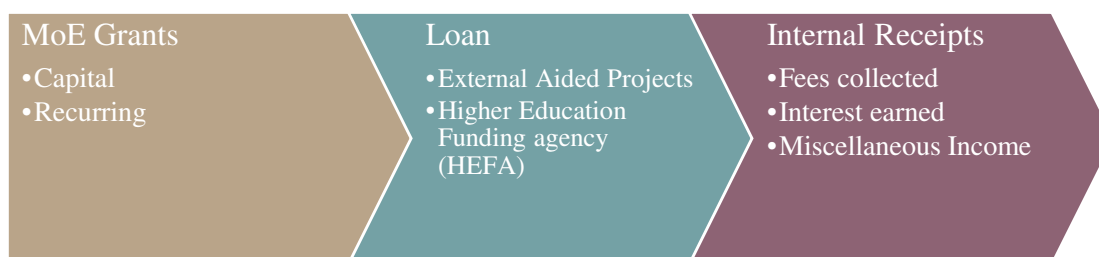


Chapter IV: Financial Management

IITs are autonomous institutions under MoE which receive Grants (both Capital and Recurring), Loans (both from internal and external agencies) from GoI. They also generate internal revenues through fee, publications, interests, consultancy works among other things.

The sources of funds of these IITs during the years 2014-15 to 2019-20 is shown in the *Figure 4.1*:

Figure 4.1: Sources of funds for IITs



Audit examined the financial management across these eight IITs under four broad areas viz., fund availability, its application, resource mobilization and investment of funds.

4.1 Management of Financial Resources

4.1.1 Grants

(a) **Revision in the Capital outlay** - MoE approved (July 2008) project cost of ₹6,080 crore (₹760 crore per IIT) for establishment of eight new IITs over a period of six years (2008-14). This was further revised twice as detailed in *Table 4.1*:

Table 4.1: Initial cost and revised cost during 2008 to 2021

(₹ in crore)

Name of the IIT	Initial cost estimates * 2008 (A)	Revised cost estimates 2016 (B)	Upward revision in revised estimates 2019 (C)	Difference in cost estimates (2008-2019) (D)	per cent of Difference E=C-A/100
IITBBS	760	1880	1893	1133	149
IITGN	760	1716	1716	956	126
IITH	760	2075	2092	1332	175
IITI	760	1902	1911	1151	152
IITJ	760	1605	1648	888	117
IIT Mandi	760	1466	1556	796	105
IITP	760	1678	1688	928	122
IIT Ropar	760	1668	1828	1068	141
TOTAL	6080	13990	14332	8252	

Source of Information: Ministry of Education

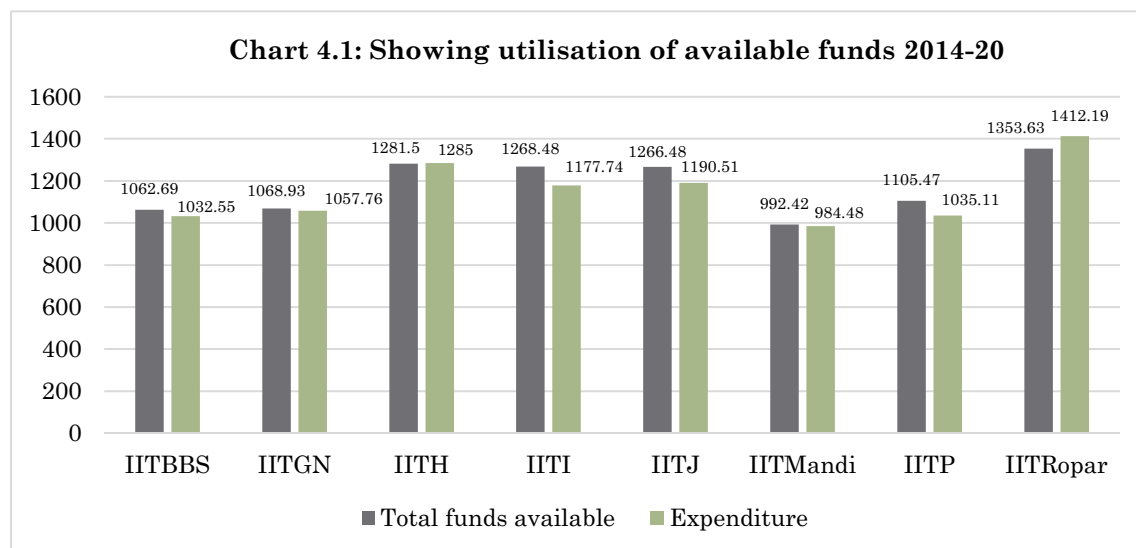
*Cost estimates include components like Civil work, equipment, salary, non-salary

