

## International Conference on Literature

Towards the end of the year 1998, the Centre for Language and Literature (CLL) decided to hold an international conference in 1999. CLL was set up in the year 1989 as an autonomous Institution. The Centre had received an initial grant Rs.30 million from Writers Trust, promoted by the Estates of a Nobel Laureate. The Trust operated as an independent entity and usually supported activities related to language and literature - particularly in the third world. When the Centre was set up, the Government gave some preferential allotment of land at a very nominal cost on the outskirts of a large metropolis. The Ministry of Culture as well as the Ministry of Human Resources Development had also made a one-time grant of Rs.18 million to be used as seed money for establishing the Centre. The Centre had invested these amounts in approved securities. The Centre was to meet its expenditure from the interest on the investments and fees and other income generated from its activities. It was restricted from withdrawing the initial grant fund for revenue expenditure. Over the years, the Centre had added Rs.1 million back to the initial fund. This was possible because the overheads during the initial years were low and there was an excess of income over expenditure. The fund now stood at Rs.19 million. In addition there was an unutilised grant of another Rs.20 million, given by a European Foundation. A part of this was for capital expenditure and the rest was to be used for exchange programmes. This amount was currently invested in some securities and fixed deposits.

The Centre ran a post graduate programme in Comparative Literature, a six-month diploma programme in Linguistics and several short duration programmes - which included literature appreciation programmes, workshops on creative writing and so on. In addition the Centre carried out specific research projects from time to time for which it received some soft grants. For instance, a couple of years ago, the Centre had carried out a major research project on linguistics of law which had given it a substantial surplus.

The Centre's expenditure budget for 1998 was around Rs.3.5 million. The interest income on investments of grant funds and investment of unutilised grants was around Rs.3.4 million. In addition, the Centre earned Rs.1.5 million from its activities during the year. It also received Rs.1 million as grants for specific research projects and for organising small workshops and conferences during the year. Though these grants were granted in-principle, the faculty was expected to submit specific proposals and take approvals before utilising the amounts from the above grant. However, from the past experience it was found that most of the proposals were usually approved without any substantial changes. This grant was aimed at giving the faculty members flexibility in carrying out research in the areas of their interest, attending conferences and workshops. Such soft-grants were expected to come to an end in about two year's time, when the agreements entered into with the donors would expire. The Centre would also have to utilise the Rs.20 million grants from the European Foundation, which was in its accounts for capital expenditure and faculty exchange programme. This money could not be held in balance beyond the next two years. The Centre would

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The case was initially written when the author was a faculty at the Institute of Rural Management, Anand (IRMA) and test-taught in the Post-Graduate Programme in Rural Management at IRMA. It was also published under the title "Accounts Ambiguity" in Business Today, August 7-21, 1996. The author acknowledges the inputs of Prof. K.P.Reddy of IRMA, who provided extensive comments on the earlier version of the case. The case was substantially revised in 2001.

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then have interest income only on the grant fund investments of Rs.19 million, which was expected to fetch a yield of 9 to 10% per annum. To cover the other expenses the Centre would have to generate sufficient surpluses from its other programmes. The interest rates offered in the market were falling. The inflation rate was 5 to 6%, leaving the Centre with a real return of only 3 to 4%, which would at best amount to Rs.1 million under the present circumstances. There would eventually be a gap of around Rs.2.5 million to be covered through its regular activities for the Centre to keep going at its present levels of expenditure.

Having been briefed on these aspects by the accounts department, the Director of the Centre was wondering how he would cope with the problem of revenue generation in the future years. Firstly, he would have to ensure that its programmes sell well and resources were augmented from that source. Secondly, he had to add money back to the grant fund, which would at least prevent the erosion of the real value of the fund. In the short run, this could be done if he could utilise all the outstanding grants fully and thereby add as much interest income as possible to the fund. Hopefully the Centre could also make surpluses on these grants by charging market rates for faculty time spent on research as an expense under the grant. It was around this time that he proposed to hold an International Conference on Literature.

