of the country. These specialised institutions were envisaged to be outside the University system for greater flexibility and autonomy and for increasing the pace of management training and education in India. Thereafter, IIMs were established at Bangalore in 1973, IIM Lucknow in 1984, IIM Indore in 1996 and IIM Kozhikode in 1997. In the 11th plan, seven new IIMs at Shillong (2008), Ranchi (2010), Rohtak (2010), Raipur (2010), Kashipur (2011), Tiruchirapalli (2011) and Udaipur (2011) were established. Five new IIMs were established in Amritsar, Bodhgaya, Nagpur, Sambalpur and Sirmour and another IIM at Visakhapatnam was established as part of the Andhra Pradesh Reorganisation Act, 2014. The twentieth IIM at Jammu was announced in the Budget proposal of 2015-16. The six new IIMs started functioning from the academic session 2015-16 and IIM Jammu started its academic session from 2016-17 from their transit campuses.

2. IIMs provide post-graduate, doctoral, post-doctoral and research education in the field of management and allied areas of knowledge. Being registered under the Societies Act, IIMs award to their students Post-graduate Diploma in Management and Fellow Programme in Management and are not entitled to use the nomenclature of Master of Business Administration (MBA) or Ph.D degree as issued by an University or Institution of National importance.

3. While, the Post-graduate Diploma in Management programme (equivalent to MBA) was relatively unaffected by the absence of a formal degree, the Fellow Programme in Management (equivalent to Ph.D), without the formal degree nomenclature, has not been able to attract enough students required to develop a strong research base in the country in the field of management education and also address the faculty shortages affecting the management institutions in the country. IIMs having grown into Institutions of global repute, it was felt that they may be enabled to award degree to their students, through an Act of Parliament, which would declare them as Institutes of National importance.

4. In view of the above, it becomes necessary to have a Central Legislation, namely the Indian Institutes of Management Act, 2017 in the larger interest of students. The degree-granting power to IIMs will not only enhance the universal acceptability of degrees being awarded by these premier institutions, but also empower these institutions to attain standards of global excellence, especially in management research.

5. The Indian Institutes of Management Bill, 2017 *inter alia* provides for the following, namely:

(a) with the commencement of this Act, all existing Institutes will become a body corporate by the existing names;

(b) every institute shall be open to all persons irrespective of sex, race, creed, caste or class, and no test or condition shall be imposed as to religious belief or profession in admitting or appointing members, students, teachers or workers or in any other connection whatsoever;

(c) admission to every academic course or programme of study in each Institute shall be based on merit assessed through transparent and reasonable criteria. However, reservation in admissions will be provided as per Central Educational Institutions (Reservation in Admission) Act, 2006;

(d) every Institute shall exercise powers and functions like conducting courses of study, training and research in management and allied subjects, publication, consultancy, advisory work to advance new knowledge and innovation and to provide

global leadership in management theory and practice, conduct examinations and award degrees, institute and award fellowships, scholarships, prizes and medals, establish and maintain infrastructure etc., and also do all such things and activities, incidental to the attainment of the objects of the Institute;

(e) the Director shall be appointed by the Board, out of the panel of names recommended by a search-cum-selection committee to be constituted by the Board;

(f) there shall be the Board of Governors as the principal executive body of each institute. The composition, powers and functions of the Board have been enumerated in clauses 10 and 11 of the Bill respectively. The Board will be responsible for the general superintendence, direction and control of the affairs of the Institute. The powers shall be exercised by the Board as per regulations framed by the Board of Governors;

(g) there shall be an Academic Council which will be the principal academic body of each institute and will exercise its powers as per clause 15 of the Bill;

(h) the Director will be the Chief Executive Officer of the Institute and shall provide leadership to the institute, exercise powers and perform the duties as may be assigned to him under this Act or the regulations or as may be delegated to him by the Board and be responsible for implementation of the decisions of the Board. His powers and functions have *inter alia* been enumerated in clause 16 of the Bill;

(i) there shall be a co-ordination forum which shall be established with an eminent person as its Chairman to be selected by a Search-cum-Selection Committee constituted by the Coordination forum to consider matters of common interest to these institutes and facilitate the coordination amongst various institutes, sharing of experiences, ideas and concerns with a view to enhancing the performance of all Institutes;

(j) the Board of every Institute shall evaluate and review the performance of the institute within the first three years of establishment and thereafter at least once in every three years. The evaluation and review report of the Board shall be placed in public domain.

