



FOURTEENTH KERALA LEGISLATIVE ASSEMBLY

**COMMITTEE
ON
PUBLIC UNDERTAKINGS
(2019-2021)**

EIGHTY EIGHTH REPORT

(Presented on 18th June 2019)

**SECRETARIAT OF THE KERALA LEGISLATURE
THIRUVANANTHAPURAM**

2019

FOURTEENTH KERALA LEGISLATIVE ASSEMBLY

**COMMITTEE
ON
PUBLIC UNDERTAKINGS
(2019-2021)**

EIGHTY EIGHTH REPORT

On

**INDIAN INSTITUTE OF INFORMATION TECHNOLOGY AND
MANAGEMENT-KERALA**

**(Based on the Report of the Comptroller and Auditor General of India
for the year ended 31 March, 2009)**

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COMMITTEE ON PUBLIC UNDERTAKINGS (2019-2021)

COMPOSITION OF THE COMMITTEE

Chairman :

Shri C. Divakaran.

Members :

Shri K. B. Ganesh Kumar

Shri C. Krishnan

Shri Thiruvanchoor Radhakrishnan

Shri P. T. A. Rahim

Shri S. Rajendran

Shri Raju Abraham

Shri Sunny Joseph

Shri C. F. Thomas

Shri M. Ummer

Shri P. Unni.

Legislature Secretariat :

Shri V. K. Babu Prakash, Secretary

Shri P. B. Suresh Kumar, Joint Secretary

Shri G. Harish, Deputy Secretary

Smt. Reji D. O., Under Secretary.

INTRODUCTION

I, the Chairman, Committee on Public Undertakings (2019-2021) having been authorised by the Committee to present the Report on its behalf, present this Eighty Eighth Report on Indian Institute of Information Technology and Management-Kerala (IIITMK) based on the Report (Commercial) of the Comptroller and Auditor General of India for the year ended 31st March, 2009 relating to the Public Sector Undertakings of the State of Kerala.

The aforesaid Report of the Comptroller and Auditor General of India for the year ended 31st March, 2009, was laid on the Table of the House on 25-3-2010. The consideration of the audit paragraphs included in this Report and the examination of the departmental witness in connection thereto was made by the Committee on Public Undertakings constituted for the years 2016-2019 at its meeting held on 18-4-2018.

This Report was considered and approved by the Committee (2019-2021) at its meeting held on 8-5-2019.

The Committee places on record its appreciation for the assistance rendered to them by the Accountant General (Audit), Kerala in the examination of the Audit paragraphs included in this Report.

The Committee wishes to express its thanks to the officials of the Information Technology Department of the Government Secretariat and Indian Institute of Information Technology and Management-Kerala (IIITMK) for placing the materials and information solicited in connection with the examination of the subject. The Committee also wishes to thank in particular the Secretaries to Government-Information Technology and Finance Departments and the officials of the Indian Institute of Information Technology and Management-Kerala (IIITMK) who appeared for evidence and assisted the Committee by placing their views before it.

Thiruvananthapuram,
8th May, 2019.

C. DIVAKARAN,
Chairman,
Committee on Public Undertakings.

REPORT

ON

INDIAN INSTITUTE OF INFORMATION TECHNOLOGY & MANAGEMENT-KERALA (IIITMK)

(AUDIT PARAGRAPH)

4.7 Loss due to want of mandatory approval for technical courses

Failure to obtain mandatory approval for conduct of technical courses and absence of independent own campus arising from non-provision of necessary land by the State Government resulted in uneconomic working and loss of ₹ 5.69 crore.

The Company was formed (September 2000) with the objective of conducting various educational and training programmes in Information Technology (IT) and Management and to give consultancy services to Government of Kerala in its drive for computerisation. It started a post-graduate diploma course in IT beginning June 2001 session with 60 seats for B.Tech/BE and MCA graduates at a fee of ₹ 0.75 lakh without obtaining the mandatory recognition from the All India Council for Technical Education (AICTE) to conduct such courses. The Company at this stage was not having its own campus and other infrastructure in stipulated minimum of eight to ten hectares of land to run an educational institution as per the provisions of the AICTE Act, 1987. The Government of Kerala allotted (2003) ten acres (4.07 hectares) of land to the Company at Thiruvananthapuram to build its campus but, withdrew the allotment in 2003. The Company meanwhile upgraded (2005) the diploma courses into post-graduate diploma courses [MS (IT)] at a fee of ₹ 1.50 lakh. This was again without obtaining the mandatory approval of AICTE and creating basic educational infrastructure facilities.

