

कार्यालय प्रधान निदेशक लेखापरीक्षा,
उद्योग एवं कॉर्पोरेट कार्य
ए.जी.सी.आर, भवन, आई.पी. एस्टेट,
नई दिल्ली-110 002



OFFICE OF THE PRINCIPAL DIRECTOR OF AUDIT,
INDUSTRY AND CORPORATE AFFAIRS
A.G.C.R. BUILDING I.P. ESTATE,
NEW DELHI-110 002

संख्या: ए.एम.जी.-III/6(19)/ वार्षिक खाता/
NID MP/2024-25/2025-26/
दिनांक:

सेवा में,

सचिव, भारत सरकार,
उद्योग संवर्धन एवं आंतरिक व्यापार विभाग,
वाणिज्य एवं उद्योग मंत्रालय,
कमरा नंबर- 223, वाणिज्य भवन,
नई दिल्ली- 110 001

विषय: वर्ष 2024-25 के लिए राष्ट्रीय डिज़ाइन संस्थान, मध्य प्रदेश (National Institute of Design, Madhya Pradesh) के लेखों पर पृथक लेखापरीक्षा प्रतिवेदन।

महोदय,

वर्ष 2024-25 के लिए राष्ट्रीय डिज़ाइन संस्थान, मध्य प्रदेश (National Institute of Design, Madhya Pradesh) के अंकेक्षित वार्षिक लेखों की प्रति तथा उन पर पृथक लेखापरीक्षा प्रतिवेदन संसद के पटल पर रखने के लिए अग्रेषित की जा रही है। कृपया यह सुनिश्चित करें कि पृथक लेखापरीक्षा प्रतिवेदन संसद के दोनो सदनों के सम्मुख प्रस्तुत करने से पहले शासी निकाय (Governing Council) को नियमानुसार प्रस्तुत की जाए।

आपसे अनुरोध है कि संसद को प्रस्तुत कर दस्तावेज की दो प्रतियाँ, उस तिथि को दर्शाते हुए, जब वे संसद को प्रस्तुत किए गए थे, इस कार्यालय को तथा भारत के नियंत्रक एवं महालेखापरीक्षक के कार्यालय को भेजी जाए।

भवदीय,

ई/-

(डॉ पवन कुमार कौंडा)
ओ एस डी
(उद्योग एवं कारपोरेट कार्य)
नई दिल्ली

संलग्न: यथोक्त

संख्या: ए.एम.जी.-III/6(19)/ वार्षिक खाता/
NID MP/2024-25/2025-26/427-429
दिनांक: 08 DEC 2025

प्रतिलिपि:

1. निदेशक, राष्ट्रीय डिज़ाइन संस्थान, ईटखेती, अचारपुरा, पोस्ट अरवालिया, भोपाल, मध्य प्रदेश- 462 038 को एक प्रति सूचनार्थ एवं आवश्यक कार्यवाही हेतु प्रेषित की जाती है।

भवदीय,

पवन
8/12/25

(डॉ पवन कुमार कौडा)

ओ एस डी

(उद्योग एवं कारपोरेट कार्य)

नई दिल्ली

संलग्न: यथोक्त

Opinion of the Comptroller and Auditor General of India on the Accounts of National Institute of Design, Madhya Pradesh for the year ended 31 March 2025

Opinion

We have audited the financial statements of National Institute of Design (NID), Madhya Pradesh, which comprise the statement of financial position as at 31 March 2025 and the Income and Expenditure Account/Receipts and Payments 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 and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 read with Section 25(2) of the National Institute of Design Act, 2014.

This Audit Report contains the comments of the Comptroller and 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 and 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 National Institute of Design, Madhya Pradesh, read together with the accounting policies and Notes thereon and 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 its financial performance and its cash flows for the year then ended in accordance with the National Institute of Design, Madhya Pradesh (Form of Annual Statement of Accounts) Rules, 2020.

