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DIRECTOR GENERAL
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B.K. DIWAN, I.R.S.
DIRECTOR GENERAL.

D.O.No. DGIT(E)/ 80G/93-94/3412

Dated : 15-12-1993.

Dear Sri Krishnamurthy

In his Budget speech in this year in February, 1993, the Finance Minister had announced tax incentives in order to encourage private funding of higher education. He had stated :

1. 'Hitherto our institutions of higher learning have been almost entirely dependent on Government funds. As Government funds are limited, we must find ways of funding these institutions from industry. This will also bring them closer to industry and more responsive to its needs. I, therefore, propose to raise the income tax deduction given to contributions to approved universities, institutes of technology, institutes of management and equivalent institutions from 50 per cent at present to 100 per cent.

2. To give effect to above mentioned proposal, the Finance Act, 1993 introduced a new sub-clause (iiif) in section 80G(2)(a) in the Income-tax Act. Consequently, the Income-tax Rules notified the Director General of Income-tax (Exemptions) as the prescribed authority for approving universities and institutes of national eminence under the aforesaid provision.

3. You will be glad to know that, in concurrence with the Secretary, University Grant Commission, it has been decided to approve your university for the purposes of section 80G(2)(a)(iiif). Persons making donations to your university will, henceforth, be entitled to claim 100 per cent deduction of the donations made to the university, in computing their total taxable income.

4. In consonance with the spirit of the new provision, you may take this opportunity to mobilise financial resources from local business houses, philanthropists and your alumni in India and abroad for the promotion of higher education in your university.

With regards,

Yours sincerely,
(B.K. DIWAN)

Shri. Bh. Krishnamurthy,
Vice Chancellor,
Hyderabad
Hyderabad