CHAPTER-III

THE MULTI-SOURCE FINANCIAL MECHANISM OF GENERAL HIGHER EDUCATION IN UTTAR PRADESH

"The monetary resources placed at the disposal of education are limited. Owing to pressing needs of other developmental activities resources that can be made available to education would continue to be limited even in future. But the demand both for a large number of seats and better quality of education has to be met. In this situation it becomes necessary to examine the working of the system of education from the angle of resources that are available and the way they are utilised. In other words, one has to look into the economics of institutions of learning. Although this exercise is necessary for the entire educational system, yet its need is much greater in respect to the institutions of higher learning."

G.D. Sharma and Mridula
Economics of College Education,
Association of Indian Universities, 1982,
Preface.
In the working of any system the constituents of the system play an important role. Indeed, efficiency of the system largely depends on the working of these constituents. In the case of educational system, particularly higher education the constituents such as students, teachers, teaching materials, educational infrastructure and management are crucial to the efficient functioning of the system. Funds are required for this sort of efficient functioning. Accordingly, agencies or sources that provide funds or system of financing become of utmost important. Finances for education in India come from various sources. It is sometimes said that the country has developed a multiple-source-system for financing education. The advantage of this system is that education has not to depend on any one source for its financial resources. In times of financial stringency if one source is not able to contribute its desired proportion the other source compensate the deficiency, so that education has not to suffer on account of the cuts made as such. The contribution of the various sources of this sort would be dealt with in detail especially in the context of the higher educational sub-sector of Uttar Pradesh.

3.1 ROLE OF FINANCING IN HIGHER EDUCATION:

It has been indicated above that financial resources
and physical sources are basic to the educational system. This involves an in-built question—how?
"As education has considerable economic value and the programmes of educational institutions have significant bearing on productivity and economic growth, the deployment of resources for the promotion of education and training is essentially treated as investment; the benefits of which accrue to the beneficiaries over their life-span and even for a longer period to the society."¹ The growth and development of educational system; especially that of higher education, in a bigger way, depend upon the amount and sources of financing, technically termed as investment.
In economic terms, it was thought for a long time that it was a physical capital which played a crucial part in expanding production. In recent years, a new concept of "Human Capital" has been evolved and emphasised. The term "Human Capital Formation" refers to the process of acquiring and increasing the number of persons who have skills, education and experience which are critical for economic and political development for a country. Human capital

formation is thus associated with investment in man and his development as a creative and productive resource. In wider sense, investment in human capital means expenditures on health, education and social services in general and in its narrower sense it implies expenditure on education and training. Mehta rightly says that a rapid rate of human capital formation is as important a precondition for economic growth as the rapid rate of physical capital formation. Studies made by Schultz, Harbison, Denison, Kendrick, Abramowitz, Becker, Bowman, Kuznets and host of other economists reveal that one of the important factors responsible for the rapid growth of American economy has been the relatively increasing outlays on education. The studies tell that a dollar invested in education brings a greater increase in national income than a dollar spent on dams, roads, factories or other tangible capital goods. In Galbraith's words, "We now get the larger part of our industrial growth not from more capital investment but from investment

in man and improvements brought about the improved man. Even earlier, economists like, Adam Smith, Veblen and Alfred Marshall stressed the importance of human capital in production. The level & rate of economic growth depend on natural resources, physical capital accumulation, human resource development & technological progress provided that the socio-cultural environment is favourable to growth.

