



महानिदेशक लेखापरीक्षा (केन्द्रीय)
कोलकाता का कार्यालय
जि. आई. प्रेस बिल्डिंग,
8 किरण शंकर रॉय रोड, कोलकाता -700001



SUPREME AUDIT INSTITUTION OF INDIA
लोकहितार्थं सत्यनिष्ठा
Dedicated to Truth in Public Interest

OFFICE OF THE DIRECTOR GENERAL OF AUDIT,
(CENTRAL), KOLKATA.
Govt. of India Press Building,
8 Kiran Sankar Roy Road, Kolkata - 700001

No: OA II (AB)/AR/2024-25/IITKGP/264

Date: 31.12.2025

To
The Director,
Indian Institute of Technology, Kharagpur,
West Bengal-721302

Subject: Separate Audit Report on the accounts of the **Indian Institute of Technology, Kharagpur**, for the financial year 2024-25

Sir,

A copy of the Audit Opinion along with Separate Audit Report, in the prescribed format, on the accounts of the **Indian Institute of Technology, Kharagpur**, for the financial year 2024-25, is forwarded to the for information and necessary action.

2. Arrangement may please be made for preparation of Hindi Version of the Audit Opinion along with Separate Audit Report, at your end, and sending the same directly to the Ministry.
3. It may please be ensured that the Audited Accounts and the Audit Opinion along with Separate Audit Report, are placed before the apex body, for consideration and adoption, before the same are sent to the Government for being placed in the Parliament.
4. Two copies of the printed Annual Report, for the financial year 2024-25 (both English and Hindi Version), containing the Audited Accounts and the Audit Opinion along with Separate Audit Report, as laid before the Parliament, may please be forwarded to this Office, for necessary action at this end.

Encl.: As stated

Dy. Director (Inspection)

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सत्यमेव जयते

उदय शंकर प्रसाद
Uday Shankar Prasad

महानिदेशक लेखापरीक्षा, केन्द्रीय, कोलकाता
गवर्नमेंट ऑफ इण्डिया प्रेस बिल्डिंग (इस्ट विंग), प्रथम तल
8, किरण शंकर रॉय रोड, कोलकाता-700 001
Director General of Audit, Central, Kolkata
Government of India Press Building (East Wing), 1st Floor
8, Kiran Sankar Roy Road, Kolkata-700 001

D.O. No: OA/AB/AR/IITKGP/2024-25/ 265

Date: 31.12.2025

Dear Prof. Chakrabarty,

I have audited the annual accounts of the Indian Institute of Technology, Kharagpur, for the financial year 2024-25, and have issued the Audit Report thereon vide letter dated 31.12.2025. During the course of audit, the following deficiencies, as mentioned below, were noted. While the observations have not been included in the Audit Report, these are, however, brought to your notice, for corrective and remedial action:

1. Corpus/ Capital Fund (Schedule 1): ₹1938.61 crore

Despite being pointed out in the previous years' Audit Reports, the above head was understated by an amount of ₹33.12 crore, due to non-capitalization of the borrowing cost (interest), on loans taken from the Higher Education Financing Agency (HEFA), from the period 2018-19 to 2024-25, for creation of assets, which was incorrectly charged off as revenue expenditure (Finance cost) under Income & Expenditure Account. This was not in line with Accounting Standard (AS) 16, which provides for capitalization of the borrowing costs attributable to acquisition of assets. This further resulted in understatement of the Fixed Assets (Schedule 4), by the same amount.

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2. Earmarked/ Endowment Funds (Schedule 2): ₹1536.72 crore

Despite being pointed out in the previous years' Audit Reports, Interest Earned on Earmarked funds 'Faculty Development Fund' (₹1.10 crore), 'Department Development Fund' (₹1.57 crore) during the financial year 2024-25, totaling ₹2.67 crore has not been added to the concerned funds. The amount has been shown as income under the SRIC Account which is incorporated in Institute's main account (Corpus/Capital Fund). This resulted in Understatement of 'Earmarked/Endowment Funds' (Schedule 2) and overstatement of 'Corpus/Capital Fund' (Schedule 1) by ₹3.08 crore.

3. Fixed Assets (Schedule 4): ₹2699.29 crore

a) The above head was understated by an amount of ₹1.20 crore, due to wrong booking of the expenditure incurred towards Arbitration Award in respect to the work of 'Road over Bridge crossing Railway passenger' under 'Other Expenses-Grants/ Subsidies to Other Organizations' (Schedule 23), instead of capitalizing the same. This further resulted in understatement of the 'Corpus/ Capital Fund' (Schedule 1), by ₹1.20 crore.

b) The above head was overstated by an amount of ₹6.52 crore, due to excess booking of the completed cost of the work 'Construction of ABIC Building- 2nd Floor' as ₹7.25 crore, instead of actual completion cost of ₹0.73 crore. This further resulted in overstatement of the 'Corpus/ Capital Fund' (Schedule 1), by ₹6.52 crore.

c) The above head was understated by an amount of ₹1.48 crore due to non-booking of the equipment viz. 'Precision LCR Meter' (₹0.25 crore), 'Digital Storage Equipment' (₹0.83 crore and 'High Accuracy Multi-GNSS System' (₹0.40 crore), which were delivered and installed during 2024-25, but payment made during 2025-26. This further resulted in understatement of the 'Current Liabilities and Provisions' (Schedule 3), by ₹1.48 crore.



4. Staff Payment & Benefits (Schedule 17): ₹1649.78 crore

The above head was understated by an amount of ₹8.95 crore (excess provision ₹1.10 crore – short provision ₹10.05 crore), due to short booking of the provision to be made in the current year towards gratuity (provision required to be made as per actuarial valuation: ₹37.97 crore whereas actual provision made in the annual accounts: ₹39.07 crore) and leave encashment (provision required to be made as per actuarial valuation: ₹16.22 crore whereas actual provision made in the annual accounts: ₹6.17 crore). This further resulted in understatement of the Deficit (being the Excess of Expenditure over Income), by ₹8.95 crore.

5. Repairs & Maintenance (Schedule 21): ₹35.46 crore

The above head was overstated by an amount of ₹0.70 crore, due to booking of the total expenditure incurred towards license renewal and AMC charges not pertaining to the financial year 2024-25, instead of booking the same as 'Prepaid Expenses' under the 'Loans, Advances and Deposits' (Schedule 8). This further resulted in overstatement of the Deficit (being the Excess of Expenditure over Income), by ₹0.70 crore.

6. Grants/ Subsidies (Schedule 10): ₹769.39 crore

The above head was overstated by an amount of ₹2.10 crore, due to excess provisioning of the expenditure towards salary and pension & commuted pension pertaining to the month of March 2025 amounting to ₹41 crore which were transferred from the RBI TSA Account, instead of ₹38.90 crore which was actually paid. This further resulted in understatement of the Deficit (being the Excess of Expenditure over Income), by ₹2.10 crore.

7. Other Income (Schedule 13): ₹62.78 crore

The above head was understated by an amount of ₹1.56 crore, due to non-booking of the entitled share of 50% of the license fees (@50% of ₹13 lakh = ₹6.50 lakh per month) for the financial years 2023-24 and 2024-25 (total 24 months) to be received from the



Research Park Foundation as per the Leave and License Agreement executed in September 2021. This further resulted in overstatement of the Deficit (being the Excess of Expenditure over Income), by ₹1.56 crore.

