

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

ਏਜੰਡਾ
AGENDA

33rd ਮੀਟਿੰਗ
33rd MEETING

ਵਿੱਤ ਕਮੇਟੀ
FINANCE COMMITTEE



ਆਈ. ਕੇ. ਗੁਜਰਾਲ ਪੰਜਾਬ ਟੈਕਨੀਕਲ ਯੂਨੀਵਰਸਿਟੀ

ਮਿਤੀ : 26.04.2019
Date: 26.04.2019

ਸਮਾਂ: 03.00 ਵਜੇ
Time: 03.00 AM

Venue: IKGPTU
Mohali Campus - I

Agenda items

Item No.	Items	Page No.
33.01	To Confirm the minutes of 32 nd Meeting of Finance Committee.	1
33.02	Action taken report on 32 nd meeting of Finance Committee.	1-5
33.03	Detail of actual expenditure incurred and income generated during Financial year 2017-18	6
33.04	To consider and approve the rates for youth Festivals/Cultural Events for Main Campus & Constituent Campuses.	7-8
33.05	To consider the proposal submitted by LIC regarding Leave Encashment and Group Gratuity of University employees	9-11
33.06	To consider evaluation rates for On Screen Marking (OSM) and to revise the remuneration for Examination related works.	12-14
33.07	Settlement of dues of MRSPTU Bathinda	15-16
33.08	Status of ongoing cases with Mindlogicx Infotech Pvt. Ltd.	17-20
33.09	To consider status of Income Tax and service tax matters and action taken thereof.	21-26
33.10	Any other item with the permission of Chair.	27

Annexure

A	Minutes of 32 nd meeting of Finance Committee.	28-31
B	Detail of actual expenditure incurred and income generated during Financial year 2017-18	32
C	To consider the proposal submitted by LIC regarding Leave Encashment and Group Gratuity of University employees	33-45

33.01

To confirm the minutes of 32nd meeting of Finance Committee held on 28.03.2019.

The 32nd meeting of the Finance Committee was held under the Chairmanship of Hon'ble Vice-Chancellor PTU at IKGPTU, Jalandhar-Kapurthala Highway, Kapurthala.

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.

33.02

Action taken report on 32nd meeting of Finance Committee.

Item No.	Particulars	Action Taken						
32.01	<p>To confirm the minutes of 31st meeting of Finance Committee held on 28-03-2019.</p> <p>The Committee confirmed the minutes of 31st meeting of Finance Committee held on 17.10.2018.</p>	implemented						
32.02	<p>Action Taken Report on 32nd meeting of Finance Committee</p> <p>The Committee noted the Action Taken Report on 32nd meeting of Finance Committee Meeting held on 28.03.2019. There were some observations of the Committee:</p> <table border="1"> <thead> <tr> <th>Item no.</th> <th>Description</th> <th>Observation of Committee</th> </tr> </thead> <tbody> <tr> <td>32.03</td> <td>Proposal for establishment of "Centre for Invention, Innovation, Incubation and Training (CIIT)" by Tata</td> <td>The Committee based on MoU with TTL recommended to Board of Governors that clarification should be sought</td> </tr> </tbody> </table>	Item no.	Description	Observation of Committee	32.03	Proposal for establishment of "Centre for Invention, Innovation, Incubation and Training (CIIT)" by Tata	The Committee based on MoU with TTL recommended to Board of Governors that clarification should be sought	The matter will be discussed in the next meeting
Item no.	Description	Observation of Committee						
32.03	Proposal for establishment of "Centre for Invention, Innovation, Incubation and Training (CIIT)" by Tata	The Committee based on MoU with TTL recommended to Board of Governors that clarification should be sought						

	Technologies Ltd. (TTL)	that how contribution of TTL (88%) be treated. It was suggested by the members that TTL is giving discount to fulfil their commitments of MoU. The matter has to be approved by BOG. However, the issues regarding commercial licence and educational licence needs to be resolved in relation to educational activities and must comply with GFR/PFR.
Table Agenda: 01	Approval for acquisition of 42 acres of land at Shri Chamkaur Saab to establish Guru Gobind Singh Institute of Skills as constituent campus of IKGPTU	<p>The Committee took note that land was registered in the name of I.K. Gujral Punjab Technical University on 27.02.2019 for Rs. 14,81,76000/- Stamp Duty Rs. 88,91,000/- and Registration Fees Rs. 16,88,000/- Land has been purchased.</p> <p>The further details of outcome in this</p>

			regard will be appraised in the next Finance Committee meeting.	
32.03	To approve Audited Balance Sheet for the F.Y. 2017-18 The Committee approved the Audited Balance Sheet for the F.Y. 2017-18. It was emphasized that certain explanatory notes may be appended from analytical point of view in the Balance sheet.			No action required
32.04	To approve the Revised Budget Estimates for the Financial Year 2018-19 and Budget Estimates for FY. 2019-20 The Committee approved the Revised Budget Estimates for the Financial Year 2018-19 and Budget Estimates for FY. 2019-20. It was suggested by the Committee that actual expenditure incurred and income generated during the FY., 2017-18 in the tabular form (Expenditure Head wise) should be brought in the next meeting of Finance Committee for the information.			Detail of income & expenditure for FY 2017-18 is placed as agenda item 33.03
32.05	To consider and approve Delegation of Financial Powers to Cultural, NSS & Sports Coordinators and Incharges of Constituent Campus. The Committee approved the matter in view of enhancing administrative efficiency of Coordinators and Incharges of Constituent Campuses.			implemented
32.06	To consider and approve the rates for Youth Festivals/Cultural events for Main Campus & Constituent Campuses The Item was deferred to be taken in next FC Meeting.			Placed as agenda item no. 33.04

32.07	<p>To consider the proposal submitted by LIC regarding Leave Encashment and Group Gratuity of University Employees</p> <p>The Item was deferred to be taken in next FC Meeting.</p>	Placed as agenda item no. 33.05
32.08	<p>To revise the remuneration for Examination Related work</p> <p>The Item was deferred to be taken in next FC Meeting.</p>	Placed as agenda item no. 33.06
32.09	<p>Revision of Honorarium for Experts/Non-Official Experts, Officers/Faculty in suppression of notification no. IKGPTU/REG/N/3794-3797 dated 27.11.2018.</p> <p>The Committee noted the modifications proposed and approved the same.</p>	implemented
32.10	<p>Revision of Travelling Allowance (TA)/Daily Allowance (DA) for experts/Non-Official Experts, Officers/Faculty in suppression of notification no. IKGPTU/REG/N/3786-3789 dated 27.11.2018.</p> <p>The Committee noted and approved the same with following additions:-</p> <ol style="list-style-type: none"> 1. The rates of TA will also be applicable on examination related matters. 2. The DA will be applicable to all officials on production of actual bills. 	implemented
32.11	<p>Settlement of dues of MRSPTU Bathinda</p> <p>Item was deferred to be taken in next FC Meeting</p>	Placed as agenda item no. 33.07

32.12	<p>To consider status of Income Tax and Service Tax matters and action taken thereof.</p> <p>The Committee noted the matter.</p>	Updated status as per agenda item no. 33.09
Table Agenda 32.12.1	<p>Hiring of Accounting Professional/CA in light of Audit Report.</p> <p>The Committee deliberated on the matter. The Committee recommended to hire two (02) Accounting Professionals/CA for structuring of accounting mechanism of Department of Finance of Accounts on the monthly salary of Rs. 40000-45000/- P.M. The Committee also recommended to hire a CA firm for the matters as pointed in Auditor Report as a project.</p>	Under process
32.12.2	<p>Procedure for Purchase in accordance with delegated Financial Powers in the University.</p> <p>The Committee approved the Purchase Procedure.</p>	implemented

33.03

Detail of actual expenditure incurred and income generated during Financial year 2017-18

The detail of actual expenditure incurred and income generated during the Financial year 2017-18 is placed at **Annexure- 'B'** for information please.

