

**Annexure-1 to Item No. 1 of Agenda of the  
13<sup>th</sup> Meeting of the Finance Committee  
to be held on 05<sup>th</sup> October 2021**

**Minutes of the Twelfth Meeting of the Finance Committee**

Date and time: 16<sup>th</sup> April 2021 at 16.00 Hours

Venue: Board Room, IIT Hyderabad, Kandi 502 285, Sanga Reddy District.

**Through Video Conferencing (WEBEX)**

Members present:

Dr. B.V.R. Mohan Reddy	Chairman
Shri. Rakesh Ranjan, IAS	Additional Secretary, MoE, Member (Official comments received vide F.No.11-9/2018-T.S.-1 dated 15.04.2021).
Prof. B.S. Murty	Director, IITH, Member
Ms. Darshana M Dabral,	Joint Secretary and Financial Advisor, MoE. Member (Official comments received vide F.No.1-11/2011-IFD dated 16.04.2021).
Prof. KVL Subramaniam	Dean (Planning), IITH, Member
Prof. Kiran Kuchi	Dean (R&D), IITH, Member
Comde Manohar Nambiar (Retd)	Registrar, IITH and Secretary

At the outset, the Director, IITH welcomed the Chairman and Members of the Finance Committee to its 12<sup>th</sup> Meeting.

**Agenda Item No. 1: Confirmation of the Minutes of the Eleventh Meeting of the Finance Committee held on 7<sup>th</sup> December 2020.**

The Director presented the Minutes of the Eleventh meeting of the Finance Committee and sought the members' observations, if any. Since there were no further observations from the members, the Minutes were confirmed by Committee.

Comments of MoE: May be considered as per rules.

*The Minutes of Eleventh Meeting of the Finance Committee were approved as circulated.*

**Agenda Item No. 2: Action Taken report on the Minutes of the Eleventh Meeting of the Finance Committee held on 7<sup>th</sup> December 2020.**

The Director presented the action taken report, stating that no action is pending except in the case of Sl. No. 8 and 9, wherein detailed proposals sought by the MoE have been forwarded and decisions are awaited from the Ministry.

Comments of MoE: May be considered as per rules.

*The report of action taken on the minutes of the Eleventh meeting of the Finance Committee was approved.*

**Agenda Item No. 3: Annual Accounts for the Financial Year 2019-20**

The Director stated that the Annual accounts have been audited by the CAG and the audited annual accounts have been forwarded to the MoE. The committee was apprised of the action taken on the observations and comments of CAG in its audit report. A tabulated report on the comments/action taken in response to the CAG observations is placed at Annexure 1.

Comments of AS(TE)-MoE: The committee may be apprised of the action taken on the observations and comments of CAG at para 1.4 of its Separate Audit Report and the compliance of the Management Letter issued by CAG for remedial/corrective action.

Comments of JS&FA-MoE: May be considered. Interest accrued over the released grants may be remitted back to GoI.

*The Committee ratified the CAG audited Annual Accounts of the Institute.*

**Agenda Item No. 4: Details of Budget Sanctioned, Grants received, and expenditure incurred during the FY 2020-21.**

The Director presented the budget sanctioned, grants received, and expenditure incurred under various heads for the financial year 2020-21. Under OH-31, an expenditure of Rs 60.13 Crores has been made as against a sum of Rs 62.39 crores received as grants during the year. Grants received under OH-35 and OH-36 have also been judiciously spent and even though the balance amount under OH-36 reflects a sum of Rs 7.19 crores, the actual balance is only 0.17 crores since 7.02 crores, being salary for the month of March was paid on 03 April 2021.

Comments of AS(TE) & JS& FA-MoE: The budget proposal for the FY 2021- 22 under OH- 31 (excluding HEFA liabilities) is more than double the expenditure during FY 2020-21 which cannot only be met by the ministry but it does not appear to be reasonable too. For instance, while total expenditure under this Head was only Rs. 60.13 crores in 2020-21 for “other recurring expenses” alone, an amount of Rs.98.67 crore is projected for 2021-22. Caution in projection of BE and an effort to economize the expenses are called for.

