

INDIA - BHUTAN FOUNDATION General By-Laws

1. Short Title and Commencement

1.1 Pursuant to the memorandum of Understanding (MOU) concluded between the Royal Government of Bhutan (RGOB) and the Government of India (GOI) for establishment of India-Bhutan Foundation, the following By-Laws and rules are formulated in terms of Article VII of the said MOU. It will be called the India-Bhutan Foundation General By-Laws.

1.2 These By-Laws shall come into force with effect from the date it is adopted by the meeting of the Board of Directors of the India-Bhutan Foundation.

2. Definition and Interpretation

The expression shall have the following meanings:

“Foundation” means India-Bhutan Foundation established pursuant to the MOU concluded between the RGOB and the GOI on 29th August 2003 in New Delhi.

“By-Laws” means India-Bhutan Foundation General By-Laws.

“RGOB” and “GOI” means the two Governments i.e. Royal Government of Bhutan and the Government of India respectively. The terms shall be understood to mean the Foreign Ministries of the two Governments.

“MOU” means the Memorandum of Understanding, concluded between the RGOB and the GOI on 29th August 2003.

“Financial Year” means a period of 12 months of the Calendar Year commencing on 1st January and ending on 31st December of the same year.

“Board” or “Board of Directors” or “BOD” means the Directors of the India-Bhutan Foundation appointed under Article VI of the MOU. The term includes the Co-Chairpersons of the Foundation.

“Trust Fund” means the grant made available by the RGOB and the GOI and the surplus of the Foundation set aside as a reserve by the Board from time to time.

“Auditor” means and includes those person or firms appointed as auditors of the Foundation by the RGOB/GOI on the recommendation of the Board of Directors in accordance with Clause (4) of Article IV of the MOU.

In the construction of these By-Laws, unless inconsistent with the context, the singular shall include the plural and the masculine shall include the feminine and vice versa and persons shall include bodies corporate.

3. Foundation to be a charitable organization

3.1 The Foundation is a non-profit making charitable institution and accordingly its income or surplus shall not be subject to any tax and shall not be divisible among the Board or any person and no dividend could be declared or paid therefrom.

3.2 The Foundation shall implement such programme or under take such activities as described in Article III of the MOU and such other activities as deemed fit by the Board from time to time which fosters educational, cultural, scientific and technical co-operation between Bhutan and India. However, no political activities could be supported from the Trust Fund or revenue earned therefrom.

4. Management and Direction of the Foundation

4.1 The management and the direction of the affairs of the Foundation shall be vested in Board of Directors.

4.2 The number of Directors shall be ten.

4.3 The Ambassador of Bhutan to India and the Ambassador of India to Bhutan shall be the Co-Chairpersons of the Board. RGOB and the GOI shall nominate four other members of the Board.

4.4 The Directors shall hold office at the pleasure of the appointing authority.

4.5 The Co-Chairpersons of the Foundation shall be responsible for the direction and supervision of the Foundation's programme and activities in accordance with the Board resolutions and directives and the provisions of the MOU and the By-Laws.

Meetings of the Board of Directors

4.6 The Board of Directors may meet together for the dispatch of Foundation's business, adjourn and otherwise regulate their meetings and proceeding as they deem fit but the Directors shall meet atleast twice in a calendar year. The venue of the meeting will be alternately in Bhutan and India.

4.7 Notice of the Board meeting shall be given in writing to each Director, whether they are in Bhutan or India, together with the agenda of the meeting atleast fourteen days before the date of the meeting. Provided that in exceptional circumstances and for the reasons to be recorded in writing and with the prior written consent of atleast one Co-Chairperson, a notice of short duration may be given.

Quorum

4.8 The presence of six Directors in a meeting, three from each country, shall constitute the quorum for the Board meeting. If a meeting of Board cannot be held for want of quorum, the meeting shall automatically stand adjourned to such other date and time as may be fixed by the Co-Chairperson.

4.9 Questions arising at a meeting of the Board shall be decided by a majority vote of the Directors present thereat.

Minutes

4.10 The Foundation shall record minutes of proceeding of every meeting of its Board of Directors or of every Committee of the Board to be kept by the Secretary. Both the Co-Chairpersons shall certify the minute book.

