

GOVERNMENT OF WEST BENGAL
Department of Higher Education
Technical Branch
Bikash Bhawan, 9th Floor,
Salt lake, Kolkata - 700 091

Memo No 649 -Edn.(T)

Dated : 31st October, 2006

From •• Shri A M Chakrabarti,
Principal Secretary to the
Govt. of West Bengal.

To The Principal Accountant General (A&E),W.B.,
Treasury Building,
Kolkata - 700 001.

Sir,

I am directed to state that the four Govt Engineering & Technological Colleges viz , Kalyani Govt Engineering College, Kalyani, Jalpaiguri Govt Engineering College, Jalpaiguri, Govt. College of Engineering & Ceramic Technology, Kolkata and Govt College of Engineering & Textile Technology, Serampore have been receiving financial assistance under the Govt. of India sponsored externally aided Technical Education Quality Improvement Programme along with seven other Engineering institutions of this State including three state aided universities.

In terms of the **Development Credit Agreement** sign by the Govt. of India and International Development Agency (IDA) and the Project Agreement signed by the Govt. of West Bengal and the International Development Agency, the major **legal covenants** of this programme, to be complied with by the participating State are :

1. Granting Academic, Financial, Administrative and Managerial autonomies to the participating institutes with Accountability ;
2. Changing pattern of non-plan funding to 'Block Grant' for the publicly funded and aided institutions ;
3. Establishment of **Corpus Fund, Staff Development Fund, Depreciation Fund and Maintenance Fund** in each Programme Institutions

2 All the three Universities viz. University College of Technology, Calcutta University, Bengal Engineering & Science University, Shibpur, Faculty of Engineering & Technology, Jadavpur University participating in the programme, enjoy full autonomy in all respects and the non-plan fund from the State Budget is also being provided to them as Block Grants Four private self financing institutes under this programme also enjoy full Financial, Administrative and Managerial autonomies West Bengal University of Technology to which the eight programme institutions including four Govt. Engineering &

Technology colleges are affiliated to has already allowed substantial academic autonomy for them

Now, with a view to adhering to the terms of the Development Credit Agreement, it has been decided that as the first step towards granting desired autonomies to the four Govt Engineering and Technological Colleges under this programme, certain reforms may be introduced to meet the requirement of this programme

3. I am, therefore directed by order of the Governor to state that the Governor is pleased to introduce the following institutional reforms from the current financial year (2006-2007) in the four aforesaid Govt. Engineering and Technological Colleges participating in this externally aided Technical Education Quality Improvement Programme to enable them to enjoy significant Financial, Administrative and Managerial autonomies in running the institutes with proper accountability.-

(1) Block Grant Funding :

Non-plan funding pattern for non-salary items of expenditure in these four institutes has already been switched over to Block Grant funding vide Govt order No 598-Edn(T) dated 28th September, 2006.

(2) Retention of Tuition & Other fees :

(i) All these institutes are hereby authorized to prescribe tuition fees, Development fees etc. for their own students within the parameters including upper ceiling of Tuition and other fees as may be prescribed by the Govt from time to time on the basis of the recommendation of the Fee Structure Committee or otherwise. The revision of student's fee structure is a very sensitive issue and therefore the institutes should execute this part carefully. Increase in existing tuition fees should be adequately accompanied with suitable schemes of scholarships and free-ships for the weaker sections of the society to promote equity and access.

(ii) These institutes are also being allowed to retain such tuition and other fees collected from the student and utilize the same according to their own perspective plan in the manner as specified hereinafter with the approval of their respective Board of Governors.

(iii) Operation : The entire tuition fees and other fees, if any, collected from the students should be deposited in the Bank Account of the institute opened in terms of the G O No. 598-Edn(T) dated 28th September, 2006. These will, however, be accounted for separately from the normal Block Grants and other receipts by the institute from the Govt. and other sources but will be appropriately reflected in the Annual Budget (Plan and Non-plan) of the institute. All transactions out of these Receipts will be

managed by the Financial Management Committee constituted in G O No 598-Edn(T) dated 28th September, 2006 and will be under the overall supervision of the Board of Governors of the institute.

