

INDIAN INSTITUTE OF TECHNOLOGY KANPUR  
Office of Research & Development

2<sup>nd</sup> July 2008

Director  
IIT Kanpur

*Subject:* Overheads from sponsored projects, consultancy projects, and conferences/workshops/symposia.

Sir:

The following is a clear description of overhead calculations that we wish to notify to our colleagues. Please let me know if the document is in order.

Background notes:

- i) *Project cost* refers to the expense incurred by the PI for the duration of the project. It includes equipment, salaries, travel, consumables, and contingency.
- ii) *Overheads* refer to the payment due to the Institute from the grant approved by the funding agency-organization-industry.
- iii) *Sponsored* project refers to one in which the PI does not charge honoraria. In a sponsored project of a private organization, the PI can charge honoraria with the understanding that all of it is transferred to the PDA. For a project sponsored by a government agency, no honorarium in any form can be claimed.
- iv) *Consultancy* project allows the PI to charge honoraria (including payments to employees of the Institute). These payments can be in cash or deposited in the respective PDAs.
- v) *Testing* refers to a very limited duration activity involving a calculation or a measurement.
- vi) *Service tax* is required to be paid for all consultancy and testing projects.

**Calculation of overheads:**

1. SPONSORED RESEARCH: Proposals submitted for sponsored research must show overheads of 20% on the project cost. [Example: If the project requirement is X units, overheads would be 0.2X units and the total budget would be for 1.2X units.]
  - a. When money is received from the funding agency, overheads as approved would be deducted. When money is received from a private organization as a consolidated amount, 16.7% would be deducted as overheads.
2. CONSULTANCY: At the stage of proposal submission, the budget will reflect project costs (X), 25% overheads (0.25X) and service tax (12.36% of 1.25X). Service tax is subject to periodic revision by the Government of India. Service tax on equipment is waived if the funding agency-organization reclaims it at the end of the project.
  - a. When money is received from the funding agency, 11% is first deducted as service tax and 20% as Institute overheads on the remaining amount.
  - b. Service tax will be deposited in a suitable account in accordance with the rules of Government of India.

3. COURSES: For short-term courses, conferences, workshops, and symposia, 15% of the total receipts will be transferred to the CDTE account of the Institute.
  - a. For QIP, ISTE, and DST-type courses, prescribed norms would apply.
  - b. 15% overheads will be paid for courses conducted outside IIT Kanpur.
4. TESTING: After deduction of service tax, the balance receipts of testing are distributed as per: 34% Institute, 33% DPA, 33% distribution (among participating employees).
5. DISTRIBUTION: The overheads (A) collected from sponsored and consultancy projects as well as courses will be distributed within the Institute as follows:

Sl. No.	Nature of Project	SHARE OF VARIOUS UNITS		
		Institute	Department Promotional Account	Professional Development Account
1.	Sponsored	0.6A	0.25 A	0.15 A
2.	Consultancy	0.7A	0.3 A	N/A
3.	Courses (within IITK)	0.7A	0.3A	N/A
4.	Conferences/ workshops/ symposia	0.7A	0.15A	0.15A
5.	Courses (outside IITK)	0.7A	0.3A	N/A

The above notification may please be approved.

*K. Muralidhar*

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Dean: R&D

