



भारतीय प्रौद्योगिकी संस्थान मद्रास
INDIAN INSTITUTE OF TECHNOLOGY MADRAS
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CONFIDENTIAL



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F.RO/145/2023(2)/97th FC

Date: 02.09.2023

Finance Committee Meeting Proceedings

1. No. and Date of the Meeting : 97th Meeting held on 21.07.2023
2. Item No. extracted : 2.3
3. Due date for action taken report : 11.09.2023

2.3 IIT Madras Policy on Gift Acceptance, Administration and Compliance.

IIT Madras receives contributions towards the development and growth of the Institute from alumni, Non-alumni and CSR donors. The purpose varies from the endowment, project, chair professorships, naming rights, establishing centres, infrastructure funding, etc. It is the policy of IIT Madras ("IITM", "Institute") to adopt and adhere to standards that are designed to ensure the proper management, administration, and compliance of endowment and gift funds. Endowment and gift funds are an important part of the Institute's operations and play an integral role in helping the Institute achieve its goals. These funds impose upon the Institute contractual, legal, and ethical obligations, as well as financial and management reporting responsibilities (among other responsibilities). Furthermore, the proper management and administration of our endowment and gift funds help maintain and enhance the confidence and trust of the Institute's constituents (especially its donors).

The purpose of this policy is to set forth principles and procedures that are designed to ensure the Institute complies with its responsibility to manage and administer its endowment and other gift funds properly.

The proposal of the IITM Gift Policy on Gift Acceptance, Administration, and Compliance (**Annexure 2–Pages FC7-FC21**) is placed before the Finance Committee for consideration and recommendation to the Board for approval.

FC Reso. No.7/2023:

The Committee **RESOLVED to recommend to the Board of Governors** for approval of the IITM Gift Policy on Gift Acceptance, Administration, and Compliance (as given in the Annexure).

/ true extracts /


Registrar

To
✓ The Dean (A&CR)

Copy to:
The Deputy Registrar (F&A)
The Deputy Registrar (F&A)

IIT Madras Policy on Gift Acceptance, Administration and Compliance

It is the policy of IIT Madras ("IITM", "Institute") to adopt and adhere to standards that are designed to ensure the proper management, administration and compliance of endowment and gift funds. Endowment and gift funds are an important part of the Institute's operations and play an integral role in helping the Institute achieve its goals. These funds impose upon the Institute contractual, legal and ethical obligations, as well as financial and management reporting responsibilities (among other responsibilities). Furthermore, the proper management and administration of our endowment and gift funds helps maintain and enhance the confidence and trust of the Institute's constituents (especially its donors).

The purpose of this policy is to set forth principles and procedures that are designed to ensure the Institute complies with its responsibility to properly manage and administer its endowment and other gift funds.

I. Endowment and Gift Fund Overview

A gift is a voluntary, irrevocable, gratuitous transfer to, and acceptance by IITM of cash or cash equivalent, securities, property of value, or execution of an instrument that legally vests an interest of value in the Institute. The donor may designate a gift for unrestricted use by the Institute (or a particular department) or may provide for a specific purpose for the gift.

A gift may be placed in:

1. An endowment fund where the gift is invested and an annual payout is made in accordance with the Application Policy. An endowment may either be a permanent or a quasi-endowment.
2. A fund for current use where the gift is expended in accordance with the terms of the gift. This may be a gift fund or, if for a capital project, a project fund.

A. Endowment Funds

An endowment is a fund established in accordance with donor restrictions, to exist in perpetuity. There are two types of Endowments:

1. Permanent Endowments

The Institute may spend from the returns of the fund as set out in the Endowment Application Policy.

2. Quasi Endowments

A quasi endowment is a fund that functions like an endowment, but without any restriction to hold the fund permanently. Thus, net appreciation, reinvested income and/or principal may be appropriated and expended in full.

There are further two origins of such Endowments:

i) Donor-Directed

Donors may direct that their gifts be held as endowments or quasi-endowments, either because they envision the spending of principal at some point (or under certain conditions), or because they want to give the Institute that flexibility.

The corpus of donor-established accounts may be expended in accordance with donor terms and restrictions.

ii) Institute-Directed

The Institute may designate certain funds to be held as endowments or quasi-endowments.

