

Minutes of the 14th Meeting of the Finance Committee

Date and time: 16th Feb 2022 at 10:00 Hours

Venue: Board Room, IIT Hyderabad, Kandi 502 284, 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 11.02.2022).
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 15.02.2022).
Prof. KVL Subramaniam	Dean (Planning), IITH, Member
Prof. Kiran Kuchi	Dean (R&D), IITH, Member
Cmdr Manohar Nambiar (Retd)	Registrar, IITH and Secretary
Shri M Badrinath	JR (F&A), IITH, Special Invitee

At the outset, the Director, IITH welcomed the Chairman and Members of the Finance Committee to its 14th Meeting.

Agenda Item No.1: Confirmation of the Minutes of the 13th Meeting of the Finance Committee

The Director presented the Minutes of the 13th 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 the Committee.

Comments of JS & FA, MoE: May be considered as per rules deliberations complying with extant rules.

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

The Minutes of the 13th Meeting of the Finance Committee were confirmed as circulated.

Agenda Item No.2: Action taken report on the Minutes of the 13th Meeting of the Finance Committee

A report relating to action taken on the various minutes was presented by the Director for the information and consideration of the Board. The Director has stated that no action is pending.

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

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

During the discussions about pending ATR item no. 10 regarding Gratuity, the Director explained that the matter of payment of gratuity to permanent employees of CFTIs under the MoE is under consideration and recently the issue has been forwarded to the Ministry of Labour by the MoE. He further added that the Gratuity in respect of project staff employed by IITH is also being paid in accordance with the Gratuity Act, 1972, pursuant to the orders of the Assistant Labour Commissioner, Hyderabad. The Chairman advised that the Gratuity shall be paid only at the time of

termination and that it is a good accounting practice to create a separate provision for the Gratuity liability in the proposed budget every year.

The report of action taken on the minutes of the 13th meeting of the Finance Committee was approved.

Agenda Item No.3: Annual Accounts-Financial Year 2020-21

The Director stated that the Annual Accounts of the Institute have been prepared in the format prescribed by Government of India and have been audited by the team of auditors under CAG. With a view to comply with the schedule prescribed by Ministry of Education under letter F.No.32-15/2015-T.S.-I dated 21st August 2015 i.e., forwarding of Annual Accounts, by the end of November, approval of the Chairman of the Committee has been obtained and the audited Annual Accounts have been forwarded to the Ministry. Further, the reply to the issue raised by CAG Hyderabad was presented to the committee and is placed at **Annexure 1**. The Chairman stated that the Institute must ensure that all observations are taken care of in the future audits also.

Comments of JS & FA, MoE: May be considered. Comments of IFD were furnished earlier on earlier version of Accounts. Final accounts have been submitted to the Ministry.

Comments of AS (TE), MoE: Necessary action may be taken by the institute about the issues raised by CAG Hyderabad.

The committee ratified the annual accounts of the institute submitted to the CAG office.

Agenda Item No.4: Report on Campus Development Project

As a part of the expansion program of IIT Hyderabad, the Board of Governors had approved the Campus Development Project divided into 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 the 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 speed of works has picked up pace after delays caused by shortage of labour and material because of the pandemic. The Director stated that regular review meetings/site visits are being conducted both by the Director and Dean planning with both the contractors, M/s L&T and M/s SPCL Pvt Ltd to ensure that work is being progressed in accordance with the revised timelines. The Dean Planning further elaborated upon the progress of the Construction and explained the three sources of funding, i.e., JICA, HEFA and TRP for the Package 3A and 3B. Thereafter, the Director explained the expected timelines for completion of each building.

The Chairman appreciated the progress of the construction and stated that the new Lecture halls being constructed should be capable of hybrid mode classes. The Director stated that by 2024 all the classes and lecture halls will have the necessary infrastructure for conduct of classes in hybrid mode. The Dean Planning stated that hybrid/interactive learning with the support of AV systems has already been planned for all classes/Lecture halls.