33.04 To consider and approve the rates for youth Festivals/Cultural Events for Main Campus & Constituent Campuses

The following rates are proposed by the department of Student Welfare for the activities related to Youth Festival and Cultural Events at Main Campus & Constituent Campuses

Sr.No.	Detailed Description	Amount(Approx)
1.	Rates for Training of students for Cultural Events on youth festivals and other cultural activities i.e. Dance, Theatre, Literary, Fine Arts & Music.	For Trainers Rs. 500/- per hour/maximum upto four hour per day, maximum for ninety days. With Maximum upto 40,000/- per month capping. For Accompanist Rs. 400/- per hour/maximum upto four hour per day, maximum for ninety days Maximum 30,000/- per month capping.
2.	Refreshment for Student participants during training days.	Rs. 50/- per day per participant/maximum upto 15 days per festival/event
3.	Diet charges for Student participants/ Accompanist / Trainer/Staff/Employees during participation days of Youth Festivals/other events and travelling days (up-down)	Rs. 200/- per day per head approx. upto maximum of Rs 30000/- per youth festival/event not more than 5 festivals/events per year.
4.	Diet charges for Team Manager (Faculty/Officers) during participation days of Youth Festivals/other events and travelling days (up-down)	Rs. 500/- per day per head, approx. Rs 30000/- per festival/event not more than 5 events per year
5.	Material for Fine Arts items i.e. Rangoli, Poster making, collage making, clay modeling, on the spot painting, installation, on the spot photography, mehandi etc.for Youth Festivals and other cultural events.	Rs. 4000/- per item per festival/event
6.	Stage set and other related material for Play	Rs. 35000/- for Play per festival/event

	and Skit	Rs. 15000/- for Skit per festival/event
7.	Exp. on Music for Play, Skit, Mime etc.	Rs. 30000/- per item per festival/event
8..	Miscellaneous expenses for Zonal and Inter Zonal Youth Festival.	Rs. 50000/- per festival
9.	Miscellaneous expenses for other cultural activities/events.	Rs. 30000/- per event

Non-Recurring Expenditure

Sr.No.	Detailed Description	Approx. Expenditure.
1.	Purchase or hiring of costumes, instruments, material for Giddha, Bhangra, Mime, Musical Events etc. i.e. supp, khunda, kato, chikke, chajj, ghagar, bluetooth speaker, brass buckets and other related items etc.	Rs. 2,00,000/- Once in three years

The matter is placed for consideration and approval of Finance Committee.

33.05 To consider the proposal submitted by LIC regarding Leave Encashment and Group Gratuity of University employees

As per notes of Accounts for the financial year 2016-17, it has been observed that gratuity fund has not been set up to meet the liability which arises at the time of retirement of university employees so it was suggested that gratuity fund should be set up to meet the future liability out of this fund.

As per Rules, the employee(s) of the University are entitled to cash equivalent of leave salary in respect of the period of earned leave at their credit subject to overall limit of 300 days at the time of retirement . Under the Payment of Gratuity Act, 1972, it is employer's statutory liability to pay 15 days salary (15/26 of a month's wages) for every completed years service to each of his employees on their exit, for any reason after five years of continuous service, subject to maximum limit of **20 lacs**. (Revised-2018) Higher benefits can be paid if the employer so desires.

The Department of Finance & accounts, estimated the liability towards Group Gratuity and Leave Encashment from LIC as provisional actuary value.

Therefore in order to maintain these funds, *LIC has worked out the actuarial valuation of IKGPTU liability towards Group gratuity & Leave Encashment in respect of 447 permanent employees based on service details provided by IKGPTU. The total amount payable as on date is shown as Rs. 34.61 crores which includes past service Contribution, Current Service Contribution and premium amount. The details of contributions are as given below:*

Particular	Total Contribution Amount	Premium Amount (p.a)
Leave encashment scheme	Rs. 23,59,22,437 /-	Rs. 1,91,141/-
Group Gratuity	Rs.11,00,65,540 /-	Rs.7,36,551/-

Key highlights of these proposals are as below:-

1. In case of LIC managed trust, the job of investment and actuarial valuation is taken over by the corporation and in addition, interest is paid by the Corporation on the accumulated funds.
2. The corporation shall declare a non zero-positive Additional Interest Rate at the beginning of every financial quarter on policy account. The AIR remains guaranteed for that quarter. For this quarter starting on 01.01.2019, the guaranteed interest rate is **7.59% on Gratuity Fund and 6.98% on Leave Encashment Fund.**
3. **Life Cover :** in the event of pre-mature unfortunate death, a sum equal to the gratuity payable in respect of the entire service, Subject to maximum of Rs. 20 lacs.
4. **Tax Benefit:** All payment made to LIC are treated as management expense under sec 35(1)(v) of Income Tax Act.1961. Attractive tax advantages are available to the employer and the employees. The provisions relating to approved Gratuity Funds are mentioned in Part 'C' of the Fourth Schedule of the Income-Tax Act, 1961 and part XIV of the Income-tax rules , 1962
5. The attractive feature of the scheme is the life insurance cover for every employee due to which in the event of the premature death of an employee, his dependants become entitled to substantially higher benefits.
6. The most important aspect above all is SECURITY OF THE FUNDS INVESTED since these are EMPLOYEE WELFARE FUNDS. Funds invested with the Corporation (LIC) enjoy **SOVERIGN GUARANTEE** of Central Government of India and the same is expressly provided under Section 37 of the LIC of India Act, 1956, passed by none other than Parliament of India, i.e. **100% security of Funds invested with LIC**
7. Statutory liability is booked on year to year basis, thus reflecting true picture of income and expenditure of current financial year. Actual surplus available to the organization can be ascertained after meeting all statutory liabilities.
8. A Running Account will be maintained under the schemes and the contributions (excluding term assurance premium) will be credited to this account and all claims except term assurance cover will be settled out of the Running Account. Interest at the rate declared by LIC from time to time will be credited to the Running Account at the end of every qtr.

As per above Table, the total contribution Rs. 34.61 can be paid in lump sum or in instalments spread over 5 years. Premium amount payable on year to year basis for 447 employees shall be the tune of Rs. 9,27,692/- approx. as stated above. This yearly contribution shall vary based on new recruitments, increase in salary or retirement in the coming years.

Copy of the proposal is attached at **Annexure -'C'**

The agenda is placed before committee to consider the proposal in the interest of Employees.

33.06 To consider the evaluation rates for On Screen Marking (OSM) and to revise the remuneration for Examination related works

Proposal has been received from the Examination Branch to consider the evaluation rates for On Screen Marking (OSM) and to revise the remuneration of some examination related works.

a) Evaluation Rates for On Screen Marking (OSM)

Sr. No.	Particular	Rates for Manual Evaluation	Rates for OSM
1	Local Controller	Rs. 0.65/- per answer book	Rs. 1/- per answer book
2	Asstt Controller re-designated as Coordinator	Rs. 0.35/- per answer book	Rs. 1/- per answer book
3	Network Administrator/System Analyst	N/A	Rs. 0.70/- per answer book
4	Head Examiner	Rs. 2/- per answer book	Rs. 2/- per answer book
5	Examiner/Evaluation	Rs. 15/- per answer book	Rs. 15/- per answer book
6	Checking Assistant	Rs. 1.25/- per answer book	N/A
7	Clerk (with each Head Examiner)	Rs. 0.65/- per answer book	N/A
8	Lab Technicians/ Assistant one per evaluation centre in OSM	N/A	Rs. 0.50/- per answer book
9	Helper/Attendant one per evaluation centre in OSM	Rs. 0.60/- per answer book	Rs. 0.30/- per answer book
10	Security personal one evaluation centre in OSM	Rs. 0.35/- per answer book	Rs. 0.25/- per answer book
11	Building rent/Electricity/Air Conditioner/Other Ifra etc.	Rs. 0.65/- per answer book	Rs. 1/- per answer book
12	Refreshment	Rs. 1.50/- per answer	Rs. 1.50/- per answer

		book	book
13	Stationary	Rs. 0.25/- per answer book	N/A
	Total	Rs. 23.25/- per answer book	Rs. 23.25 per answer book

