



**KARNATAKA LEGISLATIVE ASSEMBLY  
FIFTEENTH LEGISLATIVE ASSEMBLY  
SEVENTH SESSION**

**THE KARNATAKA STATE OPEN UNIVERSITY (AMENDMENT) BILL, 2020  
(LA Bill No. 35 of 2020)**

A Bill further to amend the Karnataka State Open University Act, 1992.

Whereas it is expedient further to amend the Karnataka State Open University Act, 1992 (Karnataka Act 46 of 1994) for the purposes hereinafter appearing:

Be it enacted by the Karnataka State Legislature in the seventy first year of the Republic of India as follows:-

**1. Short title and Commencement.-** (1) This Act may be called the Karnataka State Open University (Amendment) Act, 2020.

(2) Section 1 and sub-section (1) of section 6 shall come into force at once and remaining provisions of this Act shall be deemed to have come into force from the 1<sup>st</sup> day of June, 1996.

**2. Amendment of section 2.-** In the Karnataka State Open University Act, 1992 (Karnataka Act 46 of 1994) (hereinafter referred to as the Principal Act) in section 2,-

(1) after clause (a), the following shall be inserted, namely:-

"(aa) "Assessment Year" means the year following the year in which the income of a financial year is assessed or taxed" ;

(2) after clause (f) the following shall be inserted, namely:-

"(fa) "Financial Year" means a period of twelve consecutive months commencing on 1<sup>st</sup> day of April every year";

(fb) "Person having a substantial interest in a concern" shall have the same meaning as assigned to this expression in Explanation 3 below sub-section (9) of section 13 of the Income Tax Act, 1961 (hereinafter referred to as the Income Tax Act);

"(fc) "Previous Year" means the financial year immediately preceding the assessment year;"

**3. Amendment of section 3.-** In section 3 of the Principal Act, after sub-section (5), the following shall be inserted, namely:-

"(5A) The establishment of the University shall be a non-profit making institution and the University shall not transfer directly or indirectly of the whole or any part of income or of any movable or immovable property of the University to any person or to give any person any right to assume power

directly or indirectly over the whole or any part of the income or of any movable or immovable property of the University."

**4. Amendment of section 5.-** In section 5 of the Principal Act, after sub-section (2), the following shall be inserted, namely:-

"(3) No part of the income of the University shall enure directly or indirectly for the benefit of any Officer or Authority of the University or any other person who has made a substantial contribution to it or of any relative of such Officer or Authority or person or of any concern in which such Officer or Authority or person or any relative of such Officer or Authority or person has a substantial interest."

**5. Amendment of section 23.-** In section 23 of the Principal Act, after sub-section (6), the following shall be inserted, namely:-

"(7) Notwithstanding anything contained in this section, the Board of Management shall not to make or adopt any new statute or amend, modify or repeal any statutes affecting the objectives of the University"

**6. Amendment of section 27.-** In section 27 of the Principal Act,-

(1) in sub-section (1), for the words, "Controller of State Accounts" the words "Principal Director, Karnataka State Audit and Accounts Department" shall be substituted.

(2) after sub-section (5), the following shall be inserted, namely:-

"(6) The University shall, where its total income as computed under the Income Tax Act without giving effect to the provisions of sections 11 and 12 of that Act exceeds the maximum amount which is not chargeable to income-tax in any previous year, get its accounts for that year audited by an accountant as defined in the Explanation to sub-section (2) of section 288 of the Income Tax Act and furnish along with its return of income for the relevant assessment year the report of such audit in the prescribed form duly signed and verified by such accountant and setting forth such particulars as may be prescribed, in accordance with clauses (b) and (ba) of sub-section (1) of section 12A of the Income Tax Act.

(7) The University shall utilize its income and movable and immovable property only for the furtherance of its objects, shall not invest or deposit any income accumulated or set apart for application to charitable purposes in India in any form or mode other than those specified in sub-section (3) of section 11 of the Income Tax Act and shall not distribute its income or property to any person by way of profit, dividend and interest or in any other manner."

**7. Insertion of new section 38A.-** After section 38 of the Principal Act, the following shall be inserted, namely:-

**"38A. Dissolution or winding up of the university.-** In the event of dissolution or winding up of the University, the assets remaining as on the date of dissolution shall under no circumstances be distributed among the officers of the university or members of the Board of Management or Finance Committee or among any person having substantial interest or their relative, but the same shall be transferred to another University whose objects are similar to that of this University."

**8. Amendment of First schedule.-** In the first schedule to the Principal Act, under the heading "The objects of the University" in clause 1, after item (j) the following shall be inserted, namely:-

"(k) undertake necessary or expedient action to pursue and promote the objectives of the university as a non-profit organization."

**STATEMENT OF OBJECTS AND REASONS**

It is considered necessary to amend the Karnataka State Open University Act, 1992 (Karnataka Act 46 of 1994),-

- (i) to register the Karnataka State Open University to avail the benefits of income tax exemptions under section 12A of the Income Tax Act, 1961; and
- (ii) To change the designation of “Controller of State Accounts” as “Principal Director, Karnataka State Audit and Accounts Department” referred in section 27 of the Act.