Under OH-36, during FY 2020-21, against a BE of Rs. 92.36 crore, demand from the Institute was less. The MoE provided Rs. 87.43 crore based on the demand from the Institute. Against this, the expenditure was only Rs.81.95 crore and the Institute ended up with an unspent balance of Rs.7.19 crores. But the budget proposal for FY 2021-22 is Rs.115.38 crore. This is an increase of 40% over the previous year. There is no justification provided for that.

Under OH- 35, the BE for FY 2020-21 was Rs.15 crore, against which ministry provided Rs. 11.25 crore only. Due to an opening balance of Rs. 23.12 crore, the expenditure incurred during was 41.01 crores, which resulted into a negative opening balance of Rs. (-) 6.64 crore. Budget proposals for FY 2021-22 are Rs. 492.05 crores, which is more than 10 times the actual expenditure during the last FY and astronomical compared to Rs. 11.25 crore provided by the ministry last year.

Budgetary exercise should not be interpreted as preparation of wish – list but should look into the likely availability of resources and the capacity to spend. Ministry has communicated the budget allocation for the FY 2021-22 vide letter No. 27-02-2021-TS.1 dated the 12th April 2021. Institute should relook into their budget proposals and plan their expenditure during FY

2021-22 as per the BE communicated to the institute by prioritizing their requirement towards salary, scholarship/Fellowship and other committed liabilities.

***The Annual Budget for the financial Year 2020-21 was approved by the Committee.***

**Agenda Item No. 5: Approval for Annual Budget for the Financial Year 2021-22.**

The Director presented the proposed Annual budget for the FY 21-22 for consideration and approval of the Finance Committee. The Director stated that the increased requirement of funds under various heads for the current year has been projected based on the additional requirements, such as enhanced requirements of scholarships in view of the increased number of PhD & M Tech students. With regard to the 'Other recurring expenses under OH-31', a detailed breakup of the proposed expenses was presented along with the justifications. The steep increase in requirement of additional funds under OH-35 is for the projected requirement of Staff/ faculty housing as well as the additional requirement of 3 blocks of hostels for the students. Under OH-36, an increase of approx. 29% has been proposed to cater for the salary payments of newly recruited Staff and faculty members, increased DA to be paid w.e.f. 01 July 21 as well as other anticipated expenses such as LTC cash scheme, Children Education allowance, medical reimbursements etc.

With regard to the comments of the MoE, the Director explained that the budget estimates are prepared considering the previous expenditure and some new budget line items have been included in the Budget estimates such as, Funds to Department – Rs 10 crore and Seed Grant to new Faculty- Rs 12.50 crore etc. Chairman stated that the previous year's expenditure may also be included whenever budget estimates are submitted. Director stated that the expenditure for the previous year 2020-21 and details of "Other expenditure" included in the Budget estimates of Rs 98.66 crore will be provided to the committee along with the minutes of the meeting. The same is attached separately as Annexure 2.

Comments of AS (TE) & JS&FA: Same as for Agenda No.4

***The proposed Annual Budget for the financial Year 2021-22 was approved by the Committee.***

**Agenda Item No. 6: Report on Major Purchases.**

A Report on Major Purchases of value Rs. 20 lakhs and above made by the Institute during the period 24.11.2020 to 31.03.2021 was presented by the Director for the ratification of the committee. The Director stated that in accordance with the approval of the Finance Committee in its third meeting held on 03 Jan 2014, the purchases to be reported may be of the order of Rs. 20 lakhs and above. Since the proposal is about seven years old, a review of the present limit of Rs 20 Lakhs will be carried out in the next FC meeting. He further clarified that the relevant provisions of GFR 2017 were fully followed in all these purchases.

The Chairman stated that the present delegation of financial powers to approve purchases and changes, if any be brought up during the next FC meeting.