B. Current Use Gift Funds

Where the donor has not designated a gift for endowment, the gift could be fully expended, unless the terms specify otherwise. These current use gifts are held in a gift fund (or if a gift for a capital project, a plant fund) in order to track the gift and related spending.

C. Common Endowment and Gift Purposes

Donors may designate the terms and restrictions of an endowment or gift. Many funds are commonly designated to support:

1. Chair Professorships
2. Financial Aid (Scholarships, Fellowships)
3. Research
4. Capital Projects

II. Establishing an Endowment or Gift Fund

A. Accepting a Gift that Establishes an Endowment or Gift Fund

1. Prior to soliciting or accepting any gift that establishes an endowment or gift fund, the responsible parties within each department, centre, or other Institute unit ("departments") must understand the proposed terms and the restrictions on spending and use, and have confidence that the department will be able to administer and spend in accordance with those terms and restrictions.
2. The Office of Alumni and Corporate Relations generally requires the use of its standardised gift agreements for new gifts. These standardised agreements include provisions that facilitate the proper management and administration of the gifted funds. Exceptions to this requirement are evaluated on a case by case basis by the Office of Alumni and Corporate Relations, IIT Madras.
3. Prior to acceptance, all gift agreements must be approved by an authorised individual at the department receiving the gift, and by the Office of Alumni and Corporate Relations. Only the Director and Dean (ACR) (duly authorised by the Director) may accept a gift on behalf of the Institute.
4. Standard gift agreement templates can be found at: [Library URL]

B. Creating an Endowment or Gift Fund

1. All endowments and gifts must be set up in the Institute's financial system. Proper documentation must be submitted to establish and document the terms and restrictions of the fund. The minimum for establishing an endowment is [INR 100 Lakhs] for items other than student scholarships and [INR 25 Lakhs] for student scholarships. Naming rights and separate reporting will only be available for endowments of a value of [INR 100 Lakhs] and above unless specifically decided otherwise by Dean ACR. These values can be revised from time to time by the Board of Governors of IIT Madras.
2. A record for each endowment and gift is also set up in the centralized system of alumni and gift data at the Institute, and the authoritative repository for endowment and gift documentation.
3. Approval by the Director/Dean ACR, is required to set up an endowment fund.

C. Donor Recognition and Naming

Donor Recognition and Naming shall follow the Donor Recognition and Naming Policy and shall be offered at the sole discretion of IITM.

III. Compliance with Endowment and Gift Fund Restrictions

A. Budgeting and Applying Endowment and Gift Funds

1. Budgeting

As part of the process of budgeting endowment and gift fund applications, departments must ensure that planned applications are in compliance with the terms of the gift instrument.

Pooled Endowment funds: Most of the Institute's endowments are part of an endowment pool, which is managed as a unitised fund by the Investment Committee of IIT Madras.

During the annual budget process, the Office of Alumni and Corporate Relations calculates the Institute wide endowment spending rate per unit for the following year based upon the endowment distribution policy. The approved spending rate is then multiplied by the number of units each endowment fund holds to calculate the endowment income for the coming fiscal year.

The fair market value of a pooled endowment fund is based upon the number of units the fund has in the total endowment pool, multiplied by the unit price. Fund additions (new gifts, transfers, reinvestments) buy units, and fund subtractions (transfers, decaps) sell units, at the monthly price per unit at the time of the transaction.

Separately Invested Endowments: While the standard terms of endowment do not allow for donor imposed investment restrictions, a small number of endowments may be accepted with investment restrictions agreed with the donor. Such endowments would be invested outside the endowment pool, in accordance with the donor's investment restrictions. These

funds receive only the actual income (dividends, interest, royalties, rents) that the investments generate.

Gift funds: In most cases, the entire gift received may be budgeted for spending. However, the agreement should be reviewed for instructions that limit the ability to spend (e.g. a INR 10,00,000 gift to be spent INR 200,000 pa over 5 years).

2. Applications of Gifts and Endowments

The Dean (A&CR) will ensure that all Deans, Department Chairs, and other Institute employees with financial, administrative and reporting responsibility with respect to endowment and gift funds comply with the terms of the gift instrument, applicable legal and accounting standards, and Institute policy.