The Company was served (March 2007) a show cause notice from AICTE for conducting technical education programmes without their prior approval. AICTE directed (June 2008) the Company to close down the technical courses conducted by it citing unsatisfactory reply to show cause notice and submit a fresh proposal for approval. But, the Company neither terminated the courses, nor

applied for fresh sanction to conduct the courses leading AICTE to categorise (2006-07) the Company in the list of unapproved institutions conducting technical courses. AICTE also advised students not to take admission in the courses conducted by the Company, as it had consequences in terms of their eligibility for employment, higher studies etc.

As against the planned student strength of 60, the number of students joining the institution in the first year (2001-02) were 49, which increased to 65 in 2003-04 and started declining from 2004-05 (60) and to a mere 12 in 2008-2010. There were ten faculty members taking classes for 12 students as of March 2008 whereas the Company had been incurring huge expenditure on pay and allowances, electricity, rent, entrance test and other educational expenses etc.

According to the Memorandum and Articles of Association, the Company was envisaged to be run on no profit-no loss basis. As the income by way of fees collected from the students was not sufficient to run the institution, the Company was incurring continuous losses since inception (2001) and its accumulated losses stood at ₹ 5.69 crore as on 31 March 2008.

The failure of the Company to obtain mandatory AICTE approval for its technical courses due to non-fulfilment of criterion and absence of independent own campus arising from non-provision of necessary land by the State Government resulted in uneconomic working and a loss of ₹ 5.69 crore.

The Management stated (January 2009) that the contribution of the Company could not be gauged merely by looking at the expenditure in relation to student fee received. There has been added emphasis on research activities and development efforts to social sector. This contention of the Management is not convincing as the fact remains that there was an adverse impact on the eligibility/acceptability of technical/professional education imparted to students in the absence of any recognition/approval from AICTE. The action of the Company to start courses without mandatory approval was in disregard of the extant law/regulations. Further the Company did not follow prudent financial management practices to run the institution on a no profit-no loss basis as per Memorandum of Association.

Government replied (June 2009) that the substantial portion of the expenditure incurred has gone towards creation of basic infrastructure and also intimated that 0.96 acres of land has been allotted, appointed an architect and the work would be tendered soon. Necessary action has also been taken for obtaining affiliation/approval of a University/AICTE.

Audit suggests that the Company should start technical education courses only after obtaining due permission from controlling bodies to avoid conflict of interest. In the instant case, the responsibility should be fixed for violation of mandatory provisions and consequent loss.

[Audit Paragraph 4.7 contained in the Report of the C&AG of India for the year ended 31 March, 2009]

The Notes furnished by the Government on Audit Paragraphs are given in Appendix II.

Discussion and Findings of the Committee

The Committee enquired about the failure of the institute to obtain mandatory approval from AICTE for conducting post-graduate diploma course in IT in 2001 and upgradation of the diploma course into post-graduate diploma course [MS (IT)] in 2005 which resulted in a loss of ₹ 5.69 crore.

The witness replied that the Institute was unable to obtain AICTE approval for its PG diploma course in IT due to failure in creating basic educational infrastructure facilities to run the course. The course was started with the objective of higher education and research in IT and alongwith it also provided training to students preparing for research activities in IT. However, owing to disparity in wages on a par with B. Tech. graduates employed in the IT Sector, interest towards the course gradually declined among the students, however the course continued till 2008.

Meanwhile AICTE issued a show cause notice in 2007 directing not to proceed with unrecognised courses. Even though Government of Kerala had allotted 4.07 hectares of land to the Institute to build its campus in 2003, it had to be recalled on account of this. Consequently, the Institute was allotted 10 acres of land in Technocity for its campus construction and the construction had been completed.

The Committee criticised that the Institute has to be held responsible for the uncertain future of the students enrolled in the courses and enquired about the action taken against the officials who disregarded the extant law and incurred huge loss.

The witness submitted in defense that consequent to the denial of recognition from AICTE, the Institution was affiliated to CUSAT in 2008. With CUSAT's recognition, the Institute has been conducting courses since 2008.

The Committee sought to know in this connection whether the students who had enrolled during the said period had been issued degree certificates on completion of their courses.

The witness replied in the negative stating alongwith that there was no provision to issue degree certificates without AICTE approval. Further, it was not possible for the students to aspire for higher education without the certificate of AICTE. However, after affiliating in CUSAT, students were issued degree certificates from CUSAT.

