

Department of Higher Education**Jawaharlal Nehru University****5.3 Overpayment of interest of ₹ 2.75 crore to the GPF/CPF subscribers**

JNU paid interest to the provident fund subscribers at higher rate than the rate fixed by the Government resulting in overpayment of interest of ₹ 2.75 crore.

Ministry of Human Resource Development, Government of India advised (February 2004) all Autonomous Bodies/Universities under its jurisdiction that interest on General Provident Fund (GPF)/Contributory Provident Fund (CPF) at the rate higher than the rate notified by the Government should not be paid to the GPF/CPF subscribers. University Grants Commission (UGC) also reiterated (April 2004) that the lesser rate of interest can be paid depending upon the financial position of the Institution, but higher rate of interest cannot be paid.

Audit noted that the University was paying interest at higher rate than the rate fixed by the Government to the GPF/CPF subscribers. The details of prescribed rate of interest and interest paid by the University to the subscribers during the period 2005-06 to 2010-11 are given below:

(in lakh)

Year	Interest rate (per cent) fixed by the Government	Interest rate allowed by the University	Interest credited to subscribers account	Interest to be credited as per Government rates	Excess interest credited to subscriber's account
2005-06	8.00	8.50	486.02	457.43	28.59
2006-07	8.00	8.50	513.67	483.45	30.22
2007-08	8.00	9.00	569.88	506.56	63.32
2008-09	8.00	9.00	622.47	553.31	69.16
2009-10	8.00	8.50	668.26	628.95	39.31
2010-11	8.00	8.50	759.66	714.98	44.68
Total			3619.96	3344.68	275.28

Thus, the University made overpayment of interest amounting to ₹ 2.75 crore to its GPF/CPF subscribers on account of higher rate of interest fixed by it.

The University stated (July 2011) that the rate of interest notified by the Government of India was applicable to Government provident fund. However, as per Statute 40 of the University, the rate of interest of JNU provident fund was determined by the Executive Council for each year. It further stated that it

had started crediting interest at the rates notified by the Government from the current financial year.

The reply of University does not factor in the Ministry's/UGC's clarification of 2004, which places a restriction on all autonomous bodies on payment of interest at rates higher than those notified by the Government from time to time. The Statute 40 provides for the management of schemes by the Executive Council of University. However, it does not allow the Executive Council to override the powers of Government of India regarding fixing the rate of interest.

The matter was referred to the Ministry in October 2011; their reply was awaited as of January 2012.