

CONCIL OF SCIENTIFIC & INDUSTRIAL RESEARCH  
RAFI MARG, NEW DELHI-110 001

No. 29-2(11)/99(LRF)-Report

Dated: 21.11.2017

OFFICE MEMORANDUM

Sub: Assurance from CSIR Management to CAG Audit – regarding LRF.

While issuing final vetting comments on C&AG para No 3.1 reports No. 5 of 2000 titled "Utilization of lab reserve fund", Office of the Principal Director of Audit (Scientific department) has sought an assurance from CSIR management for non-recurrence of instances mentioned by them in the said audit para.

2. In pursuance of draft CAG audit para, a high-power committee was constituted to examine the issue raised therein. On the recommendation of the committee, and with the approval of the Governing Body CSIR, guidelines related to expenditure from LRF had been revised and notified/ circulated vide letter No. 1(11)/Acctt./2000-2001 dated 4.9.2000 (copy enclosed).

3. Since CSIR has already considered the issue raised by Audit, CSIR management has given an assurance to CAG audit that CSIR Labs/ Institutes will strictly adhere to the approved guidelines notified vide letter No. 1(11)/Acctt./2000-2001 dated 4.9.2000.

4. Therefore, Directors of all Labs/ Institutes and the Head of all units of CSIR are hereby directed to *ensure strict adherence to the guidelines* as notified vide letter No. 1(11)/Acctt./2000-2001 dated 4.9.2000.

5. It will be the responsibility of the Director/ Head of the Lab/ Institute/Unit of CSIR to ensure the compliance of guidelines on this matter and give a certificate to the effect that "It is hereby certified that all expenditure from the LRF/ LHRF for the financial year \_\_\_\_\_ was incurred as per the guidelines circulated vide CSIR letter no 1(11)/Acctt./2000-2001 dated 4.9.2000. It is also certified that all norms, procedures, rules, regulations and instructions applicable for incurring expenditure from Govt. Grant were equally applied to expenditure from LRF/ LHRF. ". The certificate may be attached with the Balance Sheet of the relevant financial year of the Lab/ Institute/ unit.

6. Check list for following the above referred guidelines is also annexed for compliance.



(Girish Sahni)

Director General, CSIR

Copy to:

- 1) Joint Secretary, CSIR
- 2) Financial Adviser, CSIR
- 3) Director/ Head of all Labs/ Institutes/ Units
- 4) All Sr.CoA/ Sr. DS/ CoA/ DS/ AO/ US
- 5) All Sr.CoFA/ CoFA/ DyFA/ FAO
- ✓ 6) Head IT with request to host the OM on Web Site

**Checklist regarding expenditure from LRF in 20--\_\_- 20--**

|  |                          |
|--|--------------------------|
| a) Expenditure from LRF has not been incurred for the Financial assistance to any NGO and/ or private body   | <input type="checkbox"/> |
| b) Expenditure from LRF has not been incurred for Gift & Mementos  | <input type="checkbox"/> |
| c) Expenditure from LRF has not been incurred for Celebration of non-S&T events/ days  | <input type="checkbox"/> |
| d) Expenditure from LRF has not been incurred for Mobile phone bills   | <input type="checkbox"/> |
| e) Expenditure from LRF has not been incurred for OTA/ Honorarium/ Night duty Allowance other than for R&D work  | <input type="checkbox"/> |
| f) Expenditure from LRF has not been incurred for Foreign Travel except for business development   | <input type="checkbox"/> |
| g) Expenditure from LRF has not been incurred for LTC & Transfer TA  | <input type="checkbox"/> |
| h) Expenditure from LRF has not been incurred for Advertisement except when related to R&D and business development  | <input type="checkbox"/> |
| i) Expenditure from LRF has not been incurred for Staff/ Welfare Club activities   | <input type="checkbox"/> |
| j) Expenditure from LRF has not been incurred for Hotel/ Guest house charges except for S&T and business development purposes  | <input type="checkbox"/> |
| k) All norms, procedures, rules, regulations and instructions applicable for incurring expenditure from Govt. Grant have been equally applied and followed for expenditure from LRF as per guidelines issued vide CSIR letter No. 1(11)/Acctt./2000-2001 dated 4.9.2000. | <input type="checkbox"/> |

**(Head of Division)****(Director)**



(87)

**COUNCIL OF SCIENTIFIC & INDUSTRIAL RESEARCH**  
ANUSANDHAN BHAVAN, RAFI MARG, NEW DELHI 110 001

No. 1(11)/Acctt./2000-2001

Dated 4th September, 2000

To  
Heads of all National Laboratories / Institutes.