Endowment Term Sheets are available in the Endowment Administration Library held at the Office of Alumni and Corporate Relations. The Endowment Term Sheet will be maintained in the format prescribed by the MoE and be shared with the IITM F&A Section for incorporation in the Annual Accounts. The Endowment Term Sheets maintained separately for each endowment will provide access to key information regarding the terms and restrictions of an endowment fund. Institute personnel are expected to utilize the Endowment Term Sheets when administering and spending from endowments. Questions about the interpretation and scope of terms and restrictions in gift instruments should be directed to the Dean (A&CR) who is in-charge of the Office of Institutional Advancement.

Each department must understand all applicable restrictions, standards and policies, even if the funds are transferred from another department.

Any reporting and stewardship obligations are the responsibility of the department spending the fund.

All transactions must be properly approved and documented so that there is sufficient written explanation to support the use of the funds. In addition, approvals for all transactions related to applications are subject to Institute policies on transaction approval and authority.

3. Charging Operating Expenses to Endowment and Gift Funds

Operating Expenses are incurred in managing Alumni Relations, in raising the funds from Alumni and others, in managing their accounting and investment and in reporting their application to the donors in terms of the donor agreement and the Institute's voluntary reporting practice.

To fund these expenses, an amount of up to [5%] will be appropriated at the time of receipt of each gift or endowment towards expenses. In addition, an expense of up to [0.25%] per annum will be charged to the endowment under management (5% overhead to offset expenses on deploying the 5% return on endowment each year). The exact amount of up-front and recurring fees will be determined as part of the inflows and a proposed expenses

budget shall be presented by the Dean (Alumni and Corporate Relations) each year outlining the utilisation of such funds.

Pro rata share of expenses incurred for endowment and gift purposes should be charged directly to the applicable endowment or gift fund. Given the careful accounting and financial tracking that is required, transferring, pooling, or aggregating funds from different endowments or gifts should be generally avoided.

4. Overdrafts and Surpluses in Endowment and Gift Spending

The Office of Alumni and Corporate Relations is responsible for monitoring each endowment and gift fund to ensure the fund balance does not fall into deficit and/or is not accumulating substantial surplus.

Overdrafts:

In general, a surplus in one endowment or gift fund may not be transferred to another endowment or gift fund, particularly if the purpose of the transfer is to cover a fund overdraft. Transfers into any restricted fund to relieve overdrafts from other restricted balances, may complicate donor reporting and, therefore, are not recommended. Expenses could however be moved from the restricted endowment or gift fund to an unrestricted fund to relieve the overdraft.

Surpluses:

As a matter of policy, excessive surpluses and excessive accumulation of income or gifts should be avoided and these funds should be expended regularly each year. Under limited circumstances (e.g., the terms of the gift actually contemplate accumulation), accumulation may be appropriate. Options for surplus spending include:

- Supporting activities in the next fiscal year while conforming to donor restrictions.
- Committing the funds to future planned and approved programs/recruitment that conform to donor restrictions.
- If an endowment, reinvesting part or the entire surplus, if consistent with donor restrictions. Note, however, that accessing these surplus funds in the future requires that the department follow the decapitalization procedures outlined below.

B. Decapitalization ("Decapping") of Endowment Funds

Decapping means appropriating for application the net appreciation, reinvested income and/or principal from endowment principal beyond the amount distributed as a result of the spending policy. As stated earlier, unless the donor has provided specific instructions either in a gift instrument or in writing otherwise, the Institute may appropriate so much of an endowment fund as is prudent for the uses, benefits, purpose and duration of the fund.

Unless the donor specifies otherwise, the Institute's policy is not to decap below 100% of the value of the original gift(s) to an endowment fund, adjusted upwards annually at a rate of [2%] from the date the endowment was established. If there have been additions to principal

over many years, a more detailed inflation calculation may be required. Any exceptions to this policy must be reviewed and approved by the Director and Dean ACR.

(To illustrate, for an initial endowment of 100, the floor value of the corpus below which decap will normally not be allowed will be 102 after 1 year, 104 after 2 years and so on)

We recognize that owing to inflation the foreseeable available distribution may fall short of the actual need for the cause on a permanent basis. In such cases the endowment must be topped up, repurposed, or used up as set out in the Endowment Distribution Policy.

Quasi endowment principal accounts are not subject to this rule and may be decapped in full.

