


# **NIFT ENDOWMENT POLICY – Draft (Feb 2025)**

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# NIFT Endowment Policy

## 1. Preamble

According to the NIFT Act 2006, grants and revenue received by the Institute shall be credited to various funds and maintained by the institute which shall be:

- 1) all moneys provided by the Central Government;
- 2) all fees and other charges received by the Institute;
- 3) all moneys received by the Institute by way of grants, donations, benefactions, bequests or transfers; and
- 4) all money received by the Institute in any other manner or from any other source.

The Act also directs the institute to:

- i. set up an endowment fund and any other fund for specified purpose; and
- ii. transfer money from its fund to endowment fund or any other fund.

As per the Policy, an endowment fund was created to accept designated funds and donations in the form of Assets through contributions/donations/grants by individuals, institutions and organizations in India and abroad such as

1. Industry, Industry Associates, Foundations / Trusts;
2. Alumni Faculty, Staff Students and well-wishers of the Institute;
3. Govt. of India and State Govt. as outright, or matching grants;
4. Savings in the Annual non-plan Grants and Receipts of the institute;
5. Unclaimed securities, royalties, gifts etc.
6. Foreign organizations and others

The Institute may also receive funds for designated purposes such as Scholarships, Chairs, Construction of Buildings and other Infrastructure, Donations/Contributions in terms of Property, Equipment and Shares etc., which may augment the assets of the Institute. The disbursements of the various endowment funds shall be for purposes indicated in the Endowment Fund Policy. It is also possible that a particular trust / donor / grantor would specify a special purpose, methodology and frequency of disbursement of the gift/grant.

The Endowment Fund Policy broadly covers the source and management of the Fund, the budget and Accounting systems and the application to which the fund may be put to use.

*Donations received by NIFT are exempted from income tax under section 80G of the Income Tax Act.*

This Policy will be prospectively applicable for accepting donations and endowment funds.

## **2. Purpose of the proposed policy:**

The resolution of this policy document is to clarify the sources of funding of the Endowment fund, the classification of various endowment categories, and the process of raising resources for the Endowment Fund, as well as management of specific contractual obligations of individual or institutional gift instruments.

The Industry & Alumni Affairs Unit of the NIFT Head Office in coordination with the Director (F&A) shall manage the procedures relating to the acceptance and voluntary stewardship of donations, pledges, bequests, corporate sponsorships especially through CSR and report to the Managing Committee indicated in the Endowment Policy. This policy is not intended to cover aspects of endowment management, administration and compliance, which are already provided for in the Endowment Fund Policy.

## **3. Definition**

### **3.1. Donation**

A voluntary transfer either in cash or in kind or assets of value for which the donor receives no personal benefit either directly or indirectly. A donation made by a donor is irrevocable and can be either 'Structured' meaning that the donor specifies a condition(s) upon which the donation can be used or 'Unstructured' meaning that the donor does not specify any condition for its utilization.

### **3.2. Endowment**

Endowment is a conditional donation of cash and/or assets to NIFT for investment in academic and research and development initiatives. Endowment may include transfers which are required to be spent in a certain way or alternatively invested, with the principal to remain intact in perpetuity, or for a specifically defined period of time.

### **3.3. Donors:**

Donors are individuals, corporations contributing to the institute's endowment fund for specific or general purposes.

### **3.4. Managing Committee:**

The Managing Committee shall consist of the following for the management and utilisation of funds generated through interest earned on Endowment Funds:

- \* Director General, NIFT, Chairperson
- \* Dean(A), NIFT
- \* Director (F&A), NIFT
- \* Directors of two centres to be nominated by the DG, NIFT
- \* Head Industry & Alumni Affairs: Convenor

#### **4. Donation Categories**

Donations can be in the form of the following:

##### **4.1. Monetary Donations**

4.1.1. Monetary donations may be given in the form of cash, demand draft, electronic funds transfer, or forex.

4.1.1.1 For monthly/scheduled donation, the donor may do so through credit card payments, salary deductions and/or pre-authorized electronic transfer of funds.

4.1.2. Donations by way of salary deductions made by Employees of the Institute.

4.1.2.1 Monetary donations received by Departments, Campuses or any Units in NIFT must be forwarded to the Finance & Accounts department for processing.