8. As per the 26AS statement of the Institute an income of ₹3.35 lakh pertaining to the IDBI Bank Ltd. was identified, however, the Institute has nowhere recognised the said amount in its books of accounts. This needs to be reconciled.

With regards.

Yours sincerely,

**Prof. Suman Chakraborty,
Director,
Indian Institute of Technology, Kharagpur,
Kharagpur,
West Bengal-721302.**



Opinion of the Comptroller & Auditor General of India on the Accounts of the Indian Institute of Technology, Kharagpur for the year ended 31 March 2025

Opinion

We have audited the financial statements of the Indian Institute of Technology, Kharagpur, which comprise the statement of financial position as at 31 March 2025 and the Income & Expenditure Account and Receipts & Payment Account for the year then ended, and notes to the financial statements, including a summary of significant accounting policies under Section 19(2) of the Comptroller & Auditor General's (Duties, Powers & Conditions of Service) Act, 1971 read with Section 23(2) of the Indian Institute of Technology Act, 1961.

This Audit Report contains the comments of the Comptroller & Auditor General of India (CAG) on the accounting treatment only with regard to classification, conformity with the best accounting practices, accounting standards, disclosure norms, etc. Audit observations on financial transactions regarding compliance with the Law, Rules and Regulations (Propriety & Regularity) and efficiency cum performance aspects, etc., if any, are reported through inspection reports/ CAG's audit reports separately.

In our opinion, the accompanying financial statements of the Indian Institute of Technology, Kharagpur read together with the accounting policies and Notes thereon and other matters mentioned in the Separate Audit Report, which follows, **give a true and fair view** of the financial position of the autonomous body as at March 31, 2025, and (of) its financial performance and its cash flows for the year then ended in accordance with the Revised Format of Accounts Prescribed by Ministry of Education (Erstwhile MHRD), Government of India for Central Education Institutions.

Basis for Opinion

We conducted our audit in accordance with CAG's auditing regulations/standards/manuals/guidelines/guidance-notes/orders/circulars etc.. Our responsibilities are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the autonomous body in accordance with ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe



that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the financial statements

The *Board of Governors* of the Indian Institute of Technology, Kharagpur is responsible for the preparation and fair presentation of the financial statements in accordance with the Revised Format of Accounts Prescribed by Ministry of Education (Erstwhile MHRD), Government of India for Central Education Institutions generally accepted in India, and for internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion in accordance with CAG's auditing regulations/standards/manuals/guidelines/guidance-notes/orders/circulars etc.

For and on behalf of the CAG of India

**(Uday Shankar Prasad)
Director General of Audit
Central, Kolkata**

Place: Kolkata

Date: 31.12.2025



Separate Audit Report on the Accounts of the Indian Institute of Technology, Kharagpur for the financial year ended 31 March 2025

A General

1.1 The Institute had booked an amount of ₹77.33 crore under 'Capital Works in Progress' pertaining to the Diamond Jubilee Complex, despite completion of the work during 2019-20 to 2020-21. No disclosure was made in notes to accounts for non-capitalization of long completed assets. This needs to be reviewed and necessary adjustment entries may be made in accounts.

1.2 The Institute had incorrectly booked the value of investments in the books of accounts of SRIC with the corresponding investment ledger pertaining to the Departmental Development Fund (Books of Accounts: ₹29.21 crore while in Investment Ledger: ₹31.88 crore), Faculty Development Fund (Books of Accounts: ₹18.51 crore while in Investment Ledger: ₹23.38 crore), SRIC Establishment Fund (Books of Accounts: ₹55.54 crore while in Investment Ledger: ₹50.40 crore), SRIC (Books of Accounts: ₹203.73 crore while in Investment Ledger: ₹164.08 crore) and IIT SRIC OM (Books of Accounts: ₹Nil while in Investment Ledger: ₹37.26 crore). This needs to be reconciled.

1.3 The Institute had not booked the Fixed Deposit Receipts linked with the Institute PAN, amounting to ₹59.69 crore and 13 bank accounts linked with Institute PAN, pertaining to the Hall Management Centre (HMC) in its books of accounts.

1.4 The Institute booked an amount of ₹38.99 crore as closing balance pertaining to 33 bank accounts in respect to SRIC Account without having bank confirmation. This needs to be reconciled.

1.5 The Institute during the financial year released an advance to CPWD amounting to ₹279.80 crore pertaining to Institute of Eminence (IOE) PMC Advance for five construction works, out of which ₹105.08 crore was utilized and transferred to CWIP, leaving an unutilized advance of ₹174.72 crore. However, as per the Form 65 submitted by the CPWD, it was noticed



that an amount of ₹310.29 crore was released to them pertaining to the above five construction works, out of which ₹165.85 crore was utilized, leaving an unutilized advance of ₹144.44 crore. This needs to be reconciled.

1.6 The Institute paid an advance of ₹8.07 crore to CPWD towards renovation of the School of PG Studies, Khosla Hostel at IIT Extension Centre, Bhubaneswar and extension of one storey vertical building, out of which ₹6.29 crore have already been utilized, leaving an unutilized amount of ₹1.78 crore. Both the works are completed as at 31 March 2025. However, the Institute had not transferred the utilized amount of ₹6.29 crore to the 'Fixed Assets' (Schedule 4) leading to incorrect depiction of Fixed assets and Capital Fund (Schedule 1) in the accounts. This needs to be reviewed.

1.7 The Institute had paid an advance of ₹16.50 crore to Section 8 Company, Dr. Shyama Prasad Mookherjee Institute of Medical Sciences, out of which ₹7 crore was paid during the financial year 2024-25. However, the same has not been disclosed in the Notes on Accounts.

1.8 The Institute booked an amount of ₹8.18 crore as 'Claims Receivable and Other Advances-carry forward advance' under 'Loans, Advances & Deposits' (Schedule 8), which is lying unadjusted for more than 5 years. This needs to be reviewed.

1.9 Despite being pointed out in the previous year's Audit Report, Closed Sponsored Projects in Schedule-8 of SRIC account exhibited ₹11.34 crore (Sponsored Research Projects- ₹11.30 crore and Consultancies- ₹0.04 crore) receivable from the sponsoring agencies. Effective steps need to be taken for recovery/settlement of these Project Accounts.

1.10 The Institute incorrectly booked an amount of ₹13.67 crore as 'Advance Receivable from Institute' for different projects under 'Loans, Advances & Deposits' (Schedule 8) of SRIC Accounts after netting off the actual receipt from the Institute amounting to ₹16.45 crore and receivable from the Institute amounting to ₹30.12 crore, instead of segregating the above



under different schedule in 'Current Liabilities and Provisions' (Schedule 3) and 'Loans, Advances & Deposits' (Schedule 8) respectively.

1.11 The Institute had incorrectly booked the grants received for the HEFA Loan Interest amounting to ₹8.08 crore under 'Interest Earned' (Schedule 12), instead of booking the same under 'Grants' Subsidies' (Schedule 10).

1.12 The Institute had incorrectly booked an amount of ₹4.43 crore pertaining to the interest earned on the Investments related to holding events such as ICM, ESD, JEE, GATE, EMBA etc. under the 'Other Income' (Schedule 13), instead of booking the same under 'Income from Investments (Others)' (Schedule 11).

