



SHREEMATI NATHIBAI DAMODAR THACKERSEY
WOMEN'S UNIVERSITY

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Date :- 12th July 2012

CIRCULAR

To,

1. All Principals of the Colleges conducted by SNDTW University.
2. All Directors/Heads/Co-ordinators/In-charge of the University Departments at Churchgate, Juhu & Pune Campuses.

Subject :- Investment of Surplus Fund.

Sir / Madam,

The Maharashtra Universities Accounts Code Rule 1.68 to 1.71 provides for the Investment of funds. Generally for the specific period of investment the surplus funds at various levels are invested in the fixed deposits of the nationalised or scheduled banks offering highest rate of interest.

2. As the funds are primarily provided for the expenditure on the object as per sanctioned budget estimates rather than to make investments, therefore available funds should be first applied for incurring of the expenditure as specified in the budget. However when actual cash flow / expenditure schedule defers due to some administrative reason then instead of parking funds in the savings account, the option should be explored to invest such surplus funds at better higher interest rate to generate additional revenue.

3. The issue of streamlining the procedure of investment of surplus funds by issuing standard guidelines was under active consideration, it is therefore advised that pending finalization of the Policy of Investment, the following standard guidelines be followed while considering proposals for investment of surplus funds:-

1. Wherever current bank account is in operation, the concerned HoD should take immediate step to convert the current bank account into savings bank account to avoid loss of interest on running account balance & also in future current bank account should not be opened.
2. Complete the Cash Book on daily basis & reconcile the bank balance with updated bank passbook for ascertaining clear bank balance available for the investment by exploring the possibility of short/medium term investment, keeping in mind the possible fund flow requirements in the near future.
3. If the surplus funds are available then investment can be considered from minimum period of 7 days upto maximum medium/long term period only after the assessment of the requirements of funds in the near future by anticipating inflow of funds on monthly/quarterly/six monthly basis. Accordingly, the surplus funds available for investment should be considered either for short /medium / long term deposit in view of the above & till fund actually required for budgetary expenditure.

4. After determination of the period of investment, the quotations be invited through email from as many as nationalized and scheduled banks within the vicinity just before 5 & 6 days of the probable date of availability of funds for the investment for different period of investments as well as for different denomination of amounts i.e. below Rs. 15 lakh, above Rs 15 lakh, above Rs. 1 Crore etc. The draft of request letter to the banks to Invite Rates for the purpose of investment of surplus funds is enclosed as Annexure -1.
5. After obtaining rates from various banks the comparative statement of period & value wise interest rates offered by the various banks to be prepared so as to decide the profitable investment. While doing so the bank FDR rate as on the date of investment proposal may also be taken into account & the highest rate/maturity value proposal be considered..
6. No premature withdrawal of the fixed deposits i.e. withdrawal before the maturity date is to be made unless or otherwise funds are required for immediate contingent expenditure & by recording reasons in writing. However the Head of Department should inform Registrar or FAO about premature withdrawal of FDs if any within 7 days of such premature encashment of the FD.
Further, to avoid loss of interest on premature withdrawal of the FDR & to meet futuristic small funding requirements, it is advisable to prefer investment of surplus funds in suitable denominations of fixed deposit receipts than a single fixed deposit receipt.
7. Further, the entry of the investment should be taken in the prescribed Investment Register as soon as the cheque is drawn for making the fixed deposit with the approved bank & the due receipt for the same to be obtained from the concerned bank without any delay immediately after making the deposit. The details of financial transactions also to be recorded in the Investment Register under the signature of the concerned HoD on the same day without fail and while doing so HoD shall ensure that all relevant column information is properly provided.
8. The proforma of the Investment Register is given below for ready reference, in which all necessary entries to be recorded at the time of making Fixed Deposits under signature of concerned HoD.

REGISTER OF INVESTMENT

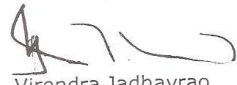
Sr. No.	Name of the Bank & Branch	Date of Deposit	FDR Receipt No. & Date	Rate of Interest	Due Date of Maturity	Maturity Amount
1	2	3	4	5	6	7

Face Value	Interest Amount	Maturity Value & Date of FDR Realization	Signature of HoD
8	9	10	11

9. Further before handing over of the Cheque to the designated bank, the Head of the Department shall verify the correctness of the entries taken in the Investment Register & as a token of verification shall sign in the column 11. Further to the person looking after the responsibility shall provide required details in column number 10 regarding realisation of the maturity value of the Fixed Deposit. & shall ensure that the DD/Cheque has been realised.
10. Further, it shall be binding on the concerned HoD to obtain confirmation from the S.N.D.T. Women's University on monthly basis wherever such financial transaction is pertaining to the S.N.D.T. Women's University Fund.
11. It has been noticed during the audit of accounts that in many cases the required Investment Register at the various Institution level is not properly maintained & due to non-maintenance of such record there is possibility of losing control over the maturity date of deposit, renewal of the deposit & safe custody of the fixed deposit receipts and also realisation of the investment & credit thereof to the Institution S.N.D.T. Women's University bank account.

In view of the above guidelines, therefore it is necessary to take periodic review of the balance in cash book & bank account to ensure that the surplus funds do not remain idle / parked in the savings bank account & that the same are timely invested in FDR's to avoid loss of revenue. Further it will be the responsibility of the concerned HoD & the person looking after this work to ensure that while managing the funds of the Institution / S.N.D.T. Women's University, due attention is paid in this regard to avoid any loss of revenue.

This circular is issued with the concurrence of Hon. Vice Chancellor, SNDDT Women's University.


 Virendra Jadhavrao
 Finance & Account Officer
 S.N.D.T. Women's University

ANNEXURE - 1

The Manager,

Subject: - Investment in Fixed Deposit Receipt.

Sir / Madam,

SNDT Women's University would like to invest some amount on xxxxxxxx in the following time deposit. Therefore inviting for special rate of interest for the following periods from various nationalised & scheduled banks within Mumbai city. The rate should be strictly quoted in the following format prescribed as under:-

Sr. No.	Period of Investment	Estimated Investment	Interest Rate in % Per Annum
1	7 to 14 Days	Less than 15 Lakh	
		Above 15 Lakh <1Cr.	
		Above 1 Cr < 5 Cr	
		Above 5 Cr.	
2	15 Days to 45 Days	Less than 15 Lakh	
		Above 15 Lakh <1Cr.	
		Above 1 Cr < 5 Cr	
		Above 5 Cr.	
3	46 Days to 180 Days	Less than 15 Lakh	
		Above 15 Lakh <1Cr.	
		Above 1 Cr < 5 Cr	
		Above 5 Cr.	
4	181 Days to 366 + Days	Less than 15 Lakh	
		Above 15 Lakh <1Cr.	
		Above 1 Cr < 5 Cr	
		Above 5 Cr.	

Terms & Conditions: -

- 1) Rate validity shall be for 7 days however any increase in the rate quoted on the deposit shall be applicable as on the date of investment.
- 2) Income Tax Exemption has been granted to SNDT Women's University under the Income Tax Act 1961 under Section 10(23). 3) Conditional Deposit will not be accepted. 4) Rate of interest to be quoted along with monthly/quarterly compounding basis.

You are therefore requested to send your interest rates for Fixed Deposit through E-mail in the above format to xxxxxxxx @ snadt.ac.in on xxxxxxxx before **11.30 P.M. Sharp**. Kindly note that no E-mails will be entertained after the time prescribed as above.

Thanking you,

Yours faithfully,