4.1.3. Subject to the Income Tax rules and regulations, official receipts for tax exemption purposes may be provided by the institute to all gifts and donations. The institute will issue tax-deductible receipts.

##### **4.2. Donations-in-Kind**

Donations-in-Kind are property or items other than cash. The donation can include land, buildings, equipment, furniture, Fashion collections, collectable objects, books, library materials, archival materials, office supplies including enduring assets, consumables etc.

The pro-rata value of such items donated will be estimated by a Valuation Committee constituted with internal and external experts by NIFT for this purpose. The committee will be responsible for ascribing value to donations in kind. The items received will be entered in the asset register maintained by each NIFT Campus. While receiving such donations, there will be checks carried out to ensure items / assets donated are not



obsolete and non-value added thereby imposing liability to the institute in maintaining / disposing of such items.

#### **4.3. Donation-of-Securities**

These are donations in the form of shares or marketable securities, which also include donation of mutual funds and insurance.

#### **4.4. Pledged Donations**

These are future committed donations in cash or kind as bequests with clear description of intent and purpose from the donor and include unrestricted donations.

### **5. Endowment Categories**

#### **5.1. Perpetual / Permanent Endowment**

With Permanent Endowment, the donor specifies that the principal amount is to be invested and maintained in perpetuity. Resources are given for a specific purpose whereas the principal amount cannot be spent. Only the income/interests derived from the investing/managing the principal may be utilized.

#### **5.2. Quasi Endowment**

With Quasi Endowment, the principal may be expended if stipulated by or in consultation with the donor. It functions like a perpetual endowment, but without restriction to hold the fund permanently. Donors may direct that their donation be held as quasi-endowment, either because they envision the spending of principal at some point or under certain conditions, or because they want to give fund utilization flexibility to NIFT. The corpus of donor-established quasi- endowment accounts may be expended in accordance with donor terms and restrictions.

#### **5.3. Term Endowment**

With Term Endowment, all or part of the principal amount given by the donor may be expended after the expiration of a stated period of time or occurrence of a specified event, depending on the donor's wishes. Donors may designate the terms and conditions of such an endowment.

### **6. Unacceptable Donations & Endowments**

NIFT shall not accept Donations & Endowments:

1. the conditions of which are inconsistent with the institute's academic purposes and principles
2. that inhibit the institute from seeking Donations & Endowments from other donors

3. that involve negative discrimination of any kind
4. that obligates the institute to violate any applicable law or regulation or which violates the Institute's Act, Statutes, Rules and/or Regulations.

## **7. Forms of endowment**

### **7.1. Cash**

Donations of cash, cheques and share-drafts (the equivalent of bank cheques) will be accepted.

### **7.2. Pledges**

Donations may be made by pledge to NIFT and for such donations to be considered & accepted they must be in writing and include the donor's signature. Donations by pledge will receive timely payment reminders.

### **7.3. Planned and Deferred Donations**

Donations may be made via but not limited to Wills and Trusts, Insurance, real property, and stock.

## **8. Endowment Fund Support Categories**

### **8.1. Instituting Chair Professorship adhering to the NIFT Chair Policy**

An Endowment Chair can be instituted by donating a sum to NIFT as a corpus fund mentioned in the NIFT Chair Policy. Chairs are instituted primarily to further research and development and to focus on dissemination of new initiatives in any particular field or domain. The Chair can be named after an institution or an individual in any specific specialization, domain or subject area. Eminent academicians or practitioners can be invited to occupy the chair on the basis of the Chair Policy.

Considering the distinction of various NIFT campuses and their proximity to business hubs, the following slabs with minimum financial cap to establish Chair Professorship may be adhered.