(k) the Institutes will receive grants in aid, if required. Every institute shall maintain proper accounts and records, which are to be audited by the Comptroller and Auditor-General of India.

6. The Bill seeks to provide the twenty existing IIMs independent statutory status with uniform governance structure and policy framework as also to declare them as Institutions of National importance and to enable them to grant degrees to their students in the academic courses conducted by these Institutes.

7. The Notes on clauses explain in detail the various provisions contained in the Indian Institutes of Management Bill, 2017.

8. The Bill seeks to achieve the above objectives.

NEW DELHI;
The 25th January, 2017.

PRAKASH JAVDEKAR.

Notes on Clauses

Clause 1.—This clause relates to short title and commencement of the proposed legislation.

Clause 2.—This clause seeks to declare the twenty Indian Institutes of Management as institutions of national importance.

Clause 3.—This clause contains the definitions of the various expressions used in the proposed legislation.

Clause 4.—This clause provides for incorporation of the twenty Indian Institutes of Management under the proposed Bill.

Clause 5.—This clause enumerates the effects of incorporation of the twenty Indian Institutes of Management.

Clause 6.—This clause declares the objects of the twenty Indian Institutes of Management to educate and support leaders who can contribute as managers, entrepreneurs, and stewards of existing and emerging enterprises in the private, public, and social sectors: to provide management education of high quality and to promote allied areas, areas of knowledge as well as interdisciplinary studies; to support and develop programmes promoting social and gender equity and to set up centres for management studies and allied areas.

Clause 7.—This clause enumerates the powers and functions of the twenty Indian Institutes of Management which includes power to grant degrees, diplomas and other academic distinctions or titles and to institute and award fellowships, scholarships, prizes and medals, honorary awards and other distinctions; to create academic, administrative, technical, ministerial and other posts under the Institute other than the Director of the Institute and make appointments thereto.

Clause 8.—This clause provides that the Institutes shall be open to all persons irrespective of sex race, creed, caste or class, and no test or condition shall be imposed as to religious belief or profession in admitting or appointing members, students, teachers or workers or in any other connection whatsoever. It also provides for every Institute to make special provisions for the employment or admission of women, persons with disabilities or persons belonging to any socially or educationally backward classes of citizens, particularly the Scheduled Castes and Scheduled Tribes.

Clause 9.—This clause provides that every Institute shall be a not-for-profit legal entity and no part of the surplus, if any, in revenue of such Institute, after meeting all expenditure in regard to its operations under this Bill, shall be invested for any purpose other than for the growth and development of such Institute or for conducting research therein. The Institute shall also strive to raise funds for attaining self sufficiency and sustainability.

Clause 10.—This clause provides for the constitution of the Board of Governors of every Institute as the principal executive body of that Institute. It also provides for the manner of appointment of the Chairperson, by the Board, who shall be an eminent person distinguished in the field of industry or education or science or technology or management or public administration.

Clause 11.—This clause enumerates the powers and functions of the Board of Governors of the Institutes which includes general superintendence, direction and control of the affairs of the Institute and the power to frame or amend or modify or rescind the regulations governing the affairs of the Institute to achieve the objects of the Institute. The functions of the Board also include an annual review of the performance of the Director, in the context of the achievements of objects of the Institute.

Clause 12.—This clause provides for Terms of office of, vacancies among, and allowances payable to members of the Board of Governors.

Clause 13.—This clause provides that the Chairperson may, by notice in writing under his hand addressed to the Board, resign from his office.

Clause 14.—This clause provides for the constitution of the Academic Council of the Institutes which shall be chaired by the Director of the Institute.

Clause 15.—This clause enumerates the powers and functions of the Academic Council of the Institute which include to specify the criteria and process for admission to courses or programmes of study offered by the Institute, to specify the academic content of programmes and courses of study and undertake modifications therein, to specify the academic calendar, guidelines for conduct of examination and recommend grant of degrees, diplomas and other academic distinctions or titles etc.