b) Revised structure of remuneration for examination related works

Sr.No.	Services/Particular	Current Rate	Revised Rate
1.	Change of Exam Centre	N/A	Rs. 500/- per subject
2.	Basic fee of Revaluation	Rs. 700/- per subject	Rs. 1000/- per subject
3.	Confidential Result	Rs. 300/- per semester	Rs. 1000/- per semester
4.	DMC Correction	Rs. 200/- per DMC (presently applicable only at DDE students)	No charge within 180 days from the date of issuance of DMC and Rs. 400/- will be charged after 180 days from the date of issuance of DMC (applicable for all students of DDE and Regular courses)
5.	Degree Correction	N/A	No charge within 180 days from the date of issuance of Degree and Rs. 1000/- will be charged after 180 days from the date of issuance of Degree- (applicable for all students of DDE and Regular courses)
6.	Paper Writer (medically unfit or differently abled persons)	Rs. 200/- per paper	Rs. 500/- per paper
7.	Printing Cell Co-ordinator	Rs. 200/- per session	Rs. 400/- per session
8.	Flying squad Incharge	Rs. 1000/- per day honorarium & Taxi/own Car @ Rs. 10/- per KM (No DA is admissible)	Rs. 1000/- per day honorarium & Taxi/own Car @ Rs. 16/- per KM (No DA is admissible)
9.	Observer	Rs. 500/- per session & Taxi/own Car @ Rs. 10/- per km (No DA is admissible)	Rs. 500/- per session & Taxi/own Car @ Rs. 16/- per km (No DA is admissible)
10.	Delivery/Collection of	Rs. 10/- per km (office	Rs. 16/- per km (office

	Answer Sheets from Nodal Centre to University and University to Nodal Centre and all other examination related activities	care/taxi)	care/taxi)
11.	Delivery/Collection of Answer Sheets (for Secrecy Branch Staff)	Rs. 150/- per day and Rs. 50/- night charges shall be paid to the persons on hour (No DA is admissible) (effective since 2010)	Rs. 250/- per day and Rs. 100/- night charges shall be paid to the persons on tour (No DA is admissible)

The matter is placed for consideration and approval of Finance Committee.

33.07 Settlement of dues of MRSPTU Bathinda

The observations of the statutory auditor in audit report of 2016-17 regarding MRSPTU Bathinda is reproduced as:

"As per Notification No.7/33/2015-4TE2/523019/4 dated 30.06.2015 of Government of Punjab, Department of Technical Education and Industrial Training, the college imparting Technical Education and situated within the territorial jurisdictions of Bathinda, Barnala, Faridkot, Fatehgarh Sahib, Fazilka, Mansa, Moga, Sri Muktsar Sahib, Patiala & Sangrur districts of the State of Punjab have been associated with the Maharaja Ranjit Singh Punjab Technical University, Bathinda w.e.f 01.07.2015. So assets and liabilities of Giani Zail Singh College and Regional Centres of the above mentioned districts have been excluded from the annual accounts forming part of the Income & expenditure and Balance sheet of I.K.G. Punjab Technical University, but no balances were received from the regional centres transferred to MRSPTU. in respect of fees already received from students or any other manner of recoverable balance from these centres. Furthermore, it was also observed that the exams of the students registered under these centres before 30.06.2015, was also being conducted by IKGPTU, but no amount was received from these centres.

Balance standing in the books of accounts of the university as recoverable in the name of MRSPTU/GZSPTU are as follows and should be adjusted accordingly.

Ledger A/c	Amount (in Rs.)	Company
Campus Director GZS Bathinda	1,08,84,053.00	Civil
Civil work GZSPTU Campus Bathinda	18,32,29,000.00	Civil
MRS State Technical University Bathinda	1,77,50,000.00	Academic
Total	Rs.21,18,63,053/- (Twenty one crores eighteen lacs sixty three thousand fifty three only)	

The above mentioned amount stood as received on 31.03.2016 also and nothing was received from MRSPTU during the year. We would suggest that the Board of Governors should decide about the treatment of these accounts. If amount is non recoverable, it should be excluded from books of accounts, or otherwise, the amount should be recovered. As the amount in value is to the extent of Rs.21,18,63,053/- (Rs. Twenty one crores eighteen lacs sixty three thousand fifty three only), decision in this regard should be made by the competent authority at the earliest."

It is proposed that a committee of experts may be constituted for recognizing the balances to be recovered/ adjusted from MRSPTU/GZS Bathinda in the books of accounts.

The matter is placed before Finance Committee meeting for consideration.

33.08 Status of ongoing cases with Mindlogicx Infotech Pvt. Ltd.

The University has signed GSA for 5 years on 19.08.2003 with Mindlogicx Infotech Pvt. Ltd. to function as Support Service Provide for Distance Education Program, e-Governance and for tele-education on revenue sharing basis. The University was not satisfied with the services provided by MLX so the agreement was terminated by University on 11.10.2005. The MLX invoked the arbitration clause of GSA and the matter was referred for Arbitration as per GSA.

The MLX in Claim Petition made a total claim of Rs. 37.14 crores under five heads apart from the claim for interest:-

- (i) Rs. 3.13 cores have been claimed for cost of services rendered.
- (ii) Rs. 8.46 cores have been claimed for 3 years as the contract was for a minimum period of 5 years after which claim No. 1 cover the period of 2 years.
- (iii) Rs. 12 cores have been claimed as opportunity cost.
- (iv) Rs. 10 cores have been claimed for collateral damages such as mental agony, loss of reputation, loss of face amongst banks.
- (v) Rs. 3,55,26.092/- have been claimed other costs which have also been detailed.
- (vi) Interest @ 18% per annum has also been claimed from the date of the claim petition.

During the course of the proceeding, it was pointed out by the Tribunal that the second and the third claims were overlapping as they pertained to opportunity cost. In the objections in the form of an affidavit dated 15.04.2016 filed on behalf of the claimant ti the affidavit dated 10.03.2016 filed on behalf of Respondents the total claim has been revised by claimant to Rs. 24,99,97,213/- comprising of the following:-

- (i) Claims for contract duration of 5 years- 7,54,27,014/-.
- (ii) Interest @ 18% from the dates amount gets due – 14,40,14,525/-.
- (iii) Legal expenses – 57,38,000/-.
- (iv) other expenses – 2,48,17,674/-

The other expenses of Rs. 2,48,17,674/- have been claimed towards content development and deployment in the sum of Rs. 66,21,407/- for free supplies (books, Smart cards, internet charges) Rs. 1,75,63,915/- and inauguration expenses of Rs. 6,32,354/- which add up to Rs. 2,48,17,674/-.

The Tribunal in final Award dated 13.01.2017 has held as under:

1. That PTU was not justified in terminating the contract. It did so in violation of clause 3f(ii) of GSA which we consider a major breach of contract.
2. The claimant should in fact have been paid upto March, 2005 since admittedly the lectures were transmitted till then. We are also of the opinion that claimant is entitled to opportunity cost and damages claimed by it as revised in the affidavit dated 15.4.2016 for the whole period of 5 years which was the duration of the contract in the first instance. As per information furnished by PTU vide affidavit dated 10.3.2016 pursuant to the direction of the Tribunal, it had received Rs. 65,47,32,334/- as fees from the students has rightly claimed as its share a sum of Rs. 8,03,83,351/-. From the amount of Rs. 8,03,83,351/-, the sum of Rs. 2,58,08,457/- already paid has been deducted and amount of Rs. 5,45,74,894/- has been claimed upto October, 2005 when the contract was illegally cancelled. The Claimant is entitled to only this amount.
3. The claimant has given calculation for the amount claimed for the period after October, 2005 on an average basis. The total from November, 2005 to August, 2008 adds upto Rs.13,90,14,135/-. On this sum, the Claimant has calculated 15% towards loss of profit which has been worked out to Rs. 2,08,52,120/-. The claimant is entitled to this amount and we award the same accordingly in favour of the claimant.
4. We are, therefore not inclined to grant interest @ 18% as claimed by MLX. However, we grant MLX interest @ 9% on Rs. 7,54,27,000/- from the date claim petition filed before us till the date of the Award. The amount of interest calculated @ 9% round off to Rs. 6,44,90,000/-. We award this amount as interest.