Decapped funds must be used exclusively for the uses and purposes for which the endowment fund was established. As a matter of stewardship, potential decaps must be discussed with the Office of Alumni and Corporate Relations and the academic unit involved.

C. Modifying Restrictions

Modifying the terms and restrictions of an endowment or gift is a significant proposition. There are essentially two ways to modify donor restrictions:

1. Seek the donors' written consent.
2. If changed circumstances make it illegal, impracticable, or impossible to expend the funds in accordance with the terms of the agreement, and or if the donor is not reachable in spite of at least three attempts, the Dean ACR may make a recommendation to the Board of Governors, who may in turn recommend to the Institute the best use of the available funds in the endowment, if necessary by using up the principal value of the endowment or by repurposing or merging endowments. In this regard, the IITMACT is acting as a Trustee of alumni and donor goodwill and shall be approached to take a decision on behalf of the donor/alumni.

D. Substantiation, Monitoring, Stewardship, and Reporting Requirements

1. Substantiation

Detailed information must be maintained regarding the amount of applications from endowment and gift funds and the purposes for which the applications are made. The documentation must be sufficient to substantiate that the funds were used in accordance with the fund's terms and restrictions. At the close of each fiscal year, each department is required to confirm that all applications of the endowment and gift funds were compliant with the applicable terms and restrictions.

2. Stewardship

Sometimes endowment or gift terms require the Institute to give periodic reports to donors regarding the use of their gifts. The department should coordinate with the Office of Alumni and Corporate Relations to ensure that donor-mandated stewardship reports are completed

timely. In addition, the Office prepares many voluntary stewardship reports, so the or department is required to facilitate voluntary reporting as requested.

IV Miscellaneous

Gifts in kind

Before accepting gifts in kind, there shall be discussions with donor on the avenue and timing to liquidate the same. The final decision to accept an in-kind gift rests with the Director.

Non acceptance of gifts

IITM reserves the right to not accept any gift or part thereof for any reason, including non-acceptability of Donor, non-acceptability of cause, nature of gift etc.

Any non-acceptance of a gift of value of over Rs. 10L shall be decided by a Committee that shall include the Director.

Policy Review

This policy shall be reviewed at least once in three years.

Endowment Application Policy

Purpose:

The purpose of this Policy is to set forth the principles and guidelines for applying the institute's endowment and quasi-endowment fund(s) to achieve the following goals:

- Safeguard the fund(s) for future generations
- Enable the maximum amount of application that can be maintained over the long term.
- Ensure that Fund income is as stable and enduring as possible and meets the financial need for as long as possible
- Ensure that the stated wishes of donors are honoured.

Application Objectives:

A. Generational Neutrality

The endowment is considered to be permanent, and its benefit to future generations should be equal to its benefit to the current generation. The key is that the amount applied annually should remain as close to constant as possible, when measured over time on an inflation-adjusted ("real") return basis. Investments and application are to be coordinated in a manner so that the Fund's income will maintain its real purchasing power into the future.

B. Maximum Sustainable Spending

Income from an endowment is to be applied, not hoarded. Until income is applied, it achieves nothing to undertake the commission given to us by the donor. It is the institute's policy to use the earnings of the endowment, on generation-neutral basis, to help meet the needs of the Institute and fulfil its mission.

C. Minimise Volatility of Amount Available for application

Because many of the needs and uses of the endowment's income are recurring, or ongoing in nature, the endowment's asset management policies and application strategy are structured in a way that attempts to minimise the year-to-year volatility of the amount available for application.

D. Donor-Imposed Restrictions

Those who manage and apply endowment funds exercise those duties in a special position of trust and responsibility, both to the beneficiaries and to the donors. When the Institute accepts endowment gifts that are restricted by the donor (either time restrictions or use restrictions), those restrictions will be honoured to the extent permitted by law.

Application Strategy:

First and foremost is the principle that the amount distributed from the returns will be meaningful in the context of the actual Rupee value of the need. For example, a full scholarship must pay for 100% of the current fee; not the fee that existed at the time of establishing the endowment.

