

ਆਈ.ਕੇ.ਗੁਜਰਾਲ ਪੰਜਾਬ ਟੈਕਨੀਕਲ ਯੂਨੀਵਰਸਿਟੀ  
I. K. GUJRAL PUNJAB TECHNICAL UNIVERSITY

ਏਜੰਡਾ  
AGENDA

29<sup>ਵੀਂ</sup> ਮੀਟਿੰਗ  
29<sup>TH</sup> MEETING

ਵਿੱਤ ਕਮੇਟੀ  
FINANCE COMMITTEE



ਮਿਤੀ: 31-03-2017  
Date: 31.03.2017

ਸਮਾਂ: 03.00 ਵਜੇ  
Time: 03:00 PM

**Punjab Skill Development Mission**

**S.C.O. 149-152, Sector 17-C**

**Chandigarh**

### Agenda items

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**29.01 To confirm the minutes of 28<sup>th</sup> meeting of Finance Committee held on 28.06.2016**

The 28<sup>th</sup> meeting of the Finance Committee was held under the Chairmanship of Hon'ble Vice-Chancellor PTU in the Punjab Skill Development Mission SCO 149-152, Sector-17, Chandigarh. Minutes of the meeting were circulated to the members, no comments were received. The copy of minutes is place at Annexure-A.

The matter is placed before Finance Committee for confirmation.

**29.02: Action taken report on 28<sup>th</sup> meeting of Finance Committee**

<b>Item No.</b>	<b>Particulars</b>	<b>Action Taken</b>
28.01	<p><b>To confirm the minutes of the 27th meeting of FC held on 4-09-2015.</b></p> <p>The Committee confirmed the minutes of the 27<sup>th</sup> meeting of the Finance Committee.</p>	Implemented and no further action required
28.02	<p><b>Action taken report on 27th meeting of Finance Committee.</b></p> <p>The Committee reviewed action taken report on the minutes of 27<sup>th</sup> meeting of the Finance and approved the same.</p>	Implemented and no further action required
28.03	<p><b>To approve Revised Budget Estimates for the Financial Year 2016-17 and Budget Estimates for Financial Year 2017-18</b></p> <p>Revised Budget for the financial year 2016-17 and Budget Estimate for the year 2017-18 was presented before the Finance Committee.</p> <p>After due deliberation, the Committee approved the Revised Budget for the year 2016-17 and Budget Estimate for the year 2017-18.</p>	Implemented and no further action required

28.04	<p><b>To Approve Audited Balance Sheet and Income &amp; Expenditure account for the Financial Year 2015-16.</b></p> <p>The Committee deliberated on the Audited Balance Sheet and Income &amp; Expenditure for the year 2015-16 along with notes of accounts and approved the same.</p>	<p>Implemented and no further action required</p>
28.05	<p><b>To approve Manual of Policies and Procedures (SOP) for Finance and Accounts.</b></p> <p>The Chairman informed that considerable effort has gone into preparation of manual and requested the members of the Committee to give the feedback and comments. The matter regarding Delegation of Powers to various officers was also considered and it was felt that due to non-operational of Central Store, the purchase of common items such as stationery, consumables, computer repair etc is being done by each Officer at his level. It was decided that the Central Store shall be operationalized to ensure standard, quality and accountability. The Chairman suggested that apart from the views of the members of the Finance Committee, he would also like to discuss and review the procedure again with the officers of the University. The members were requested to give their feedback within a week</p>	<p>Placed as agenda item no.29.05</p>

