



**MINUTES OF THE 48TH MEETING OF THE FINANCE COMMITTEE
HELD ON 26TH JULY 2021 AT 04:30 P.M. IN THE OOM ROOM, NIT
TIRUCHIRAPPALLI**

PRESENT:

1.	Shri Bhaskar Bhat	Chairperson
2.	Dr. (Mrs.) Mini Shaji Thomas Director	Member
3.	Shri Anil Kumar, Director (Finance), IFD, MoE	Member*
4.	Shri. Pawan Kumar Under Secretary, MoE	Member*
4.	Shri Karumuttu T. Kannan	Member*
5.	Dr. S. Kumanan	Member
6.	Dr. M. Umapathy Deputy Director	Special Invitee
7.	Dr. M Arivazhagan Registrar (i/c)	Member Secretary
* Through Video Conferencing		

GENERAL MATTERS

WELCOME ADDRESS BY THE CHAIRPERSON, FINANCE COMMITTEE

Shri Bhaskar Bhat, Chairperson, Finance Committee welcomed the Members to the Meeting. Thereafter, the Registrar i/c – Member Secretary initiated the deliberations of the Agenda Items.

ITEM NO.1 CONFIRMATION OF THE MINUTES OF THE 47TH MEETING OF FINANCE COMMITTEE HELD ON 30TH MARCH 2021.

The Minutes of the 47th Meeting of the Finance Committee (FC) was circulated to the Members and no comments were received, the FC confirmed the Minutes.

RESOLUTION 48/FC/2021/1	RESOLVED THAT the Minutes of the 47 th Meeting of the Finance Committee be confirmed.
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ITEM NO. 2 ACTION TAKEN REPORT ON THE DECISIONS OF THE PREVIOUS MEETINGS OF FINANCE COMMITTEE

Action Taken Report of the previous meetings of the Finance Committee was discussed and noted with the following observations:-

Revision in Administrative Approval and Expenditure Sanction (AA & ES) for 6 Department Annexe buildings due to modified clause in preconstruction activities and deduction of 1% from the preliminary estimate towards water charges, which has reduced

the amount to Rs. 115.04 crores from 119.01 Crores was noted. As per this, an amount of Rs.18.98 Crore from IRG savings has been transferred to CPWD towards the first installment for the construction of 3 Annex building (Civil, EEE and ICE). The transfer of Rs. 19.35 Crores from IRG savings for the 3 Annex Buildings (Mech+MME and Production) will be done soon.

RESOLUTION RESOLVED THAT the Action Taken on the **48/FC/2021/2** decisions of the previous Meetings of the Finance Committee be noted with following remarks:

Revision in AA & ES for 6 Department Annexe buildings due to modified clause in preconstruction activities and deduction of 1% from the preliminary estimate towards water charges, which has reduced the amount to Rs. 115.04 crores from 119.00 Crores.

APPROVAL ITEMS

ITEM NO. 3 ANNUAL ACCOUNTS FOR THE FINANCIAL YEAR 2020-2021

The Annual Accounts of NIT Tiruchirappalli for the Financial year 2020-2021 was prepared as per format of accounts prescribed by the Ministry.

The Annual Accounts of NIT Tiruchirappalli for the Financial year 2020-2021 was recommended to the Board for approval with following remarks:

- A committee may be constituted to look into the utilization of the various funds stated in Schedule 2.
- Schedule 3: Liabilities: Interest earned on Government grant may be accounted separately and adjusted against the Grants-in-aid.
- The provision for the gratuity, leave encashment and pension as ascertained by the Actuary valuation, works out to Rs 34.22 Cr, Rs 57.87 Cr and 414.04 Cr respectively is disclosed in the Notes of account
- The Chairperson suggested that the Ministry of Education may publish the matrix regarding the utilization of the finances by all NITs, so that benchmarking can be done regarding expenses per student, corpus, IRG utilization, etc.

RESOLUTION 48/FC/2021/3 **RESOLVED THAT** the Annual Accounts of NIT Tiruchirappalli for the Financial year 2020-2021 be recommended to the Board for approval with the following remarks:

- A committee be constituted to look into the utilization of the various funds stated in Schedule 2.
- Schedule 3: Current Liabilities: Interest earned on Government grant be accounted separately and adjusted against the Grants-in-aid.
- The provision for the gratuity, leave encashment and pension as ascertained by the Actuary valuation, be disclosed in the Notes of account

- Ministry of Education may publish a matrix regarding the utilization of the finances by all NITs, for benchmarking of the expenses per student, corpus, IRG utilization, etc.