5. The claimant is not entitled to any amount towards supply of books, smart cards and internet charges in the sum of Rs. 1,75,63,915/- because it was required to or had agreed to provide those facilities. Particularly, as far as books are concerned, it had specifically stated that it was offering the books free of cost. The claimant was also required to do content development and deployment under the contract and we do not think that it is entitled to claim anything over and above the principal amount awarded by us. We, therefore, reject the claim of Rs. 66,21,407/- under the head 'contract development and deployment' there is no justifiable reason for claiming the inauguration expenses in the sum of Rs. 6,32,354/-. Therefore, the amount of Rs. 2,48,17,674/- claimed as expenses are rejected.
6. The total amount claimed as legal expenses is in the sum of Rs. 57,38,000/-. We would limit this claim to Rs. 25,00,000/- being payable by PTU to MLX .

" Accordingly an Award is passed:

- I. Directing the respondent to pay the claimant the sum of Rs. 7,54,27,000/- (Rupees seven Crore Fifty Four Lacs Twenty Seven Thousand only) within two months from the date of the Award.*
- II. Directing the respondent to pay to the claimant interest @ 9% p.a. on Rs. 7,54,27,000/- for 114 months from July, 2007 to the date of the Award amounting to Rs. 6,44,90,000/-*
- III. Directing the respondents to pay Rs. 25,00,000/- toward costs.*
- IV. Directing that the respondents will pay interest to the claimant @ 9% after two months from the date of the Award till the date of the payment on the gross amount of Rs. 14,24,17,000/- being the total of (I), (II) and (III) above and if the respondents fail to make the payment within two months from the date of the Award then they will be liable to pay interest from the date of the Award itself. "*

The Tribunal has ordered to make the payment within two months from the date of the Award. The matter was referred to the committee of Registrar, Finance Officer, Dr. RPS Bedi(JR), Sh. Sunil Kumar(DR) and AR(Legal) to recommend further course of action. As per recommendations of committee Adv. Sh. VK Sareen was engaged and the petition ARB/716/2017 under Section 34 of Indian Arbitration and

Conciliation Act, 1996 was filed in District Courts, Jalandhar for setting aside the award of tribunal. Meanwhile application for execution of award EXE/889/2017 was filed by Mindlogicx in District Courts, Jalandhar. Both the cases are now pending for final arguments before ADJ, Jalandhar.

Submitted for information.

33.09 Status of Income Tax Cases

S. No.	Particulars	Authority	Status/ Action
1.	10 23c (vi) Appeal ITA No. 386/2018 filed by university against orders of Tribunal	Hon'ble Punjab & High Court, Chandigarh	On the request of counsel for Income Tax Department the matter has been adjourned to 01/05/2019.
2.	12AA Appeal ITA No.1646/Chandi/2017 filed by University against orders of CIT(E)	ITAT, Chandigarh.	On hearing dated 27.11.2018 ITAT has remanded back matter to CIT (E), Chandigarh to consider the additional documents produced by University and decide the matter accordingly. Partial submission prepared by M/s. Vaish Associates was filed on 05.04.2019. Next date of the case is yet to be given by CIT(E).
3.	AY 2009-10 Demand: Rs. 81,24,65,833/- Appeal ITA No.830/Chandi/2018 filed by university against orders of CIT(A)	ITAT, Chandigarh	The Appeal has been adjourned due to non sitting of bench, M/s. Vaish Associates are pursuing the same. Deposit : Rs.22,19,00,000/- Next date of hearing is 08.05.2019
4.	AY 2009-10 Stay Application for recovery SA No.49/ Chandi/2018 filed by university.	ITAT, Chandigarh	Stay granted by ITAT during a pendency of the appeal or a period of six months whichever is earlier vide order dt. 01/02/2019.
5.	AY 2009-10 Appeal No. 873/18 filed by IT department against orders of CIT(A)	ITAT, Chandigarh	The Appeal has been adjourned due to non sitting of bench M/s. Vaish Associates are pursuing the same. Next date of hearing is 08.05.2019.
6.	AY 2009-10 Fine of Rs.2,64,500/- due to late filling of IT return.	CIT, Jalandhar	Reply filed on 04.04.2019 by M/s. Rupesh Parikshit & Associates, CA. Order is reserved by CIT Jalandhar.

7.	AY 2010-11 Demand Rs.91,11,23,244/- Appeal ITA No. 68/Chandi/2019 filed by University against orders of CIT(A).	ITAT, Chandigarh	The appeal against the order dated 14/12/2018 of CIT(A) as drafted by M/s Vaish Associates has been filed before ITAT, Chandigarh. Deposit: Rs. 36,44,49,300/- Next date of hearing is 08.05.2019
8.	AY 2010-11 Stay Application for recovery SA No.3/ Chandi/2019 filed by University.	ITAT, Chandigarh	The stay Application filed by University was listed for hearing on 01/02/2019 alongwith stay application filed for A.Y 2009-10. The Hon'ble ITAT vide common order dated 01/02/2019 granted the stay as mentioned at S.No.04.
9.	AY 2011-12 DCIT has issued demand notice of Rs.96,59,20,391/-	CIT (Appeal) Jalandhar.	Appeal against orders and penalty proceedings, was prepared by M/s. Vaish Associates and has been filled before CIT(A). CIT(E) has stayed the demand on deposit of 40% in 3 installments. Deposit Rs. 38,63,68,156/- The next date of hearing is 23.04.2019.
10.	AY 2017-18 DCIT(CPC) has issued demand notice Rs.75,05,60,737/-	CPC, Bangalore	Notice was received on dated 20.03.2019 and the same has been sent to M/s. Vaish Associates for further guidance.
11.	AY 2017-18	DCIT(E), Chandigarh.	The revised ITR has been filed on 29.03.2019 but rejected by department vide No. DCIT(E)/Circle-1/CHD/18-19/1645 dt.29.03.2019 due to manual filling. Again request was submitted on 30.03.2019 vide Ref. No. IKGPTU/REG/6459 dt.30.03.2019 for ITR filling manually but was

			rejected by department vide No. DCIT(E)/Circle-1/CHD/18-19/5 dt.03.04.2019
12.	AY 2018-19	DCIT(E), Chandigarh.	<p>The original ITR has been filed on 29.03.2019 but was rejected by department vide No. DCIT(E)/Circle-1/CHD/18-19/1646 dt.29.03.2019 due to manual filling.</p> <p>Again request submitted on 30.03.2019 vide Ref. No. IKGPTU/REG/6458 dt.30.03.2019 for ITR filling manually but was rejected by department vide No. DCIT(E)/Circle-1/CHD/18-19/5 dt.03.04.2019</p>

- M/s. Vaish Associates, New Delhi / M/s. Rupesh Parikshit & Associates, CA, Chandigarh have been engaged in Income Tax matters.

Status of Service Tax Cases

A. Cases related to Distance Education

Service tax department has conducted an enquiry related to Distance Education Programme of University and held that when MOU and LC operational manual were evaluated in the light of statutory definitions of franchisee services as defined in section 65 of Finance Act 1994, it prima facia appeared that the arrangement between PTU and RCs/ LCs is that of franchisor and franchisee, as the RCs/ LCs appointed were given representational to use the brand name PTU at their place of work and PTU was earning income by receiving fixed amount as well as various types of recurring fees etc. from RCs/ LCs. Further, as per Finance Act 1994 there was no exemption to the education Institute under the franchise service. Thus, services provided by PTU were alleged to be covered under the taxable services of franchisee service and chargeable to service tax.

