

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

Minutes of the Finance Committee Meeting held on 23.09.2014 at 09.00 a.m. in the AIU House, New Delhi.

Present:

Dr. H M Desai	In Chair
Prof. Geshe Ngawang Samten	Member
Dr. S N Puri	Member
Prof. Furqan Qamar	Member Secretary

(The Most Rev.Prof. Rajendra B Lai, Past President, AIU and Vice Chancellor, Sam Higginbottom Institute of Agriculture, Technology and Sciences, Allahabad & Prof M M Salunkhe, Vice Chancellor, Yashwantrao Chavan Maharashtra Open University, Nashik could not attend the Meeting).

CONFIRMATION OF MINUTES

1. To confirm the minutes of the last meeting of the Finance Committee held on 27.08.2013.

[Note: The Minutes of the Finance Committee were circulated amongst members vide letter No.AC/FC/2013 dated 13.9.2013. The office did not receive any comments and suggestions. The minutes of the Finance Committee were approved in the 319th Governing Council Meeting held on 2.9.2013].

Confirmed.

(Appendix-I)

ACTION TAKEN REPORT

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



Action Taken Report was approved.

(Appendix-II)

ITEMS TO REPORT

3. To report that 204 member universities have yet to pay Annual Membership Fee of the Association for the Financial Year 2014-15.

[Note: The letters duly signed by the then Secretary General (Additional Charge) were sent to the member universities in the month of March 2014 for remitting the Annual Subscription for 2014-15. This was followed by a reminder from the Finance Division to the Registrars of the Universities on 5.8.2014].

Resolved that the Secretary General may remind to the concerned Universities/Institutes in arrears by sending DO letters for remitting the Annual Subscription to the Association. The DS (F) should also make an attempt for early settlement of dues of Annual Subscription from concerned universities by sending letters/e-mails/fax/SMSs etc. to the Registrars of the Universities/Institutes.

(Appendix-III)

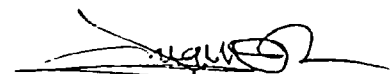
4. To report that following member universities stand in arrears on account of Annual Membership Fee for the previous years 2011-12 to 2013-14:

Sr.No.	Name of University	Arrears	Amount (in Rs.)
1	Narendra Deva University of Agriculture and Technology, Faizabad	2011-12 2012-13 2013-14	50,000/- 50,000/- 50,000/-
2	Dr. D Y Patil University, Pune	2012-13 2013-14	1,50,000/- 1,50,000/-

[Note: As per the Resolutions passed in the Governing Council meetings dated 16.3.1988 and 19.11.2000, the membership of universities/institutions defaulting for 3 years continuously is to be kept under suspension].

The Finance Committee recommends that the Secretary General may write a DO letter to the Vice Chancellor of Narendra Deva University of Agriculture and Technology, Faizabad and provide one month time for sending the pending subscription. In case the university fails to remit the subscription within the stipulated time, membership shall stand suspended. The Secretary General may also inform the University that the privileges approved by AIU can be availed by the University only on submission of fresh request for enrolment as member alongwith annual subscription and processing fee for membership.

Resolved further that the Secretary General may write to the Vice Chancellor of Dr. D Y Patil University, Pune to send the arrears of annual subscription for 2012-13 & 2013-14 as per the membership fee of Deemed Universities in accordance with the decision of the General Body in the 84th Annual Meeting (Business Session) held on 14.11.2009.