28.06	<p><b>Approval of Cashless Health Insurance Scheme</b></p> <p>The Committee approved the proposal for Cashless Health Insurance Scheme as per the notification of Government of Punjab, Department of Health and Family Welfare. Further action regarding seeking any approval of Government be taken by the University.</p>	<p>The scheme has already been closed. However the employees of the University are governed as per University norms.</p>
28.08	<p><b>To consider the representation of Dr. Harmeem Soch Associate Professor for GPF &amp; Old Pension Scheme</b></p> <p>The matter was considered and the Committee felt that Dr. Harmeem Soch, Associate Professor is entitled to GPF and Pension Scheme as per the relevant notifications of the Government in this regard. Finance Officer, however, could not give any satisfactory reply regarding adoption of Civil Services Rules in the University. It was also noted as per Agenda Item No. 28.09 that in case of Dr. A.P.Singh, Dean RIC, the University has already passed the orders regarding GPF and deduction is already allowed to Dr. A.P.Singh. It was, therefore, decided that Finance Officer may bring complete clarity about the case in the next</p>	<p>Since the University rules and regulations are being finalized, the provision for the same is being provided in the regulations.</p>

	meeting so that appropriate recommendations is made to the Board of Governors.	
28.09	<b>To consider request of Dr. A.P.Singh, Dean RIC for continuation of old Pension Scheme</b>  As per item N As per item no. 28.08	Same as 28.08
28.10	<b>To consider request of Staff and Officers of IKGPTU for implementation of old Pension Scheme</b>  The matter regarding formulation of Pension Scheme for all the officers and staff of the University needs to be done after examining the relevant notifications of Government and preparing comprehensive plan for introduction of such scheme	Same as 28.08.
28.11	<b>To consider Professional Development Allowance Scheme for the Faculty of IKGPTU and its Constituent Colleges</b>  The Committee was informed that the existing Travel Grant Scheme of IKGPTU is more attractive than Professional Development Allowance Scheme of UGC and as such it may bring two different policies in the University. The matter, therefore, needs to be reconciled and put up again.	The matter is under process, shall be placed in the next meeting.

28.12	<p><b>Regarding Honorarium for interview/Counseling of Ph.D programme</b></p> <p>The Committee approved the proposal for the payment of Honorarium to staff engaged in the interview/counseling of Ph.D.</p>	No further action required.
28.13	<p><b>Status of Service tax liability cases</b></p> <p>The Committee discussed the matter in detail and noted the same. The committee also suggested to take necessary action as per the requirement of the cases.</p>	Placed at agenda item no.29.08



**29.03 To approve Revised Budget Estimates for the Financial Year 2016-17 and Budget Estimates for Financial Year 2017-18**

Revised Budget for the financial year 2016-17 and Budget Estimates for the year 2017-18 are worked out to Rs. 29650 lacs and Rs. 35270 lacs respectively. It is proposed to incur expenditure of Rs 35270 lacs as per following units of expenditure for the year 2017-18 (for Examination, Academic, Administration, Finance & Accounts, Distance Education, Teaching Departments, Constitutes Campuses and other Scheme/Projects etc.). There is annual deficit of Rs.23930 lacs is mainly due to development work of different campus, which may be met out of Corpus Fund, if required.

**Budget at a glance**

Sr. no	Heads	Budget Estimate 2016-17	Revised Budget Estimate 2016-17	Budget Estimate 2017-18
		Rs. In lacs	Rs. In lacs	Rs. In lacs
A	Recurring Receipts	13760	9730	11340
B	Recurring Expenditure	13760	9730	13680
C	Capital Expenditure and provisions	12820	12275	13590
D	Civil works	7645	7645	8000
E (B+C+D)	Total Expenditure	34080	29650	35270
F (A-E)	Surplus / (Deficit)	(20320)	(19920)	(23930)

### Key highlights of the Budget.

• Faculty Training & Development	Rs.	30 lacs
• Conferences/ Seminar/ workshop	Rs.	120 lacs
• Scholarships	Rs.	100 lacs
• Training, placement & job fairs	Rs.	60 lacs
• Sports, Cultural and NSS	Rs.	180 lacs
• Software development	Rs.	260 lacs
• Furniture & fixture	Rs.	325 lacs
• E-journals, subscription for library	Rs.	175 lacs
• Entrepreneurship & Skill Development	Rs.	70 lacs
• Promotion of science & Technology	Rs.	65 lacs
• Research facility	Rs.	280 lacs
• Construction of building	Rs.	8000 lacs
• Development of teaching department	Rs.	3800 lacs
• Pay & allowance and pay revision	Rs.	5070 lacs

**As per section 21(1)** The State Government any from time to time provide such amount by way of grant for meeting the capital recurring or other expenditure of the University as it may deem fit.