The show cause notices for different periods were issued by Service tax department and their status is as under:

Sr. No	Particular	Authority	Action
1.	SCN dated 19-4-2012 amounting Rs. 1,08,68,14,603/- for the period October 2006 to March 2011.	Hon'ble Supreme Court	<p><i>The commissioner vide order dated 19.12.2013 has confirmed the demand of Service Tax amounting to Rs. 144,14,31,243/- + Interest + Penalty of same amount.</i></p> <p><i>The University has filed appeal against the orders of Commissioner at CESTAT. CESTAT vide its Final Order dated 23-12-2015 decided as under : "</i></p>
2.	SCN dated 30-10-2012 for amounting Rs. 35,46,16,640/- for the period April 2011 to June 2012.		<p><i>I. We hold that the appellant provided franchise services.</i></p> <p><i>II. The extended period is not invocable.</i></p> <p><i>III. Penalty U/s 78 ibid cannot be imposed.</i></p> <p><i>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."</i></p> <p>University has filed Civil Appeal No 4622 of 2016 in Hon'ble Supreme Court against orders of CESTAT which has been admitted however</p>

			<p>no stay was granted. Appeal will be heard in due course. University has already deposited Rs.18 crore to Service Tax Department.</p> <p>In compliance to order of CESTAT the Commissioner vide order dated 31.01.2019 has recalculated the demand of Service Tax to Rs.29,51,46,199/- + Interest + Penalty.</p> <p>Dr. Prabhat Kumar, Adv. is drafting the appeal to be filed at CESTAT, Chandigarh against order dated 31.01.2019.</p>
3.	SCN dated 12-03-2014 for amounting Rs. 20,22,10,037/- for the period July 2012 to March 2013.	CESTAT	<p>The Commissioner vide order dated 19.02.2015 has confirmed the demand of Service Tax amounting to Rs.20,22,10,037/- + Interest + Penalty of same amount.</p> <p>University has filed appeal No ST/51954/2015 before CESTAT against orders of Commissioner in appeal). Matter heard on 23.02.2018 and next date of hearing was fixed on 18.04.2018. But no Division Bench was available on that day. No date has been fixed yet. University has deposited Rs.1,51,65,800/- (i.e 7.5 % of demand)</p>
4.	SCN dated 17-4-2015 for amounting Rs. 17,09,32,224/- for the period April 2013 to March 2014.	Commissioner	<p>The reply to SCN dated 17.04.2015 has been filed and reply to SCN dated 15.11.2016 drafted and filled by Dr. Prabhat Kumar on 28.03.2019. The order of office of Commissioner has been received on 10.04.2019 and the aggregate amount Rs.13,58,04,692/- has been decided to deposit.</p>
5.	SCN dated 15-11-2016 for amounting Rs. 6,38,53,198/- for the period April 2014 to March 2015		<p><i>University has to file appeal against order of Commissioner GST, Ludhiana. In this regard email has already been sent to Dr. Prabhat Kumar, advocate for further guidance.</i></p>

B. Summons received from Senior Intelligence Officer, DG of GST Intelligence, Ludhiana regarding Affiliation fee.

The summons were received from Senior Intelligence Office, DG of GST Intelligence, Ludhiana vide Letter No.F.No.IV(6)LDZU/E/INV/ST/7 /2017/1169 dated 19.07.2017 to the University for the enquiry to check the evasion of service tax/contravention of provisions of the finance act, 1994/ the service tax rules-1994. They have demanded the information in relation to various fees/ amounts collected by University for granting affiliation to colleges/ approval of courses run by the colleges and periodical renewal/ continuance thereof for the period 2012-13 to 2016-17. The information as demanded was supplied time to time to the Service Tax authorities.

Vide summons Ref. No. IV(6) /LdZU /E/ INV/ST /7/ 2017 /3292 dt.18.12.2018 Senior Intelligence officer DG of GST Intelligence Ludhiana has called upon Finance Officer of University to tender the statement. In this regard, the University sought legal opinion from Sh. Ashok Batra, Advocate, New Delhi expert in service tax matters. The statement was tendered as per his advise. The relevant portion of advise is reproduced as under:

"As stated, the assessee is established as a state university on 16.01.1997 through the Punjab Technical University Act 1996 (PTU Act) and enacted by the State of Punjab. It is essential to highlight here that state government has control over the functions of the University. Thus, the same shall qualify as Governmental Authority as stated above. Further, the said university was solely established with an objective of promoting technical, management and pharmaceutical education in the state of Punjab at degree level and above. Thus, it is also carrying out one of the function of Municipality as specified under Schedule Twelfth of the Constitution.

In view of foregoing discussion, it can be easily inferred that assessee is rightly covered under entry no 39 of Mega Exemption Notification No 25/2012 dated 20.06.2012. Therefore, the fee charged by the assessee is not subject to service tax in terms of Entry No 39 of the Notification No 25/2012 dated 20.06.2012. Hence, no duty can be imposed without the authority of law and in the present case specific relief has been granted by way of notification no 25/2012 ibid."

Further as per recommendations of the committee of Income Tax and Service Tax cases vide against Item No.6.3 of 6th meeting held on 21.02.2019, the matter regarding applicability of GST/ Service Tax on affiliation fee etc. collected by University on regular colleges was discussed with Dr. Prabhat Kumar, Advocate and he has advised that issue involves large number of Universities all over India so a representation may be given to GST council, Ministry of Finance and clarification may be sought regarding the same by University or jointly with other Universities.

33.10 Any other item with the permission of Chair.

Minutes of 32nd meeting of Finance Committee of IKGPTU held on 28.3.2019 in the Office of Vice-Chancellor, IKGPTU at 10:30 AM.

The following attended the meeting:

- | | |
|---|----------|
| 1. Prof. (Dr.) Ajay Kumar Sharma
Vice-Chancellor
IKGPTU Jalandhar | Chairman |
| 2. Sh. Karan Singh, Dy. Controller (Local Audit)
Nominee-Secretary to Govt. of Punjab, Dept. of Finance
Punjab Civil Secretariat, Chandigarh | Member |
| 3. Sh. Raman Kumar Sharma,
Sr. VP & Director, Honda Cars Ltd., Noida | Member |
| 4. Dr. S.S. Walia
Registrar, IKGPTU Jalandhar | Member |

The following could not attend the meeting and was granted leave of absence:

1. Secretary to Govt. of Punjab, Dept. of Technical Education & Indl. Training, Pb. Chandigarh.
2. Dr. S.S. Patnaik, Director, National Institute of Tech. Teachers Training & Research, Chandigarh

The Chairman welcomed all the members of Finance Committee. After this regular agenda was taken up.

Vice Chancellor apprised the committee about the comments of representative of Secretary to Govt. of Punjab, Dept. of Technical Education & Indl. Training, Punjab through email and all members unanimously decided to take up only urgent and important agenda items, keeping in view the end of financial year. The deferred agendas will be taken up in next Finance committee meeting which will be intimated/communicated in advance.

Item No. 32.01 To confirm the minutes of 31st meeting of Finance Committee

The Committee confirmed the minutes of 31st meeting of Finance Committee held on 17.10.2018.

Item No. 32.02 Action Taken Report on 31st meeting of Finance Committee

The Committee noted the Action Taken Report on 31st meeting of Finance Committee Meeting held on 17.10.2018. There were some observations of the Committee:



Item no.	Description	Observation of Committee
31.03	Proposal for establishment of "Centre for Invention, Innovation, Incubation and Training (CIIT)" by Tata Technologies Ltd. (TTL)	The Committee based on MoU with TTL recommended to Board of Governors that clarification should be sought that how contribution of TTL (88%) be treated. It was suggested by the members that TTL is giving discount to fulfil their commitments of MoU. The matter has to be approved by BOG. However, the issues regarding commercial licence and educational licence needs to be resolved in relation to educational activities and must comply with GFR/PFR.
Table Agenda: 01	Approval for acquisition of 42 acres of land at Shri Chamkaur Saab to establish Guru Gobind Singh Institute of Skills as constituent campus of IKGPTU	The Committee took note that land was registered in the name of I.K. Gujral Punjab Technical University on 27.02.2019 for Rs. 14,81,76000/- Stamp Duty Rs. 88,91,000/- and Registration Fees Rs. 16,88,000/-. Land has been purchased. The further details of outcome in this regard will be apprised in the next Finance Committee meeting.

Item No. 32.03 To approve Audited Balance Sheet for the F.Y. 2017-18

The Committee approved the Audited Balance Sheet for the F.Y. 2017-18. It was emphasized that certain explanatory notes may be appended from analytical point of view in the Balance sheet.

Item No. 32.04 To approve the Revised Budget Estimates for the Financial Year 2018-19 and Budget Estimates for FY. 2019-20

The Committee approved the Revised Budget Estimates for the Financial Year 2018-19 and Budget Estimates for FY. 2019-20. It was suggested by the Committee that actual expenditure incurred and income generated during the FY., 2017-18 in the tabular form (Expenditure Head wise) should be brought in the next meeting of Finance Committee for the information.



Item No. 32.05 To consider and approve Delegation of Financial Powers to Cultural, NSS & Sports Co-ordinators and Incharges of Constituent Campus.