5

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 2013-14	Expenditure Incurred 2013-2014	Income from other sources	Deficit	Remarks
Sports	Nil	32.03	7.00 Fee from Non Members	25.03	Expenses on TA/DA, Salaries, Affiliation Fee and other Administrative Expenses were incurred during the FY 2013-14. The grant for organizing the IUTs for the last 2 years i.e. 2012-13 & 2013-14 is not sanctioned by the Ministry of Youth Affairs & Sports till date.
Research (Plan)	75.00 Revised 62.00	66.88	-	4.88	The Grant of Rs.62.00 lacs only was sanctioned by the MHRD for the Financial Year 2013-14.
Non Plan	32.00 Revised 29.00 Released Rs.24.96	76.08	-	51.12	As per the approval, expenses on Building Maintenance, Postage, Property & Other Taxes, Stationery and Staff Car were incurred during the FY 2013-14 against the Non Plan grant from MHRD. The deficit in expenditure over and above the sanctioned grant is borne by AIU from its own sources.
Youth Affairs	115.00 (-) 2.23 Grant refunded to the Ministry	128.38	8.23 Regn. Fee and Fee from Non Members	7.39	Sanction of Rs. 21 lacs only was accorded by the Ministry on account of AIU Organizational Expenses. Deficit is due to expenses incurred during the FY 2013-14 on account of Salaries, Committee Meeting (TA/DA), Printing and other Administrative Expenses over and above the sanction of Rs. 21 lacs.

The Committee discussed at length the deficit met from AIU funds for implementing of 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.

6. 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 was paid w.e.f 1.1.2014 as sanctioned by the Govt. of India for Central Govt. Employees vide Order No.1/1/2014-E-II(B) dated 27th March, 2014. The financial impact of this installment of DA on the different budgets of AIU was Rs.1.21 lacs approx. per month.

The provision for payment of DA @ 7% wef 1.7.2014 and @ 15% (2 installments of DA) is made in RE 2014-15 & BE 2015-16 respectively].

Noted and approved. The Finance Committee also approved the 7% DA w.e.f. 1.7.2014 for which provision has already been made in the Budget(s). The payment is as per Bye Law 2.1.

7. To report the expenditure incurred on the Committee constituted by MHRD to discuss 'One Man Committee Report' to review the functioning of AIU.

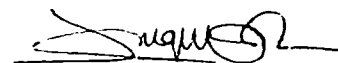
[Note: The GOI vide letter No.14-1/2013-U.3 dated 21.3.2014 constituted a committee consisting of 8 members to evaluate the functioning of AIU. As per para 7 of this letter, AIU was expected to follow following directive:

"Association of Indian Universities (AIU) shall provide all secretarial assistance and logistics support to the Committee and the expenditure on travel and accommodation shall be borne by AIU".

Since there was no provision in the budget for meeting the expenditure in this regard, TA/DA bills of the members were paid from the expenditure head 'Committee Meeting (TA/DA)' as per the approval accorded by the then Secretary General (Additional Charge).

Ex post facto approval for expenditure incurred over and above the RE 2013-14 under the expenditure head 'TA/DA Committee Meeting' is solicited].

The committee granted ex post facto approval for the expenditure of Rs.91,025/- .



8. To report expenditure incurred on celebration of 89th Foundation Day of AIU on 25.3.2014.

[Note: There was a provision of Rs.50000/- in RE 2013-14 (AIU Budget) under the head 'AIU Foundation Day'. Against the Budget provision of Rs.50000/-, the approval for meeting the expenditure of Rs.131500/- was accorded by the then Secretary General (Additional Charge) as per the proposal submitted by the office.

Approval for expenditure incurred over and above RE 2013-14 of Rs. 50,000/- under the expenditure head 'AIU Foundation Day' (AIU Budget) may kindly be accorded].

The Finance Committee approved the expenditure with the direction that henceforth the expenditure should strictly be incurred within the Budget Estimate approved for the purpose.

9. To report Notice of Demand of Tax of Rs.2,72,16,450/- received from DDIT (Exemption) for the AY 2011-12.

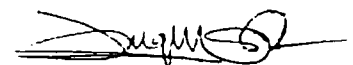
[Note: During the course of assessment proceedings for the AY 2011-12, the Assessing Officer issued number of notices u/s 143(2) of IT Act, 1961. All the notices were complied with by submitting the requisite documents, details and explanations called for. The books of accounts were also produced before the Assessing Officer through our Statutory Auditors.