The Chairman further advised that there will be huge maintenance costs every 4-5 years in terms of repairs/replacements and advised that a maintenance fund be floated to absorb such maintenance costs so that institute does not depend solely on the funds from MoE. The Director explained that a separate Research Equipment Maintenance Fund has already been created to tackle the issue of AMC and other maintenance expenditure of research equipment. Similar steps will be initiated for the maintenance of buildings and infrastructure also in due course of time.

The Chairman also suggested that the Institute explores the possibility of reskilling the LDPs as plumbers, electricians' etc. The Dean Planning stated that some of the day-to-day maintenance works are outsourced and the reskilling of the LDP manpower is a feasible option. However, manpower retention post reskilling could be a problem in the future. The Director stated that we will work towards exploring the feasibility of reskilling the LDP manpower.

Comments of JS & FA, MoE: Institute is still in project mode. Construction may be considered within the approved cost and area approved.

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

The Committee noted the report on the campus development project.

Agenda Item No.5: Report on Major Purchases

A Report on Major Purchases of value Rs. 20 lakhs and above made by the Institute during the period 01.04.2021 to 31.12.2021 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 of the order of Rs. 20 lakhs and above is to be reported to the committee. He further clarified that the relevant provisions of GFR 2017 were fully followed in all these purchases.

Comments of JS & FA, MoE: May be reported if the purchases were made in accordance with GFRs-2017 and GeM guidelines.

Comments of AS(TE), MoE: May be considered, if guidelines of GFR-17, GeM and instructions of MoF on Global Tenders, as amended from time to time are followed.

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

Agenda Item No.6: Reporting of items approved to be procured through Global Tender Enquiry (GTE)

The Director stated that out of the 24 proposals submitted amounting to Rs.10.863 Crores, the Ministry has conveyed in-principle approval for all the proposals except proposal no. 8 towards purchase of 78 Laptops and directed IIT Hyderabad to approach NICS, a Government of India enterprise under NIC in regard to purchase of 78 laptops. However, the feasibility of procuring Laptops even through the NICS route may not fructify since there are no domestic vendors who make laptops with indigenous content greater than 20%, which is the minimum laid down requirement by the Government.

The Chairman suggested that we may change the specifications and look at procurement of low-end laptops from domestic vendors who satisfy the requirement. The Director stated that all available alternatives would be examined in a time bound manner.

Comments of JS & FA, MoE: May be approved if the procurement was made as per the approvals of MoE for GTE.

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

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

Agenda Item No.7: Approval for Annual Budget for the financial year 2022-23

The JR (F&A) presented the proposed budget under the various heads and explained that the requirement of funds has increase with the increased number of students as well as faculty. The Chairman discussed the Budget in detail and enquired as to why there was a huge increase of HEFA Principal and Interest Component in 2022-23 Budget compared to the expenditure of 2021-22 and wanted to know the total outstanding loan in 2022-23. Director replied that the total outstanding loan in 2022-23 will be increasing by Rs 435 crore (Rs 150 crore from the sanction of Rs 510.55 crore and Rs 285 crore loan for new residential accommodation and hostels) in addition to the current loan of Rs 275 crore and as a result the principal and interest liability is also increased.

In respect of increase in Fellowship expenditure, Chairman enquired the reasons for increase in the amount by 20% for which Director replied that 20% increase is considered due to increase in the number of PhD and PG students as well as the introduction of new MTech and PhD programs. In respect of Salary Expenditure, the Chairman enquired if the additional expenditure is calculated considering the number of months the new Faculty will be serving since all the newly recruited faculty will not join at the same time. The Director explained that the estimates are prepared as per the Format prescribed by MoE. The calculation of additional salary expenditure is based on average emoluments of all Faculty members in the previous year and averages are calculated for each category separately, thus providing a reliable estimate.

Comments of JS & FA, MoE: May be approved. Allocations are subject to availability of resources.