Hence, the Bill.

**FINANCIAL MEMORANDUM**

There is no extra expenditure involved in the proposed legislative measure.

**DR. ASHWATH NARAYAN C.N**  
Deputy Chief Minister and  
Minister for Higher Education,  
IT & BT, Science and Technology,  
Skill Development, Entrepreneurship  
and livelihood

**M.K. Vishalakshi**  
Secretary (I/c)  
Karnataka Legislative Assembly

**ANNEXURE****EXTRACT FROM THE KARNATAKA STATE OPEN UNIVERSITY ACT, 1992  
(KARNATAKA ACT 46 OF 1994)****XXX****XXX****XXX**

**2. Definitions.-** In this Act, and the statutes made hereunder, unless the context otherwise requires ,-

(a) "Academic Council", means the Academic Council of the University;

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(f) "Finance Committee" means the Finance Committee of the University;

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**3. Establishment and incorporation of the University.-** (1) There shall be established a University by the name of the "the Karnataka State Open University".

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(5) The University shall be competent to acquire and hold property, both movable and immovable to lease, sell or otherwise transfer any movable or immovable property which may have become vested in or been acquired by it, for the purposes of the University and to contract and to do all other things necessary for the purposes of this Act.

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**5. Powers of the University.-** (1) The University shall have the following powers namely :-

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(2) Notwithstanding anything contained in any other law for the time being in force, but without prejudice to the provisions of sub-section (1), it shall be the duty of the University to take all such steps as it may benefit for the promotion of open university and distance education systems and for the determination of standards of teaching, evaluation and research in such systems and for the purpose of performing this function the University shall have such powers, including the power to allocate and disburse grants to colleges, whether admitted to its privileges or not or to any other University or Institution of higher learning, as may be specified by the Statutes;

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**23. Statutes how made.-** (1) The first statutes are those set out in the Second Schedule.

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(6) Notwithstanding anything contained in the foregoing sub-section, the Chancellor may direct the University to make provisions in the statutes in respect of any matter specified by him and if the Board of Management is unable to implement such a direction within sixty

days of its receipt the Chancellor may, after considering the reasons, if any, communicated by the Board of Management for its inability to comply with such direction, make or amend the Statutes suitably.

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**27. Annual accounts, etc.-** (1) The annual accounts and the balance sheets of the University shall be prepared under the directions of the Board of Management and shall once at least every, and at intervals of not more than, fifteen months be audited by the Controller of State Accounts or such person as may be authorised in this behalf.

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(5) The audited annual accounts after having been laid before both the Houses of the Legislature shall be published in the official Gazette.

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**38. Transitory powers of the first Vice-Chancellor.-** (1) It shall be the duty of the first Vice-Chancellor to make arrangements for constituting the Board of Management, the Academic Council and such other authorities of the University within six months of the notified date or such longer period not exceeding one year as the Government may by notification direct.

(2) The first Vice-Chancellor shall in consultation with the Government make such rules as may be necessary for the functioning of the University.

(3) The authorities constituted under sub-section (1) shall commence to exercise their functions on such date as the Government may, by notification, specify in this behalf.

(4) It shall be the duty of the first Vice-Chancellor to draft such statutes as may be necessary and submit them to the Board of Management for their approval. Such statutes when framed shall be published in the Karnataka Gazette.

(5) Notwithstanding anything contained in this Act and the statutes and until such time an authority is duly constituted, the first Vice-Chancellor may appoint any officer or constitute any committee temporarily to exercise and perform any of the powers and duties of such authority under this Act and the Statutes.

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## THE FIRST SCHEDULE

(See section 4)

### The objects of the University

1. The University shall endeavour through education, research, training and extension to play a positive role in the development of the country, and based on the rich heritage of the

country, to promote and advance the culture of the people of Karnataka and the human resources. Towards this end it shall ,-

- (a) strengthen and diversify the degree, certificate and diploma courses related to the needs of employment and necessary for building the economy of the country on the basis of its natural and human resources;
- (b) provide access to higher education for large segments of the population, and in particular, the disadvantaged groups such as those living in remote and rural areas including working people, housewives and other adults who wish to upgrade or acquire knowledge through studies in various fields;
- (c) promote acquisition of knowledge in a rapidly developing and changing society and to continually offer opportunities for up-grading knowledge, training and skills in the context of innovations, research and discovery in all fields of human endeavour;
- (d) provide an innovative system of university level education, flexible and open, in regard to methods and place of learning, combination of courses, eligibility for enrolment, age of entry, conduct of examination and operation of the programmes with a view to promote learning and encourage excellence in new fields of knowledge;
- (e) contribute to the improvement of the educational system in India by providing a non-formal channel complementary in the formal system and encouraging transfer of credits and exchange of teaching staff by making wide use of texts and other software developed by the University;
- (f) provide education and training in the various arts, crafts and skills of the country, raising their quality and improving the availability to the people;
- (g) provide or arrange training of teachers required for such activities or institutions;
- (h) provide suitable post graduate courses of study and promote research;
- (i) provide the counselling and guidance to its students; and
- (j) promote national integration and the integrated development of the human personality through its policies and programmes.

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