

Annexure 1

Overheads from sponsored R&D projects, consulting and short-term training

Generation of overheads

1. BITS operates two distinct types of sponsored activities:
 - a. R&D and consulting, and
 - b. Short-term training.
2. Every sponsored activity must set aside monies under “overheads” to the extent possible.
3. Sponsored R&D and consulting is classified as
 - a. Sponsored R&D research projects, where the sponsor
 - i. Specifies its norms for adding overheads (typically this is the case when the sponsor is a Govt. agency in India or an international agency), OR
 - ii. Leaves it to BITS to add the overheads (this is generally the case with an industrial/business organization);
 - b. Sponsored consulting, where the sponsor
 - i. Specifies its norms for adding overheads (this is rarely the case, even with a Govt. agency in India or an international agency), OR
 - ii. Is willing to go by the norms set by BITS.
4. Short-term training can be classified as:
 - a. One that is sponsored by an organization for the benefit of its own employees, and the total cost of the training is negotiated on the basis of anticipated costs, plus overheads,
 - b. One that is not sponsored, but is “floated” for anyone to attend after paying the “fee”, which is presumably based on (a) the anticipated number of participants, and (b) the estimated cost of running the training programme plus overheads.
5. BITS will have its own norms for sponsored R&D or consulting, as also for short-term training.
 - a. For sponsored R&D projects or consulting or short-term training, the overheads will be as per the overhead specified by the sponsor. This is preferably 10% or more for sponsored R&D projects or short-term training, and preferably 20% or more for sponsored consulting.
 - b. In the absence of any constraint imposed by the sponsor, one must seek overhead of 20% for sponsored R&D projects or short-term training, and 50% for sponsored consulting.
 - c. In case the R&D is sponsored by industry, the project will possibly include
 - i. expenses towards equipment, consumables, salary/assistantships for research personnel, travel, etc., and
 - ii. payment of honorarium/fee to investigators for their time and effort.

In such cases the overhead will be in two parts: (i) 20% of expenses towards equipment, consumables, etc., and (ii) 50% of honorarium/fee to be paid to investigators.

6. It is important to note that payment of “service tax” may be applicable to (a) sponsored consulting, and (b) the total cost of short-term training.
7. It is also to be noted that payment of income tax on distribution of consulting fee, or any honorarium will be the responsibility of the faculty members (BITS will deduct TDS as per the existing law).

Utilization of overheads

8. In order to (a) encourage faculty to stay back during vacation periods and work on sponsored R&D or consulting projects or plan and execute short-term training, and (b) grow the volume of sponsored R&D and consulting and short-term training at a significant rate, the faculty will be given incentives. In all cases of sponsored R&D or consulting or short-term training the overheads will be utilized as follows:
 - a. Sponsored R&D projects:
 - i. 60% overhead so generated will be added to the “professional development fund (PDF)” of the PI (and co-PI and investigators) to be used by them for their “professional development”. If an investigator decides to spend up to 2 months during summer vacation to work on the project, then he/she may, with the approval of the campus Director, use part of his/her PDF to pay himself/herself an equivalent of up to one month salary (in a manner similar to the payment made to a faculty member when he/she is required to stay back during the summer vacation). The campus Director(s) would normally welcome this and accord approval.
 - ii. 20% will be added to the “department development fund (DDF)” of the concerned departments for them to develop their education and research programmes or empower their faculty, and
 - iii. The balance 20% will be added to the “campus development fund (CDF)” of the concerned campuses for them to expand or improve its programmes, processes or infrastructure or empower their faculty.
 - b. Sponsored consulting assignment, short-term training:
 - i. In such cases, the the distribution will be: 20% of overheads to be distributed amongst PDFs of PI, co-PI and other investigators, 20% of overheads to department development fund (DDF), and 60% to campus development fund (CDF). This distribution will also apply to R&D projects that have any component to compensate for faculty time).
9. The manner in which the 60% of overheads is to be distributed amongst the PDFs of individual PI, co-PI or investigators is to be decided by the PI in consultation with co-

PI, but in a manner consistent with the contribution made by them. In the absence of any such determination, a PI may seek for himself/herself an amount Z , $Z \leq 2*Y$, while a co-PI may seek Y , $Y \leq 2*X$, where X is the portion credited to the PDF of one investigator.

- a. The manner in which the 20% of overheads is to be added to the DDF of the concerned departments (or the manner in which the 20% or 60% overheads, as the case may be, is to be added to CDF of the concerned campuses) is to be similarly decided by the PI in consultation with co-PI.
10. The PDF of an individual faculty may be used for his/her professional development as also pay himself/herself an equivalent of up to one month salary each year for spending time in summer vacation and working on the project. Professional development includes expenses towards attending a conference or workshop, etc., procurement of equipment, supplies, books, etc., subscription to membership of professional societies, etc.
 - a. The DDF of a department may be used to develop their education and research programmes or empower their faculty. This includes expenses towards improvement of labs, sponsoring faculty and students to attend conferences, workshops, meetings, competitions, etc., expenses towards travel by potential faculty, etc.
 - b. Similarly, a CDF of a campus may be used to expand or improve its programmes, processes or infrastructure or empower their faculty. This includes expenses towards improvement of campus infrastructure, sponsoring faculty and students to attend conferences, workshops, meetings, competitions, etc., expenses towards travel by potential faculty, funds to establish awards for excellence in teaching or research, and above all encouraging and incentivizing its faculty to stay back during summer months to undertake research, etc.
11. The PDF may be used by the concerned faculty at any time while he/she is in employment with BITS at any of its campuses.
12. Details concerning management (allocation and utilization) of funds will be worked out in due course of time.
13. Once accepted, this policy may be implemented starting with projects for which funding is received on or after April 1, 2011.

-end-of-document-