Utilisation

Income from tuition and other fees etc. will be utilized for institutional development relating to improvement of quality of education as per the perspective plan of Institute approved by the BOG and the State Govt. and if necessary, for meeting operational expenses within the Annual Budget of the institute that remains uncovered by the Block Grant from the Govt. with the prior approval of the Financial Management Committee and Board of Governors of the institute.

Full amount of Savings out of the tuition fees received and interest accrued thereon at the end of each financial year shall be deposited in the "Corpus Fund" and "Depreciation Fund" of the institute as prescribed hereinafter. Savings out of Development and other fees will be invested in corpus fund and Staff Development Fund as specified in this order

(3) Internal Revenue Generation (IRG) :

TEQIP envisages the need for greater thrust on generation of income by the institutes from sources other than Tuition Fees to ensure full sustenance of reform measures.

(a) All these institutes are, therefore, permitted to generate, retain and utilize revenue internally generated by the Institutes through sources other than tuition fees as detailed below in order to ensure optimum utilisation of both human and physical resources available in the institute as a whole including those acquired and developed through TEQIP

1. Calibration and Testing
2. Consultancy Services including projects sponsored by private or public sector industry.
3. Sponsored research Projects.
4. Continuing Education Programme.
5. Short-term courses for target groups from organized / unorganized sector
6. Self-financing degree programmes etc. with the approval of the statutory authority
7. Industry-Institute interaction programme ensuing mutual benefit including revenue generating activities.
8. Rational utilisation of available facilities like academic space, play ground, seminar / conference hall, equipment etc.

9 Income, if any, from non-formal Network activities should also be treated as IRG

The above list is not exhaustive but a suggestive one since there are various other avenues to generate revenue without sacrificing the academic interest of the students and faculty in the institute which institute shall explore.

This resource generation and knowledge dissemination activities should be adequately encouraged by the institute. The institute should prepare at the beginning of every semester Faculty Engagement Chart which should indicate teaching commitment as well as expected involvement in the aforesaid activities. Every Faculty should furnish Faculty Achievement Chart indicating his academic achievements and resource generation activities during this period including reasons for over or under fulfillment from planned hours. Similar system may also be adopted by the institute in respect of technical and non-technical staff who will be involved in resource generation activities.

The Board of Governors of the institute, if so decides, may evolve a mechanism to give recognition to significant achievements of Faculty and Staff through financial and non-financial awards out of the institutes own resources.

Utilisation :

To encourage the Faculty and the Staff of the Institute to be involved in IRG activities in addition to their normal academic and other duties, 60% (sixty percent) of net income from each of such revenue generation activities may be given to the concerned Faculty and Staff as Incentive. The institute with the approval of the BOG, should fix up appropriate sharing percentage of the incentive amount between the Faculty and the Staff engaged in IRG activities. Rest 40% of the net income along with interest, if any, accrued on IRG should be retained by the institute and utilized for the development of the institute in due course by way of investment in four types of funds as specified hereinafter. No part of this IRG should be used for deficit financing purposes. In respect of Sponsored Research project where element of Institutes' over head expenditure is provided the same shall be treated as IRG and invested in four different funds. Modalities in this regard may be formulated by the institute with the approval of the BOG keeping in view the terms and conditions of the sponsoring organization

Management :

* All receipts on account of these IRG activities should at first be deposited in the Institute's Bank Account opened in terms of G.O. 598-Edn(T) Dated 28th September, 2006. All expenses to be incurred for each individual IRG activity should be met out of this receipt. Any initial expenditure incurred for this purpose out of institutes own resources should be ploughed back out of the IRG receipt. Net income out of each

- 5 -

individual IRG activity should be shared by the Institute, Faculty and Staff involved in the manner as indicated above.