1.13 Despite being pointed out in the previous year's Audit Report, an amount of ₹1.57 crore was shown as Receivable from Department, Faculty, Staff & Students in Technology Guest House (Current Assets) from 2007-08 onwards. The Institute may review to expedite collection.

1.14 Bank Reconciliation Statement

a) During scrutiny of the Bank Reconciliation Statement pertaining to the SRIC Accounts, it was noticed that the un-reconciled balances since 2021 were amounting to ₹105.49 crore. This needs to be reviewed.

b) During scrutiny of the Bank Reconciliation Statement pertaining to the Main Accounts, it was noticed that un-reconciled balances since 2023-24 were amounting to ₹19.38 crore which were not accounted in the current books of accounts. This needs to be reviewed.

1.15 The Institute booked an amount of ₹803.55 crore as revenue expenditure under 'Grants/ Subsidies' (Schedule 10). However, as per the prescribed format of accounts and the related bookings in the Income and Expenditure Accounts, the same is ₹654.51 crore. This needs to be reconciled.



B Management Letter

Deficiencies which have not been included in this Separate Audit Report have been brought to the notice of the management through a Management Letter issued separately for remedial/corrective action.

C Assessment of Internal Controls

3.1 Adequacy of Internal Control System

The Internal Control System of the Institute is inadequate on account of the following:

- a) There is no centralized purchase system in the Institute.

3.2 Adequacy of Internal Audit System

The Internal Audit System of the Institute is inadequate on account of the following:

- a) There is no internal audit manual in use.
- b) Internal audit was conducted by a CA Firm, however, the final audit report was not received till completion of audit.

3.3 System of Physical Verification of Fixed Assets

The Institute conducted the physical verification of the Fixed Assets during the financial year 2024-25. However, the physical verification of the Library Books was last conducted in 2019-20. Furthermore, the physical verification of the fixed assets pertaining to the SRIC was not conducted during the financial year 2024-25.

3.4 System of Physical Verification of Inventory

The Institute conducted the physical verification of the Inventories during the financial year 2024-25.

3.5 Regularity in payment of Statutory Dues

No irregularity was noticed in payment of statutory dues.

3.6 Other matters relating to functioning of the entity

There is no significant matters relating to the functioning of the Institute to be reported upon.



D Grants in Aid

The Institute is mainly financed by grants from the Government of India. It had an unspent balance of ₹23.21 crore from the financial year 2023-24, which was fully utilized in the financial year 2024-25. It received grants amounting to ₹940.68 crore (Recurring: ₹769.39 crore and Non-Recurring: ₹171.29 crore).

Against the total available grants of ₹940.68 crore, it spent ₹969.05 crore (Recurring: ₹803.55 crore (subject to the Para No. 1.15 above) and Non-Recurring: ₹165.50 crore), leaving unspent Non-Recurring grant of ₹5.79 crore¹ while there was excess Recurring expenditure of ₹34.16 crore. As such, excess Recurring expenditure of ₹34.16 crore was met from the internal receipts of the Institute.

Further, it received no grants from the MoE (erstwhile MHRD), for the GIAN (Global Initiative of Academic Network) programme, during the financial year 2024-25. The previous year unspent balance, under this programme head, was ₹15.88 crore, while the interest earned on unspent balance was ₹0.84 crore. Out of the total grants of ₹16.72 crore, so available for this programme, it spent ₹12.27 crore leaving an unspent balance of ₹4.45 crore, as at 31 March 2025.

Furthermore, the Institute received an amount of ₹250 crore from the Ministry of Housing and Urban Affairs in respect to the CoE-UPD, during the financial year 2024-25. It received interest on investment amounting to ₹9.95 crore. The total fund of ₹259.95 crore, so available, it spent ₹0.17 crore and ₹0.25 crore towards capital and revenue expenditure respectively, leaving an unspent balance of ₹259.53 crore as at 31 March 2025.

Moreover, the Institute received an amount of ₹77.86 crore from the University Grants Commission in respect to the Institute of Eminence (IOE), during the financial year 2024-25.

¹Provision for Foreign Purchase amounting to ₹19.03 crore and Provision for Expenses of ₹38.23 crore (Schedule-10) were not considered as expenses as per instruction stipulated in the MoE Formats of Financial Statements.



It had an opening balance of ₹371.33 crore. It received interest on investment amounting to ₹9.07 crore. The total fund of ₹458.26 crore, so available, it spent ₹101.34 crore and ₹42.32 crore towards capital and revenue expenditure respectively, leaving an unspent balance of ₹314.60 crore as at 31 March 2025.

The Institute also received grants for Interest on HEFA Loan amounting to ₹8.08 crore which was utilized as recurring expenditure (Interest payment on HEFA Loan).

Place: Kolkata
Date: 31-12-2025

**Director General of Audit
Central, Kolkata**



Separate Audit Report on the Accounts of the Indian Institute of Technology, Kharagpur for the financial year ended on 31st March, 2025

Para	Audit Observation	Management Reply
A.	General	
1.1	The Institute had wrongly booked an amount of ₹77.33 crore under 'Capital Works in Progress' pertaining to the Diamond Jubilee Complex, despite completion of the work during 2019-20 to 2020-21. No disclosure was made in notes to accounts for non-capitalization of long completed assets. This needs to be reviewed and necessary adjustment entries may be made in accounts.	<p>It is hereby submitted that the capitalization of Capital Work-in-Progress (CWIP) is contingent upon a series of events, notably the formal acceptance of work completion by the Institute Works Department, in accordance with the terms and conditions stipulated in the respective Work Orders.</p> <p>Due to certain unresolved matters between the concerned authorities, the capitalization process for the referenced works remains pending. While the Institute has commenced usage of the buildings, this has been necessitated by operational exigencies and does not constitute fulfilment of the requisite conditions for capitalization.</p> <p>However, as advised by the audit, all efforts are being made to resolve the issues and the same will be capitalized in subsequent financial year.</p>
1.2	The Institute had incorrectly booked the value of investments in the books of accounts of SRIC with the corresponding investment ledger pertaining to the Departmental Development Fund (Books of Accounts: ₹29.21 crore while in Investment Ledger: ₹31.88 crore), Faculty Development Fund (Books of Accounts: ₹18.51 crore while in Investment Ledger: ₹23.38 crore), SRIC Establishment Fund (Books of Accounts: ₹55.54 crore while in Investment Ledger: ₹50.40 crore), SRIC (Books of Accounts: ₹203.73 crore while in Investment Ledger: ₹164.08 crore) and IIT SRIC OM (Books of Accounts: ₹Nil while in Investment Ledger: ₹37.26 crore). This needs to be reconciled.	<p>Same as provided during DSAR reply dated 20.11.2025 vide reply against para no. 3.2 of said DSAR. Proper reconciliation is also annexed with our reply and there is no difference in the value of investments in between Annual Accounts and corresponding ledger. Only presentation against SRIC Establishment Fund Account shall be done in as per audit observation during preparation of SRIC Annual Accounts for the year ended 31st March, 2026. However, there is no further reconciliation is required at SRIC end since all the figures exhibited in Annual Accounts are in conformity with corresponding books of account as per enclosed Annex-II.</p> <p>Hence, audit may drop the para accordingly based on the reconciliation sheet and justification provided.</p>
1.3	The Institute had not booked the Fixed Deposit Receipts linked with the Institute PAN, amounting to ₹59.69 crore and 13 bank accounts linked with Institute PAN, pertaining to the Hall Management Centre (HMC) in it's books of accounts.	All the bank accounts opened with due approval of the Competent Authority by the Institute's Accounts Section have been reported and accounted in books of accounts.
1.4	The Institute booked an amount of ₹38.99 crore as closing balance pertaining to 33 bank accounts in respect to SRIC Account without having bank confirmation. This needs to be reconciled.	<p>Agreed and noted.</p> <p>Since PFMS accounts are virtual and not under control of SRIC and no such formal confirmation/certificate received from PFMS portal, reconciliation of the same in between portal and ERP have not yet performed completely and same is under process. Following audit observation same shall be done by this year end and going forward closing balance of all TSA/PFMS accounts shall be reconciled within prescribed time frame and exhibit the balances as per portal only subject to verification/reconciliation, wherever feasible.</p>
1.5	The Institute during the financial year released an advance to CPWD amounting to ₹279.80 crore pertaining to IOE PMC Advance for five construction works, out of which ₹105.08 crore was utilized and transferred to CWIP, leaving an unutilized advance of ₹174.72 crore. However, as per the Form 65 submitted by the CPWD, it was noticed that an amount of ₹310.29 crore was released to them pertaining to the above five construction works, out of which ₹165.85 crore was utilized, leaving an unutilized advance of ₹144.44 crore. This needs to be reconciled.	<p>The reported information/data of audit is not tallying with our records in ERP system of the Institute. A reconciliation is required to be done with CPWD. If any, variations with regards to CWIP and PMC advance have been noticed then the same will be adjusted and shown in the books of accounts during the current FY 2025-26.</p> <p>However, there is no material impact in the books of accounts for showing PMC Advance instead of CWIP.</p>