Capital and national resources are passive factors of production, human beings are the active agents who accumulate capital, exploit natural resources, build social, economic and political organisations and carry forward national development. Clearly, a country which is unable to develop skill and knowledge of its people and utilise them effectively in the national economy will be unable to develop anything else. Harbison and Meir⁴ have developed a simple composite index to distinguish countries in terms of "four levels of human capital formation" viz., (i) underdeveloped; (ii) partially developed; (iii) semi-advanced; and (iv) advanced. The 75 countries for which this index was developed were classified as follows:

TABLE 3.1

Classification of Countries in Terms of Levels of Human Capital Formation

<table>
<thead>
<tr>
<th>Levels of Development</th>
<th>No. of Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Level I Underdeveloped</td>
<td>17</td>
</tr>
<tr>
<td>Level II Partially developed</td>
<td>21</td>
</tr>
<tr>
<td>Level III Semi advanced</td>
<td>21</td>
</tr>
<tr>
<td>Level IV advanced</td>
<td>16</td>
</tr>
</tbody>
</table>


With such classification and also visualising the low level of human development index one can safely opine that India belongs to the second category. Hence, much is desired for human capital formation in India's case. Briefly, human capital formation or human resource development in terms of education and training to youth, youths' engagement and their present and perspective role in the process of development and growth of the country are largely shaped by the (financial) resourcefulness (say, investmentfulness) of the institutions of learning, especially that of higher education.
In the context as such one would have to understand the concept of educational finance. Since educational institutions are non-profit making bodies and cannot enter into sole of the services produced by them, funds for their management have necessarily to come from sources other than the receivers of education i.e., students. Besides this, educational institutions along with supplying the needs of individual consumers (students) impart a kind of training and skill which is socially useful and economically productive. Precisely, for this reason education is categoriesed as a "merit want" or a good which is useful to the society along with its usefulness to the individual receiver. This being so, financing of education has been assumed for longback the responsibility of the society as well as to some extent of the individual receiver of education. However, it should be noted here—that in Indian context the educationists or educators can not determine the amount of financial support to be supplied for the educational system, the source of funding or even the items and purposes

5. This view was taken by the economists such as Adam Smith and Alfred Marshall.

6. This view is valid only in the case of free market economy.
for which the available funds are to be used. They may simply make recommendations to the financing bodies and the legislators and the members of parliament. Whatsoever, all type of educational institutions require financial resources if they are to operate satisfactorily, higher education is no exception. If the support is limited or too limited the system may become handicapped. In the long run, not only the national economy but even the way of life can be jeopardised if the educational financial resources are inadequate to meet the demand for education. Thus, the basic concern in educational finance is (i) to provide sufficient funds to assure a good educational programme for all who want to be educated, and (ii) to develop a plan or organisation and operation that will assume to realise optimum returns for all expenditures. This organisation is the state or society itself which becomes the financing agency for education as is with the Indian case.

In nut-shell, financing is taking a major role in the educational system, especially related to the higher education in which huge amount of investment or expenditure is found to be involved." In general, however, Higher Educational Institutions are largely financed by the governments though a significant number of such institutions are under the private management which mobilise relatively more funds from private sources than other institutions. There are already many such institutions in India underthis
category. More than two-thirds of colleges which enrol about 85.00 percent of students in higher education are under private management. Many more colleges are being established every year and some of the university level institutions like a few 'deemed-to-be' universities are in this category. Thus, there exists a mixed system in which private enterprise as well as government effort determine the direction and pace of educational development."\(^7\) In India's context education including university education is covered under concurrent-list\(^8\) but responsibility of maintaining standard in higher education falls under the union-list\(^9\) in the constitution of India. Earlier education was a state subject and later, in 1976, was transferred to the

8. Entry 25, List III of VII Schedule of constitution of India state's education including technical education, medical education and universities; vocational and technical training of labour."
9. Entry 66, List I of VII schedule of constitution of India covers "coordination and determination of standards in institutions for higher education or research and scientific and technical institutions."
concurrent - list,\textsuperscript{10} contemplating educational planning to be a collaborative venture. Regarding financing of education, Article 282 of the constitution enables the government of India to give grants-in-aid to the states to develop their own educational programmes.\textsuperscript{11} There is no explicit provision for university finances under central subject in the constitution. But, however, central universities existing at the time of commencement of the constitutions and other universities established by parliament are stated to be the responsibility of the government of India. So a difference in the centre’s approach towards central universities and the state universities is provided in the constitution itself. The some skewed approach is transferred to the university Grants Commission which though a statutority created custodian of academic standards in higher education in the entire country, is blessed against the state

\textsuperscript{10} Entry 11, List II, VII schedule. Later omitted from constitution of India.