Observations and Recommendations

1. The Committee expressed great concern over the future of the students enrolled in the courses prior to the recognition of CUSAT. The Committee also finds that the Board of Directors had since beginning, been cautioning about the need for getting approval from AICTE. The Committee criticized the company for its failure in obtaining the mandatory approval from AICTE for conducting the Diploma courses in IT and ignoring the directions issued by AICTE to close down the courses and submit fresh proposal for approval. The Committee recommends to fix responsibility against the delinquent officials responsible for putting the future of students in peril and for violating AICTE directions, and to take stringent disciplinary action against them.

2. The Committee recommends to take stringent disciplinary action and fix responsibility against the delinquent officials responsible for admitting students in post-graduate courses during 2001-2008 and upgrading the diploma courses to post-graduate diploma courses [MS(IT)] in 2005 without creating infrastructure facilities stipulated by AICTE thereby resulting in denial of mandatory

recommendation from AICTE, and incurred a loss of ₹5.69 crore. The Committee also demands that revenue recovery proceedings should be initiated against the erring officials.

3. The Committee criticizes the financial mismanagement and anarchism which was noted to prevail in the Institute and recommends to run the institution by following prudent financial management practices as per Memorandum of Association.

4. The Committee wants to be furnished with details of the courses conducted by the institution and activities in its present functioning.

Thiruvananthapuram,
8th May, 2019.

C. DIVAKARAN,
Chairman,
Committee on Public Undertakings.

SUMMARY OF MAIN CONCLUSIONS/RECOMMENDATIONS

Sl. No.	Para No.	Department Concerned	Conclusions/Recommendations
(1)	(2)	(3)	(4)
1	1	Information Technology Department	The Committee expressed great concern over the future of the students enrolled in the courses prior to the recognition of CUSAT. The Committee also finds that the Board of Directors had since beginning, been cautioning about the need for getting approval from AICTE. The Committee criticized the company for its failure in obtaining the mandatory approval from AICTE for conducting the Diploma courses in IT and ignoring the directions issued by AICTE to close down the courses and submit fresh proposal for approval. The Committee recommends to fix responsibility against the delinquent officials responsible for putting the future of students in peril and for violating AICTE directions, and to take stringent disciplinary action against them.
2	2	Information Technology Department	The Committee recommends to take stringent disciplinary action and fix responsibility against the delinquent officials responsible for admitting students in post-graduate courses during 2001-2008 and upgrading the diploma courses to post graduate diploma courses [MS(IT)] in 2005

(1)	(2)	(3)	(4)
			without creating infrastructure facilities stipulated by AICTE thereby resulting in denial of mandatory recommendation from AICTE, and incurring loss of ₹ 5.69 crore. The Committee also demands that revenue recovery proceedings should be initiated against the erring officials.
3	3	Information Technology Department	The Committee criticizes the financial mismanagement and anarchism which was noted to prevail in the Institute and recommends to run the institution by following prudent financial management practices as per Memorandum of Association.
4	4	Information Technology Department	The Committee wants to be furnished with details of the courses conducted by the institution and activities in its present functioning.

APPENDIX II

Information Technology Department
Report of the Comptroller & Auditor General of India for the year ended 31.3.2009 (Commercial)

Action Taken Statement

Reply furnished by the Government

IIITMK's contribution could not be gauged merely by looking at the expenditure in relation to the student fee received. There has been an added emphasis on research activities and developmental efforts to the social sector. IIITM-K was in its formative years and a substantial portion of the expenditure incurred by the Institute in the initial years has been for infrastructure development and the expenditure of Rs.5.6 crores includes infrastructure development and the assets created are physically available with the company.

The Board of Directors have since beginning been cautioning about the need for getting AICTE/University approvals. IIITMK has been allotted 96 cents of land in Technopark campus. Work of construction of building measuring approximately 3300 sq.m. is in progress and the targeted date of completion is December 2010.

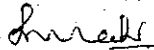
During 2009-10 CUSAT has accorded recognition for the Master of Science Programme in Information Technology and on MPhil programme.

A Post Graduate Diploma programme in E-Governance was also commenced in Academic Year 2009-10 with certification by Directorate of Technical Education.

Government have issued NOC for starting 3 new courses viz. MSc in Computational Science (Intake 60) MSc in Geoinformatics (Intake 60) and MTech in Computer Science & Data Security (Intake 20) in IIITMK from the Academic Year 2010-11.

IIITMK has set ambitious target of offering a number of new post graduate programmes in the coming year and to increase the students strength from 100 at current level to 200 next year and 350 in the year 2011-12. With the increase in students strength the Institute hopes to break even in the year 2012-13, with estimated student strength of 465 students with more programmes.

IIITMK is now offering courses only after obtaining mandatory approvals.



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