

MINUTES OF THE 31ST FINANCE & AUDIT COMMITTEE (F&AC) MEETING HELD ON 29TH DECEMBER, 2014 (MONDAY) AT 11.00 A.M. AT ROOM NO 141, MINISTRY OF TEXTILES, UDYOG BHAWAN, NEW DELHI

A. The following members of the committee were present during the meeting:

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| 1. Shri. B.P Pandey, MOT | Chairperson |
| 2. Sh. Sunil Sethi | Member |
| 3. Sh. Prem Kumar Gera, DG-NIFT | Member |
| 4. Sh. Anand Kumar Kedia, Director(F&A), NIFT | Member Secretary |

Sh. William Bissell and Smt. Sunaina Tomar, members of the committee were granted leave of absence.

B. Apart from committee members, following officials of NIFT were also present during the meeting:

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|----------------------------|--------------------|
| 1. Sh. Abdul Malik | Dy. Director (F&A) |
| 2. Sh. Rajesh Ojha | Dy. Director (F&A) |
| 3. Sh Sanjay Jain | Project Engineer |
| 4. Ms. Nidhi Gupta | Senior Assistant |
| 5. Ms. Khushboo Khandelwal | Assistant |
| 6. Mrs. Manju Aggarwal | Internal Auditor |

AGENDA ITEM NO. 3101

To confirm the minutes of the 30th Meeting of Finance & Audit Committee held on 20th November, 2014 (Thursday) at 11.00 a.m. at room no. 141, Ministry of Textiles, Udyog Bhawan, New Delhi

The minutes of the meeting had been circulated to all the members of the Committee. No changes or modifications were proposed. Therefore, the minutes were confirmed without any modifications.

AGENDA ITEM NO. 3102

Action Taken Report on last minutes of the Finance & Audit Committee Meeting

The Action taken Report on the decisions of the last meetings of the F&AC was noted by the members present.

AGENDA ITEM NO. 3103

C&AG Comments on the Annual Accounts for the year ended 31st March, 2014

The committee members were briefed about the C&AG comments on the Annual Accounts for the year ended 31st March, 2014. The committee took note of the same and further suggested that due care should be taken in the current year so that similar objections are not repeated in future. On the issue of transfer of utilized grant to corpus fund and not showing it separately the chairperson stated that NIFT F & A team may evolve a consensus in consultation with C & AG team so that this objection is not

reported in future. On the issue of charging of depreciation on Assets acquired out of Govt grant but not recognizing corresponding income in accounts, the chairperson stated that the internal auditors may study this issue and recommend suitable accounting treatment.

The agenda was recommended to BOG for approval.

AGENDA ITEM NO. 3104

Proposal for Revised Estimate 2014-15 & Budget Estimate 2015-16 (Revenue)

Director (F&A) NIFT presented the Revised Estimate 2013-14 & Budget Estimate 2014-15 (Revenue) to the members present. He also shared that in view of suggestion of C&AG and the internal auditors, the BOG had directed NIFT to follow accrual system for recognition of Fee income. Therefore, in the current Financial Year, NIFT had started following accrual system for recognition of fee income. As a result of which, there was a onetime negative impact on revenue of approximately Rs. 25 Crores for the year 2014-15.

The projections showed a deficit of Rs. 4.61 Crores in RE 2014-15. Director (F&A) explained that following a conservative accounting practice, most of the new campuses had not budgeted for state Govt grants which they were entitled for covering their losses. He also added that in the past, NIFT had been able to recover more non-plan grant from Government than the budgeted amount. Therefore considering it, NIFT was likely to generate a small surplus in year 2014-15 as against the projected loss of Rs. 4.61 crores in RE 2014-15.

AS & FA advised NIFT to exercise economy in non-plan expenses like Stationary, printing, travelling expenses, entertainment expenses etc. He felt that it should be left to the DG NIFT to monitor the same.

However during discussion on the agenda item it was seen that the actual expenditure for six months was Rs. 73.02 crores as against the RE 2014-15 of Rs. 190.86 crores. Therefore the expenditure in six months was only 38% of the annual sanction sought by the campuses. The F&AC took very strong objection to such a high sanction for expenditure sought by NIFT. It was felt that the campuses were over projecting their revenue expenditure. The F &AC directed DG NIFT to rework the RE 2014-15 after seeing the position of actual expense till December 2014. The F &AC authorized the Chairperson F &AC to consider and approve the revised RE 2014-15 and BE 2015-16 on file. DG NIFT agreed to the suggestions and promised that he would review the RE 2014-15 and BE 2015-16 again and would put a file for the same for approval.

