

## Frequently Asked Questions and Answers about *Bengal Engineering College Alumni Scholarship Committee* (A non-profit organization in the USA)

*Q1: What are the official designations and legal identifiers for the funds?*

A1: The Bengal Engineering College (India) Alumni Scholarship Committee is a certified 501(c)(3) non-profit organization eligible for tax-deductible donations in the USA. It possesses the Federal Employer Identification Number (USA) 68-0415626. Furthermore, the Bengal Engineering College (India) Alumni Scholarship Committee is formally incorporated in the state of California, with the Incorporation Number 2163406. In the following questions, we will refer to the Bengal Engineering College (India) Alumni Scholarship Committee as the "Fund."

*Q2: Who established this Fund?*

A2: This Fund was established by Late Sripati Bhattacharya (Class of '63, EE), Subrata Ghosh (Class of '84, ME), Tanmay Das (Class of '86, CST), and Swapan Saha (Class of '88, EE).

*Q3: What was the main reason behind creating this Fund?*

A3: The primary purpose of establishing this Fund was initially to promote "Giving Back" philosophy offering scholarships to economically disadvantaged but academically gifted students during the period when Bengal Engineering College, Shibpur, bore that name. Nevertheless, as time passed, the Fund's scope broadened to encompass support for scholarships, the Ganapati Sengupta VLSI Lab, and the Alumni Seminar project. Since the establishment of GAABESU in 2005, the Fund's primary focus has shifted to providing support for Alumni Scholarships, Alumni Fellowships, and Research Awards.

*Q4: Which year awarded the first scholarship from this Fund and what was the amount of each scholarship?*

A4: The initial scholarships from this Fund were awarded in the academic year 1998-99. Each scholarship amounted to USD 200, which at the time, adequately covered expenses such as tuition fees, meal costs, and textbooks.

*Q5: Who provided the initial funding for the scholarship program?*

A5: In the initial two years, laying the foundation before soliciting contributions from alumni and their families, those four alumni who established the Fund provided full financial support.

*Q6: What are the primary activities associated with managing this Fund?*

A6: To administer the scholarship program through the Fund, the following key activities are carried out:

**Website:** A dedicated website ([www.becollege.org](http://www.becollege.org)) was created to ensure transparency. This platform provides access to information about donors, recipients, and the overall process for both current and potential donors.

**Alumni Database:** An online database of alumni was established to facilitate communication with potential donors, ensuring an effective outreach strategy.

**Alumni Newsletter:** An electronic newsletter was established to keep alumni informed about the scholarship program. This newsletter also includes updates on alumni-related news and events, in addition to information about Bengal Engineering College.

*Q7: What inspired the establishment of perpetual scholarships?*

A7: The concept of perpetual scholarships emerged in response to the desire of numerous donors who wished to contribute in honor of their loved ones. To ensure the sustainability of these scholarships, it was decided to prudently invest the fund in a manner that would allow it to grow over time. This growth would enable the annual returns on investment to fund the scholarships continuously. In order to generate an annual scholarship of \$200 at an 8% return rate, a total of \$2,500 was sought from donors for each perpetual scholarship.

*Q8: Does it qualify as a Private Fund?*

A8: No, it does not. While a private fund is typically exclusive to a specific group of investors and operates with limited regulatory oversight, this fund operates as a non-profit entity with a broader donor base that includes individuals from both the USA and abroad, adhering to relevant country laws. It primarily focuses on providing scholarships, fellowships, and research awards based on transparent processes outlined by GAABESU at the beginning of each academic year, respecting the preferences and program guidelines of the donors.

Additionally, this fund maintains an open line of communication with donors by providing regular updates on fund status and recipient information. Donors are also extended invitations to personally present the awards to the recipients. As such, this fund operates with a level of transparency and inclusivity that distinguishes it from the characteristics of a private fund.

*Q9: Who is the main audience or target demographic for this fund?*

A9: The primary audience for this fund consists of taxpayers in the USA who have an interest in establishing perpetual scholarships, fellowships, or research awards. However, it's worth noting that we have also received donations from individuals in other countries such as Canada, the UK, and Singapore.

*Q10: Is the only option for USA donors to donate to this fund for scholarships, fellowships and research awards managed by GAABESU?*

A10. No, USA donors have multiple options to initiate a new scholarship or fellowship or a research award using GAABESU. They can donate to this fund or send their donations to GAABESU USA Foundation or even directly to GAABESU India subject to FCRA approval from India Home Ministry.