Comments of AS (TE), MoE: Release of funds would be subject to availability of funds with the Ministry along with the actual demand of the Institute. Funds for HEFA repayment will be released as per actual demand raised by HEFA. Considerable increase in demand for funds under OH-35 has been noticed, Institute may justify its demand.

The Committee approved the proposed budget and advised that the requirements be projected more pragmatically in the future.

Agenda Item No.8: Proposal of the Institute to adopt Dynamic Assured Career Progression (DACP) scheme for Doctors of the Institute

The Director stated that the Department of Higher Education, MoE, in its letter dated 9th September 2010 addressed to the Directors of IITs, has agreed to extend the DACP Scheme to the posts of Medical Doctors of IITs as per the 6th CPC recommendations. Most of the other IITs have also adopted the DACP scheme for the doctors in the institute. Further, the promotion channel for Doctors of the Institute under the DACP was also presented to the board members.

Comments of JS & FA, MoE: May be adopted as per strict compliance of the guidelines of the MoE.

Comments of AS (TE), MoE: May be considered in line with guidelines governing promotion of Central Government Medical Professionals issued by Government of India.

The Committee approved the proposal of the institute.

Agenda Item No.9: Proposal to adopt guidelines of Endowment Funds issued by Ministry of Education (MoE)

The Director stated that, in line with the guidelines of endowment funds issued by MoE, IITH has opened a dedicated Endowment Fund bank account in Canara Bank to receive donations from alumni, industry (including CSR donations) and philanthropists. A separate Development Office has been created under the Dean (IAR) to look after the activities relating to Donations. Separate CRM software for donation related activities called “Salesforce CRM” has also been procured. A separate website with a name “giving.iith.ac.in” has been unveiled exclusively for donations. Dedicated campaigns can be run through this software for donations for various purposes. The website, Salesforce CRM, Bill desk Payment Gateway and the Endowment Bank Account have been integrated to provide seamless experience to the Donors and to maintain transparent accounting of donation receipts.

He also stated that as per the Gazette Notification of Ministry of Home affairs dated 30-01-2020, all bodies constituted or established under a Central Act or state Act requiring their accounts to be audited compulsorily by CAG of India are exempt from the operation of all Provisions of the Foreign Contribution (Regulation) Act 2010. Accordingly, IITH is exempt from the provisions of FCRA Act 2010. The draft guidelines prescribe appointment of an Endowment Advisory Board (EAB) and an Investment Committee which will be taken up in subsequent BoG Meetings. The above addresses the core and fundamental principles of the Endowment fund as prescribed by MOE.

He further stated that IIT Hyderabad has obtained 80G registration under the Income Tax which provides 50% tax benefit to the Donors. Efforts are being made to obtain 100% Tax benefit to attract more donations. To work with the overseas Alumni, IIT Hyderabad had established an IITH US Foundation and has been receiving donations through this US non-profit entity. All other suggestive measure provided in the Draft Endowment Policy will be addressed progressively.

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

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

The Committee approved the proposal of the institute to adopt guidelines of Endowment Funds issued by the MoE.

Agenda Item No.10: Proposal to consider terms of engagement of a faculty member in Startup Venture

The Director stated that, the faculty members of IITH carry out many R&D activities in several cutting-edge science and technology areas. It is important for these research outcomes to get translated into commercial products, benefiting the society in general. Towards this end, IITH encourages interested faculty members to incorporate startups to engage in the businesses that are direct result of the research and development activities of the faculty member of IITH. For a faculty driven startup, the startup is required to be incubated in the Institute at one of its incubators (iTIC or CfHE or FabCI). However, in exceptional cases, the institute may allow a faculty member to open/operate/incubate the Company outside the institute if sufficient justification is provided.

