

राष्ट्रीय प्रौद्योगिकी संस्थान, उत्तराखण्ड
NATIONAL INSTITUTE OF TECHNOLOGY, UTTARAKHAND

MINUTES OF THE 6th MEETING OF FINANCE COMMITTEE, HELD ON 4th JUNE 2015.

The following members were present:

- | | | |
|----------------------------|---|----------|
| 1. Shri Bhaskar Bhat | - | Chairman |
| 2. Shri R. Srinivasan | - | Member |
| 3. Shri Satpal Sharma | - | Member |
| 4. Prof. Pradipta Banerjee | - | Member |
| 5. Prof. S. C. Lakkad | - | Member |
| 6. Prof. H. T. Thorat | - | Member |

At the outset, the Chairman welcomed all the members.

The Committee discussed the following agenda:

FC 06.01 Confirmation of the minutes of previous Finance Committee Meeting

Resolution: The minutes of previous Finance Committee Meeting are confirmed.

FC 06.02 Action Taken Report upon previous Finance Committee decisions.

Resolution: Action Taken Report upon previous Finance Committee decisions is noted.
Recommendation of committee regarding remuneration of adhoc staff is accepted.

FC 06.03 Ratification of notes approved by the Chairman

Agenda: Approval was taken from Chairman, FC and BOG for emergent and inevitable items.

1. Budget Estimate for the Year 2015-2016 and
2. Annual Accounts for the Financial Year 2014-2015

The notes duly approved by the Chairman are placed at **Annexure- FC 06.03**.
The Finance Committee is requested to ratify.

Resolution: Ratified, with a suggestion that expenditure in academic activities should be increased. For Capital Works cumulative expenses should be taken into consideration for preparation of estimated budget for the year 2015-16. As desired by Finance Committee, key figures of expenditures are attached as Annexure1.

FC 06.04 Agenda for revision of rate of depreciation from 25% to 10% on furniture and fixtures

Agenda: FC in its forth meeting (Agenda No.04.06) resolved that depreciation on Furniture and Fixtures shall be 25% of the value of the asset. It has been found that 25% is on the higher side and therefore proposed to reduce it to 10% as per new accounting guidelines from MHRD. Approval of the FC is requested for adoption of 10% and also bring the written down capital value of Furniture for the previous years to the correct value.

Resolution: Withdrawn, in view of new accounting guideline issued by MHRD and placed as item no. FC 06.14.

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FC 06.05: Approval regarding Reclassification of Asset

Agenda: MHRD envisaged that the NIT's adopt the common new format for reporting and Annual Financial Statement with effect from the financial year 2013-2014. Accordingly the Institute duly adopted the new format and presented the Annual Financial Statement 2013-2014. However, owing to paucity of time, the reclassification of certain assets could not be completed. Particularly, the earlier format had classified Plant and Machinery and Equipment as one unit. In present format, Plant and Machinery is required to be shown as a separate unit and Equipment is required to be shown as a separate item of asset. This change has been carried out in the financial year 2014-2015. While doing so, it was noticed that the applicable rate of depreciation for Plant and Machinery is lower @ 20% while Equipment which is now classified as Scientific Equipment is to be depreciated @ 40%. Thus, the written down value of Plant and Machinery under the written down method is required to be adjusted in the Accounts.

Approval of the FC is requested for carrying out these changes to present a realistic picture in line with the changes that have been made in the reclassification of assets in the new common accounting format.

Resolution: Withdrawn, in view of new accounting guideline issued by MHRD and placed as item no. FC 06.14.

FC 06.06 Accounting Policy for accounting of prefabricated huts for hostel, academic and administrative buildings.

Agenda: In the Separate Audit Report for the year 2013-2014 the C&AG observed that the prefabricated structures have lesser life than permanent structures. There is a substance in the contention of the auditors that the life of the structures cannot be compared with permanent buildings constructed with conventional building material. As the structures made are of prefabricated segments, these have the benefit of being dismantled and re-fixed at any desired location. The prefab segments have a life similar to equipment which is also fabricated using metal as material. The applicable percentage of depreciation on Equipment is 40%.

Depreciation percentage of 40% of the capital cost which may be levied. FC is requested to approve the same.

Resolution: Rate of depreciation for prefab huts is not defined as per MHRD accounting guidelines. Therefore, it is suggested by the Finance Committee to take legal opinion from CAG/ Chartered Accountants for the same and recommendation may be communicated to Finance Committee for further approval.

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FC 06.07: Distribution of interest generated on NPS fund investment.

Agenda: The employee and employer's contribution to NPS for the earlier period was held under investment awaiting completion of formalities. With the completion of this requirement the employee and employer's contribution has since been remitted to NSDL. This is for the favor of information of FC.

While amount was temporarily held in the Institute, to prevent loss to the employees the amount was invested in Bank (FDR). In order to ensure equitable distribution of the generated interest on the basis of each individual's entry, the individual's share will be worked out on the formula adopted by the Banks. The share of interest worked out will be uploaded to the individual subscriber's account eventually. The FC is requested to approve the proposal.

Resolution: Approved, legal opinion may be sought before transferring interest portion.

