



**ASSOCIATION OF  
AUSTRALIAN EDUCATION  
REPRESENTATIVE IN INDIA**  
Registered under Societies Registration Act XXI 1860  
Registration No. S-31213 of 1997

**Mailing Address :**  
1018 Hemkunt Chambers  
89 Nehru Place  
New Delhi 110019  
Tel : 011-30842074  
Web : www.aaeri.org  
Email : aaeri@aaeri.org

## **AAERI's regulation on SCHOLARSHIPS offered by its members.**

AAERI office bearers met at AEI on 11<sup>th</sup> December 2008 to finalise the understanding on the various scholarships that are being marketed by some of its members and also discussed the prospect of more such schemes that may be introduced by other members as a reaction.

**The meeting was attended by Ravi Lochan Singh (President), Gulshan Kumar (Vice President), Mr Inder Panjwani (General Secretary), Mr Arun Bhutani (Secretary), Mr Bubbly Johar (Treasurer) and Mr Sabesan (Special Invitee – Exhibition committee). AEI was represented by Ms Kelly Raj (Counsellor-AEI) and Ms Dhanya Bhatia (Officer-AEI). The above group had the mandate of the executive to take a decision and with 6 of the 11 executives present, the required majority viewpoint was also deemed to have been taken to issue this notification.**

The points below form the summary that will act as an interim guideline till there is a more defined guideline drafted. The interim guideline will come into effect from exactly 7 days from the date on this letter. The AGM may consider the guidelines before 31<sup>st</sup> March 2009 and the further effect of the same will depend on the decision taken by the house. However in the interim, the President in his allowed discretion shall require all AAERI members to strictly abide by the following.

Scholarships are a positive benefit from the perspective of a student but it is equally important that the student, when being attracted by a scholarship, is aware of all the details and the fund that is being branded as a scholarship does qualify as one as per all the available legalities and definitions.

I am quoting below from the expert opinion received, which AAERI is using in the “interim” requirement:

### ***Normally scholarships are awarded to students***

- *Based on their Meritorious achievements: Academic, Sports*
- *Community based: Belong to a particular community, minority*
- *Given to Economically weak but academically brilliant students,*
- *Instituted by the Academic Institutions*
- *General but have specified criteria.*

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**The procedure to institute a scholarship by an individual or a company is:**

- To create an endowment by a trust or a company (A non-profit making, philanthropic trust is formed, with their aims and objectives clearly laid out in the trust formation deed listing out all its Aims & Objectives. Necessary registration with the State Government authorities for Trust Deed Registration, Income tax authorities for allowing the donors eligible for income tax exemption. The number of scholarships, quantum of each scholarship, eligibility criteria, mode of disbursement, and source of funding should be clearly mentioned in the Trust Deed. Endowment should be for such scholarships with the banks as per the Trust Deed. For example, if a 1 core scholarship is announced per annum, the endowment should be at least 10 Core keeping in mind the deposits can fetch at least 10% income per annum)
- The interest earned by the endowment will be disbursed as scholarships (Necessary account books should be maintained, documentary evidence regarding disbursement of scholarships and the list of beneficiaries, mode of disbursement, permission for remittances abroad like RBI clearances if any should also be maintained)
- Never a revenue expenditure, which goes to P&L account. This is not an expenditure which will go in to the Profit and Loss account of an enterprise. Scholarships are not awarded either for tax planning or tax evasion purposes. They should be genuine in nature, transparent to the beneficiaries and with no strings attached.
- The scholarship amount has to find its source in a set aside fund and cannot be from projected profit in future. It is from the declared profit of the previous year that finds its way into a trust or similar arrangement.