- a) NIFT Campuses Delhi, Mumbai and Bengaluru - INR 1.5 Crore
- b) Other NIFT campuses - INR 1 crore



## **8.2. Endowed Lecture Series**

Series of 4 endowment lectures in an academic year can be organized in honor of the person the donor would designate. The person who will deliver the lecture would be decided by the donor with the concurrence of NIFT. The lecture series can be organized in any of the NIFT Campuses where the sum is endowed or across campuses through Video Conferencing. The logistics of the speakers including expenditure incurred in their travel, accommodation, lecture fees etc., will be borne by the Donor. NIFT will provide the venue, infrastructure and participants from students, faculty and invitees / delegates. Also, the series of lectures delivered would be published by NIFT in the form of any publication for reference and circulation. For this, the donor would have to make an endowment of INR 25,00,000/- for a fixed term of 5 years. The interest so derived shall be utilized for the Endowed Lecture Series and the unspent balance, shall be added to the corpus of the endowment. After completion of the 5 year term, the endowment may be renewed for a further term of 5 years considering cost escalation if any on mutual consent.

## **8.3. Endowed Lecture**

NIFT has a scheme to organize one endowment lecture per academic year in honor of the person the donor would designate. This can be organized in any of the NIFT Campuses where the sum is endowed or across campuses through Video Conferencing. The person who will deliver the lecture would be decided by the donor with the concurrence of NIFT. The logistics of the speakers including expenditure incurred in their travel, accommodation, lecture fees etc., will be borne by the Donor. NIFT will provide the venue, infrastructure and participants from students, faculty and invitees / delegates. Also, the series of lectures delivered would be published by NIFT in the form of any publication for reference and circulation. The lectures delivered would be documented by NIFT for internal reference and circulation. For this, the donor has to make a contribution of INR 6,00,000/- for a fixed term of 5 years. The interest so derived shall be utilized for the Endowed Lecture and the unspent balance, shall be added to the corpus of the endowment. After completion of the 5-year term, the endowment may be renewed for a further term of 5 years considering cost escalation if any on mutual consent.

#### **8.4. Donation for Scholarship Pool:**

8.4.1. Donations may be made to a common scholarship pool by alumni, and industry that may be used to assist deserving students. The minimum one-time amount that may be donated is INR 25,000.

8.4.2. The pool of funds donated by the donors will provide financial aid to students who qualify for the NIFT Financial Assistance Scheme 'Sarhak'.

8.4.3. The fund will assist those campuses with minimum surplus funds to meet the expenses for the dispersal of funds under the Sarhak Scheme. The maximum ceiling of funds that can be given to a campus is INR 4000,00 after which the next campus with a minimum surplus may be allotted.

8.4.4 Further, the Director General of NIFT shall have the right to consider special cases under unforeseen circumstances at the recommendation of the campus Director.

8.4.5. The decision of the Director General, NIFT shall be final and binding.

8.4.6. The donors will be informed of the names of the students who benefitted from his / her donation to the scholarship pool.

8.4.7 A list of Donors and a list of beneficiary students shall be uploaded to the NIFT website and added to the annual report.

#### **8.5. Endowment for Institution of Gold Medal**

8.5.1. A Gold Medal can be instituted by Institutions or individuals upon donation of a sum of not less than INR 2,50,000/-.

8.5.2. The endowment amount shall be invested in fixed deposits which earn the maximum possible interest.

8.5.3. The interest so derived shall be utilized for the award of the Gold Medal and the unspent balance, if any, shall be added to the corpus of the endowment.

8.5.4. The donor can with the agreement of NIFT institute the gold medal in the name of an institution or individual.

8.5.5. The Medal to be awarded during the Convocation every year in the endowed campus and shall have inscribed on it the name of the medal and the name of the recipient.

8.5.6. The selection of candidates for the award category of the Medals shall be done by a Selection Committee at the campus level or at the HO level in consultation with the donor and approved by the Managing Committee.

8.5.7. The award would consist of a medal with silver metal with gold polish of a maximum of 50 grams with a diameter of 47 mm and a framed citation.

8.5.8 The decision of the DG NIFT shall be final and no representation shall be entertained in this regard.

8.5.9 The donor shall be informed of the names of the students selected for the medal by NIFT.

8.5.10 A list of donors and a list of beneficiary students shall be uploaded to the NIFT website and added in the annual report.

### **8.6. Student Welfare Fund**

8.6.1. Institutions and individuals can make contributions, either one time or at periodical intervals of a sum of not less than INR 25,000/- exclusively to the student welfare fund.