The value of the capital required to set up an endowment is generally computed on the basis that the endowment would earn a long term average return of 7%, of which 5% would go towards the need (appropriate at the time of creating the endowment) and the balance will add to the endowment, raising future rupee return amounts that will hopefully keep pace with need cost inflation. However, regardless of whether this is so or not, the distribution must keep pace with the need-cost inflation in rupee terms in order that the objective is served. **Therefore, the appropriate rupee value of the need must be determined for each endowment once in three years.**

Funds available for distribution from the endowment will be determined by using a total return principle, i.e., return derived from dividends and interest as well as realised and unrealized capital gains.

The actual distribution during any one year will be limited to [5%] of the market value of the corpus based on a 3-year rolling average of year end corpus values of the three previous year ends. The market value for this purpose will be taken net of the operating expenses amounts. At least in the initial years it is expected that this formula will cover the need.

As time passes, in the event the Funds available for application are inadequate for the need in a particular year, the Dean ACR may decide to use the past unapplied (*but accumulated*) returns to make the distribution, within the flexibility allowed by the decapping policy. In the event past unapplied returns permitted by the decapping policy are inadequate to make up the shortfall, Dean ACR may, with the approval of the Trustees of IITMACT (as the guardians of Donor goodwill), decide to borrow up to a maximum of 5% of the current corpus of the endowment to make the distribution, and this loan must be refunded to the corpus of that endowment in not more than three years thereafter.

Any unexpended funds from those available for application in a given year will be accrued and will continue to be considered available for application in subsequent years. Operating Expenses related to the management and administration of the fund will be deducted from the funds available for distribution.

Notwithstanding prudent financial management if a situation arises that the then corpus of the endowment cannot foreseeably generate annual returns commensurate with future need, the Institute shall:

1. Seek a top-up to the corpus from the donor, supported by proper reasoning for the same. The donor shall be able to complete the top up in 12 calendar months from the date of such request.

2. Seek the donor's written consent for a change of purpose better suited to the then corpus and returns of the fund.
3. Seek the donor's written consent to start using the then corpus in addition to the annual returns to meet the objective of the endowment.
4. If circumstances make it illegal, impracticable, or impossible to apply the funds in accordance with the terms of the endowment, and if the donor cannot or will not agree in writing to the proposed change in purpose or use or if the donor is not reachable in spite of at least three attempts, Institute will, following due process, make the best use of the available funds in the endowment, if necessary by using up the principal value of the endowment or by merging endowments.

Biannual/annual endowment reports will be sent to donors, so that they are aware of the impact their endowment is creating and the adequacy of the returns of their endowment in the current context.

Decapitalization of endowments may take place prudently in circumstances and following the process set out in the section titled "Decapitalization ("Decapping") of Endowment Funds" in the Endowment Policy.

Honouring Donor-Imposed Restrictions:

In order to monitor ongoing adherence to donor-imposed restrictions, the Office of Alumni and Corporate Relations is to review a report of proposed endowment disbursements. This Policy recognizes that there may be cases where a restricted use becomes obsolete or over-fulfilled, or becomes inconsistent with the Institute's needs or mission.

Note: A permanent endowment is established if a donor makes a gift and restricts it to an "Endowment" Fund, often defining its use. If the Institute promotes its own Endowment Fund for a specific cause and receives gifts of any size for that Fund, those funds are equally restricted. If a purpose is announced and donors give to an Endowment Fund for a named purpose, the funds are restricted as to the purpose as well.

If the Institute receives an unrestricted gift that is placed in the Corpus Fund, or if the governing board decides to put excess funds into the Corpus, those funds remain unrestricted. This part of the Corpus Fund can be spent down by the governing board within the established distribution rules. This is considered a "quasi" or unrestricted endowment.

Donor Recognition and Naming Policy

1. Policy Statement / Purpose

The Institute seeks to voluntarily acknowledge and celebrate the generosity of its benefactors.

2. Scope

The policy is a guide to prospective benefactors and members of the Institute. The policy deals with the most common forms of recognition, but the Institute is open to considering others should donors so wish.

3. Responsibilities

The Office of Alumni and Corporate Relations (ACR) is responsible for overseeing the implementation of this policy.

4. Policy, Procedures and Enforcement

Acknowledgement: Unless anonymity is preferred, all donations of whatever monetary value will be acknowledged by the Institute annually through publication of a list of donors on its website and in publications it produces for internal and external audiences. In addition, donors will be invited to events hosted by the Institute to express our appreciation and potentially provide other recognition. Donors will be placed in tiers (Copper /Silver /Gold /Platinum /Invitation) for the purpose of determining appropriate recognition.