Basis for Opinion

We conducted our audit in accordance with the 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 Governing Council of the National Institute of Design, Madhya Pradesh is responsible for the preparation and fair presentation of the financial statements in accordance with the National Institute of Design, Madhya Pradesh (Form of Annual Statement of Accounts) Rules, 2020 and for internal control as management determines it 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
Comptroller & Auditor General of India**

पवन
8/12/25

(Dr. Pawan Kumar Konda)
O S D
(Industry and Corporate Affairs)
New Delhi

Place: New Delhi

Date: 08 DEC 2025

**Separate Audit Report on the Accounts of National Institute of Design, Madhya Pradesh
for the year ended 31 March 2025**

A. Balance Sheet

A.1 Capital Fund and Liabilities

A.1.1 Depreciation Fund (Schedule-6): ₹9.62 crore

As per the Significant Accounting Policies of the Institute, depreciation is calculated on straight-line method for items, namely, Buildings (2.50%); Machinery, Equipment & Tools (10%); Sports Equipment (10%); Furniture and Fixtures (10%); Library Books (10%); Computers & Peripherals (20%) and Computer Software (40%). Further depreciation on additions during the year has been provided for full year irrespective of date of acquisition.

However, since the National Institute of Design, Madhya Pradesh (Form of Annual Statement of Accounts) Rules, 2020 do not prescribe the rates of depreciation, the Institute should have followed the rates specified under the Income Tax Act, 1961 as stipulated in the Uniform Format of Accounts for Central Autonomous Bodies. Further, depreciation on assets purchased during the year should have been charged on 'pro-rata' basis as specified in the Uniform Format of Accounts. The details of depreciation charged by the Institute vis-a-vis depreciation chargeable as per the Income Tax Act, 1961 is given in **Annexure-I**.

Thus, charging of depreciation on the rates which are different from the rates specified under the Income Tax Act, 1961 and non-charging of depreciation on assets purchased during the year on 'pro-rata' basis has resulted in understatement of Depreciation Fund and overstatement of Capital Fund by ₹1.29 crore.

The issue was also raised in the Separate Audit Report for the years 2022-23 and 2023-24. However, corrective action in this regard was yet to be taken.

**A.1.2 Earmarked Funds (Schedule-2): ₹28.08 crore
Establishment Expenses (Schedule-14): ₹7.05 crore**

As per the Significant Accounting Policy no. 1 (b) given under Schedule-17 of the Annual Accounts of NID, Madhya Pradesh, the financial statements are prepared on the basis of historical cost convention, unless otherwise stated and on the accrual method of accounting except for liability towards privileged leave.

This is in contravention to the provisions of Accounting Standard-15 (Employee Benefits) which requires measurement of liability towards leave encashment on the basis of actuarial valuation. Moreover, NID, Madhya Pradesh got the actuarial valuation of liability amounting to ₹99.69 lakh on account of Terminal leave benefits as on 31 March 2025, however, the same was not recognised in the books of accounts.

This resulted in understatement of Establishment Expenses and overstatement of Surplus by ₹99.69 lakh each.

The issue was also raised in the Separate Audit Report for the year 2023-24. However, corrective action in this regard was yet to be taken.

A.2 Assets

A.2.1 Fixed Assets (Schedule-6): ₹129.61 crore

Capital Work in Progress: ₹111.46 crore

The above includes capital works of NID Madhya Pradesh campus. As per the records, payments aggregating to ₹112.23 crore (excluding interest) to NBCC (India) Limited and ₹1.36 crore to Central Public Works Department (CPWD) had been made till 31 March 2025. Out of these payments, NID had capitalised ₹1.71 crore¹ till 31 March 2025 and ₹0.42 crore had been shown as Capital Advance in respect of NBCC. The remaining amount of ₹111.46 crore had been shown under Capital Work-in-Progress.

The campus was inaugurated virtually in February 2019 and the facilities had already been put to use, and the batches for all four years (Bachelor of Design Degree) had already commenced on or before 31 March 2025. As the Institute had become fully operational on or before 31 March 2025, the whole work should have been capitalised.