8.6.2. The amount in the fund shall be exclusively utilized for the welfare and the Co-curricular and extra-curricular activities of the students (including travel expenses) in accordance with the guidelines prescribed by NIFT.

8.6.3. The administration of the money in the fund shall be based on the approval of the Managing Committee.

8.6.4. A separate account would be maintained for the student welfare fund.

### **8.7. Named Infrastructure or Creating Physical facilities**

8.7.1. Alumni, Institutions and individuals may contribute for the construction of Buildings or floors/wings of the Buildings like Hostels/Academic blocks/Library blocks / Faculty blocks/Resource Centre.

8.7.2. The contribution to NIFT will be for completely providing any of the following but not limited to:

- 8.7.2.1. Infrastructure projects
- 8.7.2.2. Facilities for developing academic / research Infrastructure
- 8.7.2.3. Laboratory Infrastructure for Research & Development
- 8.7.2.3. Incubators for Entrepreneurship and/or Design Development

8.7.3 Where the donation is linked to the construction and development of substantive institutional infrastructure indicated above, including donation of land, or building, is made either as cash or in kind (i.e., land, equipment, furniture,

resource material etc.) and for more than 50% or INR 1 crore (whichever is higher) of the costs of construction of the related infrastructure including installations, the naming right of the building/classroom/laboratory may be shared between the donor and NIFT.

8.7.3.1. The donor may choose to develop the infrastructure on his own and hand it over to NIFT as discussed and agreed upon by NIFT.

8.7.3.2 The donor may also agree to donate the fund and let NIFT execute the infrastructure development as detailed in the discussion.

8.7.4. A list of any such donations received under the above clauses approved by the Managing Committee will be placed for information to the **Board of Governors**.

8.7.5. Alumni, Industry or individuals, may also choose to donate a fund of not less than INR 10,00,000 to NIFT for a Named Infrastructure Development of an existing space. The fund shall be used for infrastructure development of a campus for providing any or part of the following but not limited to:

8.7.5.1. Audio-visual and other facilities for the Meeting / Conference / Seminar Hall, etc., and the venue may be named after the donor or his nominee.

8.7.5.2. Facilities for developing academic/research Infrastructure like labs, smart classrooms and the venue could be named after the donor or his nominee.

8.7.5.3. Educational equipment and teaching aids including computers, machines, books, etc.

8.7.5.4. Bus to Students for visits/emergency vehicles for medical and other clinical activities.

8.7.5.5 Infrastructure facilitating Research & Development, and the space may be named after the donor or his nominee.

8.7.5.6. Develop infrastructure or books, materials, and equipment for the resource center and the same may be named after the donor or his nominee.

8.7.5.7 Develop a Gym or sports facility and the same may be named after the donor or his nominee.

8.7.5.8 The endowment amount shall be invested in fixed deposits which earn the maximum possible interest.

8.7.5.9 The interest so derived shall be utilized for the development of the needed infrastructure in any campus or the endowed campus if the donation is made to a particular campus.



8.7.6 A donor may choose to specify the Campus/Department to whom the donation may be endowed. If the Campus / Department is not specified by the donor then the endowed amount will go to a common pool.

8.7.7. The Managing Committee will decide the purpose of utilising the funds from the common pool and the decision of the DG, NIFT shall be final and binding.

8.7.8. The scope of work for infrastructure development shall be discussed with the donor in detail before closing the donation.

8.7.9. The decision of the Director General, NIFT shall be final and binding.

8.7.10. The donor shall be informed about the utilization of the fund and the details shall be published in the NIFT website and added to the annual report.

### **8.8 Contribution in Kinds:**

8.8.1. Alumni, Industry and Institutions may choose to contribute in kinds that can be kept in the respective Departments for the students to use during their course at NIFT.

8.8.2. The contributions could be both consumables and non-consumables but should be new and unused.

8.8.3. The contributions could be computers, laptops, tablets, cameras and other photographic tools, sewing machines, testing machines, mannequins, dress forms, fabrics, software & hardware, books and other such items.