**Subject : Laboratory Reserve Fund scheme - Review**

The proposal to create a Laboratory Reserve Fund (LRF) Scheme with facility to create, utilize, retain and carry forward it for capital and revenue expenditure, to supplement the budgetary resources, was approved by CSIR Governing Body (GB) in 1992. The scheme had the concurrence of CAG of India. Subsequently, some more receipts were allowed to be credited to LRF. These subsequent changes were ratified by the CSIR GB in its 147th meeting held on 9.12.1999. In this meeting, the Governing Body, CSIR also approved setting up of Headquarter Reserve Fund (HRF) re-designating the existing title of the 'Laboratory Reserve Fund Scheme' to 'Laboratory and Headquarters Reserve Fund' Scheme which was notified vide O.M. of even No. dated 17th May, 2000.

In the meantime Audit had issued a draft review on the generation and utilization of the Laboratory Reserve Fund.

Taking cognizance of the draft audit review, the Director-General, CSIR appointed a high level committee to study the LRF in its entirety and to suggest the system of checks and balances further needed to ensure its utilization in the intended direction. The Committee submitted its Report, which was accepted by the Director General and also placed before the Governing Body in its 148<sup>th</sup> meeting held on 2<sup>nd</sup> June, 2000.

Accordingly, the procedure for generation and utilization of 'Laboratory/Headquarter Reserve Fund' will henceforth be as mentioned below:

**1. Title of the Scheme**

---

The title of the scheme will be "Laboratory & Headquarter Reserve Fund" (LHRF) in place of "Laboratory Reserve Fund" (LRF).

58

## 2. Generation of LHRF

2.1. The following receipts will continue to be credited to LHRF:

- a) Royalty & Premia (from licensing of IPR)
- b) Consultancy Fee
- c) Sponsored Project fee
- d) Overhead Charges
- e) Non refundable balance of closed project/job work
- f) Job work charges
- g) Testing and analytical charges
- h) Computer charges
- i) Other Technical Services
- j) Use of Lab. infrastructure for sponsored/consultancy & other projects
- k) Interest on investments of Laboratory reserve
- l) Interest on investment of sponsored/consultancy project funds
- m) Net earnings from Major facilities
  - i. Pilot Plant - Excess of receipt over expenditure
  - ii. C-MMACS - Excess of receipt over expenditure
  - iii. NTAF - Excess of receipt over expenditure

NB: The following receipts, however, will not be included in LHRF:

- (a) Amount of Interest earned on investment of sponsored/consultancy/Grant-in-aid projects fund adjustable and/or refundable to the funding agency.
- (b) Distributable portion of Royalty & Premia.
- (c) Distributable portion of Consultancy/Contract R&D and Intellectual fees from Technical Services.

Headquarters Reserve will include the following components in addition to the receipts vide para 2.1 above:-

- i. 1% of annual foreign business earnings generated by all laboratories.
- ii. 1% of annual intellectual property and technology licensing fees received by all laboratories.
- iii. 1% of laboratory reserve generated during the previous year by the laboratories, assisted by the HQ. to move on the path of self-sufficiency (at present IIP & IICT).
- iv. 1% of laboratory reserve generated by laboratories, assisted by the HQs. to acquire ISO 9000 (at present NML & CMERI)

### 3. Budgeting of LHRF

- (a) Each laboratory shall at the time of formulation of its annual budgetary requirements (Estimates) indicate the following in respect of LHRF:
  - Balance at the beginning of the financial year.
  - Anticipated generation during the financial year.
  - Proposed utilisation under each budget sub-head.
- (b) The proposal made at the Budget Estimate stage should be reviewed and proposed utilisation revised, if necessary, at the Revised Estimate stage.
- (b) CSIR would include the estimated utilisation of LHRF alongwith other internal receipts, when projecting budgetary requirement, to Ministry of Finance.
- (c) LHRF will continue to remain with the laboratory that generates it.

### 4. Utilisation of LHRF

4.1. Utilisation of LHRF is permitted for all revenue and capital expenditure as for budgetary grant. The broad sub-heads are as follows:

- **Revenue Heads**
  - (a) Pay & Allowances
  - (b) Traveling Allowances
  - (c) Contingencies
  - (d) Maintenance
  - (e) Chemicals & consumables
- **Capital Heads**
  - (a) Land
  - (b) Works
  - (c) Services
  - (d) Apparatus & Equipment
  - (e) Office Equipment
  - (f) Furniture
  - (g) Computer Equipment
  - (h) Library Books
  - (i) Vehicles & Transport
  - (j) Workshop Machinery
  - (k) Models & Exhibits
  - (l) Tools & Plants



4.2 Expenditure on the following items is also permitted in addition to the heads mentioned in para 4.1.

- Re-payment of World Bank Loan and service charges
- Interest earned & claimed by funding agency (reference item no (L) of para 2.1).
- Liabilities and damages arising out of contract R&D, consultancy, technical services or IPR licensing
- Payment of share of intellectual fees/honorarium (only in respect of past cases where credit was afforded to LRF))
- Transfer to Headquarter Reserve Fund
- Human Resource Development
- Computerisation and information systems
- Modernisation of equipment
- Construction & Maintenance of Scientists Apartments/Staff Quarters.