FC 06.08 Incorporation of surplus amount in corpus fund of the Institute.

Agenda: The surplus generated in the year 2014-15 after meeting recurring expenditure is ₹3,24,39,087.00. Academic receipts, and other income has contributed to this surplus and no part of Grant in aid is part of this surplus.

As a buffer to meet future eventualities, it is proposed to transfer ₹2,50,00,000 out of the Surplus to Corpus Fund leaving aside a surplus of ₹70,46,487 to be retained as Reserve for eventual transfer to Capital Fund. It will be prudent to retain certain portion of the surplus as Reserve for making any adjustment that may require in future.

Approval of the FC is requested.

Resolution: Approved.

FC 06.09 To consider the amount of employee's Medical contribution as Earmarked fund.

Agenda: It is mandatory to recover Medical Contribution from Employees' Salary on the analogy of subscription being recovered for CGHS beneficiaries. Copy of OM No S.11011/2/2008-CGHS (P) dated 20 May 2009 is enclosed for reference as **Annexure FC 06.04**. In the absence of definite norms for utilization of the fund An amount of ₹2,46,926 received on account of Medical Contribution remained unutilized. This contribution does not qualify as revenue of the Institute. Therefore, norms and criteria for the utilization and regulation of these funds need to be worked out. Till then, it is proposed to deem this fund as Earmarked Fund. The funds will be invested and interest generated will be credited to the same account.

Submitted for approval of the FC.

Resolution: Approved with suggestion to utilize these funds for group medical insurance to cover medical expenses which are not admissible by Government rules. Detailed proposal be placed in next Finance Committee Meeting.

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FC 06.10 Approval for Subscription/Renewal of Electronic Databases for Library for the year 2015.

Agenda: As approved by the FC in its 4th meeting held on 05th Feb.2014 (vide item no.04.03), the committee assessed and reviewed the utilization of Electronic databases in 2014. It is observed that the database is utilized extensively. Details are placed as annexure **FC 06.05**.

A committee comprising Chairman Library Committee, all HoDs and Asst. Librarian recommended three options as given in **Annexure FC 06.06**. Looking into the fact that majority of faculty (more than 30) are undergoing PhD, first option netting ₹ 70 lakh which gives full coverage as recommended by the committee be approved.

Resolution: Approved.

FC 06.11 Approval for Special Compensatory (Hill Area) allowance to employees of NIT, Uttarakhand.

Agenda: As per the provision in 6th CPC, Special Compensatory (Hill Area) allowance is admissible to Central Govt. Employees posted at hill stations situated at a height of 1000 meters or more above sea-level. The monthly rates of allowance are as follows:-

| S. No. | Grade Pay of | Composite HCA |
|--------|--------------------|---------------|
| 1. | ₹5,400/- and above | ₹600/- |
| 2. | Less than ₹5,400/- | ₹400/- |

As per the provision, the rate of above allowance automatically increases by 25% whenever the D.A goes up by 50%. Central Govt. Employees stationed at Srinagar Garhwal and Dehradun are being paid above allowance at aforesaid rates with appropriate increase in D.A. As per Statues 24(iii), employees of the Institute are entitled to allowances in addition to pay, as admissible to Central Govt. Employees. It is, therefore proposed that sanction for payment of Special Compensatory (Hill Area) allowance may please be accorded to the employee of this Institute retrospectively, on the lines of provision extended to Central Govt. employees posted in Srinagar Garhwal and Dehradun.

FC is requested to approve the above proposal.

Resolution: Approved. Before implementation rules adopted by other NITs may be observed.

FC 06.12 Extension of provision of NPS to Assistant Professor (On Contract) and Trainee Teachers.

Agenda: The accounts of the Institute indicate an amount of ₹14,59,036 as liability towards NPS in respect of Contractual faculty. As per the terms of appointment, regularization of the service of the Contractual Faculty is to be determined on their acquiring Ph. D Degree. The provision NPS to such employees could not be processed in view of the followings:

1. Allotment of PRAN (Permanent Retirement Account Number) requires the determination of retirement date.

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2. In the event if a member of faculty fails to acquire Ph. D Degree, he / she may not continue in the services of the institute.

In view of these facts, the employee's contribution has been discontinued and the amount so far recovered from the employees and employer's contribution is held as liability in the accounts. In absence of PRAN, such employees could not be admitted in this scheme.

The matter is examined de novo. The NPS today has become a National welfare measure of the Government and any member can contribute and become member of NPS. Therefore, logically, employees whose tenure is not determinable at the present could also be admitted to NPS. The date of retirement could be determined on basis of the date of attaining the age of 65 years (as per the present age of superannuation). The institute's contribution could also be drawn to discharge employer's liability. In this manner, these individual will not be deprived of this welfare measure.

Eventually if these employees acquire Ph.D. Degree and absorbed in regular employment, they may continue with the scheme. Alternatively if any of these employees fails to acquire Ph. D. degree or leave the Institute prematurely, their NPS accumulation shall continue to be with the NSDL and on the lateral employment this may be transferred to the prospective employer or returned to the concerned employee, as applicable. It is confirmed that NIT Rourkela and some other NITs have already implemented the NPS in above manner.