In holding the conference, the objectives were two-fold. One - it would give tremendous visibility to the Centre and would possibly result in more consulting, research and training opportunities in the years to come. It would also help in getting more participants for the short duration programmes, which fetched surpluses. Two - if he could garner enough grants for holding this conference, he could possibly build such hardware in the Centre, which could not be done by the Rs.20 million European Foundation grant already available because of the limitations of the agreement with donors. The Centre could do major maintenance work, buy computers to be used in natural language processing research, buy photocopying machines, set up better communication linkages, make major purchases for the library - all under the grant for the conference. By doing this, he would not be using the money generated from the regular programmes towards such investments and possibly add money back into the grant fund. All the machines and facilities though bought and extensively used in preparing for the conference, would continue to serve the Centre in future also.

By December 1998, the faculty and Director of CLL had made detailed plans for the conference to be held in December 1999. They proposed to divide the conference into four broad themes - Peoples' Literature, Linguistic Studies of Revolutionary Literature, Contemporary Indian literature and the Influence of Magic Realism, and Indian Literature Focused Towards the West. Of these the first theme covered the literature under the oral tradition - focusing on folk literature in India and literature of the aboriginals in the West. The second covered the literature of the extreme left - covering the Naxalite infested states of Madhya Pradesh, Maharashtra, Andhra Pradesh, Bihar, Assam and West Bengal in India. Some papers were to be done on Bolivia, Cuba and Chile. These two themes required the researchers to travel extensively to do field research. The third was planned to include a couple of detailed interviews with the famous Latin American writers such as Gabriel Garcia Marquez and Isabel Allende. This was to be done by a faculty member of the Centre and involved international travel. In addition, the Centre was planning to invite a nobel laureate in literature to inaugurate the conference. That also involved travel costs. The research for the conference was to be done through a network of scholars working both in the Centre and outside. Outside scholars would be paid for their fieldwork. All delegates presenting papers in the conference would be invited to the Centre with expenses paid for. In all, the Centre expected around 300-500 delegates for the conference where around 50 papers would be presented in a span of 3 days.

The Centre submitted the conference proposal to several agencies and sought financial support. The total budget of the conference was around Rs 3.5 million. The budget included the research assistance, travel grants, acquisitions for the library, computers, printers, photocopiers, maintenance and colouring of the buildings, replacement of fittings, buying of new linen and a face-lift for the campus. After a great deal of convincing, the Centre received grants from the government, The

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Council for Cultural Relations, and three foundations from abroad who were essentially interested in the first two themes. For the purpose of the conference, a separate set of accounts was maintained, essentially recording receipts and payments. The conference was successfully held in the month of December 1999. The expenses for the conference were well within the budgeted amount. The consolidated receipts and payments statement is given in Exhibit 1.

In March 2000, the accountant was trying to finalise the accounts of the Centre. While the routine expenses and incomes were well defined, he needed to integrate the accounts pertaining to the conference in the consolidated statement of the Centre. There were several items on the receipts and payments statement of the conference about which he was not sure whether they were revenue or capital in nature. He first wanted to work out two statements on the expenses side - capital expenses and revenue expenses. He was also wondering whether the grant for the conference was to be added to the research grant for the year - or to the general Grant-in-aid account in the balance sheet. There was also an excess of payments over receipts in the conference account, which was to be treated in the final accounts. He was not sure as to how he should treat this deficit. In fact, he was not even sure that there was actually a deficit. The details of the conference receipts and payments accounts are given in the notes to Exhibit 1.

There was no doubt in the minds of the Director that the Centre had got tremendous mileage out of the conference within the country, though the research on the international front was not to the scale he had planned. He was however not sure that the conference really saved or added money back to the grant-fund. While the accountant was grappling with classifying the accounts, the Director asked him to give a detailed report on the changed financial position of the Centre as a result of the conference.