This was followed by a Notice of Demand of Tax for Rs.2,72,16,450/- for the AY 2011-12 under section 156 of Income Tax Act, 1961 from the DDIT(Exemption) alongwith Assessment Order u/s 143(3) dated 24.3.14 by stating:

"Your application for stay has been considered and in view of the facts of the same and circumstances stated by you, the petition for stay is rejected. You are directed to deposit at least 50% of the outstanding demand within 7(seven) days of receipt of this letter and balance 50% shall remain stayed till the disposal of appeal before the CIT (Appeal) or six months which ever is earlier subject to fulfillment of first condition that 50% of demand is deposited with seven days of receipt of this letter. In case you fail to deposit such demand, coercive measures including attachment of your bank accounts shall be resorted to."

An appeal under Form No. 35 was filed by the Association on 24.4.2014 before the Commissioner of Income Tax (Appeal)-XXI against the Assessment Order issued by the Assessing Officer.

The matter was personally discussed with DDIT(E) by the Statutory Auditors and Deputy Secretary (F) to keep the demand under abeyance till the appeal with the Commissioner of Income Tax (Appeal)-XXI of the Association is heard for the AY 2010-11 for which association had already deposited Rs.25,72,460/- (50% of tax demand).



On receipt of notice for the appeal filed by AIU for AY 2010-11, a request was submitted again vide letter No. AC/AY 2011-12 dated 7.8.2014 before the DDIT(E) to keep the tax demand in abeyance.

The Assessing Officer considered our request and issued revised order No.DDIT(E)/Inv.Cir/01/2014-15/275 dated 8.8.2014 with a direction to deposit a sum of Rs.1,36,08,225 /- (50% of demand for AY 2011-12) in 8 equal installments starting from August, 2014 till March, 2015. As per the revised order of DDIT (Exemption), a sum of Rs. 17,01,030/- (1/8th of 50% demand) was deposited with the Income Tax Department on 25.8.2014 as advance against the demand raised by the Assessing Officer,

It is pertinent to mention here that the Deputy Director of Income Tax (E) has countered our replies in the earlier order also by stating following provisions:

- By insertion of the new proviso in Section 2(15) certain type of activities (advancement of objects of general public utility) considered otherwise charitable were taken out of the definition of charitable activity if they were found to be engaged in trade and commerce.
- *As already stated that the activities of the applicant fall under the last limb, i.e. advancement of any other object of general public utility and since these activities involve providing services for a fee are clearly hit by the proviso to section 2(15) of the Income tax Act.*
- The inclusive definition of charitable purposes states among other things, relief of the poor, education, and medical relief etc. as in the nature of charitable purpose. The concept of charitable purpose may be manifested in different forms like relief of 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 co-ordination between the universities **does not show any work of charity being undertaken by the society.**

The case is being heard by CIT (Appeal) for the Assessment Year 2010-11 and the next hearing is scheduled on 25.9.2014].

The Finance Committee approved the expenditure and further resolved that the Secretary General of the Association may if need arises, appoint an eminent Advocate/Financial/Legal Expert besides approaching the CIT (Appeal) through Statutory Auditors of the Association.




ITEMS FOR CONSIDERATION

10. To consider the Receipt and Payment Account, Income and Expenditure Account, Balance Sheet, Audit Report and Points for Attention for the Management in respect of AIU for the year 2013-14 received from M/s. Sanjay Satpal & Associates, Chartered Accountants, New Delhi, AIU Auditors.

The Accounts of the Association for the Financial Year 2013-14 were considered by the Finance Committee and after due deliberations the same were recommended for approval along with a request to consider following resolution for kind approval of the Governing Council:

“Resolved that an amount not exceeding Rs.1,61,44,187/- (Rupees One Crore Sixty One Lacs Forty Four Thousand One Hundred Eighty Seven only) which is available out of the surplus for the Financial Year 2013-14 (AY 2014-15) be utilized for charitable objects within the period of next five years and the same amount be kept in the manner laid down in Section 11(2)(b) of the Income Tax act, 1961”.