Powers of the Board of Directors

4.11 Without prejudice to the generality of the foregoing, the Board of Directors shall have the following powers and responsibilities:

- a. To approve proposals regarding programmes activities and budget. However, proposals approved by the Co-Chairperson under his discretionary power can be approved in the Board meeting held subsequent to such approval.
- b. To approve budget of the Foundation including expenditure incurred over and above the amount sanction in the budget or in earlier Board Meeting for various programmes/project activities.
- c. To make investment of the Trust Fund as per the Investment Guidelines approved by the Board.
- d. To make appointment of staff.
- e. To approve procurement of fixed assets costing more than Rs/Nu.50,000/-
- f. To approve annual accounts.
- g. To recommend to the RGOB/GOI for the appointment of the auditor.
- h. To open Bank account.

However, if any of such decision has to be taken in between the two Board meetings, Co-Chairperson can take such decision and ex-post facto approval shall be obtained from the Board.

4.12 Any proposal which contributes to the enhancement of the objectives of the Foundation and not included in the approved budget, each of the two Co - Chairperson is empowered to approve any programme(s) involving expenditure not exceeding Rs/Nu.100,000/ (*) in the interim period between two Board meetings. Such programmes shall be reported to the Board meeting held immediately after it was approved.

(*) increased from Rs/Nu.1,00,000/-to 2,00,000/- by 5th BOD Meeting and from Rs/Nu.2,00,000/- to Rs/Nu.3,00,000/- by 9th BOD Meeting and from Rs/Nu.3,00,000/-to Rs/Nu.5,00,000/- by 10th BOD Meeting.

Board/Committee Meeting Express

- (i) The Directors shall not be paid any fee for attending meeting of the Board or Committees thereof. However, the Board may allow and reimburse travelling, board, lodging and other expenses incurred for

the purpose of attending any Board or Committee meeting as may be decided by the Board from time to time.

- (ii) In addition to hotel expenditure, which will be provided by the Foundation, members attending the Board/Committee meetings will be paid a daily allowance of Rs./Nu.2,500/- per diem.
- (iii) Two Secretaries from the Embassies attending the Board/Committee meeting would be entitled to the same facility and daily allowance applicable to the members of the Board.

Committee/Sub-Committees

4.14 The Board may delegate any of its power to Committees or Sub-Committees consisting of such member or members of their body as they deem fit. One of such Committees shall be Screening Committee consisting of Co-Chairperson and Board members from the respective Secretariat. The function of Screening Committee shall be:

- a. To advice Co-Chairperson.
- b. To screen proposals received by the Secretariat.
- c. To carry out such function as may be delegated by Board of Directors from time to time.

5. The Secretary

The Ambassadors of the respective countries may appoint and remove at his discretion, any officials of the respective embassies to perform any functions performed by the Secretary and to execute any other duties, which may from time to time be assigned to them by the Board or Co-Chairperson including the following:

- a. Receive the proposals for the grant and verify that they are complete in all respect.
- b. Supervise implementation of the programmes approved by the Board and recommend release of fund as per accepted proposal.
- c. Supervise day to day function of the Foundation.
- d. Sign cheques on behalf of the Foundation as a joint signatory.
- e. Assist in preparation of the annual budget.

6. **Programme Approval**

- 6.1 Both Secretariats shall publish the activities to be financed by the Foundation in print media, Audio-Visual media, etc. in both the countries and request for the proposals from the interested people and the organizations from time to time.
- 6.2 The applications shall be received in the prescribed format approved by the Co- Chairpersons. The Board will not consider incomplete proposals and the notice to that effect shall be given to the applicant. However, in case of eminent personalities, a request letter giving details of the project could be accepted as a formal application with the approval of the Co-Chairperson and requirement of filling the application form may be waived.
- 6.3 Every meeting of the Board will consider proposals presented before it by the Co-Chairperson and decide upon their acceptance depending on merits of each programme proposed.

6

- 6.4 Each Board meeting may among others, review the process in implementation of the programmes agreed upon during earlier meetings, while also taking up fresh proposals for consideration.
- 6.5 Proposals, which are not executed even after one year of offer, shall be cancelled unless renewed by the Board. This will, however, not apply to proposals whose duration is for more than a year.
- 6.6 Each person and organization, whose proposal has been accepted, will be notified in writing.

7 **Trust Fund**

7.1 The Fund will be set up initially by the contribution of Rs/Nu. twenty million each by the Royal Government of Bhutan and the Government of India to form a Trust Fund.