Registrar



Para	Audit Observation	Management Reply
1.6	The Institute paid an advance of ₹8.07 crore to CPWD towards renovation of the School of PG Studies, Khosla Hostel at IIT Extension Centre, Bhubaneswar and extension of one storey vertical building, out of which ₹6.29 crore have already been utilized, leaving an unutilized amount of ₹1.78 crore. Both the works are completed as at 31 March 2025. However, the Institute had not transferred the utilized amount of ₹6.29 crore to the 'Fixed Assets' (Schedule-4) leading to incorrect depiction of Fixed assets and Capital Fund (Schedule 1) in the accounts. This needs to be reviewed'	Audit observation is noted. Necessary documents have been urged form the CPWD Bhubaneswar/ Institute Works section. If audit observation is in line with the documents, then the necessary accounting treatment will be passed in the books of accounts to record the appropriate exhibition of assets in the current year (FY 2025-2026).
1.7	The Institute had paid an advance of ₹16.50 crore to Section 8 Company, Dr. Shyama Prasad Mookherjee Institute of Medical Sciences, out of which ₹7 crore was paid during the financial year 2024-25. However, the same has not been disclosed in the Notes on Accounts.	Audit observation is noted. As advised, necessary disclosure will be made from the current financial year (FY2025-26) in the books of accounts. It is important to emphasize that every transaction has been accurately recorded in the books of accounts and all records are maintained in a transparent manner. Therefore, there is no question of any deficiency in the transparency of financial reporting. The Institute is committed to upholding the highest standards of financial transparency and accountability.
1.8	The Institute booked an amount of ₹8.18 crore as 'Claims Receivable and Other Advances-carry forward advance' under 'Loans, Advances & Deposits' (Schedule 8), which is lying unadjusted for more than 5 years. This needs to be reviewed.	Institute has made every possible effort to reconcile the balances and has actively worked towards identifying and addressing the long-pending items. Despite the challenges, the necessary steps are being taken to resolve the outstanding carry forward balances, including communicating with relevant parties and initiating follow-up actions. Institute is committed to ensuring that the advances are properly adjusted in the books of accounts at the earliest. The reconciliation process is currently underway, and any required adjustment entries will be promptly passed once the necessary information is obtained.
1.9	Despite being pointed out in the previous year's Audit Report, Closed Sponsored Projects in Schedule-8 of SRIC account exhibited ₹11.34 crore (Sponsored Research Projects- ₹11.30 crore and Consultancies- ₹0.04 crore) receivable from the sponsoring agencies. Effective steps need to be taken for recovery/ settlement of these Project Accounts.	Our reply shall remain same as provided during DSAR reply dated 06-09-24 vide reply against para no. 3.6 of said DSAR and subsequent reply dated 09-11-24 against SAR for the year ended 31-03-24. SRIC Authority is constantly monitoring the same based on the C&AG audit observation and under their supervision, concerned SRIC officials are working hard rigorously to resolve the issue by this year-end but considering the volume and ageing of old data, same is taking time more than expected. Currently, total balance lying in books of accounts of SRIC amounting to ₹11.34 crores compared to old balance of ₹14.73 crores.
1.10	The Institute incorrectly booked an amount of ₹13.67 crore as 'Advance Receivable from Institute' for different projects under 'Loans, Advances & Deposits' (Schedule 8) of SRIC Accounts after netting off the actual receipt from the Institute amounting to ₹16.45 crore and receivable from the Institute amounting to ₹30.12 crore, instead of segregating the above under different schedule in 'Current Liabilities and Provisions' (Schedule 3) and 'Loans, Advances & Deposits' (Schedule 8) respectively.	Noted. However, financial impact is Nil. By nature, Advance received from Institute should be reflected under Current Liabilities and Provisions of Schedule 3 of Balance Sheet. Stated account becomes receivable from Institute and exhibited under Schedule 8 only due to the reasons that expenses incurred in excess of advances received from Institute in earlier periods against some Institute funded project, e.g., ISIRD projects etc. In SRIC Annual Accounts total amount is reflected under Sch. 8 as receivable after netting off both payable/receivable at the end of financial year and detailed workings on the same has already been provided to audit vide enclosed at Annex . Rs 13.67 crore is net receivables from Institute and same is properly exhibited in SRIC Accounts. This practice is being followed by SRIC for past several years and audit had verified the same too in last financial year. Since there is nothing wrong in SRIC Accounts , hence, query/observation/para may be dropped from SRIC end based on our reply and documents provided and may be forwarded to Institute for their comments/reply, if any.