Accordingly, the RE 2014-15 & BE 2015-16 (Revenue) was reviewed and revised and a file was put up on 09.01.2014 to the Chairperson, F&AC seeking his approval for the revised estimates. The revised estimates submitted to the Chairperson were as below:

- As against the approved BE 2014-15 of Rs.188.09 Crores, RE 2014-15 was reduced to Rs. 177.28 Crores implying a 5.74% cut in BE. This RE was Rs. 13.58 crores less than what was projected earlier for 2014-15.
- Also, the BE 2015-16 stands at Rs. 205.53 Crores against the RE 2014-15 of Rs. 177.28 Crores showing an increase of Rs. 28.25 Crores (16%). The BE for 2015-16 was reduced by Rs. 14.36 Crores than what was projected in the meeting.

The chairperson, F&AC approved the revised estimates (revenue) on file which are placed at **Annexure 1** for the perusal and reference of the members.

The agenda will now be placed in BOG Meeting for approval.

AGENDA ITEM NO. 3105

RE 2014-15 & BE 2015-16 (Capital)

Director (F&A) also presented the Revised Estimate 2014-15 and BE 2015-16 (Capital) to the members present. On the same lines as of the revenue budget, AS&FA felt that the revised expenditures were too high in comparison to the actual expenditure for the six months ended 30th September, 2014. It was felt that the campuses were over projecting their Capital expenditure. The F &AC directed DG NIFT to rework the RE 2014-15 after seeing the position of actual Capital expense till December 2014. The F &AC authorized the Chairperson F &AC to consider and approve the revised RE 2014-15 and BE 2015-16 (Capital) on file. DG NIFT agreed to the suggestions and promised that he would review the RE 2014-15 and BE 2015-16 again and put up a file for the same for approval.

Accordingly, the RE 2014-15 & BE 2015-16 (Capital) was reviewed and revised and a file was put up on 09.01.2014 to the Chairperson, F&AC seeking his approval for the revised estimates. The revised estimates submitted to the Chairperson were as below:

- As against the approved BE 2014-15 of Rs. 218.44 Crores, RE 2014-15 was proposed at Rs. 137.39 Crores. This implied a cut of 37.11% in BE.
- Also, the BE 2015-16 was proposed at Rs. 154.58 Crores against the RE 2014-15 of Rs. 137.39 Crores showing an increase of Rs. 17.19 Crores (12.5%).

The chairperson, F&AC approved the revised estimates (Capital) on file which are placed at **Annexure 2** for the perusal and reference of the members.

The agenda will now be placed in BOG Meeting for approval.

AGENDA ITEM NO. 3106

Account of Reimbursement of Mobile Handset to entitled officers

Director F&A informed the members about the need for revising the eligibility and defining the financial limit regarding the reimbursement for handset in the existing policy. He also shared the audit objection raised by the NIFT's internal auditors in this regard.

After discussion, the members approved the modifications in the existing policy for entitlement of providing mobile handsets as brought out in the agenda notes, regarding return policy the AS & FA suggested that it should be as per Government of India guidelines (As per the existing norms of Prasar Bharti, the codal life of the mobile sets has been fixed for four years and a depreciation @ 25% per year is provided for calculation of the book value of the mobile set for the purpose of calculating its depreciated value.)

The agenda was also recommended to BOG for approval.

AGENDA ITEM NO. 3107

Any other item with the permission of Chair

TABLED AGENDA ITEM NO A

Approval for excess EPF Contribution by NIFT (Employers' Contribution)

Director (F&A) apprised the committee members of the audit objections raised by C&AG at NIFT Kannur and Chennai Campus regarding the excess EPF Contribution made by these campuses over and above the ceiling limit as prescribed under the EPF Act. He also brought to the notice of the members that this practice was being followed by all NIFT Campuses from the date of its inception.

To this issue, AS&FA advised at NIFT should give an appropriate reply to the audit objection at its own level. Further he also shared that as per the recommendation of 2nd Pay revision committee for profit making PSU's the employer contribution to the total retirement benefits of its employees could be upto 30% of their Basic Pay. However, the rules of NIFT in this regard may be seen and action may be taken accordingly.

It was felt that a reply on these lines would settle the audit query, therefore the agenda was withdrawn.

The meeting concluded with a vote of thanks to the chair.