In this startup, the faculty can engage in technology development, technology commercialization and scaling-up activities. In the early stages of the startup, the faculty member is also allowed to hold executive position like CEO, COO, etc. However, this role must be in the form of a consultant or advisor or honorary employee (not as salaried employee). Consultation income from IITH incubated startup is not subjected to standard IITH industrial consultancy norms during the

incubation period of the startup. In all scenarios, it is to be safeguarded that the faculty member does not spend more than 20% of office time on the startup. If any faculty member wishes to go beyond the terms mentioned here, one may do so by taking a sabbatical and/or leave without pay.

During the discussions, the issue of allowing a faculty member/staff to incubate/open a company outside the institute was discussed and members opined that this practice is in line with other IITs and in any case, this will only be approved once sufficient justification has been provided.

Comments of JS & FA, MoE: Allowing a faculty member to open / operate / incubate a startup company outside the institute is not justified.

Comments of AS (TE), MoE: FC may discuss the item in line with practice in other IIT's. Views of IFD representative of the ministry may be considered.

The Committee approved the proposal to consider terms of engagement of a faculty member in Startup Venture.

Agenda Item No.11: Proposal to consider IP Licensing to Startups

The Director stated that this proposal is applicable to cases where an entrepreneur (either a current student or a faculty) enlists the startup during his/her stay at IITH. The Startup is given exclusive licensing of the IP in return for additional 2% equity. The Incubator of IITH takes this equity on behalf of the Institute. When the Incubator monetizes this equity, 75% of the revenue from the 2% is transferred to Institute. The remaining 25% of the revenue is retained by the Incubator towards meeting the expenses for technology commercialization and monetization. The Startup in return for the 2% of additional equity is given exclusive licencing of the IP. IITH provides exclusive, worldwide, sub-licensable, irrevocable, and transferable license to the start-up. It may be noted here that as the technology transfer is happening to the inventor-associated Startup, the royalty sharing model of the IP policy does not apply and all the revenue belongs to the Institute.

The key advantage of this mechanism is that all the three entities; the Startup, the Incubator and Institute are invested in the success of the venture and benefit from its advancement. There is an ambiguity free ownership for the Startup and a higher probability of revenue generation from technology commercialization for the Institute, the Incubator acts as a via media facilitator. This policy will be applicable for all the Student and Faculty Startup enrolments henceforth.

The Startups already enrolled will have an option of choosing between:

(a) The new equity transfer model

OR

(b) Earlier model of IP licensing from IITH to an external entity via a IPEC (Intellectual Property Evaluation Committee).

The committee appreciated the efforts of the institute towards formalizing the norms for IP Licensing to Start ups, which is in line with the practice being followed in other IITs.

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

Comments of AS (TE), MoE: FC may discuss the item in line with practice in other IITs. Views of IFD representative of the ministry may be considered.

The Committee approved the proposal of the institute.

Agenda Item No.12: Proposal for School of Innovation and Entrepreneurship at IIT Hyderabad

The Director stated that, as a new department in the fastest growing IIT, the Department of Entrepreneurship and Management at IIT Hyderabad (IITH) has the potential to excel both as a pedestal of high-quality research and a nurturing ground for young entrepreneurs. On the other hand, financial and procedural autonomy in the form of special stature as a school can rapidly speed up the growth of this new entity. With this background this presentation proposes the plan of the proposed School of Innovation and Entrepreneurship for the next five years in Research and generation of Human Resources in this area. This school will house two entities namely a) Department of Entrepreneurship and Management and b) Centre for Socially Impactful Innovations and Entrepreneurship.

Shibodhi Foundation and Cyient Foundation together wish to establish this School at IITH.

2. Vision and Objectives

The vision of the proposed school is “To become school of innovation and entrepreneurship of international repute which provides the best-in-class ecosystem to nurture socially impactful techno-entrepreneurial ventures”.

The objectives of this school are set as:

- To kindle the entrepreneurial motivation and imbibe entrepreneurship attitude within IITH community.
- To create an ecosystem which nurtures innovativeness, creativity and entrepreneurial and owner’s mindset among students.
- To help resolve local community problems by creating social value adding start-ups based out of technological innovations.
- To create a vibrant network of industry leaders, academicians, local innovators and aspiring student entrepreneurs.