**Further as per section 21(2)** Without prejudice to the generality of the forgoing provision, the State Government shall provide a minimum annual grant of rupees two crores to the University for meeting its recurring expenditure: Provided that if during any financial year the entire amount of the aforesaid grant is not utilized for meeting the recurring expenditure, the

unutilized amount balance may, with the previous sanction of the State Government, be utilized for meeting capital expenditure of the University.

However no such grant has been received since long time. The State Govt. may be requested to issue the grant as per the provisions of the Act.

Revised Budget estimates for the financial year 2016-17 and Budget Estimates for the financial year 2017-18 are placed at Annexure-B.

The matter is placed for consideration and kind approval.

**29.04 To approve Audited Balance Sheet and Income & Expenditure for the Financial Year 2015-16.**

The Balance Sheet and Income & Expenditure for the financial year 2015-16 has been prepared. This includes the figures of PTU Main Campus, PG Regional Centers (IKG PTU region) and Constitutes Campuses (IKG PTU region)

The financial statement has been audited by the University Auditors M/s K. Bhagat & Company, Chartered Accountants, Jalandhar. Audited Balance Sheet with notes to accounts is placed at Annexure-C.

The matter is placed before Finance Committee for consideration and kind approval.

**29.05 To approve Manual of Policies and Procedures (SOP) for Finance and Accounts**

Manual of Policies and Procedure (SOP) for Finance and Accounts has been drafted to lay down necessary directives for the smooth and efficient functioning. The policies & procedures mentioned in this manual are subject to amendment, modification and changes to be incorporated with the approval of the competent authority from time to time. In this regard various meetings were held under the chairmanship of Hon. Vice Chancellor with the HODs regarding Draft SOP and Rules and Regulations of the University. The draft SOP has been revised accordingly.

This manual includes the various procedures on the activities of Finance and Accounts Department, keeping in mind the day-to-day requirement of the University and smooth functioning at different level. The matters, which have been covered under the rules and regulations, have been excluded from the draft SOP of Finance and Accounts. While preparing the draft SOP, documents of Central University, Himachal Pradesh, Thaper University, Patiala, MRS State Technical University, Bhatinda and other universities were also considered. The draft SOP is placed at Annexure-D for consideration and kind approval.

**29.06 To deposit of provisional service tax liability and Status of Service tax Cases.**

The following Show Cause Notices has been received so far from the Office of the Commissioner of Central Excise and Service Tax, Ludhiana regarding taxable services treating Regional Centre and Learning Centres as "franchise Services".

1. Show cause notices no. C. No. IV (ST) Sp. Cell/LDH/IKG PTU/10/11/6657, dated 19-4-2012 amounting Rs. 1,08,68,14,603/- for the period October 2006 to March 2011.
2. Show cause notice no. C. No. V (ST) Commr. Adj/48/2012/20356 dated 30-10-2012 for amounting Rs. 35,46,16,640/- for the period April 2011 to June 2012 .
3. Show cause notice no. C. No. V (ST) Commr.Adj/12/2014/6069 dated 12-03-2014 for amounting Rs. 20,22,10,037/- for the period July 2012 to March 2013.
4. Show cause notice no. C.No.V(ST) Commr. Adj/JAL/12/2015/1621 dated 17-4-2015 for amounting Rs. 17,09,32,224/- for the period April 2013 to March 2014.
5. Show cause notice no. C. No. V (ST) Commr. Adj/JAL/54/2016/2405 dated 15-4/11-2016 for amounting Rs. 6,38,53,198/- for the period April 2014 to March 2015.