The Committee approved the matter in view of enhancing administrative efficiency of Co-ordinators and Incharges of Constituent Campuses.

Item No. 32.06 To consider and approve the rates for Youth Festivals/Cultural events for Main Campus & Constituent Campuses

The Item was deferred to be taken in next FC Meeting.

Item No. 32.07 To consider the proposal submitted by LIC regarding Leave Encashment and Group Gratuity of University Employees

The Item was deferred to be taken in next FC Meeting.

Item No. 32.08 To revise the remuneration for Examination Related work

The Item was deferred to be taken in next FC Meeting.

Item No. 32.09 Revision of Honorarium for Experts/Non-Official Experts, Officers/Faculty in suppression of notification no. IKGPTU/REG/N/3794-3797 dated 27.11.2018.

The Committee noted the modifications proposed and approved the same.

Item No. 32.10 Revision of Travelling Allowance (TA)/Daily Allowance (DA) for experts/Non-Official Experts, Officers/Faculty in suppression of notification no. IKGPTU/REG/N/3786-3789 dated 27.11.2018.

The Committee noted and approved the same with following additions:-

1. The rates of TA will also be applicable on examination related matters.
2. The DA will be applicable to all officials on production of actual bills.

Item No. 32.11 Settlement of dues of MRSPTU Bathinda

The Item was deferred to be taken in next FC Meeting

Item No. 32.12 To consider status of Income Tax and Service Tax matters and action taken thereof.

The Committee noted the matter.



Table Agenda:

Item No. 32.12.1 Hiring of Accounting Professional/CA in light of Audit Report.

The Committee deliberated on the matter. The Committee recommended to hire two (02) Accounting Professionals/CA for structuring of accounting mechanism of Department of Finance of Accounts on the monthly salary of Rs. 40000-45000/- P.M. The Committee also recommended to hire a CA firm for the matters as pointed in Auditor Report as a project.

Item No.32.12.2 Procedure for Purchase in accordance with delegated Financial Powers in the University.


The Committee approved the Purchase Procedure.

The meeting ended with the vote of thanks to the Chair.



(Dr. S.S. Walia)
Registrar

Approved



Prof. (Dr.) Ajay Kumar Sharma,
Vice Chancellor,
Chairman Finance Committee, IKGPTU

B

Sr. No.	Heads	Actual 2017-18 (up to 31-03-2018)
		Rs. In lacs
A	Recurring Receipts	9256
B	Recurring Expenditures	9739
C	Capital Expenditures	685
D	Civil Work	1569
E	Provisions for duties & Taxes	3240
F	Deferred Revenue Expenditure	0
G (B+C+D)	Total expenditure	15233
I (A-G)	Surplus/ (Deficit)	-5977



भारतीय जीवन बीमा निगम
LIFE INSURANCE CORPORATION OF INDIA

P&GS Unit, Jeevan Prakash Building, Model Town Road, Jalandhar, Ph No.0181-245828, e-mail: bo_g105@licindia.com

Ref: NGLES /

Date: 25.03.2019

Vice Chancellor,
IKG Punjab Technical University,
Kapurthala.

Re: Proposal for Group Leave Encashment Scheme

We thank you for showing a desire in choosing LIC as partner in your endeavour of the welfare of your organization. We give below the salient features of the New Group Leave Encashment Scheme of LIC:

Group Leave Encashment Scheme

Many employers are providing Leave Encashment benefit in addition to other retirement benefits to their employees which are a lump sum amount payable to the employees or their dependants on retirement, death, disablement, voluntary retirement etc.

Nature of liability

The amount depends upon the leave to the credit of the employee and his/ her salary at the time of exit. Liability is of increasing nature as it is linked with salary as well as leave position.

As per the amended section 209 (3) of the Company's Act 1956 and Accounting Standard (AS-15) dated January, 1995, the employers have to account for the liability in respect of leave encashment facility, if any, available to the employees and to provide for the same in their Annual Accounts. It is, therefore, necessary for the companies to ascertain liability in Respect of Leave Encashment facilities, if any, available to the employees and provide for the same in the books of accounts every year. It helps the employers in ascertaining the true cost of their products and services.

The Features

Group Leave Encashment Schemes (GLES) of LIC helps the employers in funding of their leave encashment liability. The salient features of the scheme are as follows: -

1. The Company will submit the employees' data and rules for Leave Encashment. LIC will make actuarial valuation and find out the funding requirements which shall be quoted to the company. The company will contribute as per the advice of LIC.

2. A uniform cover subject to minimum of Rs. 10,000/- and maximum of Rs. 1,00,000/- per employee or graded cover up to Rs.3,00,000/- will be provided under One Year Renewable Group Term Assurance Plan of LIC. A small term insurance premium will be charged in addition to contributions for funding.

3. A Running Account will be maintained under the scheme and the contributions (excluding term assurance premium) will be credited to this account and all claims except term assurance cover will be settled out of the Running Account. Interest at the rate declared by LIC from time to time will be credited to the Running Account at the end of every qtr.

High Yield On Contribution:-

As soon as contribution is received by the employer under the scheme a Policy Account is opened. This policy account earns three types of interests:

- i) **Minimum Floor Rate (MFR):** MFR is a guaranteed interest rate that Policy Account shall earn during the entire policy term. This plan offers a Minimum Floor Rate (MFR) of 0.5% p.a.
- ii) **Additional Interest Rate (AIR):** In addition to MFR, the Corporation shall also declare a non zero positive Additional Interest Rate (AIR) on the Policy Account at the beginning of each financial quarter i.e. on 1st of April, July, October and January each year. This AIR will remain guaranteed during that financial quarter. For this quarter Starting on 01.01.2019, the guaranteed interest rate is 6.98%.
- iii) **Residual Addition (RA):** Starting from the fifth policy anniversary, in addition to MFR and AIR, the Corporation may also declare a non zero-positive Residual Addition (RA) on Policy Account at the end of each policy year

4. Charges :-

Mortality Charges:

Mortality Charge is the amount required to secure the Life Cover Benefits to the members from year to year as per scheme rules. Mortality Charges will be deducted from Policy Account Value on monthly basis in advance.

On renewal (at ARD) of a policy under this plan, there may be revision in Mortality Charge, using lighter rates when claim experience is favourable and using heavier rates when the claim experience worsens.

Policy Administration Charges:

The Policy Administration Charge per year shall be Rs. 0.15 per Rs.1000/- of total Life Cover Benefit under the policy at the time of deduction of the charge. This charge will be a deducted from Policy Account on monthly basis in advance

Fund Management Charge:

The Fund Management Charge (FMC) shall be calculated on daily basis but deducted from Policy Account Value at the end of each quarter/ at the time of exit. This percentage of the Fund Management Charge shall vary depending on the size of Policy Account Value of the scheme and are as under:

<u>Size Of Policy Account Value</u>	<u>(FMC) Per Annum</u>
Initial Amount Up to 1 Crore	0.50%

Surrender Of The Scheme:-

Low surrender charges only within three year from date of commencement shall be 0.05% subject to a ceiling of Rs 500,000/- .

Market Value Adjustment (MVA)

It is applicable to bulk exit (Bulk exit refers to withdrawal of amount exceeding 25% in a policy year of the total policy account value of the scheme at the beginning of policy year

Goods & Service tax charge:

Goods & Service tax shall be charged 18% as per service tax laws as applicable.

Right to revise charges:

The Corporation reserves the right to revise the Fund Management Charges and Policy Administration Charges. The modification in Fund Management Charges and Policy Administration Charges will be done with prospective effect with the prior approval from IRDA after giving the Policyholders a notice of one month. However, the maximum Fund Management Charges shall not exceed 1% p.a. Policy Administration Charges shall not exceed Rs. 0.30 p.a. per Rs. 1000/- of Life Cover Benefit, subject to a maximum of Rs. 500 per annum per member. Any modification in these charges will not be done during a policy year.

The Benefits

1. On the exit of an employee, the Leave Encashment amount will be paid from the Fund of the scheme maintained with LIC.
2. On the death of an employee, in addition to his / her leave encashment benefit, his/her family will be entitled to the amount of Insurance Cover, which will be tax-free.
3. The Life Insurance Corporation of India will do the Actuarial Valuation and will provide necessary valuations as per AS-15.