8.8.4. The scope 'contribution' shall be discussed with the donor in detail before closing the contribution.

8.8.5. The donor may indicate her/his interest, and the Management Committee shall discuss the scope with the donor.

8.8.6. The donor may choose to contribute to a particular Department or a campus or may choose to contribute to a common pool.

8.8.7. The decision of the Director General, NIFT shall be final and binding.

8.8.8. The donor shall be informed about the utilization of the fund and the details shall be published in the NIFT website and added to the annual report.



## **8.9. CSR Funds**

Any company willing to contribute through their CSR funds for any category will be guided by the clauses of the Endowment policy.

## **8.10. Others**

Funds received as donation may be used for any special activity / purpose not mentioned above in consultation and with the approval of the Managing committee.

## **8.11. Right to Revision**

8.12.1. NIFT shall have the right to revise the amounts specified in this section from time to time.

8.12.2. NIFT shall have the discretion to change or remove the name of the donor or nominee in the event that the donor or nominee is found guilty of a criminal act or unethical practice by a Court of Law.

## **9. Establishing Endowment Funds**

### **9.1. Approval of Donations / Endowments**

9.1.1. NIFT Campuses will accept donations/endowments adhering to this policy.

9.1.2. Fundraising activities will be monitored by the Managing Committee.

9.1.3. The process of Fundraising will be managed by the Campus Director, in consultation with the Local Academic Standards Committee (LASC). All proposed fundraising for, and on behalf of, NIFT requires prior approval by the Campus Director. This includes activities planned by Institute's staff, Faculty and students.

9.1.4. Any donation or endowment above INR 10 Lakhs will have to be approved by the Managing Committee.

9.1.5. All donations/endowment agreements up to INR 10 Lakhs will be approved by the concerned Campus Director. In case of amounts above that, approval will be by the Director General, NIFT on behalf of the managing committee.

9.1.6. The Campus Director is authorized to enter into donations and endowment agreements on behalf of NIFT in respect of campus level donations or endowments. In respect of central donations or endowments, the DG NIFT will enter into agreement.

9.1.7. The managing committee is to be informed of all donations and endowments received by the campuses on a half yearly basis.

## **9.2. Creating an Endowment Fund**

9.2.1. All endowments must be set up within the institute's financial system

9.2.2. Proper documentation must be submitted to establish the terms and conditions of the endowment and its utilization.

9.2.3. An endowment fund record should be set up in the centralized CMS system which will serve as the authoritative repository for endowment documentation

## **9.3. Donation Record & Tax Report**

The Department of Finance & Accounts at the NIFT Head Office and its Campuses will maintain overall donor records with endowment fund details set up in the centralized accounting system and the NIFT CMS which will serve as the authoritative repository for endowment documentation. All statutory compliances, legal documents, securities, copies of wills, etc. will be maintained with appropriate security necessary for their protection.

## **10. Due Diligence**

The institute will conduct a due diligence exercise on the donor including the source of the purported contribution prior to accepting any donation.

## **11. Compliance with Legal Requirements**

NIFT will extend the necessary support and all appropriate assistance in instituting the endowment fund. However, the fundamental accountability regarding assessments, the tax liabilities and/or similar legal local, state and/or union compliance issues rests with the donor and/or such counsel as the donor may wish to secure. Such a statement will be included on all donation transfer documents. All prospective donors will be urged to seek their own legal counsel and accountant's advice in matters relating to their deferred donations, tax and estate planning.

## **12. Donor interface**

### **12.1. Communication**

The Head: Industry & Alumni Affairs at the NIFT Head Office and the nominee of the Campus Director at the respective NIFT Campus will be responsible for communication with the donor in respect of the following:

12.1.1. Information regarding the identity of the Institute's key personnel involved in managing the donation/endowment.

12.1.2. Acknowledgment to be sent within 5 working days of receipt of donation/endowment

12.1.3. Entry of donor details into the donor database

12.1.4. Appropriate donor recognition in related programs and activities of NIFT.

## **12.2.Privacy**

All information concerning donors and prospective donors, including their names, the names of the beneficiaries, the amount of the donation, size of their estate, etc., will be kept confidential by the institute and authorized personnel if requested by the donor.