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**Exhibit 1**  
**Centre for Language and Literature**

Statement of Receipts and Payments of the International Conference on Literature

Receipts	Amount (Rs.)	Payments	Amount (Rs.)
Amount received From:		Faculty and Delegates Travel <sup>1</sup> within India	217,660
Government <sup>2</sup>	1,000,000	Travel Support to Delegates from abroad <sup>3</sup>	123,900
Council <sup>4</sup>	600,000	Printing & Stationery <sup>5</sup>	282,100
Intl Donor 1 <sup>6</sup>	50,000	Wages to support staff*	178,330
Intl Donor 2 <sup>7</sup>	100,000	Office expenses (including rent for recording equipment and shamiana)*	151,680
Intl Donor 3 <sup>8</sup>	475,000	Guesthouse Charges – Lodging <sup>9</sup>	146,620
		Guesthouse Charges – Boarding <sup>10</sup>	220,800
		Transport charges*	33,280
		Postage, Telephone and Telex/Fax*	22,740
		Cost of accommodation arrangements for delegates <sup>11</sup>	260,955
		Reproduction cost of Research Papers <sup>12</sup>	280,580
		ILL Faculty Time Cost <sup>13</sup>	750,000
		Publication of Research Papers as books <sup>14</sup>	120,000
Income	2,225,000		
Excess of Expenditure over Income	563,645		
Total	2,788,645	Total	2,788,645

**Notes to Exhibit 1**

\* The expenses recorded were exclusively incurred for the conference.

<sup>1</sup> These were actual expenses incurred on travel related to the conference work. Other travel expenses of faculty and staff were recorded separately.

<sup>2</sup> This was a straight grant received, with no conditions attached.

<sup>3</sup> Supported by International Donor 2.

<sup>4</sup> See note 2.

<sup>5</sup> All the stationery bought during the year was charged to the conference account. The printing charges were maintained separately for the Centre's regular activity and the conference. The printing and stationery expenses for 1997-98 was Rs.217,000. The total expenses on printing and stationery of the Centre for 1998-99 was Rs.310,000, which included Rs.282,099 recorded under conference expenses.

<sup>6</sup> The donor has committed to reimburse a total amount of Rs.500,000 towards field research within the country - including travel expenses of collaborating researchers.

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7. The donor has committed to reimburse an additional amount of Rs.800,000 towards the travel costs of international delegates and faculty trips abroad - both against actual claims.
  8. The donor has sent an additional amount of Rs.25,000 which is said to be in transit.
  9. The guesthouse of the Centre was maintained as a separate division. All guests checking in were charged room-rents comparable to the rates of a good hotel in that city. If the guests were to be hosted by the Centre, the guesthouse would raise a debit note against the Centre and the amount was appropriately charged off against the budgeted expense head of the Centre. The expenses indicated for lodging and boarding pertain to the debit notes raised against the conference budget. For the year 1998-99, the guest house raised debit notes totalling Rs.1,089,000. The actual operating expenses of the guest house (provisions, maintenance of linen, salaries to temporary staff etc.) was estimated to be Rs.200,000. This amount did not include the salaries of permanent staff, annual maintenance, electricity and cleaning contract charges and other expenses which were recorded under the general heads for the Centre as a whole.
  10. See Note 9.
  11. Accommodation arrangements were made for 150 delegates in the students' hostels, apart from the VIPs who were put up in the guesthouse. The expenses against this head include coloring and painting of hostel buildings, replacement of defective equipment such as geysers, taps, electrical equipment and purchase of linen to furnish all the hostel rooms where the guests were expected to stay.
  12. Includes the cost of a photocopier which was bought for Rs.168,000.
  13. Charged @ Rs.750 per faculty person-day spent on undertaking research exclusively for the conference.
  14. The books were planned and the amount was budgeted. However, the publication of the books was to be undertaken in 2000-01.
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