(Appendix-IV)

11. To consider the Revenue Account, Balance Sheet along-with audit report for the year 2013-14 in respect of AIU Provident Fund Trust received from M/s. Sanjay Satpal & Associates, Chartered Accountants, New Delhi.

The Finance Committee considered the Revenue Accounts, Balance Sheet alongwith the Audit Report of the Statutory Auditors and recommends it to the Governing Council for its approval


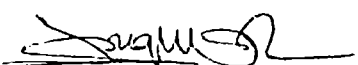
(Appendix-IV)

12. To consider the Revised Estimates for the year 2014-15 and the Budget Estimates for the year 2015-16 in respect of the following Budgets along-with relevant schedules:

- AIU Main Budget
- Non Plan Budget
- Plan Budget
- Youth Affairs Budget
- Sports Budget

[Note: A schedule showing the designation, pay bands, total expenditure on salaries alongwith notes on the Budgets in respect of RE 2014-15 & BE 2015-16 is enclosed. The provision of DA, Bonus, Children Education Allowance, vacant positions etc. is made in the Budgets.

The Finance Committee agreed to the RE 2014-15 & BE 2015-16 and recommends it to the Governing Council for its approval subject to the following:

- a) Concerned Divisional Heads should submit their proposal(s) for the new activities to concerned Ministry for release of grant on priority basis.
- b) In addition to grant from the concerned Ministries, the maximum support that can be provided by the AIU should not exceed Rs.20 lakhs in case of Research; Rs.50 lakhs in case of Sports towards establishment expenses, membership fees to International/National Sports Federations and Sports related activities and Rs.30 lakhs in case of Youth Affairs towards establishment expenses and Youth Affairs related activities.
- c) Thus the deficit shown in the AIU Budget shall get reduced from Rs.700.78 lakhs to Rs.120.30 lakhs .

(Appendix-V)

13. To consider the appointment of AIU Auditors for the Financial Year 2014-15 in respect of AIU and AIU PF Trust.



[Note: The Accounts of AIU and AIU Provident Fund Trust for the Financial Year 2013-14 were audited by M/s Sanjay Satpal & Associates, Chartered Accountants, New Delhi on a remuneration of Rs.20000/- & Rs.7500/- respectively. The remuneration for auditing the accounts of AIU and AIU Provident Fund Trust was fixed in the year 2008-09. There is no revision in the audit fee for the last six years. The services of the Statutory Auditors (M/s.Sanjay Satpal & Associates) have been satisfactory.

A Gazette notification dated 30.1.0.2003 received from EPFO stating that "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 kind consideration of the members.

The Auditors for A.I.U. Provident Fund Trust may accordingly be finalized].

The Finance Committee recommended to the Governing Council that M/s Sanjay Satpal & Associates and M/s P S Bajaj & Co., Chartered Accountants be appointed as Statutory Auditors for the AIU & AIU Provident Fund Trust for the FY 2014-15 on the remuneration of Rs.20000/- & Rs. 7500/- respectively. The fees for other works such as procurement of FCRA Return, UCs, Income Tax Returns, Exemption Forms and consultation etc. shall be on mutual agreed charges/terms.

(Appendix-VI)

14. To consider write off old unserviceable assets as per AIU Bye Law 25 of the Association.

[Note: The unserviceable Assets/items were disposed off by open auction to the tune of Rs.39102/- (Rs.19500/- on 12.6.13 & Rs.19602/- on 16.1.14) during the financial year 2013-14 with the approval of the then Secretary General (Additional Charge) keeping in view the fact that these unusable assets were occupying valuable space besides unhygienic environment in the AIU House.