This resulted in understatement of Fixed Assets and overstatement of Capital Work-in-Progress by ₹111.46 crore, with consequential impact on depreciation.

The issue was also raised in the Separate Audit Report for the year 2022-23 and 2023-24. However, corrective action in this regard was yet to be taken by the Institute.

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

(i) Adequacy of Internal Control System

The internal control system was not commensurate with the size of business/transactions in the Institute, as evident from the fact that during the year 2024-25, only two meetings of the Governing Council (10th and 11th meetings) were held on 24.04.2024 and 15.07.2024, instead of at least four times in a year as per the National Institute of Design Act, 2014. Further, accounting of capitalisation of assets and charging of depreciation needs to be strengthened.

(ii) Adequacy of Internal Audit System:

The Internal Audit for the year 2024-25 was not conducted.

(iii) System of Physical verification of Fixed Assets:

Physical verification of Fixed Assets was carried out by the Institute during the year.

(iv) System of Physical verification of Inventories:

Physical verification of Inventories was carried out by the Institute during the year.

¹ ₹1.25 crore paid to NBCC and ₹0.46 crore paid to CPWD

(v) System of payment of statutory dues:

The Institute was regular in payment of undisputed statutory dues during 2024-25.

(vi) Other matters relating to functioning of the entity:

A reference is invited to clause 6 (h) of Schedule 17 of National Institute of Design, Madhya Pradesh (Form of Annual Statement of Accounts) Rules, 2020, which provided that the Gratuity is charged to Income and Expenditure Account on the basis of actuarial valuation and the same is contributed to the NID Employees' Gratuity Fund. Though, NID Madhya Pradesh created the provision towards Gratuity, the same was not contributed to the Employees Gratuity Fund as per the requirements of the aforesaid clause 6(h). This led to non-compliance with the National Institute of Design, Madhya Pradesh (Form of Annual Statement of Accounts) Rules, 2020 to that extent.

D. Grants in aid

The Institute had an unutilised balance of grants amounting to ₹0.03 crore as on 1 April 2024 and it received grants amounting to ₹13.46 crore under different heads (General: ₹5.36 crore, Salary: ₹6.97 crore, and Capital: ₹1.13 crore) from the Ministry of Commerce and Industry during the year 2024-25. Out of the total grants amounting to ₹13.49 crore, the Institute utilised ₹12.22 crore (General: ₹4.45 crore, Salary: ₹6.97 crore and Capital: ₹0.8 crore) and surrendered an amount of ₹1.02 crore during the year. As on 31 March 2025, the unutilised amount of grants was ₹0.25 crore.

Annexure - I
Depreciation charged by the Institute and depreciation chargeable as per Income Tax Act, 1961

Asset Category	Gross Value of asset as on 01.04.2024	Additions of Assets during the year 2024-25	Total Value of Assets on which depreciation charged by the Institute for FY 2024-25	Depreciation Rate charged by the Institute (in percentage)	Amount of Depreciation as per the Institute	Depreciation Rate as per Income Tax Act, 1961 (in percentage)	Amount of Depreciation as per Income Tax Act, 1961	Short Charging of Depreciation by the Institute
NID Campus Building	1,81,93,171	45,49,711	2,27,42,882	2.5	5,68,572	10	19,10,731	13,42,159
Machinery, Equipment & Tools	7,33,00,419	59,46,883	7,92,47,302	10	79,24,730	15	1,13,73,405	34,48,675
Furniture & Fixtures	89,60,575	8,89,171	98,49,746	10	9,84,975	10	9,31,372	(-) 53,603
Library Books	1,83,08,216	0	1,83,08,216	10	18,30,822	40	73,23,286	54,92,464
Computers & Peripherals	5,09,40,930	4,03,708	5,13,44,638	20	57,81,691	40	84,98,250	27,16,559
Total					1,70,90,790		3,00,37,044	1,29,46,254