We believe that you would find it much appropriate to outsource the management of proposed Group Leave Encashment Scheme to LIC. The funds would be entrusted to the LIC thereby ensuring complete peace of mind due to complete security of funds with competitive yield & much liquidity and a single point agency to deal with in all matters related to the running of the Trust.

The above scheme, attractive as it is, can be made a part of overall commitment of any progressive employer wedded to Human Resource Development concept.

Feel Free to call at 97790-57827

Thanking you

With warm regards


R.K. TOOFAN
Sr. Branch Manager
M - 9456956254
LIC of India
P&GS Divisional Office
LIC of India
Jalandhar



भारतीय जीवन बीमा निगम
LIFE INSURANCE CORPORATION OF INDIA

LIFE INSURANCE CORPORATION OF INDIA
Pension and Group Schemes Department
P&GS DIV OFFICE JALANDHAR
JEEVAN PRAKASH BUILDING, MODEL TOWN ROAD
NEAR HOTEL SKYLARK, JALANDHAR-144001
Pin Code -PH-2458289

Ref : P&GS/122044/5585
Version : 18.15/15

Date : 14/03/2019

Phone No: 0181-2458289, 2224096
Email : bo_g105@licindia.com

PUNJAB TECHNICAL UNIVERSITY
I K GUJRAL PUNJAB TECHNICAL UN
JALANDHAR ROAD
KAPURTHALA
PUNJAB

Dear Sir/Madam,

RE: Group Leave Encashment Scheme of Your Employees

1	Proposal No/Quot. No	:	3299/10
	Date Of Commencement	:	27/06/2018
2	Membership Data		
	No. of Members	:	447
	Average age	:	42
	Average Monthly Salary	:	53343
3	VALUATION METHOD	:	Projected Unit Credit Method
4	ACTUARIAL ASSUMPTIONS		
	Mortality Rate	:	LIC(2006-08) ultimate
	Withdrawal Rate	:	1% to 3% depending on age
	Discount rate	:	7.5% p. a.
	Salary Escalation	:	8%
5	RESULTS OF VALUATION		
	a. PV PSG	:	235922437
	b. Current Service Cost	:	0
	c. LCSA	:	44700000
	d. LC Premium	:	161984
	e. G S T @18%	:	29157
	Ser Tax, EC/EB Cess, KK Cess	:	(29157+0+0)
6	RECOMMENDED CONTRIBUTION RATE		
	a. Initial Contribution	:	235922437
	b. Additional Contribution for existing fund	:	0
	c. Current Service Cost	:	0
7	Total Amount Payable (Rs) (6.a + 6.c + 5.d + 5.e)	:	236113578

.....Contd

2

Proposal No/Quot. No : 3299/10
Date of Commencement : 27/06/2018

Benefits Valued

Category	NRA	LC	RTA TABLE	Benefit Option
1	58	100000	X4	1
2	60	100000	X4	1

The following points may be noted in this matter:

- 1) The above advice is in respect of liability arising in case of exit of the members only
- 2) The amount of OYRGTA Premium for group insurance cover may be worked out at your end and may be charged in addition to the amount quoted by us.
- 3) The annual contribution may change in future and the data of employees may be collected every year for actuarial valuation

Yours Faithfully,


MANAGER (P&SS)

Ref: Grp. Graty/PTU.

Date:-25/03/2019

To,

Vice Chancellor,
IKG Punjab Technical University,
Kapurthala

Respected Sir,

Re: Proposal for Group Gratuity Scheme

At the outset we would like to introduce and for implementation of LIC Group Gratuity Scheme in your organization. Managing the gratuity fund for other organization is one of the core competencies of LIC. This Trust with us has not only been appreciated by the various public sector giants, but also by various other sectors.

Why Gratuity Policy with LIC -:

Under the Payment of Gratuity Act, 1972, it is employer's statutory liability to pay 15 days salary (15/26 of a month's wages) for every completed years service to each of his employees on their exit, for any reason after five years of continuous service, subject to maximum limit of **20 lacs. (Revised-2018)** Higher benefits can be paid if the employer so desires. Gratuity payable to the employees can be paid as and when liability arises and can be claimed as deductible expense under P & L A/c of the relevant financial years. However, the sound system of financial management envisages providing for Gratuity liability every year and claiming the tax benefits as it is mandatory as per Accounting Standards 15 (AS15) to account for the liability on Accrual basis. This can be done by creating a Trust, managed privately or by LIC and paying the amount to the Trust every year. In case of Privately Managed Trust, investment of funds will have to be done as per Income-Tax Act, by the trustees and entire administration of the Trust including Actuarial Valuation will be the responsibility of the Trustees. In case of LIC managed trust, the job of investment and actuarial valuation is taken over by the corporation and in addition, interest is paid by the Corporation on the accumulated funds.

Gratuity is a statutory liability of most of the employers which accrues to an employee for every year of service put in by him. As the liability accrues every year, as per sound accounting practices, it is desirable to provide for this liability before the profits are determined. The Group Gratuity Scheme provides a scientific method for funding gratuity liability as the premiums are based on actuarial principles. **The attractive feature of the scheme is the life insurance cover for every employee due to which in the event of the premature death of an employee, his dependants become entitled to substantially higher benefits.** The funding of the Gratuity benefits can be made on Cash Accumulation basis, where the fund is accumulated at an attractive rate of interest. Attractive tax advantages are available to the employer and the employees. The provisions relating to approved Gratuity Funds are mentioned in Part 'C' of the Fourth Schedule of the Income-Tax Act, 1961 and part XIV of the Income-tax rules , 1962.

We give below the details as how the Group Gratuity (Cash Accumulation) Scheme provides for a convenient mode of funding the statutory obligation of an employer under the payment of Gratuity Act:

1. **Attractive yield:** - As soon as contribution is received by the employer under the scheme a Policy Account is opened. This policy account earns three types of interests:-
 - **Minimum Floor Rate (MFR):** is the guaranteed interest rate that Policy Account shall earn during the entire policy term. This plan offers a MFR of **0.5%**.
 - **Additional Interest Rate (AIR):** in addition to MFR, the corporation shall declare a non zero-positive AIR at the beginning of every financial quarter on policy account. The AIR remains guaranteed for that quarter. For this quarter Starting on 01.01.2019, the guaranteed interest rate is **7.59%**.
 - **Residual Addition (RA):** starting from fifth policy anniversary, in addition to MFR and AIR the corporation may also declare a non zero-positive RA at the end of every policy year on policy account.
2. There would be no occasion for keeping the funds idle for investments as the fund start earning interest from that very next date of receiving the fund.
3. Trustees will have to open Bank Account in the name of Trust and future contributions to the fund are to be routed through the Trust A/c by the company.
4. When the fund is handed over to LIC, Trustees will not be required to obtain the certificate from outside actuary since the valuation done by LIC would suffice for the purpose of claiming income tax rebate.
5. The Trustees would have not to bother about the investment of the funds as that aspect would be taken care of by LIC once the funds are handed over to it.
6. By handing over the funds to LIC, the administration work would be considerably reduced.
7. The trustees will perform the statutory roles as envisaged in the act. However, in view of the above points considerable work would be attend to by LIC on behalf of the trustees.
8. **Fund Management Charges:-** Fund Management charges will be deducted on quarterly basis at the rate of **0.10% to 0.5%** per annum depending on the fund size. Goods & Services tax will also be charged on Fund Management Charges as applicable from time to time. Presently it is **18%**.
9. **Surrender Of The Scheme:-**Low surrender charges only within three year from date of commencement shall be **0.05%** subject to a ceiling of **Rs 500,000/-**.
10. **Market Value Adjustment (MVA)**
It is applicable to bulk exit (Bulk exit refers to withdrawal of amount exceeding 25% in a policy year of the total policy account value of the scheme at the beginning of policy year.)

LIFE COVER - AN ADDED ATTRACTION

A unique feature of our Scheme is to provide, in the event of pre-mature unfortunate death, a sum equal to the gratuity payable in respect of the entire service (actual and future). Future service gratuity i.e. life cover is restricted to limits as specified herein below and subject to overall gratuity limits as per rules of the company subject to maximum of **20 lacs**.