ITEM NO. 4 CONTRIBUTION OF EPF FOR NMR (NOMINAL MUSTER ROLL) EMPLOYEES FOR THE PERIOD JAN 2003 TO JUNE 2017

At NIT Tiruchirappalli, 95 NMRs (Nominal Muster Roll) employees are currently working on daily wage basis, most of them are working here for the past 20 years. The Board of Governance in its 46th meeting vide resolution no 46/BoG/2017/10 has consented to provide the EPF coverage to all NMRs in order to comply with the statutory provisions. Accordingly, the EPF cover for the NMRs has been initiated since July 2017 and the same has been paid monthly regularly. Considering the statutory provision, the remittance of EPF dues from January 2003 to June 2017 worked out by EPFO is around 3.1 Crores, along with interest and penalty, if any. The Finance committee recommended the payment from January 2003 to June 2017 to EPFO, to the Board for approval.

RESOLUTION 48/FC/2021/4 RESOLVED THAT the EPF dues payable for the period from January 2003 to June 2017 which works to Rs 3.10 Crores along with interest and penalty if any to be remitted to EPFO be recommended to the Board for approval.

ITEM NO. 5

**FIVE YEAR PERSPECTIVE FINANCIAL PROJECTION
BASED ON THE INTERNAL REVENUE GENERATION
(IRG) PREDICTION FOR THE NEXT 5 YEARS**

The Board in its 60th meeting resolved to prepare a 5 year perspective financial plan vide resolution no 60/BoG/2020/2 while discussing the utilization of Internal Revenue Generation (IRG) of the Institute. In this regard, using the data for the past 5 years, the projection of the Internal Revenue Generation for the next 5 year has been computed by an internal committee.

The Finance Committee appreciated the efforts of the team under Prof. B. Senthil Arasu, MBA Department for computing the 5-year perspective financial projection regarding the Internal Revenue.

The Finance Committee noted that the Institute currently has good resource of money in the corpus, as well as IRG savings and the 5 year conservative prediction shows good revenue inflow. The options for the utilization of this money generated to elevate the Institute to the next level may be deliberated by a committee comprising of three prominent Alumni of the Institute and other experts. The committee may review the Strategic Plan 2019-2024 in the light of NEP 2020 and present the strategies to the Finance committee, so that the Finance Committee can advise the Institute accordingly.

The Hostel Accounts which comprises of the mess charges and Hostel Establishment Charges for the last 5 years may be brought to the Finance Committee in the next meeting. The hostel rent component is already in the IRG prediction as it is credited to the Institute Account.

**RESOLUTION
48/FC/2021/5**

RESOLVED THAT the five-year perspective financial projections for the Institute based on the Internal Revenue Generation(IRG) prediction for the next five years be noted.

RESOLVED FURTHER THAT the options for the utilization of the IRG saving over the next 5 years to elevate the Institute to the next level be deliberated by a committee comprising of three prominent Alumni of the Institute and other experts. The committee may review the Strategic Plan 2019-2024 in the light of NEP 2020 and the strategies be presented to the Finance committee.

RESOLVED FURTHER THAT the Hostel Accounts for the last 5 years be brought to the Finance Committee in the next meeting.

ITEM NO. 6 ARBITRATION CASE WITH CPWD : CPWD REQUEST AND AUDIT OBSERVATION

Regarding the arbitration case between M/s CPWD and M/s URC Construction, as per the court order dated 4th Feb 2020, and as per ASG advice, after discussion with MHRD, the Institute paid 75% of the Arbitration amount to CPWD amounting to Rs. 4,80,19,275/- (BoG resolution No 59/BoG/2020/11). The amount was paid in protest, as the Institute was not party to the Arbitration proceedings. The Institute thus saved Rs. 3,02,97,750/-

Further, the institute received a letter dated 16.05.2020 from

CPWD asking NIT Tiruchirappalli to pay the rest 25% of the arbitration amount with interest of the full amount from the date of the arbitration award, at the earliest. The BoG discussed and resolved that if the Arbitration amount is to be honoured in full, CPWD has to pay the rest of the amount as NIT Tiruchirappalli, are not even party to the arbitration. The Agency should avoid seeking permission from the Institute to divert the fund meant for other projects towards the rest of the arbitration award, which cannot be entertained (BoG resolution No 59/BoG/2020/11). This was conveyed to CPWD many times by the Institute.