3. Structure of the School

This school will house two entities namely:

- Department of Entrepreneurship and Management (DEM)
- Centre for Socially Impactful Innovations and Entrepreneurship (CSIE).

4. Proposed Initiatives

This section delineates the plans for different initiatives by the school in the coming years.

4.1 Academic Programs – Under DEM

- MTech Dual Degree in Techno-Entrepreneurship (started in 2021)
- Full time MTech in Techno-Entrepreneurship (from 2022)
- Part-time executive MBA in Entrepreneurship and Management (from 2023)
- BTech in Techno-Entrepreneurship (from 2023)
- One-year weekend diploma programs (from 2024)
 - Social entrepreneurship
 - Green Entrepreneurship

4.2 Research Initiatives - Under DEM

- International Travel and Research Grants for EM faculty
- Chair Professorship (1)
- Adjunct Research Faculty and International Visiting Faculty

- Top-up research fellowship for selected PhD students on the following areas:
 - Entrepreneurship and UN sustainable development goals
 - Entrepreneurship and the bottom of the pyramid

4.3 Innovation and Entrepreneurship based Initiatives – Under CSIE

- Innovator to Entrepreneur Program (IEP) by 2023
- Innovator's space
- Community outreach
- Hosting workshops and boot camps for diverse audiences
- Corporate Innovations Forum
- Professors of Practice

5. Budget: The capital budget will involve a Building costing around Rs. 10 crores. Operational expenditure is expected to be around 2 crores per year for 5 years. Shibodhi Foundation and Cyient Foundation would provide the total expenditure Capex and Opex for the first five years.

Prior to the discussions, Dr Mohan Reddy, the Chairman of BoG recused himself in view of a conflict of interest as he is the Chairman of Shibodhi Foundation and Cyient Foundation. The committee discussed the financial implications of the project and carried out a cost benefit analysis of the proposal. It was opined that there would be no Capital/revenue expenditure on running the school for the first five years. It is expected that the school will be self-sufficient financially after the first five years as a result of revenue generation on account of a number of courses being proposed to be run at the school. In any case, the two foundations have also orally expressed a possibility of supporting the proposed school beyond the initial five years. The committee was further informed that the proposal has been approved by the Senate in the 47th Senate meeting held on 27 Jan and 02 Feb 22. The committee recommended the proposal for approval to the board of governors.

Comments of JS & FA, MoE: Institute is in project mode. Additional set ups having additional financial implications may be considered after coming out of project mode. Moreover, a cost benefit analysis is required before taking a decision. Over a period of time, initial investment and the operational expenses must be recovered.

Comments of AS (TE), MoE: It is not clear if the proposal has the approval of Senate.

The Committee approved the proposal of the institute.

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

There being no further points, the meeting ended with thanks to the Chair.

Reply to the Audit Comment included in SAR for the year 2020-21

Para No.	Audit Comment	IITH Reply
A.1.1.1	<p>A.1.1 Current Liabilities and Provisions: Rs. 142.74 crore (Schedule-4)</p> <p>A.1.1.1 This included minus balances amounting to Rs. 8.23 crore in respect of 298 Sponsored Projects {Schedule-4(a)}, which were not accounted as debit balance under Loans, Advances and Deposits {(Schedule-9, Sl.no.7(a)}, though mandated as per format of accounts, prescribed by Ministry of Education (MoE), Government of India, {Page 7, Schedule-3(a) Note 3 below} for central higher educational institutions. This resulted in understatement of Current Liabilities and Loans, Advances and Deposits by Rs. 8.23 crore.</p>	<p>Though individual projects have minus balances, when projects are considered as a whole, there is no negative balance. Further, Institute has not provided any loan to SRC projects. Hence it was not shown as loan/advance.</p>