Comments of AS(TE), MoE: The proposal needs to be discussed along with the provisions for delegation of financial powers. It also needs to be discussed what kinds of proposals

needs ratification by the finance committee and under which provision. Further, it may be clarified if provisions of GFR 2017 were followed in each of these purchases.

Comments of JS&FA-MoE: May be considered, if guidelines of GFR-17, GeM and instructions of MoF on Global Tenders, as amended time to time are followed.

*The Committee noted the report on major purchases and ratified it.*

**Agenda Item No. 7: Reporting of Items Proposed to be Procured through Global Tender Enquiry (GTE).**

The Director presented the summary of the four proposals submitted to the MoE amounting to a total of Rs 2.10 Crores. He further stated that the Secretary (Higher Education) has recently granted in principle approval for commencing the process of Global Tender Enquiry.

Comments of AS(TE), MoE: Approval of Secretary (HE) to the GTE proposals received from the institute has been conveyed vide letter dated 32-5/2021-TS-I dated 01.04.2021.

Comments of JS& FA, MoE: May be reported.

*The Committee noted the report on Items proposed to be procured through Global Tender Enquiry and ratified it.*

**Agenda Item No. 8: Report on Campus Development Project of IIT Hyderabad.**

The Director stated that as a part of the expansion program of IIT Hyderabad, the Board of Governors had approved the Campus Development Project divided in to two packages viz., 3A and 3B in its 29th and 31st meetings. This project is majorly funded by JICA loan and partly through HEFA. A brief report on Campus Development Project of the Institute, highlighting the scope of work under this agreement and the timelines was also presented.

The Dean (Planning) stated that the pace of work had picked up post COVID-19 lockdown and adequate manpower had been available for carrying out the works by both the contractors L&T and SPCL. However, the progress in the last few months has been slow as a result of migrant labour returning home for voting during elections/Holi vacations. The second wave of COVID-19 has also added to the labour shortages and contractors are also facing material and liquidity issues. A delay of 9 to 12 months is anticipated, which can go on to as much as 15 months, if the second wave continues for a longer period.

With regard to the comments raised by MoE, the Director stated that the status of various activities and completion of projects were submitted to the MoE by email on 27 Jan 21. Further, MoE vide its email dated 05 April 21 had sought updated figures up to 31 Mar 21 and the updated figures have been forwarded to the MoE on 19 April 21.

Comments of AS (TE), MoE: The Revised Cost Estimates (RCE) for establishment of 8 IITs including IIT-Hyderabad was approved on the year 2008, After the extension of timeline for completion of the projects without cost overrun came to an end on 31.03.2021. Ministry has asked the details about the status of various activities and completion of the projects as per the approved RCE vide No.34-1/2016-TS-1 dated the 18th January 2021, which is awaited.

IIT Hyderabad should submit the details and seek for no extension of the projects, if it is not completed by the extended time, i.e., 31.03.2021.

Comments of JS&FA, MoE: The Revised Cost Estimates (RCE) for establishment of 8 IITs including IIT-Hyderabad was approved in the year 2008. After the extension of timeline for completion of the projects without cost overrun came to an end on 31.03.2021, ministry has asked the details about the status of various activities and completion of the projects as per the approved RCE vide No.34-1/2016-TS-1 dated the 18th January 2021.

*The Committee noted the report on campus development project of IIT Hyderabad.*

**Agenda Item No. 9: Proposal for drawing an amount of Rs 150 Cr. from the approved loan of Rs 510.55 Cr**

The Director stated that HEFA has approved a loan of Rs 510.55 Cr. and sanctioned a term loan of Rs 275 Cr. vide their sanction letter no. / 112/ 2018-19 dated 31.07.2018. The loan amount was restricted by HEFA to Rs 275 Cr. owing to the restriction of single party exposure limit to 25% of their owned funds.

During the current and next year, IITH requires another Rs 150 Cr. for the purpose of project construction. It is proposed to draw this loan from the already approved HEFA loan of Rs 510.55 Cr. With this the total HEFA loan will be Rs 425 Cr.