\textsuperscript{11} Article 282 of the Constitution of India reads as:
"The Union or a state may make any grants for any public purpose, notwithstanding that the purpose is not one with respect to which, Parliament or the Legislature of the state, as the case may be, may make laws."
universities. Finance commission is a constitutional body constituted for the purpose of designing the pattern of distribution of financial resources for all sectors including education, between the centre and the states.

3.2 THE STRUCTURE OF FINANCING FOR GENERAL HIGHER EDUCATION IN UTTAR PRADESH:

While discussing the structure of financing for general higher education in Uttar Pradesh it must be kept in mind that "the problems of higher education are inseparable from those of elementary - secondary education each sector affects the other's standards and requirements and, equally important, competes for the same funds."\textsuperscript{12} Here comes this basic question: What are the major differences among the three types of education i.e., elementary, secondary and higher one? There are a number of important differences between them. They may be counted as under:\textsuperscript{13}

\begin{itemize}
\item[Ibid, pp. 416-17.]
\end{itemize}
(i) There is much more diversity of courses levels and status of learning and doing in higher education than that of the elementary and secondary education;

(ii) There are also differences in institutional form and purpose in higher education that are not evident in lower forms of education as above;

(iii) The richness of institutional forms and curricula of higher education is matched by its diversity of financing; Elementary and Secondary Schools receive almost all of their funding from local taxes and state grants. Institutions of higher learning get significant amount of money from tuition fees, state grants, philanthropy, research contracts, endowment income and sales of services. This diversity complicates any analysis of higher education finance and has both advantages and disadvantages. It major advantage is that no single source is able to dictate how resources will be used, as is possible for state agencies to do with the elementary and secondary education. If one source will not fund a new building or programme, another source may be tapped. On the other hand, a diversity of sources makes for a diversity of regulations imposed on the use of money; and
(iv) The colleges constantly vie for students through the provision of attractive environment and programmes where the elementary and secondary educational institutions may not be able to do this.

In spite of the differences, higher and elementary-secondary education are dependent upon each other. Of course, secondary education furnishes the students for higher education where, in turn, the institutions of higher education offer many courses taken by elementary and secondary teachers after graduation. In spite of these relationships, there has been very little communication between the educational levels. In petitioning legislatures for funds, each level has tended to think of itself as having no relation to the other and as competing for funds with all segments of government. On the other hand, legislators are increasingly thinking in terms of education, as an entity when estimating the educational budget, which means that competition between levels may tend to be aggravated. Now, we may come to the structure of financing of higher education in Uttar Pradesh. It is essentially to be noted here that the structure of financing for higher education in Uttar Pradesh may be understood in the light of the structure of educational financing
in India. There exists a mixed system of multi-source system of financing for education in the country. As has been referred earlier that in India the spending power of the government is embodied in article 282 of the constitution. Since beginning, the government of India has been making grants for educational purposes to all the states obviously under the authority of this article. The financing overlapping against a legislative demarcation is carried further when the Finance Commission working under the authority of article 275 of the Constitution of India reads as: "Such sums as Parliament may by law provide shall be charges on the Consolidated Fund of India in each year as grants-in-aid of the revenues of such states as Parliament may determine to be in need of assistance and different sums may be fixed for different States."
3.2 (i) The structure of public funds includes the under given funds. They are:
(a) Government funds;
(b) Municipal funds; and
(c) District Board funds.
The following are called the private funds viz.:
(a) Fees;
(b) Endowments; and
(c) Other sources
The sources as such especially pertain to the state universities for the given fact that the central universities are solely funded by the central government. Each of the above source is explained as under:

3.2 (i) Public Sources: These sources are mainly the combination of the central, state government and local bodies' funds.