Registrar



Para	Audit Observation	Management Reply
1.11	The Institute had incorrectly booked the grants received for the HEFA Loan Interest amounting to ₹8.08 crore under 'Interest Earned' (Schedule 12), instead of booking the same under 'Grants' Subsidies' (Schedule 10).	<p>We acknowledge the audit recommendation to present Grants-in-Aid received for HEFA loan interest under Schedule 10 – Grants/Subsidies and we will ensure that this practice is followed from the current financial year onward (FY 2025-26).</p> <p>However, it is important to clarify that the overall impact of the overstatement in Schedule 12 and the understatement in Schedule 10 is neutral as the balances of both schedules are closed in the Income & Expenditure Account. Therefore, there is no financial impact on the Institute's overall financial position.</p>
1.12	The Institute had incorrectly booked an amount of ₹4.43 crore pertaining to the interest earned on the Investments related to holding events such as ICM, ESD, JEE, GATE, EMBA etc. under the 'Other Income' (Schedule 13), instead of booking the same under 'Income from Investments (Others)' (Schedule 11).	<p>The interest income in question was earned from the investment of funds specifically related to events such as ICM, ESD, JEE, GATE, EMBA, and similar activities. These funds are earmarked for particular purposes and are accounted for separately to ensure transparency, accountability, and appropriate fund utilization.</p> <p>In accordance with the Institute's accounting practice, any income -including interest - generated from these designated holding event funds is credited back to the respective fund accounts. This approach ensures that the true and accurate balance of each specific fund is maintained and available for future use related to the intended purpose of the fund. Accordingly, such interest income has been classified under Schedule 13 – Other Income, as it forms an integral part of the operational activities linked to these events.</p> <p>While it is noted that interest income is generally disclosed under Schedule 11 – Income from Investments (Others), in this case, the classification under Schedule 13 was done to preserve the link between the income and its originating fund. This treatment facilitates better internal reporting, control, and fund reconciliation, especially in cases where multiple projects or examinations are handled simultaneously with separate financial tracking.</p> <p>Furthermore, both Schedule 11 and Schedule 13 ultimately feed into the Income & Expenditure Account, and therefore, the overall income of the Institute is not understated or misstated. The classification difference has no impact on the total reported income, and only affects the internal categorization for reporting purposes.</p> <p>It is also important to note that this practice is consistent with the principle of fund-based accounting, widely accepted in academic and non-profit institutions. It also ensures alignment with AS 1 – Disclosure of Accounting Policies, by providing fair representation of the source and application of income.</p> <p>IIT Kharagpur have uniformly followed the practice and duly reflected in the Institute's audited accounts of previous years also. The continued application of this treatment is, therefore, based on established precedent and administrative consistency practiced over the years.</p>
1.13	Despite being pointed out in the previous year's Audit Report, an amount of ₹1.57 crore was shown as Receivable from Department, Faculty, Staff & Students in Technology Guest House (Current Assets) from 2007-08 onwards. The Institute may review to expedite collection.	<p>As pointed out in the previous year's Audit Reports, the Institute has already taken special focus on this issue and initiated necessary steps to find the reasons for increasing outstanding amount in the books of Accounts of TGH.</p> <p>Further, the collection process for the outstanding amount of ₹1.57 Crore shall be expedited.</p> <p>In furtherance, the necessary policy measures shall be implemented and guidelines shall be issued to the users of Technology Guest House for clearing the bill amounts within the specific time period from the date of billing, in order to avoid such long outstanding.</p>



Registrar



Para	Audit Observation	Management Reply																
1.14	Bank Reconciliation Statement																	
a.	During scrutiny of the Bank Reconciliation Statement pertaining to the SRIC Accounts, it was noticed that the un-reconciled balances since 2021 were amounting to ₹105.49 crore. This needs to be reviewed.	Noted and agreed. Concerned officials of SRIC under supervision of SRIC Authority had already initiated reconciliation of long pending unsettled old items as per C&AG audit mandate for settlement with due reconciliation and same will be produced before audit during Annual Accounts verification for the financial year 2025-26 subject to availability of all relevant documents within scheduled time frame considering the nature and post review of such delay in settlement for a long period along with approval from Competent Authority wherever required.																
b.	During scrutiny of the Bank Reconciliation Statement pertaining to the Main Accounts, it was noticed that un-reconciled balances since 2023-24 were amounting to ₹19.38 crore which were not accounted in the current books of accounts. This needs to be reviewed.	Bank Reconciliation is a regular process and due to non-availability of information/documents of receipt from the both end i.e. bank as well as payer, Institute is unable to recognise few of the transaction which pertains to previous years, in our books of accounts. However, bank reconciliation are under process and all efforts are being made to record and to have the information so that the unaccounted transactions pertains to previous or current year can be recognised in the books of accounts.																
1.15	The Institute booked an amount of ₹803.55 crore as revenue expenditure under 'Grants/ Subsidies' (Schedule 10). However, as per the prescribed format of accounts and the related bookings in the Income and Expenditure Accounts, the same is ₹654.51 crore. This needs to be reconciled.	As per the prescribed format of accounts, Statement of Reconciliation of Revenue Grant receipt & its Utilization is placed below: <table border="1"> <thead> <tr> <th>Particulars</th> <th>OH-31</th> <th>OH-36</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>GIA Received</td> <td>352.02</td> <td>417.37</td> <td>769.39</td> </tr> <tr> <td>Grant utilized</td> <td>378.78</td> <td>424.77</td> <td>803.55</td> </tr> <tr> <td>Utilized from IRG of the Institute</td> <td>26.76</td> <td>7.41</td> <td>34.16</td> </tr> </tbody> </table> <p>The above receipt of Grant is exhibited at Sch-10.</p>	Particulars	OH-31	OH-36	Total	GIA Received	352.02	417.37	769.39	Grant utilized	378.78	424.77	803.55	Utilized from IRG of the Institute	26.76	7.41	34.16
Particulars	OH-31	OH-36	Total															
GIA Received	352.02	417.37	769.39															
Grant utilized	378.78	424.77	803.55															
Utilized from IRG of the Institute	26.76	7.41	34.16															
B.	Management Letter																	
1.	Corpus/ Capital Fund (Schedule 1): ₹1938.61 crore																	
	Despite being pointed out in the previous years' Audit Reports, the above head was understated by an amount of ₹33.12 crore, due to non-capitalization of the borrowing cost (interest), on loans taken from the Higher Education Financing Agency (HEFA), from the period 2018-19 to 2024-25, for creation of assets, which was incorrectly charged off as revenue expenditure (Finance cost) under Income & Expenditure Account. This was not in line with Accounting Standard (AS) 16, which provides for capitalization of the borrowing costs attributable to acquisition of assets. This further resulted in understatement of the Fixed Assets (Schedule 4), by the same amount.	Reply to this observation is placed at Annexure-A																
2.	Earmarked/ Endowment Funds (Schedule 2): ₹1536.72 crore																	
	Despite being pointed out in the previous years' Audit Reports, Interest Earned on Earmarked funds 'Faculty Development Fund' (₹1.10 crore), 'Department Development Fund' (₹1.57 crore) during the financial year 2024-25, totalling ₹2.67 crore has not been added to the concerned funds. The amount has been shown as income under the SRIC Account which is incorporated in Institute's main account (Corpus/Capital Fund). This resulted in Understatement of 'Earmarked/Endowment Funds' (Schedule 2) and overstatement of 'Corpus/ Capital Fund' (Schedule 1) by ₹3.08 crore.	<p>View our reply dated 19.09.2025 against audit enquiry reference # 21 (AENQ-850506) dated 26.08.2025 on account of compliance of previous years' SAR comments (FY 2023-24).</p> <p>It has already been clarified with reference to BoG approved FDF and DDF rules (applicable for the period till 31.03.2025), that FDF and DDF is an integral part of SRIC and purpose for creation of Earmarked fund/endowment fund under nomenclature FDF and DDF is only to promote scientific research by faculty members within Institute from internally generated fund and for those specific expenses purely correlated with stated research work only by the respective faculty members as mandated in BoG approved FDF & DDF Rules enclosed at Annex-III.</p>																