The Association is providing depreciation on the Assets from the FY 2005-06. The assets prior to Financial Year 2005-06 are reflected on original/historic value in our Books of Accounts.

Although the unserviceable items were disposed off as per the approval accorded by the then Secretary General (Additional Charge), ex post facto approval of the empowered authority is solicited:

- a) Write off the Assets worth Rs.217259/- as per historic/depreciated value of assets lying in the Books of Accounts.
- b) Book a loss of Rs.178175/- i.e. difference of Assets written off after receipt of sale proceeds amounting to Rs. 39102/- through auction].

The Finance Committee approved the proposal with a direction that henceforth the assets, if any, be disposed off only after the approval of the empowered authority

15. To consider online payment of Service Tax as per GOI, Ministry of Finance (Deptt. of Revenue) Notification No.9/2014-Service Tax dated 11.7.2014.


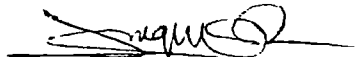
[Note: Para 'B' of the above notification is reproduced below:

'In rule 6 of the said rules, for sub-rule (2) the following sub-rule shall be substituted with effect from the 1st October, 2014, namely:-

'(2) Every assessee shall electronically pay the service tax payable by him through internet banking:

Provided that the Assistant Commissioner or the Deputy Commissioner of Central Excise, as the case may be, having jurisdiction, may for reasons to be recorded in writing, allow the assessee to deposit the service tax by any mode other than internet banking.

In order to make the online payment of Service Tax, the Association shall have to take the following steps:

1. AIU shall have to submit an application with the Canara Bank for extending the Internet Banking facility for online payment(s).
2. AIU shall have to nominate an Officer for online payment through Internet Banking facility subscribed through Canara Bank.
3. AIU shall have to take Safety Measures by procuring a security product like UTM (Unified Threat Management) to perform multiple security functions such as network firewalling, network intrusion, data leak prevention etc. or any other software/hardware recommended by the Banker for smooth and safe monetary transactions through Internet Banking. The likely cost for setting up the UTM would be to the tune of 4 to 5 lacs.

Resolved that the Association should immediately apply for the Internet Banking facility by submitting an application with the Canara Bank. Head of the Finance Division is nominated for online payment of tax liabilities through Internet Banking.


Resolved further that necessary Hardware/Software for safe financial internet transactions and comprehensive modern Accounting Software be procured on priority basis for Accounting AIU's Income and Expenditure transactions.

16. To consider application/utilization of accumulated funds of AIU wholly and exclusively to the objects of AIU.

[Note: As per Section 11(1) of the Income Tax Act, 1961, a charitable trust or institution will have to apply at least 85% of the income to charitable purposes. Where 85% of the income is not applied to charitable or religious purposes, the charitable trust may accumulate or set apart either the whole or part of its income for future application for such purposes in India. Such income so accumulated or set apart will not be included in the total income of the trust or institution in the year of receipt of income, provided such trust or institution has specified by means of a notice to the Assessing Officer, in Form No. 10, the purpose and period (which in no case exceed 5 years) for which the income is accumulated or set apart.

The income of the Association for the following years has been accumulated/set apart for utilization for the charitable objects for which the Association is established in order to avail the benefits of Section 11 & 12 of the Income Tax Act, 1961:

Financial Year	Assessment Year	Accumulated Income (Rs.)	Remarks
2009-10	2010-11	Nil	While passing the Assessment Order on the Income Tax Return filed by AIU, the Assessing Officer has disallowed the benefit available to AIU under Section 11 & 12 of the Income Tax Act, 1961 and has calculated the taxable income of Rs. 1,19,18,600/-. Tax liability of Rs. 51,44,921/- is also imposed on this income.

