

Information sheet on current financial crisis

Over the past few months, several important developments have taken place which, directly or indirectly, have been attributed to a severe financial crisis that the institute is facing. These developments include a decision to restrict the total number of new MTech and PhD Fellowships to the same level as last year (which is below the sanctioned strength), stalling of multiple constructions on campus (e.g. research complex building, aerospace building, type III flats etc.) and cessation of funding to several new projects/centres that were approved by the MHRD. Needless to say, many of these decisions have wide ranging ramifications.

Many of us are not even aware of the exact nature and extent of the financial crisis. With a view to obtaining clarity on several issues related to the crisis, a few members of the FF met the DD on the 18th of April. The purpose of the meeting was to obtain a better understanding of (i) the exact nature of the financial crisis and its reasons and (ii) get an idea about plans the administration has for handling contingencies arising out of the crisis. Further, as faculty how to invest our collective wisdom and efforts towards better planning and handling of the effects of the fund crunch.

Here are the salient points from the discussion between the DD and the FF representatives (along with some additional noteworthy points). We have tried to arrange the discussions thematically.

On the present financial situation

- 1) For the financial year 2014-15, the BoG had approved a plan budget of Rs 327 crores. Out of this 260 crores was approved by MHRD at the beginning of the year, which was later reduced to 220 crores and subsequently again reduced to 205 crores. To further aggravate matters, the last 53 crores of this amount arrived as late as 31st March 2015.
- 2) The institute was given to believe that the MHRD was supportive of its expansion plans and had no inkling about the possibility of such a massive cut.
- 3) The large scale expansion plans taken up by IITK were in response to feelers that IITK received from MHRD. These seemed to indicate that the MHRD will wholeheartedly back all efforts to improve IITK's international esteem. Therefore, the amount of Rs 327 crores was not an unduly optimistic one, given the indications from the ministry. Although the MHRD officers on Finance Committee had begun to caution the institute during the course of the year that any increased beyond the initial approved budget of 260 crores was unlikely.
- 4) (Additional data gained after the meeting) By all accounts, the funding for the IITs have been massively slashed even in 2015-16. It seems that while the planned budget for the 8 old IITs was 2500 crores in 2014-15, it is only 2000 crores for all IITs taken together in 2015-16. The non-plan budget was 1576 crores for 8 old IITs in 2014-15 against 1706 crores for all IITs in 2015-16. The non-plan budget takes care of primarily salaries, pensions and part of operating expenses.

The Plan budget for the current financial year has been further curtailed to 155 crores.

On the major construction activities on campus

1. The institute has put several of its major building plans (aerospace building, research complex, engineering core lab) on hold. They have even deferred several minor ones like the new faculty club, engine research lab etc.
2. Building activities that are already on will continue, albeit at a slower pace. These include the new GH tower, new faculty apartments, new shopping center, aerosol facility etc.

On withdrawal of funding to eight MHRD approved centres/projects

1. As many as eight centres/projects were approved by the MHRD and set up by the institute in the last year. However, the MHRD made no additional funds available for these and asked the institute to meet the costs from its plan budget. With the plan budget now severely strained, it has become impossible for the institute to fund these centres (hence funding to these centres abruptly creased).
2. The DD also expressed the apprehension that chances of reviving the 8 MHRD projects, for which funding has been withdrawn, are very slim.

On the decrease in the number of PG fellowships

1. The number of PG students to be admitted, with institutional fellowship, this year will be held at the same level as in last year, irrespective of the sanctioned strengths. The maximum allowable admissions, with MHRD fellowship, will be 74% of the sanctioned strength for MTech and 33% for PhDs. **However, students with fellowship from non-MHRD governmental sources (e.g. CSIR, DBT, DST etc.) may be admitted over and above this number.** The DD emphasized that this does not constitute a 'cut', since the numbers are based on the number of students who registered last year.
2. Given the recent hikes in PhD and MTech fellowships, the institute will make all efforts to induct as many students into its PG programmes as possible. However, moving towards the strengths sanctioned by the Senate for each department will not be possible.
3. All students will receive the increased fellowships.
4. There is no additional fund allocation for the MS programme.
5. **Departments may choose to convert some MTech/MS seats to PhD. Every two MTech/MS seats will be taken to be equivalent to a PhD position.**
6. **Funding of PhD students from project grants is encouraged.**

[Note: MHRD had given a written mandate to the Institute to increase the postgraduate scholarships with no additional support].

On salaries and hiring

1. Salaries of faculty and regular employees will not be affected by the cuts since these are being paid against actuals.
2. Hiring of new faculty will not be affected but building new office spaces and labs for them will be affected might.

[Note: salaries and pensions come from "non-plan" budget whereas funds for new building and office space come from plan budget (which is the one more severely affected)].

The wide ranging discussions with the DD gave us a better picture of the evolving financial situation. Through this mail, the FF intends to initiate an email discussion among its members on the issue of the financial crisis, especially since there are no clear cut signs of an emerging brighter picture in the near future (some indicators point to even a further deteriorated scenario) and *significant course corrections* will be necessary. This may also be a time to learn from the finance management of other institutes (e.g. "How have some managed to increase their CPDA?", "How have some managed to do 'business as usual?'") and coordinate our efforts to overcome this major issue.

Some of the questions which need to be asked include:

- (i) how can we protect the interests of the new faculty in these hard times?,

- (ii) how can the impact on M.Tech and Ph.D. induction be minimized (and be increased given the increased faculty strength)?,
- (iii) how can we focus on critical infrastructure usable by many and save money via intelligent construction?

As a first response, we will collate all questions/suggestions that we receive and present them to the DD. The DD has kindly agreed to address all of them.

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