Now CPWD has sent another letter on 28.6.2021 requesting the Institute to pay Rs. 3,02,97,750/- as balance of the arbitration amount with interest, which CPWD has already paid from their MPWA from Ministry of Urban Development, GoI on 5th October 2020.

On the other hand, in the recently concluded transaction audit by C & AG, an objection has been raised relating to the payment of 75 % of the Arbitration award in respect of construction works executed by CPWD in NIT at an estimated cost of Rs.27.90 crore (2010-14). Audit contended that while the work was to be executed in 15 months it dragged on to four years and CPWD informed NIT only after award was passed and CPWD denied opportunity to NIT to challenge/ involve in the case proceedings by not intimating NIT at the time of commencement of litigation. Audit has objected to the lapse on the part of CPWD and expected NIT Tiruchirappalli of close monitoring of the case.

Legal opinion of the Panel counsel was obtained and presented this regard, as CPWD is seeking additional payment whereas Audit is raising concerns regarding the payment already made by the Institute, as per the court order.

The FC recommended the following to the Board for approval.

1. A detailed reply regarding the Audit objections to drop the Audit Para should be submitted to the Audit.
2. The payment to CPWD was made under protest, as per the court order and hence as per the legal advice, CPWD may be invited for resolution of the issue, if not resolved, a legal notice may be issued and a money suite may be filed, to safeguard the Institute.

RESOLUTION 48/FC/2021/6 **RESOLVED THAT** a detailed reply regarding the Audit objections to drop the Audit Para be submitted to the Audit.

RESOLVED FURTHER THAT the payment to CPWD was made under protest, as per the court order and hence as per the legal advice, CPWD be invited for resolution of the issue, if not resolved, a legal notice be issued and a money suite be filed, to safeguard the Institute.

RATIFICATION ITEMS

ITEM NO. 7 **RECOMMENDATION OF BWC- PROPOSALS FOR RATIFICATION OF ADDITIONAL EXPENDITURE IN THE WORKS EXECUCUTED BY CPWD FROM 2012-2016**

The Institute has been engaging CPWD in the construction of different Civil Structures and Electrical works in the campus. For many of the completed works from the timeframe 2006 -2016 the Completion Certificate was not submitted by CPWD, although the Institute has been pursuing this matter constantly. In the

recently concluded transaction audit by C & AG, a few objections have been raised in this regard. A series of meetings were held with CPWD by the team comprising of the Director, Deputy Director, Dean (P&D), Registrar, Estate Office and Accounts Section.

CPWD has now submitted the Completion Certificates of 42 nos. Civil works and 25 nos. electrical works completed and the Form 65 for the current financial year 2020-2021 which reflects this. CPWD is yet to submit the Completion Certificate for 5 building works namely Construction of PG Lecture Hall Complex, Construction of one number Boys Hostel, Construction of PG girls Students Hostel, Construction of KV School Building and Construction of Faculty Block, for which the contractor won the Arbitration award, claiming that the Institute has to pay the rest of the amount for issuing the completion certificate.

It was observed that till 2016, lump sum amounts were transferred to CPWD for different projects and reconciliation was not carried out for a long time.

It was found that some of the works which were executed in the 2006-2016 time frame, the actual expenditure was more than the approved expenditure by the BWC/FC/BoG. Hence, the following items were recommended by the BWC and FC and placed for ratification in the BoG.