Registrar



Para	Audit Observation	Management Reply
		<p>Where it has been clarified properly that sources of income shall be only distribution of SRIC overhead @ 12% from various SRIC maintained research and consultancy projects along with fund allocation from GATE/JEE operations and it has also been there that after retirement of respective faculty member, total available FDF balance shall be transferred to Institute corpus account only and same shall be inaccessible to the respective faculty members with the effect from the date in which he/she ceases to be in the payroll of the Institute.</p> <p>Instructions and Accounting Principles of Sch. 2 of Balance Sheet state characteristics of Earmarked Fund and according to said principles, "Any other fund created with a specific objective e.g. Staff welfare fund, Pension Fund could also be included in this Schedule".</p> <p>In line with aforesaid clause, it is to be stated that FDF and DDF have been treated as earmarked fund only for its specific objectives and same is totally funded by Institute only from its own sources of income/fund and neither any external funding agency/ individual/Govt. is involved in the whole process nor any conditions/restrictions are there behind this earmarked fund from outside. Also, it is pertinent to mention that since whole fund was created by Institute from its own sources by debiting Corpus/Capital Fund, hence any interest earnings from such fund should be credited to its Corpus/Capital Fund only through I & E Account and not to the respective fund following BoG approved rules in this regard considering the sources of Earmarked/endowment/designated fund as referred in said BoG approved rules.</p> <p>Considering BoG approved guideline/rule and sources and application of fund received under stated fund and transfer of final balance post superannuation, SRIC is correctly recorded interest earned from FDF and DDF in its Income & Expenditure Account and transferred the same to its corpus fund and there is no overstatement of corpus fund or understatement of earmarked fund as pointed out by audit.</p>
3.	Fixed Assets (Schedule 4): ₹2699.29 crore	
a.	The above head was understated by an amount of ₹1.20 crore, due to wrong booking of the expenditure incurred towards Arbitration Award in respect to the work of 'Road over Bridge crossing Railway passenger' under 'Other Expenses-Grants/ Subsidies to Other Organizations' (Schedule 23), instead of capitalizing the same. This further resulted in understatement of the 'Corpus/ Capital Fund' (Schedule 1), by ₹1.20 crore.	Audit observation is noted. Necessary accounting treatment have been done in the books of accounts in the current financial year to rectify the entries.
b.	The above head was overstated by an amount of ₹6.52 crore, due to excess booking of the completed cost of the work 'Construction of ABIC Building- 2 nd Floor' as ₹7.25 crore, instead of actual completion cost of ₹0.73 crore. This further resulted in overstatement of the 'Corpus/ Capital Fund' (Schedule 1), by ₹6.52 crore.	Audit observation is noted. Necessary accounting treatment have been done in the books of accounts in the current financial year to rectify the entries.
c.	The above head was understated by an amount of ₹1.48 crore due to non-booking of the equipment viz. 'Precision LCR Meter' (₹0.25 crore), 'Digital Storage Equipment' (₹0.83 crore and 'High Accuracy Multi-GNSS System' (₹0.40 crore), which were delivered and installed during 2024-25, but payment made during 2025-26. This further resulted in understatement of the 'Current Liabilities and Provisions' (Schedule 3), by ₹1.48 crore.	As per the procurement practices and the Accounting Policies followed by the Institute, liability for purchase orders are accounted for on successful installation and commissioning of the procured equipment and certification by the indenting department. No liability on the part of the Institute arises only on the basis of Purchase Orders issued or that the equipment has been delivered unless the aforesaid conditions are satisfied. As, there is no present obligation on the part of the Institute unless the conditions of successful installation and commissioning and certification done by the Indenting Department are satisfied.

Registrar



Para	Audit Observation	Management Reply
		However, the assets which were pointed out by audit is being reconciled with the Store & Purchase section vis-à-vis with the end user department. If any, rectification is required the same will be done in the current year books of accounts (FY 2025-26).
4.	Staff Payment & Benefits (Schedule 17): ₹1649.78 crore <p>The above head was understated by an amount of ₹8.95 crore (excess provision ₹11.10 crore - short provision ₹10.05 crore), due to short booking of the provision to be made in the current year towards gratuity (provision required to be made as per actuarial valuation: ₹37.97 crore whereas actual provision made in the annual accounts: ₹39.07 crore) and leave encashment (provision required to be made as per actuarial valuation: ₹16.22 crore whereas actual provision made in the annual accounts: ₹6.17 crore). This further resulted in understatement of the Deficit (being the Excess of Expenditure over Income), by ₹8.95 crore.</p>	<p>Audit observation has been verified with the Actuarial Valuation Report of LIC and with the books of accounts of the Institute and no discrepancies has been observed.</p> <p>Institute has correctly recorded the closing value of obligation (liability) and fair value of assets (investment) as per actuarial report and also recorded the changes on account of Current Service cost, Actuarial (gain)/ loss on account of Present value of Obligation (expenses) and expected return on plan assets (income) in the books so as to reflect the true and fair view as on balance sheet date.</p> <p>LICI has provided actuarial valuation report in line with AS -15 (Revised 2005) based on the data provided by the Institute and after considering all the parameters relevant for actuarial valuation of retirement benefits.</p>
5.	Repairs & Maintenance (Schedule 21): ₹35.46 crore <p>The above head was overstated by an amount of ₹0.70 crore, due to booking of the total expenditure incurred towards license renewal and AMC charges not pertaining to the financial year 2024-25, instead of booking the same as 'Prepaid Expenses' under the 'Loans, Advances and Deposits' (Schedule 8). This further resulted in overstatement of the Deficit (being the Excess of Expenditure over Income), by ₹0.70 crore.</p>	<p>As per the guidelines issued by the Ministry of Education (MoE), the Institute receives its Grant-in-Aid through the Treasury Single Account (TSA) to meet its operational and administrative expenses. In accordance with the TSA framework, any unspent balance as on the last date of the financial year lapses. Consequently, payments are accounted for as expenditure within the financial year to ensure alignment with the Utilisation Certificate (UC) and Statement of Expenditure (SoE) submitted to the MoE.</p> <p>With regard to renewal of licences and Comprehensive Annual Maintenance Contract (CAMC) charges, these are executed strictly in accordance with the terms and conditions stipulated in the agreements with respective vendors. The Institute does not have control over the usage period or the timing of such services. Due to the irregular and non-uniform nature of usage, it is not feasible to ascertain or allocate the expenditure on a month-wise basis with reasonable accuracy. Any such allocation would be arbitrary and not reflective of actual usage.</p> <p>In line with the Institute's established accounting practices, these expenditures have not been classified as prepaid expenses. Accordingly, the UC and SoE have been prepared and submitted to the MoE based on actual payments made during the financial year.</p> <p>In view of the above, we confirm that there is no overstatement of expenditure and no understatement of the "Loans, Advances & Deposits" head in the financial statements.</p>
6.	Grants/ Subsidies (Schedule 10): ₹769.39 crore <p>The above head was overstated by an amount of ₹2.10 crore, due to excess provisioning of the expenditure towards salary and pension & commuted pension pertaining to the month of March 2025 amounting to ₹41.00 crore which were transferred from the RBI TSA Account, instead of ₹38.90 crore which was actually paid. This further resulted in understatement of the Deficit (being the Excess of Expenditure over Income), by ₹2.10 crore.</p>	<p>We would like to clarify that the Institute withdrew funds from the TSA (Treasury Single Account) based on the best available estimates of the salary, pension, and commuted pension liabilities for the month of March 2025, in accordance with Ministry of Education (MoE) guidelines.</p> <p>Audit may take note of the fact that amount spent towards salary, pension including commuted pension for the month of March 2025 has been ₹39.65 crores and not ₹38.90 crores and remaining ₹1.35 (41.00-39.65) crore was utilized during April 2025 towards salary-related and other recurring expenditures pertaining to FY 2024-25. Therefore, the entire ₹41.00 crore withdrawn was utilized for legitimate expenditure of FY 2024-25, and there has been no mis-utilization or idle retention of funds.</p>