The IRG Account for the Institute as a whole including distribution of the Institute's share in four different funds should be maintained separately. This should, however, be audited by the Accountant General, West Bengal as usual as apart of the institution's Accounts and a copy of annual IRG Account with the approval of Financial Management Committee and Board of Governors should be submitted to the H.E Deptt. & Finance Deptt immediately after the close of the financial year.

(4) Creation of Four Types of Fund In the institution :

To ensure sustainability of the reforms being implemented under TEQIP beyond the Project period institutes are also authorized to establish following four Funds :

- I. Corpus Fund .
- II Staff Development Fund.
- III Depreciation Fund.
- IV Maintenance Fund

The creation, operation and utilisation of all these four funds will be as per the following guidelines

1 (a) Corpus Fund :

Each institute shall establish a Corpus Fund the sources of input being

- i) Contributions / donations / grants by
 - (a) Industry, Association, Foundation Trusts or any other organization in India or abroad ;
 - (b) Alumni, faculty, Staff, Student, Well-wishers of the Institute.
- ii) Matching or other grants etc. if any, sanctioned by the State Govt. / Govt. of India.
- iii) Savings from Tuition Fee and interest accrued thereon.
- iv) 50% savings from Development and other fees, if any, collected from the students
- v) 50% of Institution's share of the net income from self-financing degree programmes etc
- vi) 50% of Institute's share of net income from Institute-Industry interaction leading to internal revenue generation activities.

(b) Operation :

A separate Bank Account christened as "Corpus Fund" should be opened in any of the Scheduled Banks with the due approval of the State Govt

For remittances from abroad, if there be any, a foreign currency bank account may also be opened with the approval of the State Govt. and Reserve Bank of India. All contributions etc. from sources indicated above shall be deposited in these accounts. The funds to be accumulated in these accounts will be invested as per guidelines to be prescribed by the BOG not at variance with the State Govt.'s instructions regarding investment of public fund. The status of the Corpus Fund, including deposits, interest, assets will be appropriately reflected in the Annual Accounts of the institute. Separate Books of Accounts should be maintained for this Fund. Proposals for utilisation of the interest accruals on the Corpus Fund and income from assets, will, however, form a separate part of Annual Budget of the Institute.

(c) Utilisation :

The "Corpus Fund" will be kept separate from the normal grants from the Govt. and other receipts of the institute. The Board of Governors may fix up a minimum level of accumulation of fund as Corpus to the institute before reaching of which no withdrawal from this fund shall be allowed and obviously after completion of the project life time. This fund should be used for development of Institute such as renewal of existing infrastructure, creation of new one etc. that are Capital expenditure in nature which are at times not covered through Govt. Funding If necessary, a part of the interest accrual may be utilized for operational expenditure of the institute as a budgeted expenditure with the approval of the BOG.

2

(i) Staff Development Fund :

A Staff Development Fund shall be established in each institute the sources of which will be :

- (1) Full amount of institutions share of net income from continuing education programme
- (2) 50% of Institutes share of net income from self-financing degree programmes etc.
- (3) 50% of Institute's share of net income from Institute-Industry interaction relating to internal revenue generated activities.
- (4) 50% of the institutions share out of IRG from consultancy services.
- (5) Residual portion of institutions income from Development and other fees, if any.
- (6) Full amount of institute's share of net income from non-formal Networking activities

(ii) Operation :

A separate Bank account in the name of "Staff Development Fund" shall be opened in any scheduled bank with the due approval of the State Govt. Amount to be accumulated in this Fund may be invested as per guidelines to be prescribed by the BOG from time to time in the manner as indicated above. Accumulation in this Fund, interest accrued thereon and investment made out of this fund will form a part of Annual Accounts of the Institute for which separate Books of Accounts should be maintained. Utilisation of this Fund as approved by the BOG shall be appropriately reflected in the Annual Budget.