4.3 The expenditure on activities/items/purposes indicated below will not be permissible from LHRF: -

- Financial assistance to any NGO and/or private body
- Gifts & mementos
- Celebration of non-S&T events/days
- Mobile phone bills (as per standing instructions)
- OTA/Honorarium/Night duty Allowance other than for R&D work
- Foreign Travel except for business development
- LTC & Transfer TA
- Advertisement except when related to R&D and business development
- Staff/Welfare Club activities
- Hotel/Guest house charges except for S&T and business development purposes.

5. Norms & Procedure:

- (a) All norms, procedures, rules, regulations and instructions applicable for incurring expenditure from Govt. Grant will equally apply to expenditure from LHRF and should be strictly followed;

Each Laboratory & CSIR Headquarters should endeavour to utilise a substantial part of the LHRF generated in the previous year to supplement the budgetary resources. Normally the LHRF utilisation in a year should not be less than one-third of the amount generated in the previous year.

(c) In order to facilitate proper planning and efficient cash management temporary booking of expenditure on all permissible activities and purposes may be allowed from LHRF subject to adjustment on receipt of budget allocation.

(d) Director in the National Laboratory & Director General in CSIR Headquarters will have the power to sanction expenditure from LHRF within the delegated powers.

## 6. Accounting procedure

Accounting procedure as per CSIR's IMPACT Manual will continue to operate with following modifications under receipt heads: -

| C-Code   | Heads of Receipts   |
|----------|---|
| R07101   | a) Royalty & Premia (from licensing of IPR)   |
| R07102   | b) Consultancy Fee  |
| R07103   | c) Sponsored Project fee  |
| R07104   | d) Overhead Charges   |
| R07105   | e) Non refundable balance of closed project/job work  |
| R07106   | f) Job work charges   |
| R07107   | g) Testing and analytical charges   |
| R07108   | h) Computer charges   |
| R07109   | i) Other Technical Services   |
| R07110   | j) Use of Lab. infrastructure for sponsored/ consultancy projects                                       |
| R07111   | k) Interest on investments of Laboratory reserve  |
| R07112   | l) Interest on investment of sponsored/consultancy and other project funds                              |
| R07113   | m) Net earnings from Major facilities   |
| R0711301 | i. Pilot Plant - Excess of receipt over expenditure   |
| R0711302 | ii. C-MMACS - Excess of receipt over expenditure  |
| R0711303 | iii. NTAF - Excess of receipt over expenditure  |
|          | <hr/> Sub Total <hr/>   |
| R07114   | n) Transfer from LRF to Headquarters Reserve  |
| R0711401 | i. 1% of annual foreign business earnings generated by laboratory                                       |
| R0711402 | ii. 1% of annual intellectual property and technology licensing fees received by laboratory             |
| R0711403 | iii. 1% of laboratory reserve generated during the previous year ( presently by IICT, NML, IIP & CMERI) |



While remitting the CSIR's share of reserve, the Laboratory will debit by minus credit to concerned C\_Code from R0711401 to R0711403 using Cash Code P99106. While forwarding the cheque/demand draft, the Laboratory will indicate C\_Code(s) under which the amount has been debited so that CSIR Headquarters may afford credit to the same C\_Code(s). In the consolidated CSIR account, prepared after merging the accounts of all laboratories & CSIR Hqrs., no figure should appear under these heads. The transfer will be effected from the financial year 2000-01 based on the generation of LRF in 1999-2000.

*Pravin Tripathi*  
4/9/2000

(Pravin Tripathi)

Financial Adviser.

Copy to:

1. Sr. FAO / FAO of all National Laboratories
2. At HQs. For:
  - (a) Joint Secy. (Admn.), CSIR
  - (b) Head, RPBD/STMD/ISTAD/HRDG/IFMD/Computer Div./USC/USD
  - (c) All PTCs
  - (d) Dy. FA (Finance & Report), CSIR
  - (e) Sr. FAO (Audit), CSIR
  - (f) Sr. FAO (Budget), CSIR
  - (g) FAO (Cash), CSIR
  - (h) FAO (Accounts), CSIR
  - (i) Shri A. Wahid, Head, IMPACT Software Team

- 37 Lakh only Part (only in F100)
- 4 Lakh by Remittance (NPL, NISCOM, NSTAD & INDIAN)
- 7 PTC by order, Part