This is in sharp contrast to the benefits payable only for the actual service under other methods of funding/ paying gratuity.

The benefit is secured at a low cost through One Year Renewable Term Assurance Plan in which Mortality Charges will be deducted from Policy Account Value on monthly basis in advance.

Mortality Charge is the amount required to secure the Life Cover Benefits to the members from year to year as per scheme rules. Along with Mortality charges the Policy Administration Charge will also be a deducted from Policy Account on monthly basis in advance. Policy Administration Charge shall be Rs. 0.15 per Rs.1000/- of total Life Cover Benefit under the policy at the time of deduction of the charge.

EXAMPLE

(at half a month's salary per year of completed service - 15/26 of month's salary)

An employee joined the service at age	-	25 years
Retirement age	-	60 years
Death at age	-	35 years
Anticipated service	-	25 years
Salary at the time of death	-	Rs.10000/-per month
Gratuity on the accrued basis	-	Rs. 57692/- approx
Gratuity on anticipated basis	-	Rs.2,01,923/- (accrued Gratuity plus life cover of Rs. 1,44,231/- approx)

Life cover is based on salary as at annual renewal date.

THE SPECIAL FEATURES

The employer has to pay an initial contribution at the inception of the scheme to secure past Service gratuity. The initial contribution may be paid in lump sum or spread over a maximum period of five years. The corporation determines contribution payable as annual premium, under the policy, on the basis of an actuarial variation of the gratuity liability subject to the statutory limit of 8 1/3% of the annual wage bill taking into consideration the relevant factors. When the Trustees pay the contribution under the policy, the amount required towards the premium for life insurance benefits is utilized and balance is credited to the running account of the scheme which accumulates at an interest rate declared by LIC from time to time.

When the contingency of payment of gratuity arises the necessary amount is withdrawn from the running account for making payment. Upon a claim arising by death the gratuity pertaining to the past service is withdrawn from the running account and the balance is paid from LIC's Life fund.

System of investment:-

The funds collected under the scheme will be invested as per the investment pattern as prescribed by the IRDA and the risk exposure norms prescribed by the IRDA are strictly followed. This means that the Trustees would not have to worry about the investment of the fund and also for the faulty investments and non-receipts of dividends and maturity amounts due to default in payments. The interest is credited to the fund at the end of every quarter. This implies that LIC credits interest on interest, i.e. compounding quarterly.

The broad current guidelines for pattern of investment

LIC's Scheme of GROUP GRATUITY is an approved pattern of investment (Ref: Rule 101, Income Tax Rules, 1962.), hence there are no complications from income Tax/ Legal point of view.

Type of Investment	Percentage
1) Government Securities being not less than	20%
2) Government Securities or other approved Securities inclusive (1), being not less than	40%
3) Balance to be invested in approved Investment as specified in Schedule I	60%

The most important aspect above all is SECURITY OF THE FUNDS INVESTED since these are EMPLOYEE WELFARE FUNDS. Funds invested with the Corporation (LIC) enjoy SOVERIGN GUARANTEE of Central Government of India and the same is expressly provided under Section 37 of the LIC of India Act, 1956, passed by none other than Parliament of India, i.e. 100% security of Funds invested with LIC.

Liquidity:-

Life Insurance Corporation of India is a financial power house and can ensure 100% liquidity of the funds invested.

HOW IS THE SCHEME INSTALLED?

The steps to be taken by the employee for installing the Scheme are:

- (i) Board Resolution to have a Gratuity Scheme with LIC
- (ii) To draft the Trust Deed and Rules in consultation with LIC, to execute the Trust Deed, and
- (iii) to appoint Trustees for administering the scheme.
- (iii) To send application to the Commissioner of Income-Tax for approval under Part C of the Fourth Schedule of the Income-Tax Act 1961 and
- (iv) To forward to LIC, the Master proposal signed by the Trustees, the employee data in the prescribed form, copies of Trust Deed and Rules and Cheque in payment of premium. LIC will offer necessary guidance to the employer in drawing up the Trust Deed and Rules of the Gratuity Scheme and in securing approval of the income-tax commissioner.


DATA REQUIRED TO BE FURNISHED BY THE EMPLOYER

- (1) Name of the employee
- (2) Date of Birth
- (3) Date of Joining
- (4) Salary (On which Gratuity is payable)
- (5) Normal retirement age for the employees
- (6) Date of commencement of Scheme
- (7) Gratuity benefits applicable to the employees.
- (8) PAN No.& GST No.

The proposal provides a comprehensive solution for all critical functions of Gratuity trust management like:-

- > **Assessment of liabilities through actuarial valuation**
- > **Fund management in compliance with Income Tax Rules**
- > **Settlement of gratuity benefits as per Company's gratuity rules**
- > **MIS as per the requirements from time to time**

The above scheme, attractive as it is, can be made a part of overall commitment of any progressive employer wedded to Human Resource Development concept.


Sr. Branch Manager
LIC of India,
Pension & Group Schemes Dept.,
Jeevan Parksah Bldg, MT Road, Jalandhar

E-mail: bo_g105@licindia.com
Mobile no. : **97790-57827**

I.



भारतीय जीवन बीमा निगम
LIFE INSURANCE CORPORATION OF INDIA

LIFE INSURANCE CORPORATION OF INDIA
Pension and Group Schemes Department
P&GS DIV OFFICE JALANDHAR
JEEVAN PRAKASH BUILDING, MODEL TOWN ROAD
NEAR HOTEL SKYLARK, JALANDHAR-144001
Pin Code -PH-2458289

Ref : P&GS/122044/5583
Version : 18.15/15

Date : 14/03/2019

Phone No: 0181-2458289, 2224096
Email : bo_g105@licindia.com

PUNJAB TECHNICAL UNIVERSITY
I K GUJRAL PUNJAB TECHNICAL UN
JALANDHAR ROAD
KAPURTHALA
PUNJAB

Dear Sir/Madam,

RE: Group Gratuity Scheme of Your Employees

1	Proposal No/Quot. No	:	3504/6
	DATE OF COMMENCEMENT	:	25/06/2018
2	MEMBERSHIP DATA		
	Number Of Members	:	447
	Average age	:	42.21
	Average Monthly Salary	:	53343.35
	Average Past Service	:	6.95
3	VALUATION METHOD	:	Projected Unit Credit Method
4	ACTUARIAL ASSUMPTIONS		
	Mortality Rate	:	LIC(2006-08) ultimate
	Withdrawal Rate	:	1% to 3% depending on age
	Discount rate	:	7.5% p. a.
	Salary Escalation	:	8%
5	RESULTS OF VALUATION		
	a. PV of Past Service Benefit	:	96303835
	b. Current Service Cost	:	13025154
	c. Total Service Gratuity	:	314863874
	d. Accrued Gratuity	:	94093259
	e. LCSA	:	220770615
	f. LC Premium	:	624196
	g. GST @18%	:	112355
	(S Tax + Ec / SB Cess + KK Cess	:	112355 + 0 + 0)
6	RECOMMENDED CONTRIBUTION RATE	:	
	a. Initial Contribution (Rs.)	:	96303835
	b. Additional Contribution for existing fund	:	0
	c. Current Service Cost	:	13025154
7	Total Amount Payable (Rs) (6.a + 6.c + 5.f + 5.g)	:	110065540

.....Contd

2

Proposal No/Quot. No : 3504/6
Date of Commencement : 25/06/2018

8 Benefits Valued

Category	NRA	Gratuity Ceiling	Slab	Rate	LCSA Ceiling	RTA TABLE
1	58	2000000	99	15	2000000	X4
Category	NRA	Gratuity Ceiling	Slab	Rate	LCSA Ceiling	RTA TABLE
2	60	2000000	99	15	2000000	X4

Please note that the contribution rate may change in future depending upon the experience of the scheme. It is necessary to carry out the the Actuarial Valuation periodically. It may be noted that the above results are as per the Actuarial Valuation which is based upon certain assumptions about future experience of the scheme. Further, the results are particularly sensitive to the difference between assumed valuation rate of discount and the assumed rate of escalation in salary. The valuation is done on the basis of members data.

Yours Faithfully,


MANAGER (P&GS)