PTB


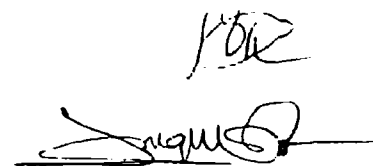
			As submitted in the GC dated 16.7.2013, the Association filed an appeal before CIT (Appeal) in this regard.
2010-11	2011-12	Rs. 4,34,76,162/-	A declaration under Form No. 10 was submitted alongwith the Income Tax Return of AIU submitted with the Income Tax Department for the Assessment Year 2011-12 that the available surplus for the Financial Year 2010-11 has been accumulated or set apart till the year ending 31.3.2016 for carrying out the objectives of the Charitable Trust.
2011-12	2012-13	NIL	-
2012-13	2013-14	NIL	-
2013-14	2014-15	Rs. 1.61 crore	The Association shall exercise an option to accumulate this surplus for future application for charitable purposes by submitting Form No. 10 alongwith the Income Tax Return to be filed with the Income Tax Department on or before 30.9.2014.

The accumulated surplus set apart is required to be incurred wholly and exclusively to the objects of AIU for availing the benefits of Section 11 & 12 of the Income Tax Act, 1961. The accumulated funds have been invested as per the modes specified in Income Tax Act, 1961.

As submitted in the last Finance Committee Meeting, the Assessing Officer issued number of notices u/s 143(2) of IT Act, 1961 during the course of assessment proceedings for the AYs 2010-11 & 2011-12. All the notices were complied with by submitting the requisite documents, details and explanations called for. The books of accounts were also produced before the Assessing Officer through our Statutory Auditors.

The submissions filed by the Association were not accepted by the Assessing Officer by stating:

"....the activities do not fall under any of the limbs of definition of "charitable purpose" for availing the benefits of section 11 & 12 of the IT Act, 1961. The inclusive definition of charitable purpose states among other things, relief of the poor, education and medical relief etc. as in the nature of charitable purpose. The concept of charitable purpose may be manifested in different forms like relief of the poor, education and 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 co-ordination between the universities does not show any work of charity being undertaken by the society.

By insertion of the new proviso in section 2(15) certain type of activities (advancement of objects of the general public utility) considered otherwise charitable were taken out of the definition of charitable activity.

After taking necessary approval from FC dated 21.4.2013 (Item No. 5) and GC dated 4.5.2013, an appeal in Form 35 was filed with the Commissioner of Income Tax (Appeals) within 30 days of receipt of notice through our Statutory Auditors.

Our appeal for the Assessment Year 2010-11 has come up for examination in August, 2014 before CIT (Appeal). The Association has been pleading before the CIT (Appeal) that the activities of the Association fall within the ambit of Clause (b) of Section 2(15) of IT Act, 1961 i.e. within the ambit of "education" and not under advancement of objects of the general public utility. Therefore, the income of the Association may be treated as exempt under Section.11 & 12 of the Income Tax Act, 1961.

In order to incur expenditure from the accumulated surplus, the budgetary provision was made on year to year basis from AY 2011-12 onwards under the expense head 'Infrastructure Development'. The details of provision made viz-a viz expenditure incurred during the last 3 year is given below for kind consideration please:

Financial Year	Budget Provision under the expense head – Infrastructure Development	Expenditure
2010-11	Rs.50.00 lacs	NIL
2011-12	Rs. 20.00 lacs	NIL
2012-13	Rs.25.00 lacs	Rs.21.12 lacs
2013-14	Rs.25.00 lacs	Rs. 5.11 lacs

The enhanced budgetary provisions were also made under the expense heads - Zonal & National Meetings, Software Development/Maintenance, South Asian Youth Festival, and International Seminar/Workshop etc. The accumulated surplus is to be utilized at the earliest].

The Finance Committee considered the matter and resolved that necessary steps be taken on priority basis to utilize the surplus funds for the charitable objects of the Association. To expedite the process, the Finance Committee recommended to the Governing Council that the Secretary General be authorized to take necessary steps to expedite utilization.