Registrar



Para	Audit Observation	Management Reply
		In view of the above, the classification of the ₹2.10 crore (41.00-38.90 = 2.1 cr) as an overstatement of current assets and understatement of the unspent balance does not arise. The expenditure was made in accordance with MoE guidelines and the fund flow was aligned with the operational needs of the Institute.
7.	Other Income (Schedule 13): ₹62.78 crore The above head was understated by an amount of ₹1.56 crore, due to non-booking of the entitled share of 50% of the license fees (@50% of ₹13 lakh = ₹6.50 lakhs per month) for the financial years 2023-24 and 2024-25 (total 24 months) to be received from the Research Park Foundation as per the Leave and License Agreement executed in September 2021. This further resulted in overstatement of the Deficit (being the Excess of Expenditure over Income), by ₹1.56 crore.	The point raised by the audit is noted. Institute is being taken necessary steps for appropriate recording of transaction during the current FY 2025-26 to mitigate the omission of entries.
8.	As per the 26AS statement of the Institute an income of ₹3.35 lakh pertaining to the IDBI Bank Ltd. was identified, however, the Institute has nowhere recognised the said amount in its books of accounts. This needs to be reconciled.	Though the audit observation is related to FY2023-24, Institute has tried to find out the credit of IDBI Bank. However, as per our records neither Institute's investment was made with IDBI Bank Ltd during the FY 2023-24 or later nor any income on the investment has been booked in the books of accounts of the Institute.
C	Assessment of Internal Controls	
3.1	Adequacy of Internal Control System "The Internal Control System of the Institute is inadequate on account of the following: a) There is no centralized purchase system in the Institute."	As per the Institute's procurement process, all activities up to the selection of the L1 bidder are initiated and completed by the indenting department, with due guidance and suggestions (as and when required) from the Stores and Purchase Section and in accordance with Government of India norms. After selection of the L1 bidder, the files are forwarded by the indenting department to the Stores and Purchase Section as per the delegation of financial powers (i.e. beyond Rs. 2,00,000.00 or 5,00,000.00). The received files are scrutinized by the Stores and Purchase Section, and the Purchase Order/Work Order is issued centrally as per the delegation of financial power (i.e. beyond Rs. 2,00,000.00 or Rs. 5,00,000.00), subject to internal audit clearance, approval of the Competent Authority, and financial concurrence. This procedure adopted due to speed up the procurement process.
3.2	Adequacy of Internal Audit System "The Internal Audit System of the Institute is inadequate on account of the following: a) There is no internal audit manual in use." b) Internal audit was conducted by a CA Firm, however the final audit report was not received till completion of audit.	a) The Institute follows the various Govt. rules, guidelines, manuals & circulars issued by the Government of India from time to time. b) A copy of the Final Audit Report has been sent to the Office of The DGA(Central), Kolkata through email.
3.3	System of Physical Verification of Fixed Assets The Institute conducted the physical verification of the Fixed Assets during the financial year 2024-25. However, the physical verification of the Library Books was last conducted in 2019-20. Furthermore, the physical verification of the fixed assets pertaining to the SRIC was not conducted during the financial year 2024-25.	Pertaining to Project Assets lying under control of SRIC: Noted but subject to approval from all sponsoring agencies. Neither there is no provision exists in sponsored project agreements regarding physical verification nor any such budgetary provision. It is also pertinent to mention that all the project Fixed Assets lying in SRIC are property of sponsoring agencies and not belongs to SRIC, IIT Kharagpur as ownership vests with sponsoring agencies only as per Rule 233(ii) of GFR 2017 as amended and MHRD guideline. Hence no physical verification of project assts is currently required in the absence of any such mandate in stated GFR provision or MHRD guideline. Hence, said para may be dropped related to SRIC part.

Registrar
Indian Institute of Technology Kharagpur



Para	Audit Observation	Management Reply																																			
		<p>The Central Library has conducted the last physical verification of library books in 2019-2020. The Library is very old and having more than 278,000+ books distributed in six halls in different floors of the Library. Besides, the Library is kept open all days including weekends from 8 AM to 12 PM and 24 x 7 during the semester exam. Therefore, it is really difficult to conduct physical stock verification in an open access library system.</p> <p>However, Central Library has decided to conduct sample physical stock verification of books, as per the rule, during June-July, 2026 and the report will be submitted.</p>																																			
3.4	System of Physical Verification of Inventory																																				
	The Institute conducted the physical verification of the Inventories during the financial year 2024-25.	Noted																																			
3.5	Regularity in payment of Statutory Dues																																				
	The Institute was regular in payment of its statutory dues.	Noted																																			
3.6	Other matters relating to functioning of the entity																																				
	There is no significant matters relating to the functioning of the Institute to be reported upon.	Noted																																			
D.	Grants in Aid																																				
	<p>The Institute is mainly financed by grants from the Government of India. It had an unspent balance of ₹23.21 crore from the financial year 2023-24, which was fully utilized in the financial year 2024-25. It received grants amounting to ₹940.68 crore (Recurring: ₹769.39 crore and Non-Recurring: ₹171.29 crore).</p> <p>Against the total available grants of ₹940.68 crore, it spent ₹969.05 crore (Recurring: ₹803.55 crore (subject to the Para No. 1.15 above) and Non-Recurring: ₹165.50 crore), leaving unspent Non-Recurring grant of ₹5.79 crore while there was excess Recurring expenditure of ₹34.16 crore. As such, excess Recurring expenditure of ₹34.16 crore was met from the internal receipts of the Institute.</p> <p>Further, it received no grants from the MoE (erstwhile MHRD), for the GIAN (Global Initiative of Academic Network) programme, during the financial year 2024-25. The previous year unspent balance, under this programme head, was ₹15.88 crore, while the interest earned on unspent balance was ₹0.84 crore. Out of the total grants of ₹16.72 crore, so available for this programme, it spent ₹12.27 crore leaving an unspent balance of ₹4.45 crore, as at 31 March 2025.</p> <p>Furthermore, the Institute received an amount of ₹250 crore from the Ministry of Housing and Urban Affairs in respect to the CoE-UPD, during the financial year 2024-25. It received interest on investment amounting to ₹9.95 crore. The total fund of ₹259.95 crore, so available, it spent ₹0.17 crore and ₹0.25 crore towards capital and revenue expenditure respectively, leaving an unspent balance of ₹259.53 crore as at 31 March 2025.</p> <p>Moreover, the Institute received an amount of ₹77.86 crore from the University Grants Commission in respect to the Institute of Eminence (IOE), during the financial year 2024-25. It had an opening balance of ₹371.33 crore. It received interest on investment amounting to ₹9.07 crore. The total fund of ₹458.26 crore, so available, it spent ₹101.34 crore and ₹42.32 crore towards capital and revenue expenditure respectively, leaving an unspent balance of ₹314.60 crore as at 31 March 2025.</p>	<p>Support to IITs (0920) - In previous year 2023-24, net grant-in-aid available to the institute was ₹785.82 crore (Recurring: ₹684.23 crore and Non-recurring: ₹101.59 crore).</p> <p>Against the total available grants of ₹785.82 crore, Institute spent ₹809.66 crore (Recurring: ₹688.49 crore and Non-Recurring: ₹121.17 crore) and the excess expenditure of ₹23.84 crore was met from the internal resource of the Institute. Hence, there was no unspent balance of FY 23-24 which was lying with the Institute as audit reported.</p> <p>Reconciliation statement of GIA received and its utilisation for the FY 2024-25 are as follows:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th colspan="5" style="text-align: right;">₹ in Crore</th> </tr> <tr> <th>Particulars</th> <th>OH-31</th> <th>OH-35</th> <th>OH-36</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Opening Balance</td> <td>0.00</td> <td>0.00</td> <td>0.00</td> <td>0.00</td> </tr> <tr> <td>GIA Received</td> <td>352.02</td> <td>171.29</td> <td>417.37</td> <td>940.68</td> </tr> <tr> <td>Total expenditure incurred</td> <td>378.78</td> <td>222.76</td> <td>424.77</td> <td>1026.32</td> </tr> <tr> <td>Expenditure met from IRG of the Institute</td> <td>26.76</td> <td>51.48</td> <td>7.40</td> <td>85.64</td> </tr> <tr> <td>Closing Unspent balance</td> <td>0.00</td> <td>0.00</td> <td>0.00</td> <td>0.00</td> </tr> </tbody> </table> <p>A Statement of reconciliation of utilization of Non-Recurring Grants for the year 2023-24 & 2024-25 are given below:</p>	₹ in Crore					Particulars	OH-31	OH-35	OH-36	Total	Opening Balance	0.00	0.00	0.00	0.00	GIA Received	352.02	171.29	417.37	940.68	Total expenditure incurred	378.78	222.76	424.77	1026.32	Expenditure met from IRG of the Institute	26.76	51.48	7.40	85.64	Closing Unspent balance	0.00	0.00	0.00	0.00
₹ in Crore																																					
Particulars	OH-31	OH-35	OH-36	Total																																	
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Closing Unspent balance	0.00	0.00	0.00	0.00																																	