**The basic requirements of a scholarship should be transparent and listed for information to the public such as:**

- Name of the scholarship (if any), for example:
  - ABC scholarship for Post Graduates in alternate energy sources
  - MNO scholarship for Graduates in alternate for petrol
  - XYZ scholarship for Diploma in Hairdressing
- The number of beneficiaries per annum will have to be notified while making such announcements.
- The quantum of each scholarship will have to be mentioned.
- The age limit of the beneficiary needs to be specified.
- The community which is eligible (in the case of SC/ST, minority, specific community....) needs to be defined (if any).
- The criteria, such as consistent academic record, has to be maintained during the earlier studies (uninterrupted studies without any backlogs) on which the scholarship will be awarded and will also be spelt out unambiguously.
- The last date for applying to avail such scholarships should be clearly defined and the indication of when and how the result will be announced (to allow those who have been awarded and those who have not been to be able to secure the scholarship) must be known and clearly articulated and available to any interested party. This will

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*allow those who have not secured the scholarship to get an idea of the parameters that excluded them and if they desire they may take any legal assistance in conformity with the regulations in India allowing "fair-play".*

- *Consistent performance of the students should also be stressed. (i.e.: after getting the scholarship, failing in some subjects, not maintaining the attendance...makes them ineligible) and the Second installment if any will not be disbursed.*
- *The Panel of Judges should be from the general public who will not favour / related to any individual as he/she likes*
- *The eligibility of the candidates should be defined and any exclusions clearly articulated (like children of judges, management of the company are not eligible, etc).*
- *When & where the results of the scholarships will be announced must be clearly articulated and available.*

***The other necessary / essential permissions:***

- *Permission from the Foreign Exchange Department (RBI) to pay the student's Tuition Fees and compliance with the Money Laundering Act.*
- *Whether there is any trust which has been formed with the above mentioned requirements as their aims & objectives*
- *Whether they have tax exemptions from the income tax department such as 80 L*
- *Whether such trusts have enough financial ability to offer such scholarships.*
- *Where donations are received by the trust from individuals, corporations, corporate companies, partnership firms under 80 L of the income tax act, not more than 30% of the declared profit be given as donation.*
- *If the scholarship is a Revenue expenditure (otherwise this can also be viewed as tax evasion).*
- *Without transparency scholarships can be construed as luring students from other competitors which can attract MRTP Act.*

AAERI with the help of the above definition will consider all scholarship schemes initiated by its members as genuine in the interest of the student, provided the scholarships have met the above criteria. If there are any criteria that do not apply to them for any reason, the reason should be specified in transparent terms when AAERI seeks that information.

After a week from this "interim" notification, issued by me as President of AAERI and with consent of the executive of AAERI and after keeping AEI informed of this decision, require that any AAERI member who advertises a scholarship scheme may be required to furnish evidence within 7(seven) days to prove the genuineness of the scholarship.

In the interest of AAERI, the students and the industry, any attempt to guise marketing discounts as scholarships will not be tolerated.

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AAERI is also informing all institutions through its website and also through mailers on this matter. There is a need to keep all practices followed by the education agents ethical in spirit and delivery. This is also a requirement of the ESOS Act and any attempt at attracting students with incorrect advertising will lead to termination of membership to AAERI and further lead to AAERI initiating legal actions such as Consumer Protection actions or the MRTP.

AAERI is also requesting AEI to advise the institutions of the steps being taken by AAERI to protect the market and that institutions should not encourage a "commission sharing arrangement that is sold out as scholarship".

The balance sheets and accounts of private limited companies are available in public domain and can be accessed by AAERI from Registrar of companies and AAERI will be in its right to get or ask for a copy of the same to check if the declared profits of the company had sufficient funds to allow the scholarship funds to be created.

If the awarding company is not an Indian company but if they are members of AAERI and operating in India and offering the scholarships in India, they will also need to adhere to this notification and ensure that they are not violating any legal requirements. If they are not required by the law to seek some of the above permissions, they may state that in their reply. However there will be several other parameters that will govern them and acts such as consumer protection apply to any company operating in India even if it is registered overseas.

**Exception:** If an agent is promoting the scholarship of an education provider or another organization then all advertising and promotions should indicate that reference and if proper referencing is made, AAERI does not require any further documents as required above. AAERI understands that education providers do offer scholarships.

*Issued by Ravi Lochan Singh in his capacity as President of AAERI on 12.12.2008.*

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