17. To consider module of payment Gateway Facility of Canara Bank for online money transfer using AIU website.

[Note: Keeping in pace with the global environment, growing use of information technology, convenience for students/researchers/universities, the Association has been accepting/providing following facilities through electronic mode:

- Receipt of money electronically for publications sold out of India for the last 11 years.
- Receipt of foreign currency for TA bills submitted to various organizations in respect of Secretary General/President, AIU foreign visits for the last 7-8 years.
- Receipt of Annual Subscription through NEFT/RTGS for the last 4-5 years.
- Payment of Registration/Membership Fee for participation in seminars/meetings abroad.
- Transfer of funds to Universities/GC members.

The proposal for installation of POS Machine and Payment Gateway facility offered by YES Bank and HDFC Bank was placed in the Finance Committee Meeting held on 21.4.2013. As approved, POS machine of HDFC bank was installed in AIU House on 29.5.13. for accepting the payment using Debit/Credit cards from students/applicants.

We have been requesting for Payment Gateway Facility linked with AIU Website from Canara Bank, DDU Marg, New Delhi 110 002 for further convenience of students/universities. The matter was personally discussed by DS(F) with Mr. Hemant Kumar Tamta, General Manager, Canara Bank (Circle Office). During the discussions, the General Manager apprised that they have come up with a portal for Payment Gateway Facility linked with the website of the organization concerned.

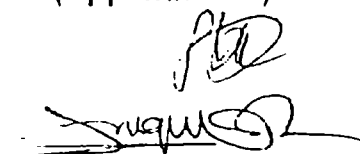
The proposal for 'Payment Gateway' received from the Canara Bank is placed below for consideration:

One time Set-up Cost	Payment Option	Per Transaction Charges	AMC
Waived off	Credit Card Debit Card (for txn above Rs. 2000/- Debit Card (for txn below Rs. 2000/- Net Banking	1% per txn.* 1% per txn.* 0.75% per txn. Rs. 7/- per txn.	Waived off

Approval for 'Payment Gateway Facility linked with AIU website through Net Banking' is solicited for further convenience of students/universities. There is no need to open any new account with Canara Bank. The Savings Bank Account No. 0158101000975 of the Association can be linked through Web Portal of Canara Bank.

The Finance Committee deferred the proposal with the direction that the matter be examined in detail and placed before the next meeting of the Finance Committee.

(Appendix-VII)



18. To consider applicability of Service Tax on the following income of AIU:

- I) Annual Subscription/Membership Fee
- II) Membership Processing Fee (One time);
- III) Fee for giving equivalence for PGDM Programme equivalent to MBA
- IV) Membership Fee received in advance

[Note: The income of the Association from above services was exempt by virtue of Notification No.25/2012-ST dated June 20,2012 of Central Government under section 93(1) of Finance Act, 1994 under entry 9 i.e. "Auxiliary Educational service".

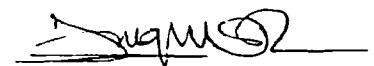
On July 10, 2014, the hon'ble Finance Minister presented the Finance Bill, 2014 and in this bill a number of changes were brought under entry 9 of Notification No. 25. Therefore, an expert opinion was sought from M/s Gaurav K Arora & Co., Service Tax Consultant on the income heads shown above in the light of amendments made in the Union Budget 2014-15 . The Service Tax Consultant has submitted his opinion by stating that:

1. The concept of exemption based on the definition of "Auxiliary Education Services has been deleted.
2. Four services have been introduced and apart from these four services all other services provided to education institutions are taxable. These four services are:
 - a) Transportation of students, faculty and staff of educational institution;
 - b) Catering services including and mid day meal scheme sponsored by government.
 - c) Security or cleaning or housekeeping services in such educational institutions;
 - d) Services relating to admission to such institution or conduct of examination by such institution.

Services provided by the Association to its member universities is not covered under the four services specified above, therefore, with effect from July 11, 2014 service tax liability will arise on AIU and service tax needs to be deposited on all these income from July 11, 2014.