- a. Additional expenditure for “Construction of Multipurpose Hall” - Rs.2.76 crore-July 2013.
- b. Additional expenditure for “Construction of Dining Hall with seating capacity 350 No’s at Amber hostel”- Rs.0.44 crore-Dec 2012
- c. Additional expenditure for “Conversion of OH Lines into UG Cable for Street lights and Service connections”- Rs.0.25 crore-Dec 2012
- d. Additional expenditure for “Purchase of 750 kVA DG set at NIT, Trichy”.- Rs.1.22 crore –Sep 2013

- e. Additional expenditure for “Rewiring of 9 nos. of hostels including Coral, Opal A,B,C ,Coral and Jade Hostel “
Rs.2.27 crore-April 2014
- f. Additional expenditure for “Augmentation of LT Electrical installation at various buildings” at NIT, Trichy
- Rs.0.29 crore- March 2014

Finance committee stated that CPWD should be requested to give reasons and justifications for the delay in submission of the revised Budget Estimates for these works which were awarded in the timeframe of 2012-2014

RESOLUTION **RESOLVED THAT** CPWD be requested to give reasons and justifications for the delay in submission of the revised Budget Estimates for the above works which were awarded in the timeframe of 2012-2014.
48/FC/2021/7

REPORTING ITEMS

ITEM NO. 8 RECONCILIATION OF CIVIL AND ELECTRICAL WORKS BY CPWD FROM 2006-2016

The Institute has been engaging CPWD in the construction of different Civil structure and Electrical works in the campus. For many of the completed works from the timeframe 2013-2016 the Completion Certificate was not submitted by CPWD, although the Institute has been pursuing this matter constantly. In the recently concluded transaction audit by C & AG, a few objections have been raised in this regard. A series of meetings were held with CPWD by the team comprising of the Director, Deputy Director, Dean (P&D), Registrar, Estate Office and Accounts Section including the Internal Audit, to sort out the issues.

CPWD has now submitted the Completion Certificates of 42 Nos. Civil works and 25 Nos. Electrical Works completed and the Form 65 for the current financial year 2020-2021 reflecting this. CPWD is yet to submit the Completion Certificates for 5 building works namely Construction of PG Lecture Hall Complex, Construction of one number Boys Hostel, Construction of PG girls Students Hostel, Construction of KV School Building and Construction of Faculty Block for which the contractor won the Arbitration award, claiming that the Institute has to pay the rest of the amount, before issuing the completion certificate.

It was observed that till 2016, lump sum amounts were transferred to CPWD for different projects and reconciliation was not carried out for a long time. The reconciliation of the Civil and Electrical works done by CPWD from 2006 was done and the net balance payable by CPWD/NIT Tiruchirappalli are as follow:

- a. Civil works - Rs.1,31,18,925/-
(NIT has to transfer to CPWD)
- b. Electrical works - Rs.1,24,81,403*/-
(CPWD has to transfer to NIT)

* Including the amount of Rs. 3 Crores transferred to CPWD in 2013 for installation of a solar power plant which was cancelled by the Institute in 2015.

It may be noted that from 2017 onwards, the payment of CPWD has been done Project-Wise, after due approval from BWC/FC/BoG and within the approved amount.

RESOLUTION 48/FC/2021/8 **RESOLVED THAT** the reconciliation of the Civil and Electrical works done by CPWD from 2006-2016 as detailed above be noted.

RESOLVED FURTHER THAT an

explanation and justification be sought from CPWD regarding the delay in submission of completion certificates and reconciliation of civil and electrical works for the period 2006-2016.

ITEM NO. 9 ANNUAL PLAN FOR NITS FOR FY 2021-2022.

The annual plan for NITs for the FY **2021-2022** has been received from Ministry of Education vide F.No.36-2/2021-TS III dated May 14, 2021. The total budget allocation for NIT Tiruchirappalli is placed before the Finance Committee for information. However, Institute is curtailing the avoidable expenditure under OH 31 as instructed by the Ministry vide OM no F 36-1/2021 TS III dated 30 Jun 2021.

RESOLUTION 48/FC/2021/9 RESOLVED THAT the annual plan for NITs for the FY **2021-2022** be noted.

ITEM NO. 10 GRANT-IN-AID RECEIVED FROM MINISTRY OF EDUCATION DURING THE FINANCIAL YEAR 2020-2021 UNDER RECURRING & NON – RECURRING HEADS (OH-31, 35, 36).

The FC noted the Grants-in-aid received by the Institute from MoE during the Financial Year 2020-2021

RESOLUTION 48/FC/2021/10 RESOLVED THAT the Grants-in-aid received by the Institute from MoE during the Financial Year 2020-21 be noted.

The Meeting ended with a vote of thanks to the Chair.


Secretary

Chairperson, FC