Name of Campus	RE 2013-14	Actual Exp. 2013-14	BE 2014-15	Old RE 14-15	Actual up to Dec.14	Expected in Jan. to March.15	RE 2014-15	Old BE 15-16	BE 2015-16
OLD CAMPUSES EXPENDITURE									
New Delhi	2028.89	1661.93	2118.31	2490.05	1599.63	714.50	2314.13	2685.75	2622.38
Mumbai	1311.78	1011.11	1612.09	1632.19	1097.65	400.52	1498.17	1864.75	1781.34
Kolkata	1222.00	915.61	1432.22	1397.05	843.75	353.30	1197.05	1530.02	1368.02
Chennai	1012.25	1009.01	1277.30	1346.67	1002.39	367.66	1370.05	1541.75	1565.25
Bengaluru	1404.74	967.63	1541.80	1578.48	978.07	525.41	1503.48	1712.05	1712.05
Hyderabad	1361.70	1081.47	1490.78	1517.55	919.44	566.44	1485.88	1589.07	1553.33
Gandhinagar	1184.10	1015.19	1249.15	1457.65	835.35	597.30	1432.65	1496.65	1496.65
Head Office	1736.75	1285.57	1809.20	1816.82	1110.88	375.89	1486.77	2110.92	1783.42
Total	11262.21	8947.52	12530.85	13236.46	8387.16	3901.02	12288.18	14530.96	13882.44

NEW CAMPUSES EXPENDITURE

Raibareilly	608.80	388.47	699.10	740.40	398.69	195.61	594.30	884.24	725.05
Shillong	540.58	467.40	565.06	596.60	362.56	180.84	543.40	692.80	607.30
Kannur	805.40	658.93	945.37	782.18	525.85	234.45	760.30	851.25	817.79
Kangra	811.57	636.17	862.73	975.10	622.31	259.88	882.19	1070.93	990.84
Bhopal	671.16	615.39	819.50	716.51	527.24	177.97	705.21	850.90	842.90
Patna	497.44	401.47	858.36	721.15	447.49	249.81	697.30	1086.02	900.00
Bhubaneswar	543.63	469.86	673.90	764.53	500.47	259.06	759.53	834.95	834.95
Jodhpur	409.10	384.11	769.96	468.50	301.58	157.61	459.19	1082.73	850.00
Srinagar	214.70	111.71	84.86	84.86	29.19	10.03	39.22	104.99	102.21
Total	5102.38	4133.51	6278.84	5849.83	3715.38	1725.26	5440.64	7458.81	6671.04

Grand Total EXPENDITURE	16364.59	13081.03	18809.69	19086.29	12102.54	5626.28	17728.82	21989.77	20553.48
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RE 2014-15 and BE 2015-16 - Capital

Annexure-2
(Rs. In Lakhs)

Name of Campus	RE 2013-14	Actual Exp. 2013-14	BE 2014-15	Old RE 14-15	Actual up to Dec.14	Expected in Jan. to Mar.15	RE 2014-15	Old BE 15-16	BE 2015-16
New Delhi	1329.80	294.88	2195.59	2830.79	4.61	1607.64	1612.25	3882.31	3485.56
Mumbai	4470.55	3521.29	2119.04	2438.10	793.10	1191.53	1984.63	1435.88	1910.35
Kolkata	409.12	160.29	300.22	597.96	101.60	93.89	195.49	490.05	525.45
Chennai	2001.54	1034.68	1322.79	1512.50	907.96	992.04	1900.00	693.07	678.07
Bengaluru	348.14	40.37	236.53	274.87	80.12	124.71	204.83	216.93	161.16
Hyderabad	245.76	37.18	185.60	196.40	16.88	126.12	143.00	157.25	157.25
Gandhinagar	790.33	221.21	55.05	693.76	331.42	162.34	493.76	203.92	403.92
Head Office	412.00	37.70	622.00	690.15	36.81	288.37	325.18	90.29	47.93
Sub Total (A)	10007.24	5347.60	7036.82	9234.53	2272.50	4586.64	6859.14	7169.70	7369.69
New Campuses									
Raibareilly	255.95	232.37	366.00	529.65	128.25	51.85	180.10	704.30	757.65
Shillong	563.00	26.07	175.56	1624.06	1071.40	540.39	1611.79	2585.70	2585.70
Kannur	640.81	365.68	2071.64	691.67	158.23	267.09	425.32	414.15	845.30
Kangra	1407.21	46.93	1052.00	1554.00	609.99	821.01	1431.00	1931.00	2017.00
Bhopal	324.27	58.56	1196.64	296.89	203.64	80.71	284.35	84.15	96.15
Patna	1805.39	1417.11	474.58	1380.43	969.79	410.64	1380.43	736.21	736.21
Bhubaneswar	35.30	330.90	1634.89	269.80	178.44	91.36	269.80	225.30	225.30
Jodhpur	2605.13	1543.68	36.30	1602.66	324.23	896.23	1220.46	426.41	814.48
Srinagar	1748.00	1.82	6800.00	197.79	30.36	46.11	76.47	199.00	9.36
Panchkula	0.00	0.00	1000.00	0.00	0.00	0.00	0.00	1.00	1.00
Sub Total (B)	9385.06	4023.12	14807.61	8146.95	3674.33	3205.39	6879.72	7307.22	8088.15
Grand Total (A+B)	19392.30	9370.72	21844.43	17381.48	5946.83	7792.03	13738.86	14476.92	15457.84