Naming Recognition: Over and above inclusion in the Institute's published list of donors, naming recognition is available to the most generous benefactors. Naming recognition permits a building, a room, a lecture theatre, a Chair, scholarships, an academic prize, a major piece of equipment, a Center of Excellence or some other facility or item of value to the Institute to be named in honour of an individual or organisation. Benefactors may consider dedicating their contributions to honouring another person, whether living or deceased, or they may secure naming recognition for themselves or an organisation of their choosing, such as a company or philanthropic trust or foundation. Conditions regarding naming opportunities must be captured in the underlying Gift Agreement between the Institute and the benefactor.

- **New Facilities and Major Equipment Naming** recognition for new facilities, such as buildings, laboratories (including computer laboratories), lecture theatres, sports centres, and major items of equipment, may be awarded provided that the donation equals or exceeds [100%] of the fundraising target of the facility or equipment. In the event that a benefactor should wish to sponsor a particular section of a new building or physical facility, such as a seminar room or a basketball court, the Institute may consider awarding naming recognition to that section if the donation equals or exceeds [100%] of the cost per square-metre of its construction.
- **Existing Facilities and Major Equipment Naming** recognition for existing physical facilities and equipment are available to benefactors who make a donation to the

Institute which equals or exceeds [100%] of the current value of the fundraising target of the facility or equipment. The donation need not be utilised directly in the maintenance, repair or refurbishment of the facility or equipment, but may instead be dedicated to some other purpose by mutual agreement between the benefactor and the Institute. Naming recognition cannot be made available for facilities and equipment which have already been named at the behest of a previous benefactor or named by the Institute to honour an individual.

A combination of the following factors is used to determine the naming cost/value:

- Past/current naming levels of other buildings at Institute;
 - Levels of investment for named buildings at peer and aspirant universities;
 - The Institute Inspired goal;
 - 'Market' demand and 'what it will bear';
 - The prominence of the building, its footfall/use and attractiveness.
- **Refurbishment of Facilities** The Institute may consider awarding naming recognition to facilities in need of refurbishment provided that any donation received for this purpose amounts to 100% of the fundraising target of the cost of the required refurbishment. Naming recognition cannot be made available for facilities and equipment which have already been named at the behest of a previous benefactor or named by the Institute to honour an individual.
 - **Endowed Chairs, Lectureships and Scholarships:**
The current requirement of endowment required for a named Chair is presently as below for different types of Chairs. These values may vary from time to time at the sole discretion of IITM.

Distinguished Chair	INR 10 Crores
Adjunct Chair	INR 50-250 Lakhs
Visiting Chair	INR 3 Crores
Institute Chair	INR 1 Crore
 - **Scholarships:**
The endowment for a named student scholarship is set out in the Scholarship Policy Document.

Prizes:

Prizes of various kinds may be named after a benefactor or a nominee provided that the value of the prize is supported by the benefactor for a period of five years or more.

In general, Naming recognition will commence only from the time the relative endowment is received and continue for as long as the benefaction lasts. Naming recognition for scholarships which are supported by means other than an endowment, such as a one-off donation or annual grants, will endure only for the period for which funding is made available.

Naming Recognition Approval:

Names are not a *quid pro quo* for the endowment; they are an expression of gratitude by the Institute towards the donor. Names will be agreed between the benefactor and the Institute.

- a) All naming and recognition opportunities at/below Rs. 1 Crore must be approved by the Dean ACR in consultation with the relevant project/department lead.
- b) Naming and recognition opportunities over INR 1 Crore up to and including INR 5 Crores must be approved by Dean ACR and reported to the Deans' Committee for information;
- c) Naming for all new building opportunities and any naming and recognition opportunities over INR 5 Crores must be approved by the Deans' Committee and Director.