Clause 16.—This clause provides in respect of the Director, who shall be the Chief Executive Officer of the Institute, the process of appointment, term of office, and manner of removal etc.

Clause 17.—This clause provides that an enquiry may be initiated against the institute which has not been functioning as per the provisions and objectives of the Act, the manner of such enquiry and actions that may be taken on findings of such an enquiry.

Clause 18.—This clause provides for designation of an Officer as Custodian of records, common seal and funds of the Institute and any other property, by the Board.

Clause 19.—This clause provides that the members of the societies of the Indian Institute of Management Ahmedabad and Indian Institute of Management Bangalore may be engaged by the respective Board of Governors of corresponding Institutes, for advisory assistance to it, by passing a resolution in that behalf.

Clause 20.—This clause provides that the Board may constitute such committees and other authorities of the Institute and specify the duties and functions of each such committees and authorities by regulations.

Clause 21.—This clause provides that the Central Government may, after due appropriation made by Parliament by law in this behalf, pay to every Institute such sums of money in such manner as it may think fit.

Clause 22.—This clause provides for maintenance of the Fund of the Institute. This clause also provides for creation of a corpus fund by each institute for long term sustainability of the Institute, to which shall be credited such per cent of the net income of the Institute and donations made specifically towards such corpus fund as the Central Government may in accordance with the provisions of the Income Tax Act, 1961, notify.

Clause 23.—This clause provides for maintenance of proper accounts of the Institutes and conduct of audit by the Comptroller and Auditor General of India. This clause also provides that the accounts of every Institute together with the audit report thereon shall be forwarded annually to the Central Government and that Government shall cause the same to be laid before each House of Parliament.

Clause 24.—This clause provides that every Institute shall keep proper updated books of account with respect to all sums of money received and expended by it and the matters in respect of which receipt and expenditure takes place, the assets and liabilities of the Institute, and the properties, movable and immovable of the Institute.

Clause 25.—This clause provides for appointment of auditors including internal auditors which shall be changed by the Board after every four years.

Clause 26.—This clause provides for submission of the annual report of the Director to the Board of Governors along with the statement of accounts to reflect the state of affairs of the Institute.

Clause 27.—This clause provides that the statement of accounts, including the balance sheet and the statement of income and expenditure, the auditor's report, the report of the Director and other documents required to be annexed or attached with such statement, shall be brought before the Board of Governors of the Institute in its meeting not later than three months, from the conclusion of the financial year. The statement of accounts shall on its approval by the Board, be published on the website of the Institute.

Clause 28.—This clause provides that the annual report of every Institute shall be prepared under the directions of the Board, which shall include, among other matters, steps taken by the Institute towards the fulfillment of its objects and an outcome based assessment of the research being undertaken in such Institute. The annual report on its approval by the Board shall be published on the website of the Institute. The annual report of each Institute shall be submitted to the Central Government who shall, as soon as may be, cause the same to be laid before both Houses of Parliament.

Clause 29.—This clause provides for establishment of a Co-ordination Forum for all the Institutes, chaired by an eminent person to be selected by a Search-cum-Selection-Committee as may be constituted by the Co-ordination Forum.

Clause 30.—This clause enumerates the functions of the Co-ordination Forum which includes facilitating the sharing of experiences, ideas and concerns with a view to enhancing the performance of all Institutes, to recommend to the Central Government. It provides for the Chairperson of the Co-ordination Forum to preside at the meetings of the Co-ordination Forum. It also provides for the Co-ordination Forum to meet at least once in a calendar year.

Clause 31.—This clause provides that no act of any Institute or the Board or the Academic Council or any other body set up under this Act or the regulations, shall be invalid merely by reason of any vacancy or defect in the constitution thereof or any irregularity in its procedure not affecting the merits of the case or any defect in the selection, nomination or appointment of a person acting as a member thereof.

Clause 32.—This clause provides for furnishing of information and returns by the Institutes to the Central government.

Clause 33.—This clause provides for applicability of the provisions of the Right to Information Act, 2005 to each Institute, including Institutes established in public-private partnership, as if it were a public authority defined in clause (h) of section 2 of the Right to Information Act, 2005.