Regarding show cause at Sr. No. 1 and 2, a reply was filed before Commissioner, Central Excise, Ludhiana by the University. Commissioner issued an order vide No. F/S. V (ST) Commr. Adj/14/2012/23452 dated 19-12-2013 for demand of Rs. 144.Crore to be recovered from University with

penalty. Against this order appeal was filed through advocate Dr. Prabhat Kumar before the Customs, Excise and Service Tax Appellate Tribunal (CESTAT), Delhi.

After hearing, the CESTAT vide its Final Order No. ST/A/53817/2015-CU{DB} dated 23-12-2015 ordered as under (attached):

- I. We hold that the appellant provided franchise services.
- II. The extended period is not invocable.
- III. Penalty U/s 78 *ibid* cannot be imposed.
- IV. The impugned demand has to be re-computed only for the normal period and taking the assessable value as equal to the aggregate amount by the appellant through LCs minus amount paid to the LCs. Needless to say that the amount of penalty under Section 76 *ibid* has also to be re-computed.

As per email received from advocate Dr. Prabhat Kumar, the University partially won the case and major portion of the liability has been waived off. Now the total liability would work out to Rs. 12.00 Crore (approx.) plus interest and penalty. Against this order, University has filed Civil Appeal 4622/2016 through advocate Dr. Prabhat Kumar before the Hon'ble Supreme Court. The appeal has been admitted in the Hon'ble Supreme court, but no stay has been granted.

Advocate Dr. Prabhat Kumar has advised as under:

- i. University is liable to pay service tax liability pertaining to the normal period of limitation.

- ii. That the service tax liability for the normal period of limitation comes to about Rs. 18 Crore (approx) which is required to be paid by the University.
- iii. That the liability for the extended period of limitation has been set aside.
- iv. That University has preferred an appeal before Hon'ble Supreme Court being Appeal No. 5622/2016 which is pending disposal
- v. However, no stay has been granted by the Supreme Court in the matter.
- vi. That if Hon'ble Supreme Court decides the appeal in favour of PTU, the amount of Rs. 18 crore deposited would be liable to PTU though without interest.
- vii. That liability of interest shall freeze on the day of payment of Rs. 18 crore

In the view of the above, Advocate Prabhat Kumar advised that service tax of Rs. 18 crore may be paid so as to save interest thereon in the eventuality of losing appeal before Supreme Court.

Regarding show cause at Sr. No. 3, Commissioner, Central Excise and Service Tax, Ludhiana imposed a penalty of Rs.20,22,10,037/- U/s 76 of the Act against University vide Order No. JAL-EXCUS-000-COM-003-14-15 dated 19-2-2015 . In this regard, appeal was filed through advocate Dr. Prabhat Kumar before the Customs, Excise and Service Tax Appellate Tribunal (CESTAT), New Delhi by depositing Rs. 1,51,65,800/- (equivalent to 7.5% of Rs. 20,22,10,037/-) in the name of Assistant Registrar, CESTAT, New Delhi. The case is yet to be heard before CESTAT Chandigarh, since all the cases of Punjab, Haryana and J&K has been transferred to the bench at Chandigarh.



Regarding show cause at Sr. No.4 and 5 reply from the Advocate has already been filed before the Commissioner but the cases are yet to be finally adjudicated. Personal hearing of Advocate is awaited.

The relevant documents regarding above are placed at Annexure-E

In view of the above, as advice by the Advocate Rs.18 crores is to be deposited in case no. 1 & 2 to freeze the liability of the University.

The matter is placed before committee for consideration and approval.

## 29.07 Income Tax Liability cases

The Income tax advisor, Govt. Of Punjab, Directorate of Public Enterprises & Disinvestment Chandigarh, vide its letter no. 8461-467 dated 24-03-2015 had informed about changes in section 10(23C) and section 10(23C) (iiiab) and as per provision any such institution shall be considered as being substantially financed by the govt. for any previous year only if the govt. grant to the institution exceeds 50% of the total receipts during the relevant previous year. Since many of the institutions get only part of their receipts from government by way of govt. grants. Which may or may exceed 50% of the total receipts, these institutions would not be eligible for income tax exemption under section 10(23C)(iiiab) or 10(23C)(iiiac) w.e.f 1.4.2015 i.e. AY 2016-17 relevant to FY 2015-16 it is therefore required that proper analysis of the accounts may be made for such claims.