The revision was necessitated by time and cost overrun due to delays in handing over of sites by State Governments which further resulted in cost escalation, delay due to procedures involved in getting statutory approvals, cost enhancement in various other factors like rise in equipment costs, salaries, taxes etc. and site-specific infrastructure provisions like underpass, foot over bridge etc. Thus, the non-completion of infrastructure development within project period resulted in spill-over of the infrastructure development beyond six years, necessitating the revision of the capital outlay from ₹6,080 crore to ₹14,332 crore for a period of 13 years.

(b) Utilisation of funds

Ministry allocates and releases head-wise funds to IITs based on Budget Estimates submitted by IITs. The IIT-wise position of utilisation of available funds (including internal receipts) is as mentioned in the following *Chart 4.1*:

(₹ in crore)



It was observed that the initial grants were to be utilised by 2014, but that could not be achieved by IITs due to delay in execution. Despite delayed execution, almost all the funds received by the IITs for infrastructure development had been utilised by 2019-20. At the end of 2020, the amount unutilised was ₹224.26 crore.

It was also observed that expenditure incurred was within the available funds in respect of all the eight IITs except IIT Ropar where it was marginally in excess by 4 per cent (₹58.56 crore excess) to the end of 2019-20.

4.1.2 Utilisation of Japan International Cooperation Agency (JICA) Loan

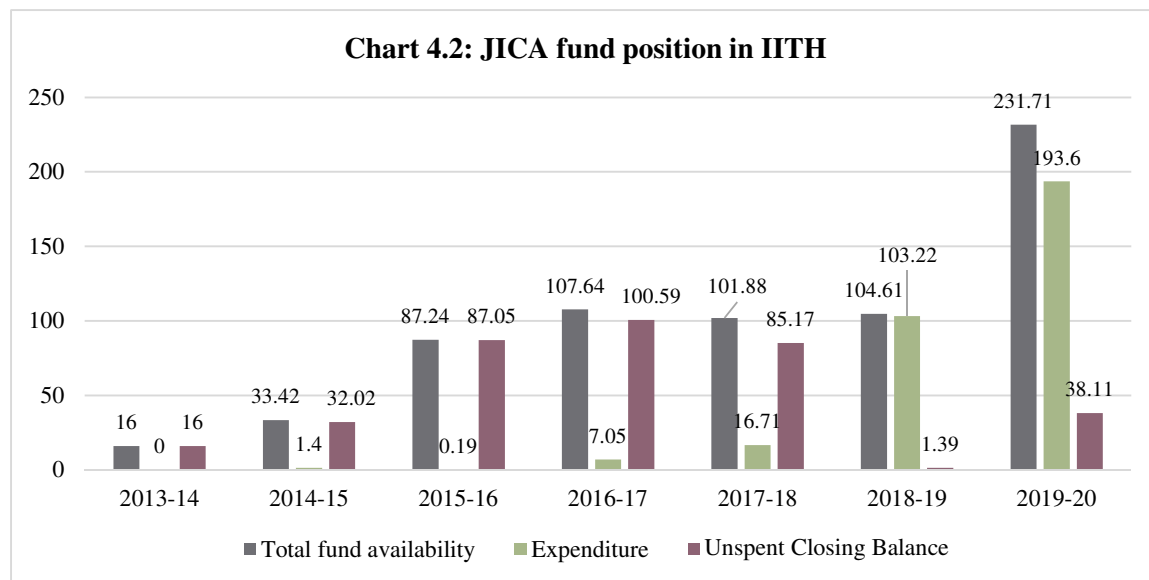
GoI entered (2014) into an MoU with Japan International Cooperation Agency (JICA) in respect of IITH for infrastructure development (Phase-II) for the period 2013-14 to 2016-17. The total cost approved for the project was ₹1,776.50 crore²⁶. The scope of the work included construction works, procurement of goods and services and consulting

²⁶ It comprised of 84.5 per cent contribution by JICA amounting to ₹1501.14 crore and remaining 15.5 per cent contribution by GoI amounting to ₹275.36 crore.

services over a period of four years for Phase-II in IITH. The project period was extended by the Ministry (June 2017) upto 2022-23 without cost overrun.