3.2 (i) a) The government funds may come either from the central government or from the state governments. Since education is a state subject, they generally come from the state governments but in certain special cases centre may allocate some funds for some specific purposes. In that event they are called central funds. Some times two together are called government funds. The centre
has responsibility for the central universities and coordination and determination of standards of higher education and research. It discharges it through an autonomous body called the University Grants Commission. The funds are provided by the centre to the commission. Which gives them to the institutions of higher education in the form of grants., They are called the U.G.C. grants.

b) The local bodies spend generally on elementary education and sometimes on secondary and higher education also in their areas. There are two types of local bodies. Municipalities, Corporations and Cantoonment Boards in urban areas and District Boards, Notified Area, Zila Parishads, Janapadas, Taluk and Panchayat Samities in rural areas. The funds contributed by these are called municipal funds and district board funds and the two together are called local bodies' funds.

In independent India, the new system of democratic decentralization called 'Panchayat Raj' has been introduced in rural areas consisting of a three-tier structure of local self-government bodies at the village, block and district levels. These bodies
are called respectively Gram Panchayat, Panchayat Samiti and Zila Parishad. The amount spend by these bodies in included under district board funds.

c) The sources of local finance are taxes levied by the local bodies, share in the taxes collected by the government and the grants from the state. These receipts meet the expenditure on the 'social services' and a portion of them is spent on education. Sometimes a separate education 'cess' is imposed and the whole of it is utilised for educational purposes. It is generally in the form of a rate on land revenue in rural areas and a tax on houses and vehicles in urban areas.\(^\text{15}\) These taxes exclusively realized for education, are called 'Educational Cess'.

d) After independence of India one more source of foreign aid to education has been added. Developed and affluent countries and various agencies of United Nations like UNESCO, COLOMBO PLAN etc. help the developing countries

---

in building-up their educational system. Their aid generally comes in the form of expertise, equipment, scholarships for study abroad and money for specific programme. But all this aid generally comes in kind and rarely in cash and that too is done through the government of India. Therefore, the foreign aid is not separately accounted for in educational finances.

3.2 (ii) PRIVATE SOURCES:

The financial help that education receives from the students, parents and the community is called 'private funds'. The details are as under:

a) Fees: The students pay for the tuition and services received from the institution in the form of monthly or yearly instalments of money which are called fees. The important types of fees realised are the tuition fees, the admission fee, games fee, examination fee, library fee, laboratory fee, medical fee, magazine fee, union fee, building fee and hot and cold weather charges and the like. These fees very according to the standard of classes and the services provided.
h) **Endowments**: These refer to the sums of money, the principal of which is to be kept intact and only the income or interest of which can be used. Endowed colleges and institutions are supported largely from endowment funds. The income of educational endowment or trust is wholly devoted to educational purposes but religious and philanthropic endowments may also make provision for some allocations to education. The income from endowments is generally steady and almost fixed unless the principal sum is varied. Generally, the government insists on a fixed sum which may be two to three lakhs to be deposited by an institution in a bank or in the form of securities so that the financial stability of the institution in future may be ensured. The interest of this amount deposited is the source of income to the institution.

c) **Other Sources**: These refer to all sources other than those mentioned above. Before independence, this was the name given to endowments, donations, subscriptions, gifts, fines, sale proceeds, interests and rent from buildings etc. All receipts
from these various items were accounted for as income from 'other sources'. After independence, the receipts from endowments, began to be shown separately and the remaining sources were called 'other sources'. A view of source of financing in education in India has been presented by the fig. 3.1.