Registrar



Para	Audit Observation	Management Reply
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The Institute also received grants for Interest on HEFA Loan amounting to ₹8.08 crore which was utilized as recurring expenditure (Interest payment on HEFA Loan).

(₹ in Cr.)

Particulars	2023-24		2024-25	
	As per C&AG Audit	As per Accounts	As per C&AG Audit	As per Accounts
Purchase of Fixed Assets	36.37	36.37	165.50	165.50
Work-in Progress (Payment to construction agencies through RA bills)	42.01	42.01	0.00	0.00
PMC Advance to CPWD	0.00	40.19	0.00	38.24
Provision for Liabilities towards Procurement of Foreign Equipment	0.00	2.60	0.00	19.03
Total	78.38	121.17	165.50	222.77

GIAN – There opening balance of unspent balance of GIAN was ₹12.04 crore and recoveries/receipt during the year was ₹0.23 lakh, which totalling to ₹12.27 crore was settled during the year and hence there is no unspent balance under GIAN as on balance sheet date.

However, the closing unspent balance as at 31 March 2025 under Sch-3A represents funds of other sponsored agencies like UKERI which amounts to ₹4.45 crore, and not of GIAN.

CoE-UPD - The reported figure by audit is in line with books of accounts.

IOE- Reported opening balance of ₹371.32 crore represents the following:

Particulars	Amount (in Cr.)
Cash and Bank Balance of Institute's Contribution	43.82
Advance made to CPWD & Others	225.15
Investments made out of Institute's Contribution	107.66
Interest Accrued on Investments of Institute's Contribution	2.82
Exp. due but not paid/Other Liability	(8.13)
Total	371.32

Details of GIA received, Institute's Contribution and its utilisation during the FY 2024-25 are as follows:

₹ in Crore

Particulars	OH-31	OH-35	Total
GIA-UGC	25.00	27.50	52.50
Institute Contribution to IoE	0.00	25.36	25.36
Income on Institute's Contribution	0.00	0.00	9.07
Expenditure incurred	42.32	101.34	143.66

HEFA- The reported figure by audit is in line with books of accounts.


 Registrar



ANNEXURE-A

1. Corpus/ Capital Fund (Schedule 1): ₹1938.61 crore

Sub: Non-capitalization of Interest on HEFA Loan

We acknowledge the audit observation concerning the non-capitalization of interest on the HEFA loan and its impact on the Institute's Fixed Assets and Capital/Corpus. However, we would like to clarify that while AS-16 governs the capitalization of Borrowing Costs, AS-12 addresses the accounting treatment of Government Grants. In this case, the capitalization of interest on the HEFA loan under AS-16 should be considered in conjunction with AS-12 – Government Grants, which more accurately reflects the substance of the transaction.

Clarification on AS-12:

As per AS-12, government grants related to specific fixed assets should be accounted for by showing the grant as a deduction from the gross value of the assets concerned, in arriving at their book value. Furthermore, where the government grant related to a specific fixed asset equals the entire (or virtually the entire) cost of the asset, the asset should be presented in the balance sheet at a nominal value.

In our case, the interest on the HEFA loan has been funded entirely by government grants. If the Institute were to add the HEFA loan interest as part of the cost of the asset and capitalize it, the equivalent amount of the government grant-in-aid received would need to be deducted from the gross value of the assets to comply with AS-12. This treatment would ensure that there is no inflation of asset values due to the government grant funding.

No Understatement of Assets:

As the government grants received for funding the interest on the HEFA loan are specifically linked to the assets being created, adding the interest cost to the asset's value would be offset by a corresponding reduction in the value of the asset, due to the deduction of the grant. Therefore, **there is no understatement of the Fixed Assets, as the grant effectively neutralizes the interest expense capitalized to the asset.**

This approach ensures compliance with the provisions of AS-12 and reflects the true cost of the asset, considering the financial support from the government in the form of grants.

Treatment of Government Grant Under Recurring Head:

Since the government grant is released under the recurring head (OH-31), it is treated as a revenue grant and not a capital grant. **According to AS-12, such grants should be recognized on a systematic basis in the Income and Expenditure Account over the period necessary to match the related costs.** In this case, the Institute recognizes the grant income and the interest expense related to the HEFA loan in the Income & Expenditure Account. As both the income and the expense are of equivalent amounts, they offset each other, leading to no net impact on the surplus/deficit of the institution.

Conclusion:

In light of the above, we submit that the accounting treatment followed by the Institute is consistent with the provisions of AS-12. **The non-capitalization of borrowing cost and the related government grant has resulted in a net-zero effect on both the Fixed Assets and the Income & Expenditure Account.** The accounting treatment correctly reflects the substance of the transaction, where the government grant compensates the interest cost, and the asset is not overvalued. Therefore, there is no understatement of Fixed Assets or overstatement of expenditure.

We kindly request that this audit observation be reviewed and dropped, as the accounting treatment aligns with the applicable accounting standards and reflects the substance of the transactions accurately.

(Dr. Tamal Nath)

Jt. Registrar (F&A)