Clause 34.—This clause empowers the Central Government to make rules for carrying out the provisions of this Act.

Clause 35.—This clause provides for the manner in which, and subjects on which the Board shall make regulations under this Act.

Clause 36.—This clause provides for the manner in which and the subjects on which the Ordinance shall be made by the Academic Council of the Institute.

Clause 37.—This clause provides that every rule made by the Central Government and first regulation made by the Board under this Bill shall be laid as soon as may be after it is made, before each House of Parliament.

Clause 38.—This clause empowers the Central Government to remove any difficulty that may arise in giving effect to the provisions of the Bill within a period of three years of commencement of the Act.

Clause 39.—This clause provides for transitional provisions with respect to the Board, Academic Council or Facility Council, etc. This clause also provides that until the first regulations are made under this Bill, the rules, and byelaws of each Institute as in force, immediately before the commencement of this Bill, shall continue to apply to the Institute in so far as they are not inconsistent with the provisions of this Bill and further that the Central Government may, without prejudice to the provisions of this Bill, if it considers so necessary and expedient, by notification.

FINANCIAL MEMORANDUM

The Indian Institutes of Management Bill, 2017 proposes to declare the existing twenty Indian Institutes of Management as Institutes of National importance. The said institutes are at present given budgetary support for their establishment or construction initially till they become self sufficient, which will continue to be given to them after they will be declared as Institute of National importance under this Act. However, there is no additional financial implication on account of this Bill as it only proposes to declare them as Institutes of National importance for the purpose of conferring degree granting powers and to provide for complete autonomy to the institutions, combined with adequate accountability.

MEMORANDUM REGARDING DELEGATED LEGISLATION

Sub-clause (1) of clause 34 of the Indian Institute of Management Bill, 2017 empowers the Central Government to make rules for carrying out the provisions of the proposed legislation.

2. Sub-clause (2) of the said clause provides that such rules are for the matters relating to (a) such other powers and duties of the Board under clause (w) of sub-section (2) of section 11; (b) the term and conditions of service of the Director under sub-section (2) of section 16; (c) the traveling and such other allowances payable to the members of the Coordination Forum for attending its meetings or its Committees under sub-section (4) of section 29; and (d) any other matter which is to be or may be, prescribed or in respect of which provision is to be made by the Central Government by rules.

3. Clause 35 (1) empowers the Board to make regulations not inconsistent with the Act and the rules made thereunder to carry out the provisions of the proposed legislation.

4. Sub-clause (2) of the said clause provides that such regulation may for the matters, *inter alia*, relating to (a) tenure, remuneration and terms and conditions of employees of existing Institute under clause (d) of section 5; (b) admission of candidates to the various courses of study under clause (b) of section 7; (c) the manner of nominating the members from the faculty of respective Institutes under clause (e) of sub-section (2) of section 10; (d) the conferment of honorary degrees under clause (g) of sub-section (2) of section 11; (e) the qualifications, experience and the manner of selection of the independent agency or group of experts under sub-section (5) of section 11; (f) allowances of the members of the Board for attending meetings under sub-section (6) of section 12; (g) such other powers and functions of the Academic Council under sub-section (2) of section 15; (h) the powers and duties of the Director under sub-section (4) of section 16; (i) constitution of such committees and other authorities of the Institute and their duties and functions under sub-section (1) of section 20; (j) the manner of depositing or investing the moneys credited to the fund of every Institute under sub-section (w) of section 22; (k) the manner of application of the Fund of the Institute under sub-section (4) of section 22; and (l) any other matter which is to be or may be, specified by regulations.

5. The matters in respect of which the rules and regulations may be made under the aforesaid provisions are matters of procedure and administrative detail and it is not practicable to provide for them in the Bill itself. The delegation of legislative power is, therefore, of a normal character.

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to declare certain Institutes of management to be institutions of national importance with a view to empower these institutions to attain standards of global excellence in management, management research and allied areas of knowledge and to provide for certain other matters connected therewith or incidental thereto.

(Shri Prakash Javdekar, Minister of Human Resource Development)

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