Alterations of Circumstance:

Naming recognition which has been awarded in perpetuity will be honoured by the Institute subject to the following provisions:

1. Such recognition may be withdrawn if, in the sole opinion of the Institute, continued eponymous association of the institution with the named individual or organisation is likely to harm its reputation or bring it into disrepute. In this event, the Institute shall not be obliged to return the original amount.
2. Should the criteria describing a scholarship award become unmanageable, illegal or obsolete (e.g. criteria based on caste, religion or nationality) the Institute reserves the right to adjust the criteria.
3. In the event that a named Chair which is supported by an endowment is ever disestablished for any reason, the yields of the endowment may be dedicated to a function or purpose within the institution which, in the opinion of the Institute, most closely approximates the original intention of the benefactor. Naming recognition will be transferred to this new function or purpose.
4. Should a named building, section of a building or piece of equipment ultimately be replaced or become obsolete, the benefactor or nominee will be honoured in a manner which the Institute deems to be commensurate with the original donation and the spirit in which it was provided and received.

Conditions and Alternative Forms of Recognition:

The forms of recognition and associated conditions described here are neither fixed nor exhaustive. Prospective benefactors are welcome to suggest variations, or request any other conditions which may accord better with their circumstances or wishes.

[Scholarship Policy which may be approved by the Board]

Standard Text to form part of every Grant Request and Donor MoU/Agreement

Any gift for which the donor does not explicitly specify an end use or specify as an endowment shall be treated as a non-restricted gift, to be used at the discretion of the Institute towards its mission.

To defray its expenses related to the holding, safeguarding, investing and maintaining of the assets in the Endowment and with respect to the monitoring and disbursement of the Payouts, and all Alumni Stewardship activity, the Institute will charge an administrative service fee in accordance with the policy established from time to time by the Institute's Investment Committee. The Endowment will be charged the entire administrative service fee even if the fair market value of the Endowment falls below its historic rupee value. This fee shall be in two parts:

1. A one-time fee on receipt of the gift - currently up to 5% but liable to review - of the amount of the gift.
2. A recurring annual fee - currently of up to 0.5% of the current value of the endowment, but liable to review.

An endowment comes into effect from the date the relative funds are completely received by the Institute (unless otherwise agreed). The endowment lasts for as long as the annual benefit from that endowment meets the financial obligation of that endowment.

The Institute shall manage cost inflation by prudently investing the endowment in accordance with its investment policy from time to time and ensuring that some part of the annual return goes back into the corpus of the endowment in accordance with the policy for applying endowment returns from time to time, with a view to support potentially higher future costs. Notwithstanding prudent financial management if a situation arises that the then corpus of the endowment cannot generate annual returns commensurate with the then need, the Institute shall:

5. Seek a top-up to the corpus from the donor, supported by proper reasoning for the same. The donor shall be able to complete the top up in 12 calendar months from the date of such request.
6. Seek the donor's written consent for a change of purpose better suited to the then corpus and returns of the fund.
7. Seek the donor's written consent to start using the then corpus in addition to the annual returns to meet the objective of the endowment.
8. If circumstances make it illegal, impracticable, or impossible to apply the funds in accordance with the terms of the endowment, and if the donor cannot or will not agree in writing to the proposed change in purpose or use, Institute will, following due process, make the best use of the available funds in the endowment, if necessary by using up the principal value of the endowment or by merging endowments.

Naming and recognition is not a *quid pro quo* for the endowment; they are an expression of gratitude by the Institute towards the donor. Naming recognition which has been awarded in perpetuity will be honoured by the Institute subject to the following provisions:

1. Such recognition may be withdrawn if, in the sole opinion of the Institute, continued eponymous association of the institution with the named individual or organisation is likely to harm its reputation or bring it into disrepute. In this event, the Institute shall not be obliged to return the original amount.
2. Should the criteria describing a scholarship award become unmanageable, illegal or obsolete (e.g. criteria based on caste, religion or nationality) the Institute reserves the right to adjust the criteria.
3. In the event that a named Chair which is supported by an endowment is ever disestablished for any reason, the yields of the endowment may be dedicated to a function or purpose within the institution which, in the opinion of the Institute, most closely approximates the original intention of the benefactor. Naming recognition will be transferred to this new function or purpose.
4. Should a named building, section of a building or piece of equipment ultimately be replaced or become obsolete, the benefactor or nominee will be honoured in a manner which the Institute deems to be commensurate with the original donation and the spirit in which it was provided and received.
5. For termination of the benefits of the endowment for reasons of financial inadequacy as set out above.

While the Institute will provide all documentation normally required for claiming applicable tax benefits, the Institute cannot assure the donor of those tax benefits as they will be dependent on the legal framework and the personal circumstances of the donor.