



## UNIVERSITY GRANTS COMMISSION

### **Finance Circular Letter No. 01/2024**

29<sup>th</sup> January 2024

Vice-Chancellors of Universities  
Rectors of Campuses  
Directors of Institutes

#### **Formulation of common interest rate for calculation of interest for bonds and agreements violated by the university staff**

The University Grants Commission at its 1114<sup>th</sup> meeting held on 30.11.2023 decided to inform the Universities and Higher Educational Institutions (HEIs) to adhere with following methodology for the computation of interest for the bonds and agreements violated by the university staff.

In terms of Section 31 of Chapter X of the Establishments Code, university staff who avail themselves of study leave shall enter into an agreement and a bond undertaking, inter alia to serve the Commission/Higher Educational Institution/Institute as the case may be, that includes an obligatory period of service as appropriate to their period of such leave on the date of resumption of duties, or the date of award of the degree or other appropriate qualification, whichever is later.

Accordingly, recovery of Bond value from the employees of the Universities/HEIs should be managed as (a) and (b) below.

- a) If the violation of Bond and Agreement is due to resignation from the service, maximum repayment period is 48 months. However, individual cases may be decided by the Universities/Commission after considering the merit of each case.
- b) If the violation of Bond and Agreement is due to vacation of post, maximum period for the settlement of Bond is 3 months with all dues related to Bond and Agreement.

As per the Agreements and Bonds to be signed by the Teachers, Officers and Other Employees in the University System who are on study leave locally or abroad, it is required to recover the value of the Bond violated by the employee with an interest as decided by the Governing Authority of Universities/HEIs.

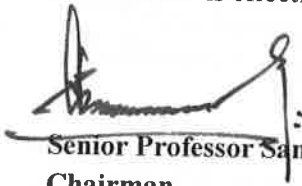
### **Methodology for the Computation of Interest**

It is recommended to use the Average Weighted Lending Rate (AWLR) published by the Central Bank of Sri Lanka as of 31<sup>st</sup> December of current year (Ex:31/12/2022) to compute the applicable interest component of the Bond Value for the coming year (year 2023).

Example for the computation of interest on Bonds and Agreements:

- a) The Bond Value as at 31/12/2022: - Rs.2,000,000.00
- b) AWLR as at 31/12/2022 is 12% per annum.
- c) Computation of Interest Rate component for the year 2023: -  $12\% \times \text{Rs.}2,000,000.00$   
- Rs.240,000.00
- d) If the Bond Value with the applicable interest is not settled during the year 2023, new bond value must be computed as at 31/12/2023 based on the cumulative value of the bond (Rs.2,240,000.00).

This circular is effective with effect from 01<sup>st</sup> January 2024.



**Senior Professor Sampath Amaratunge**  
**Chairman**

- Cc:
1. Secretary/Ministry of Education
  2. Director General - National Budget Department
  3. Vice-Chairman/UGC
  4. Secretary/UGC
  5. Registrars of Universities/SAR/AR/ of Institutes/Campuses
  6. Accountant/UGC
  7. Bursars of Universities/SAB/AB/ of Institutes/Campuses
  8. Internal Auditor/UGC
  9. DIA/SAIA/AIA/ of Universities
  10. Auditor General