Comments of AS (TE), MoE: Same as for Agenda Item No.9

Comments of JS &FA, MoE: Same as for Agenda Item No.9

*The loan proposal submitted to HEFA was ratified by the Committee.*

**Agenda Item No. 10: Proposal for HEFA fresh loan for the new Construction**

The Director stated that in view of expected increase in the student strength in upcoming years and to meet their academic & administrative needs, additional Faculty and Staff are required to be recruited. The following new construction proposals are being initiated to obtain HEFA Fresh Loan on accord of approval by Ministry of Education (MoE), Govt. of India (GOI): -

- (a) Construction of three additional precast hostels for 336 Students
- (b) Additional 360 Faculty and Staff housing

He further stated that both these proposals have been approved by the BWC in its 14th Committee meeting held on 26th Feb 21. He added that it is proposed to seek the HEFA loan in two phases and also presented the financial viability of the proposal.

The Director stated that in view of the long lead time for construction projects and the acute shortage of housing for the faculty and staff in the Campus as well as the increased requirement of Hostels for the new batch of students, it is imperative to obtain sanctions for new projects as soon as possible. The ongoing projects that have been delayed substantially as a result of COVID-19 do not have any residential/hostel accommodation and therefore it may not be prudent to link the proposal with the completion of the ongoing projects.

Comments of AS (TE), MoE: May be discussed whether new construction beyond the projects approved under RCE may be undertaken after completion of the ongoing projects.

Comments of JS& FA, MoE: Proposal needs examinations in the Ministry/HEFA.

*The proposal for HEFA fresh loan for new construction buildings was ratified by the Committee and suggested that the proposal may be sent to the MoE/HEFA.*

### **Agenda Item No. 11: Budget requirement for the new Academic Programs**

The Director stated that three new programs as given below have been initiated for the upcoming year: -

- (a) Fellowship for International Research Scholars in Technology (FIRST@IITH) for foreign nationals.
- (b) IITH and Swinburne University of Technology Joint Doctoral Program (JDP).
- (c) IITH and Deakin University Collaboration for Joint PhD Program.

The director presented the budget requirement for the 10 seats amounting to Rs 44.8 Lakhs to be paid from the Institute Revenue Grant (IRG) for ratification by the Finance Committee.

Comments of MoE: May be considered as the expenditure is met from IRG.

*The proposal was noted and ratified by the Finance committee.*

### **Agenda Item No. 12: Change in the Accounting Policy of Depreciation and Tuition Fees**

The Director stated that the BoG in its 5th Meeting held on April 21, 2011 and 15th Meeting held on May 14, 2014 had approved certain depreciation rates to be followed. Subsequently, MoE has prescribed Format of Accounts for CEIs circulated vide MHRD's letter no. 29-4/2012- IFD dated 17.04.2015 and depreciation rates. However, IITH has continued to follow the rates approved by BoG. Since the depreciation calculation and depreciation rates adopted by IIT Hyderabad are different from the calculation and rates given in the format of Annual Accounts prescribed by the Ministry of Education in respect of certain class of fixed assets, it is proposed to adopt the rates as prescribed by MoE from FY 2020-21.

The Depreciation rates for various types of assets presently being followed at IITH and the depreciation rates as prescribed by MoE were also presented.

The Director further stated that as per the formats prescribed by MoE, tuition fees collected separately for each semester has to be accounted for on accrual basis. IITH is accounting the same on cash basis from the inception and it is therefore proposed to follow the MoE prescribed accrual basis for accounting of Tuition fee from FY 2020-21.

Comments of AS(TE), MoE: May be considered.

Comments of JS & FA, MoE: May be considered. Through MoE had circulated accounts format way back in 2015 why the change of rates was not implemented till FY 20-21, is not clear.

*The proposal was approved by the Committee for placing in the BoG meeting.*

**Agenda Item No. 13: Any other item with the approval of the Chair**

None.

The meeting ended with thanks to the chair.