The Consultant has also highlighted following provisions of Service Tax for compliance from AIU's end:

- i) Point of Taxation (Rule 5)
- ii) Generation of Invoice/bill for taxable service (rules 5(a) & 5 (b))
- iii) Tax Rate & Time Period
- iv) Payment of Tax
- v) Mandatory E- Payment wef 1.10.2014 etc.



As brought to the notice of Governing Council earlier, the following services provided by the Association already falls under Service Tax ambit:

- i) Income on Fee Equivalence Enquiry w.e.f. 1.7.2012 ;
- ii) Income for issuing Equivalence Certificate w.e.f. 1.4.2014 where certificates are issued directly to the students.

Resolved to comply the Statutory Provisions with regard to Service Tax as per the amendments made in the Finance Bill 2014. The Secretary General is authorized to approve the requisite billing process for timely deposit of service tax with the Government.

Resolved further that a proposal be placed before the Annual General Meeting that Service Tax as applicable shall be chargeable from the university concerned with effect from the financial year 2015-16.

S.1 To report the expenditure of Rs.1,22,978/- incurred by Dharamsinh Desai University, Nadiad, on Boarding/lodging and local conveyance for the members of Governing Council and AIU officials while holding 328th Governing Council Meeting.

[Note:The 328th Governing Council Meeting was held on 22.7.2014 at Dharamsinh Desai University, Nadiad (Gujarat), as per the resolution passed under item 326 (17) of the GC meeting held on 10.06.2014 at AIU House.

The admissible amount as per rules amounting of Rs.1,22,978/- is being reimbursed to the Dharamsinh Desai University/Boulevard Luxury Resort & Spa, Nadiad separately by way of Demand Draft].

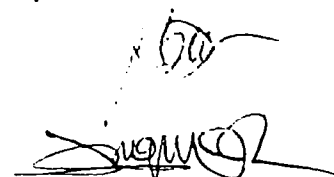
The Finance Committee approved the expenditure.

S.2 To report the new modus operandi for Investment of AIU & AIU Provident Fund Trust.

[Note:AIU: The Meeting of the Investment Committee shall be convened by the Head of the Finance Division by giving 3 days notice as and when the need for investment of surplus funds or renewal of Fixed Deposits on maturity arises. The Investment Committee shall submit its recommendations to the Secretary General based on competitive Interest rates offered by banks by browsing the same through the website of the prominent Banks for approval.

AIU Provident Fund Trust: As per Bye Laws, AIU Provident Fund shall be vested in the Trust of six persons, three of whom shall be of employer's representatives and other three employees' representatives. The funds available in the hands of the trustees shall be invested in accordance with the provisions prescribed by EPFO from time to time.

The meeting of the Trust shall be convened by the Secretary, Provident Fund Trust on or before 5th of every month by giving a minimum of 3 days notice for investment of funds as per the criteria prescribed by Employees Provident Fund Organization. DS (F) shall facilitate in identification of Securities and Bonds in accordance with the approved pattern of investment. The final approval for investment shall be accorded by the Trustees.



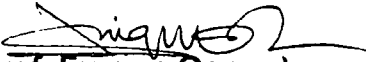
Since the meeting of the PF Trust is to be held every month and it may not be possible for the President, AIU to be present in each and every meeting, therefore, it is proposed that the meeting will be chaired by the Secretary General whenever the President, AIU is not in a position to attend the meeting.].


Chairman
Secretary
The Finance Committee approved the proposal.

ANY OTHER ITEM WITH THE PERMISSION OF THE CHAIR.

The Finance Committee authorized the Secretary General to look into the possibility of creating a Corpus Fund for future sustenance of the Charitable Activities of the Association.

Meeting ended with the vote of thanks to the Chair.


(Prof. Furqan Qamar)
Secretary General


(Dr. H M Desai)
President, AIU