(iii) Utilisation :

This Fund will be utilized for critical Staff Development activities including Faculty and Staff upgradation not covered by Govt. Grant and as may be specified by the Board of Governors of the institute.

3 Depreciation Fund :

(a) A Depreciation Fund should be maintained by each institute with :

- (i) 25% of the institutions share of net income from consultancy services
- (ii) Upto 50% of the Internal Revenue generated by rational utilisation of available facilities like academic space, play ground, seminar, Conference Hall, equipment etc.
- (iii) Upto 50% of the savings from Block Grant and sanctioned Budgeted expenditure (non-plan). The BOG of the institute may also consider depositing in this Fund a fixed percentage of non-plan budget of the institute keeping last three years' average provision for "Equipment" in view.
- (iv) 50% of Institute's share of net income from calibration, testing, training courses for target groups etc

(b) Operation :

A separate bank account shall be opened with any scheduled bank styled as "Depreciation Fund" with the approval of the State Govt. All income and expenditure of this Fund shall be appropriately reflected as a part of the institutes' Annual Account for which separate Books of Accounts shall be maintained.

(c) Utilisation :

This Fund should be utilized for removing obsolescence i.e. unserviceable equipment replacement purposes. Detail norms of utilisation of this Fund will be as may be decided by the Board of Governors of the institute.

4 Maintenance Fund :

(a) Each institute shall create a "Maintenance Fund" by depositing the amounts from the following sources :

(1) Upto 25% of the institution's share of net income from consultancy;

(2) Upto 50% of the revenue generated by rational utilisation of available facilities in the institute like academic space, play ground, Seminar / Conference Hall Equipment etc.

(3) Upto 50% of the Savings from Block Grant and sanctioned Budgeted expenditure (non-plan).

(4) 50% of Institutes share of net income from calibration and testing, training courses for target groups etc.

The BOG of the institute may also consider depositing a fixed percentage of the non-plan Budget of the institute keeping last three years average expenditure on "Maintenance"

(b) Operation :

A separate bank account shall be opened with any scheduled bank styled as "Maintenance Fund" with the approval of the State Govt. All income and expenditure of this Fund shall be appropriately reflected as a part of the institute's Annual Account for which separate Books of Accounts shall be maintained.

(c) Utilisation :

This fund is meant for usual and regular maintenance of Equipment & Facilities of the Institute. Details norms of utilisation will be as decided by the BOG of the institute.

4. I am further to state that

(1) accumulation in these four funds including interest accrued on the deposits should not be used during the period of implementation of TEQIP in the institute since these funds are aimed to make the institute sustainable beyond the Project period. Utilisation of these Funds will commence with the approval of the BOG after the close of TEQIP ;

(2) Bank Interest on TEQIP Fund should be ploughed back to the Project Fund ;

- 9 -

- (3) All Bank interest accrued on Block Grant and other receipts shall be invested in the Corpus Fund ;
- (4) No element of Plan Fund received from the Govt. should go to these Four Funds
- (5) Percentage of deposit from different IRG activities to these four funds as indicated above are suggestive and actual percentage will be decided by the BOG of the institute. Such percentages in respect of IRG activities not indicated in this order will also be fixed by the BOG
- (6) The entire financial transaction of the institute including those contained in this order shall be managed by the Financial Management Committee under the supervision of the Board of Governors of the institute and shall be subject to statutory audit by the A.G ,W.B
- (7) The Drawing & Disbursing Officer of the institute will also be the D.D O. in respect of all these funds.

5 The BOG of the institute is also hereby authorized to frame operational Regulations in respect of Implementation of the reforms including the Four Funds to be established in the institute with the approval of the State Govt.

6 This issues with the approval of the Finance Deptt -vide Group 'N' u/o no.3394 dated 06.01 2006 and u/o no . 2224 Group 'T' dated 09.01.2006 and with the approval of the Cabinet

Yours faithfully,
Sd/- A M. Chakarbarti
Principal Secretary to the
Govt of West Bengal