7.2 Amount contributed by the RGOB and GOI, if any, to enhance the fund shall be added to the Trust Fund.

7.3 At the expiry of the MOU the principal amount will either be returned to the RGOB and GOI or utilized in such manner as may be agreed upon between the two Governments. The balance amount in the Trust Fund, if any, will be utilized in the manner as decided by the Board.

8 **Financing of the Programme**

8.1 Programmes approved by the Board shall be financed by the Foundation upon the amount approved. The recipient shall require to submit Utilization Report within 45 days of the completion of the programme or any part thereof for which advance is required.

8.2 Upto 25% of the approved amount may be paid in advance. The balance amount may be paid only after receipt of utilization report and being satisfied with proper utilization of the fund. The ceiling of 25% payment in advance may be relaxed in exceptional case with the approval of Co-Chairperson.

7

8.3 Proposal received from the same person or the organization shall not be considered unless Utilization Report has been received by the foundation in respect of previously sanctioned programme.

8.4 The grantee shall be required to submit summary of expenditure along with supporting documents and Utilization Report in respect of fund received from the Foundation. The Foundation may require submitting audited financial statement or may perform audit of the utilization of the fund made available by it.

9 **Accounts and Audit**

9.1 The Foundation shall keep at its respective offices proper books of accounts as Board deems fit, and in accordance with the generally accepted accounting statements with respect to:

- a. All sums or monies received and expended by the Foundation and the matters in respect of which the receipts and expenditure takes place.
- b. The assets and liabilities of the foundation.
- c. The books of account, financial reports and reviews shall give a true and fair view of the state of the affairs of the Foundation.

9.2 Audit of the Foundation shall be carried out on an annual basis, by Auditor appointed by the RGOB/GOI on the recommendation of the Board, who shall submit his report on the consolidated financial statement of the Foundation to the Board. In addition, the respective teams sent by two Governments to audit the accounts of the respective Mission from time to time may carry out audit.

Budget

9.3 A budget of Foundation for the forthcoming financial year shall be prepared by the Co-Chairperson before the commencement of each financial year and present it for approval in accordance with Article V of the MOU.

8

9.4 The Co-Chairperson shall have the right to spend within the ceiling of the approved budget. Amount spent in excess of approved budget shall be presented to the Board for ratification giving justification of the same.

9.5 Bank Account and Petty Cash

- a. The Foundation may open one or more bank account necessary for the operation of the Foundation.
- b. The Foundation shall deposit every income into the Bank Account(s).
- c. All payments exceeding Rs./Nu.2500/- shall be made by cheque only.
- d. The joint signature of the signatories appointed by the Board shall operate the Bank Account(s).
- e. The Foundation may maintain a petty cash fund not exceeding Rs./Nu.5000/- for meeting day to day office expenses. The fund will be managed on imprest basis and the maximum amount of single payment from imprest fund shall be Rs./Nu.2500/-

10. **Indemnity**

No Director, Secretary, Auditor or other employee to the Foundation shall be liable for any loss or damage or misfortune whatsoever which may happen in the execution of the duties of the Office or in relation thereto unless the same happened through his own dishonesty or through willful negligence.

11. **Dissolution**

In case the Foundation is dissolved pursuant to the decision of RGOB and GOI, the assets of the Foundation after meeting expenses, debt or other encumbrances shall be distributed in a manner as directed by the two Governments.

9

12. **Adoption, Amendment and Repeal**

12.1 For the purpose of conducting business for achieving the objectives of the Foundation, the Board may frame new By-Laws and repeal or amend the existing By-Laws and rules with the consent of not less than eight members of the Board present in a meeting.

12.2 These By-Laws supercede all earlier By-Laws and regulations. All functions performed or commitments undertaken under the existing By-Laws or rules shall be deemed to have performed or undertaken under these By-Laws.

These By-Laws are hereby adopted at the First meeting of the Board of Directors of the India-Bhutan Foundation held on 2nd October 2004 at Neemrana, Rajasthan.

Sd/-
(Dago Tshering)
Ambassador of Bhutan
to India
& Co-Chairperson
India-Bhutan Foundation

Sd/-
(K.S. Jasrotia)
Ambassador of India
to Bhutan
& Co-Chairperson
India-Bhutan Foundation