The liability appearing in the books cannot be retained for indefinite period and action has to be initiated to liquidate the liability. The FC is requested to reconsider the issue and permit to extend the provision of NPS to AP (On Contract) and Trainee Teachers. This will also clear the liability in the books.

Resolution: Approved. However legal opinion should be taken before implementation.

FC 06.13 Extension of internet facility to faculty through Data Card.

Agenda: The GOI, Ministry of Finance and Expenditure vide notification no.24 (5)/E.Coord/2012 dated 11th May 2012 extended facility of reimbursement for use of telephone, mobile, internet etc to the officers. The rates are prescribed as per the status of the officer. As approved in FC03.13 Institute has already extended such facility to certain key functionaries keeping in view the ceiling of 25% of Class I Officers as mentioned in GOI notification.

Faculty of NITUK has now requested to extend this facility to all the members of faculty and officers as made applicable to some NITs. Relevant copies are enclosed as **Annexure FC 06.07**.

The FC is requested to give the directives.

Resolution: Approved only as per Government of India Order dated 11th May'2012. Proposal for data charges can be placed in NIT Governing Council.

FC 06 .14 (a): Due to changes in directives of MHRD vide letter no29-4/2012-IFD dated 17 April 2015 agenda item no FC 06.04, 06.05 and 06.06 is hereby replaced by this item.

Agenda: It is submitted for the information of the Board that once again the MHRD revised the Accounting Format to be implemented from the year 2014-15 vide their letter No. 29-4/2012-IFD dated 17.04.2015 issued by Department of Higher Education under MHRD, Govt. of India. Since the books of accounts for the year 2014-15 were

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closed and Annual Financial Statement for the year 2014-15 were already made, the revised format could not be adopted for the year 2014-15. This will be adopted for the year 2015-16.

It is further submitted that the rate of depreciation has also been revised as under:

Tangible Assets:

| | |
|--|------|
| 1. Land | 0% |
| 2. Site Development | 20% |
| 3. Buildings | 2% |
| 4. Roads & Bridges | 2% |
| 5. Tube wells & Water Supply | 2% |
| 6. Sewerage & Drainage | 2% |
| 7. Electrical Installation and equipment | 5% |
| 8. Plant & Machinery | 5% |
| 9. Scientific & Laboratory Equipment | 8% |
| 10. Office Equipment | 7.5% |
| 11. Audio Visual Equipment | 7.5% |
| 12. Computer & Peripherals | 20% |
| 13. Furniture, Fixture & Fittings | 7.5% |
| 14. Vehicles | 10% |
| 15. Lib. Books & Scientific Journals | 10% |

Intangible Assets (amortization):

| | |
|---------------------------|--------|
| 1. E- Journals | 40% |
| 2. Computers Software | 40% |
| 3. Patents and Copyrights | 9 year |

The rate adopted for depreciation in the year 2014-15 is the pre-revised rates. The revised rates will be adopted for the year 2015-16 and necessary correction entries required consequent to the revision for the year 2014-15 will be carried out.

The Agenda proposing in item no FC 06.04, 06.05 and 06.06 may be treated as withdrawn.

Resolution: Approved.

The meeting ended with Vote of thanks to the Chair.



Prof. H. T. Thorat
Director

Submitted for Approval



The Chairman
Board of Governors
NIT, Uttarakhand

NATIONAL INSTITUTE OF TECHNOLOGY, UTTARAKHAND
Summary of Capital and Operating Expenditure

Rs. in Lac

| PARTICULARS | YEAR | | |
|--------------------------------|---------------|-----------------|-----------------|
| | 2012-13 | 2013-14 | 2014-15 |
| CAPITAL EXPENDITURE | | | |
| Equipment | 150.39 | 48.88 | 184.67 |
| Furniture & Fixtures | 27.19 | 32.48 | 118.81 |
| Computer & Periferals | - | 429.73 | 53.63 |
| Library | 256.62 | 303.33 | 29.74 |
| Plant & Machinery | - | - | 6.98 |
| Building * | 94.98 | 171.02 | 1,462.55 |
| Sports Items | 7.55 | - | 0.20 |
| Vehicle | - | 23.11 | 0.58 |
| Capital WIP * | - | 1,883.34 | 486.54 |
| TOTAL (A) | 536.73 | 2,891.90 | 2,343.70 |
| OPERATING EXPENDITURE | | | |
| Salaries & Wages | 122.95 | 360.67 | 505.56 |
| Security & Sanitation Services | 54.53 | 94.86 | 128.80 |
| Academic Expenses | 47.86 | 32.96 | 14.37 |
| Students Activity & Sports | 8.73 | 1.56 | 3.99 |
| Admin & Other Expenses | 116.24 | 228.61 | 205.00 |
| Repairs & Maintenance | 20.71 | 35.17 | 51.13 |
| TOTAL (B) | 371.02 | 753.83 | 908.85 |
| GRAND TOTAL (A + B) | 907.75 | 3,645.73 | 3,252.55 |

* Note: In the financial year 2014-15 Building was capitalized from Capital WIP