*Q11: What are the advantages of donating to this Fund compared to other options?*

A11: The Fund offers several distinct advantages over alternative donation options:

- **Exclusive Alumni Fund:** This Fund is unique as it represents the only BEC/IIEST alumni fund worldwide that invests in mutual funds, delivering favorable returns over the past two decades. In contrast, GAABESU can only invest in fixed deposits, which often struggle to outpace inflation.
- **Currency Appreciation Benefit:** The Fund capitalizes on currency appreciation, exemplified by the exchange rate's growth from approximately 40 INR to around 80 INR between 2000 and 2023, effectively doubling its value during currency appreciation periods.

- Tax Efficiency: Thanks to its non-profit status, the Fund's assets grow in the USA without incurring tax consequences. Conversely, even the interest earned from fixed deposits in India can create a tax burden.

Option 1 – Donation to GAABESU Directly	Option 2 – Donation to GAABESU USA Foundation	Option 3 – Donation to the Fund
USA taxpayers <b>do not receive</b> any income tax benefits.	USA taxpayers <b>receive income tax benefits.</b>	USA taxpayers receive <b>income tax benefits.</b>
USA donors <b>do not receive</b> employer matching contributions.	USA donors <b>receive employer matching contributions.</b>	USA donors receive <b>employer matching</b> contributions.
The sole investment option available is a <b>fixed deposit.</b>	Funds remain in the checking account until they are transferred to GAABESU, at which point they can be allocated for investment in a fixed deposit.	Funds invested in <b>mutual funds</b> have the potential to grow.
<b>Tax is applicable</b> on the interest earned from fixed deposits in India.	<b>Tax is applicable</b> on the interest earned from fixed deposits in India.	There is <b>no tax liability</b> on the capital appreciation.
There is <b>no appreciation</b> in the USD/INR currency exchange rate.	There is <b>no appreciation</b> in the USD/INR currency exchange rate.	The USD/INR <b>currency exchange rate has doubled between 2000 and 2023</b> , showing significant appreciation.

By considering these factors, along with the consensus of our donors, we invest our funds in the USA, providing our donors with substantial financial benefits.

*Q12: What is the reason behind the fund's conservative investment approach instead of pursuing more aggressive strategies for higher returns?*

A12: Following thorough deliberation and consultations with our donors, the decision was made to adopt a conservative investment strategy. The fund primarily invests in low-cost balanced funds, comprising 60% total stock market and 40% total bond market. This approach is chosen with the expectation of achieving stable and sustainable growth over time.

*Q13: How do donors receive information about the Fund and Program?*

A13: Since the inception of the fund, donors have been continuously kept informed through various communication channels. They receive regular email updates and engage in multiple telephone conversations throughout the year. Furthermore, donors are annually invited to participate in the award distribution ceremony hosted by the GAABESU Office, where the recipients of their awards are publicly announced. Any inquiries from donors are promptly addressed via email or phone calls, ensuring open and transparent communication.

For general alumni who have not yet become donors to this fund, consistent updates are accessible by visiting the scholarship section of GAABESU's website. There, they can find information about available scholarships, details about the scholarship application process, updates on scholarship recipients, and insights into existing donors.

*Q14: In what ways has the fund assisted GAABESU?*

A14: The fund has played a pivotal role in bolstering GAABESU's operations by establishing a website, creating an alumni database, and launching an alumni newsletter. These initiatives jumpstarted GAABESU's activities. Furthermore, the fund facilitated connections among alumni in the Middle East and India to support scholarships. As a result, GAABESU inherited a thriving program that has continued to flourish under its stewardship.

*Q15: What is the connection between GAABESU and funds designated for specific countries, chapters, or batches?*

A15: Donors can choose to donate directly to GAABESU or to specific batch, chapter, or country funds. Following the United Nations model, these designated funds flow through GAABESU, fostering global collaboration. This decentralized approach boosts the GAABESU platform and spurs extensive alumni engagement, contributing to the flourishing GAABESU scholarship program. The equitable distribution of funds is overseen by the GAABESU Scholarship Sub-committee, comprising representatives from chapters, batches, and countries, in conjunction with GAABESU Executive Committee members.

*Updated as of September 4, 2023. If you have an unanswered question, please reach out to the GAABESU Office at [gaabesu@gmail.com](mailto:gaabesu@gmail.com). They will facilitate forwarding your inquiry to our Fund volunteers in the USA, who will update this document to provide you with an answer to your question.*