So in view the changes in the section 10(23C) (iiiab) of Income tax Act w.e.f FY 2015-16 as stated above and advise of auditor, the University had submitted an application on 29.03.2016 in FY 2015-16, for the exemption under section 10(23C)(vi) to Commissioner Income tax(Exemptions) for grant of exemption under Income Tax Act. In response to the application the CIT (Exemptions)/CHD/10(23C)/ 2016-17 / 4294 dated 14.09.2016 had asked to furnish certain information on the above said subject.

In the meanwhile the DCIT (Exemptions) also opened the Assessment case of AY 2009-10 (FY 2008-09). In this regard the University engaged the services of Mr. Vineet Krishan & Sh. Ravinder Krishan Advocates as counsel and Mr. Vikram Arora CA as coordinator, for pursuing the said exemption matter

and for assessment matter of AY 2009-10 before CIT (Exemptions) /DCIT(Exemptions).

As per guidance, the University had provided all necessary information to the counsel, required for the above two cases. However on 30-12-2016 the DCIT (Exemptions) in the Assessment order for the AY 2009-10, rejected all the submissions and information submitted by the counsel and assessed the case against the University and issued demand notice of Rs. 81 crores approx. The University has gone into appeal before CIT (Appeals) and further deposited Rs.12.19 crores (out of corpus fund), minimum required as per prevalent norms for stay of demand, which was later granted by the DCIT (Exemptions). However the stay order erroneously mentioned AY 2014-15, which has been taken up before DCIT (Exemptions).

DCIT (Exemptions) also issued notices under section 142(1) of the Income Tax Act for filing the returns of the income for the AY 2010-11 to AY 2015-16.

In the meanwhile on 9/02/2017, the DCIT (TDS) from Ludhiana conducted survey of the University under the provisions of the Income Tax Act 1961 and took the information on various aspects of the University and asked to provide the necessary further information in particular to the deposits with different banks. The ITO (TDS) of Jalandhar/Kapurthala range has issued provisional demand notices to different banks for deduction of tax at source from FDR interest along with other interests under IT Act, with effect from FY 2012-13 and deposit the same with Income tax department. Some banks even deposited the amount on provisional demand basis.

Further a letter no. CIT (Exemptions)/CHD/10(23C)/2016-17/8421 dated 08.02.2017 was issued by the DCIT (Exemptions) which was received in the University on 13.02.2016 giving the last opportunity at 11.30 am on 16.02.17.

However, the Counsel of the University on 15.02.2017 had expressed his unwillingness to continue the University cases. Due to unwillingness of counsel, Finance Officer along with Coordinator and DR met Dy. Commissioner of Income Tax (Exemptions) at Chandigarh on 16.02.17 at 11.30 am.

In this meeting the matter on the concerned issues were discussed with DCIT (Exemptions) and he was apprised of the issue of withdrawal by the advocate and further development activities of the University with special reference to EDCIL report in the coming future. Consequent to the discussion he agreed to provide further opportunity.

Keeping in view the above details, the new counsel Advocate Sh.M.R.Sharma of Chandigarh, was appointed to represent University cases mentioned above as per present and future requirement of the cases, before the DCIT (Exemption)/ Commissioner Income Tax (Exemptions)/ CIT (Appeal), to reply the notices under section 142(1) and advise on the TDS matters of banks.

The Advocate has taken up the cases on the exemption matter, TDS by banks, stay matter and matter of notices under section 142(1) for different AYs as mentioned above before the appropriate authorities.

The relevant correspondence in this regard is placed at Annexure-F.

The matter is placed before committee for kind information and perusal.

**29.08 Any other item with the approval of the chair**