## **13. Endowment Fund Utilization Compliance**

### **13.1.Budgeting and Expending Norms**

#### **13.1.1. Budgeting**

As part of the process of budgeting endowment fund expenditures, concerned departments must ensure that planned expenditures are in compliance with the terms of conditions of the endowment to be utilized. During the annual budget process, the respective departments at NIFT Head Office and its Campuses shall calculate the endowment spending rate for the following year, which is then consolidated by the Finance & Accounts division of the NIFT HO for soliciting the approval by the Managing Committee. The approved budget is then communicated to the departments at HO & Campuses followed by the endowment fund allocation in developing their budgets.

The status of the Endowment Fund, including deposits & interest, will be appropriately reflected in the Annual Budget of the Institute. Proposals for utilizations of the interest accruals on Endowment Fund will form a separate part of the Annual Budget.

#### **13.1.2. Expenditure**

The Dean, Heads of units, Chairpersons, Chair Professors Campus Directors and any other NIFT employees with financial, administrative and reporting responsibility with respect to endowment funds are responsible for ensuring that the expenditure of endowment funds complies with the terms of the endowment policy, applicable legal and accounting standards.

13.1.2.1. All terms and conditions pertaining to a particular endowment fund should be strictly complied when administering and spending from endowments.

13.1.2.2. Queries pertaining to interpretation and scope of terms and restrictions in donation instruments should initially be directed to the Deputy Directors / Accounts Officers at the Campuses and escalated to Director (F&A) at the HO as necessary.

13.1.2.3. Each beneficiary department / individual / chair must understand all applicable restrictions, standards and policies, even if the endowment income is transferred from another department.

13.1.2.4. Any reporting and stewardship obligations are the responsibility of the beneficiary department / individual / chair spending the fund.

13.1.2.5. 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 expenditures are subject to NIFT policies on transaction approval and authority.

### **13.1.3. Accounting and Auditing System:**

NIFT will maintain separate books of Accounts for Creation, Management and Utilization of the Funds. The Institute shall reflect the income and expenditure from the fund appropriately in their Annual Audited Statement of Accounts as well as Annual Report being presented to the Parliament. Similarly, the utilization of proceeds from the Endowment Fund should also appropriately reflect in the Annual Budget of the Institute.

Audit of the funds will be conducted by the designated Auditors of NIFT and will be included in the annual audit report.

### **13.1.4. Charging Expenses to Endowment**

Expenses incurred for endowment purposes should be charged directly to the applicable endowment fund. Given the careful accounting and financial tracking that is required for endowment funds, transferring, pooling or aggregating funds from different endowments should be avoided.

Department / individual / chair must keep detailed documentation to substantiate appropriate use and demonstrate that expenditures meet the terms of each endowment.

### **13.1.5. Overdrafts and Surplus in Endowment Spending**

Each department is responsible for monitoring its endowment funds to ensure the fund balance does not fall into deficit and/or is not accumulating substantial surplus.



## **13.2. Modification of endowment**

Modifying the terms and conditions of an endowment fund should only be with the express consent of the donor in writing. Any department contemplating a request to modify one or more conditions should take approval of the competent authority before approaching the donor for modification.

## **13.3. Substantiation, Stewardship & Reporting**

### **13.3.1. Substantiation**

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

### **13.3.2. Reporting**

The Board of Governors, NIFT will be presented with an annual report as to the endowment funds held by the institute, and the usage of those assets and their income thereof.

## **14. Records Management**

All Institute fundraisers involved in major work through donations will track and share progress on a central system as to the cultivation of prospective donors with respect to specific campaigns and resolve any disputes relating to conflicting approaches to prospective donors.

## **15. Disposal of Donated Assets & Infrastructure**

All donations in the form of enduring assets received by the Institute or those received as part of perpetual / quasi endowments will be accounted as per the asset management policy of NIFT. The details of such assets will be recorded in the Asset Register of NIFT. For term endowments and other projects, the assets may either be taken back by the donor or donated to NIFT for further use. In such cases, the entries will be made in the assets register after the donor has donated the assets to NIFT for further usage. Subsequently, these assets may be used for the purpose determined by NIFT after which their disposal may be as per the prevailing Obsolescence and Scrap policy.

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