The details of the fund availability, expenditure and the unspent funds during the period 2013-14 to 2019-20 are as shown in the *Chart 4.2*:

(₹ in crore)



Audit observed that before the time extension was granted to the project in 2019, against the available funds of ₹107.64 crore (upto 2013-17 which was initial project period), IITH had spent only ₹8.64 crore (8.03 per cent) on the project. Subsequently, from 2017-18 the utilization of funds picked up and unspent JICA funds was ₹38.11 crore at the end of March 2020.

IITH in its reply (November 2020) stated that JICA grants were effectively utilised for the construction of the campus as and when there was delay in receipt of the grants from the MoE without keeping them idle.

MoE did not provide any reply on this matter (September 2021).

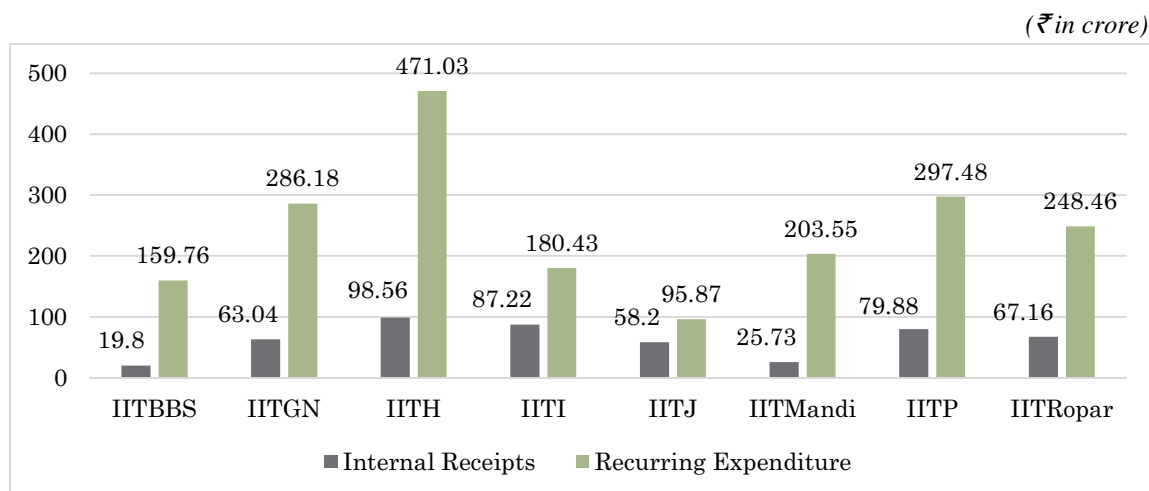
The reply of IITH is not tenable, as the JICA fund was released for Phase-II activities from 2013-14. However, the effective utilization started from 2016-17 only i.e., after three years from its release. Thus, despite availability of funds, IITH could not make use of it in timely manner which necessitated the time extension.

4.1.3 Generation of Internal Receipts

Rule 230 (6) of GFR 2017 stipulates that the grant sanctioning authorities should take into account the internally generated resources while awarding the grants. They should also consider laying down targets for internal resources generation by the grantee Institutions or Organisations every financial year, particularly where grants are given on recurring basis every year.

IIT-wise details of Internal Receipts against Recurring Expenditure are shown in **Chart 4.3:**

Chart 4.3: Generation of Internal Receipts vs Recurring Expenditure (2014-19)



Audit observed that the proportion of the internal receipts against the recurring expenditure was very low in IITs ranging between 12 *per cent* (in IITBBS) and 61 *per cent* (in IITJ) even after having been established over a decade. Low proportion of internal receipts forces the IITs to be heavily dependent on grants for meeting recurring expenditure.

Audit also observed that no targets were set for the generation of internal receipts by the MoE for any of the eight IITs.

Ministry was silent on this issue (September 2021).