An observation of the sources of finance for education as per the table 3.2 reveals that the educational programmes of all types and levels are largely financed by the central and state governments. In 1950-51, 68.00 percent of the educational expenditure was met by the government including local bodies which contributed 10.90 percent while the remaining proportion was financed by the funds from fees i.e. (20.40 percent), endowments and others were (11.60 percent). Over the successive years, the government's contribution has gradually increased to about 87.00 percent of the total expenditure in 1983-84. Obviously, in financing education, the relative importance of such sources of income as fees, endowments and donations and other sources have declined. The break-up for the centre and the states shows that roughly about 90.00 percent
TABLE 3.2

Educational Expenditure in India by Source

(\%age)

<table>
<thead>
<tr>
<th>Years</th>
<th>Govt. Funds</th>
<th>Local Body</th>
<th>University Funds</th>
<th>Fees</th>
<th>Endowment &amp; Other Sources</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1950-51</td>
<td>57.10</td>
<td>10.90</td>
<td>-</td>
<td>20.40</td>
<td>11.60</td>
<td>100.00</td>
</tr>
<tr>
<td>1960-61</td>
<td>68.00</td>
<td>6.50</td>
<td>-</td>
<td>17.10</td>
<td>8.40</td>
<td>100.00</td>
</tr>
<tr>
<td>1970-71</td>
<td>76.20</td>
<td>3.60</td>
<td>1.40</td>
<td>12.90</td>
<td>5.90</td>
<td>100.00</td>
</tr>
<tr>
<td>1979-80</td>
<td>80.80</td>
<td>5.00</td>
<td>1.30</td>
<td>8.70</td>
<td>4.20</td>
<td>100.00</td>
</tr>
<tr>
<td>1980-81</td>
<td>81.70</td>
<td>4.70</td>
<td>1.40</td>
<td>8.20</td>
<td>4.00</td>
<td>100.00</td>
</tr>
<tr>
<td>1981-82</td>
<td>81.30</td>
<td>5.10</td>
<td>1.60</td>
<td>8.00</td>
<td>4.10</td>
<td>100.00</td>
</tr>
<tr>
<td>1982-83</td>
<td>81.30</td>
<td>5.40</td>
<td>1.70</td>
<td>7.70</td>
<td>4.00</td>
<td>100.00</td>
</tr>
<tr>
<td>1983-84</td>
<td>81.50</td>
<td>5.60</td>
<td>1.60</td>
<td>7.50</td>
<td>3.80</td>
<td>100.00</td>
</tr>
</tbody>
</table>


Note: This is the latest published data.
of the government funds is provided by the states which is attributable to the arrangements as envisaged in the Indian constitution about sharing of responsibilities between the two levels of governments for planning and management of education. As regards higher education financing, the relative financial dependence of higher educational institutions shows a great deal of variation. As has been shown by the table 3.3, they receive, on an average, more than 70.00 percent of total funds from the government sources. Now, it is the time to come to the sources of financing for higher education in Uttar Pradesh. As for India, Uttar Pradesh higher educational sector has two categorical sources for its financing: They are:

i) Public sources; and

ii) Private sources

i) Public sources include the funds granted by the state government and local bodies, with the given fact that the role of central government in financing higher education has remained very limited.

ii) Private sources comprise (a) fees and other maintenance costs paid by the students; (b) Philanthropic contributions in the form of
### TABLE: 3.3
Recurring Income of Universities in India by Source

<table>
<thead>
<tr>
<th>Year</th>
<th>Central Govt.</th>
<th>State Govt.</th>
<th>U.G.C.</th>
<th>Universities</th>
<th>Local Board</th>
<th>Fees</th>
<th>Endowments</th>
<th>Other sources</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1976-77</td>
<td>5.10</td>
<td>48.20</td>
<td>13.90</td>
<td>6.10</td>
<td>1.20</td>
<td>15.00</td>
<td>0.80</td>
<td>9.70</td>
<td>100.00</td>
</tr>
<tr>
<td>1977-78</td>
<td>5.70</td>
<td>46.50</td>
<td>18.30</td>
<td>4.80</td>
<td>2.00</td>
<td>14.00</td>
<td>0.80</td>
<td>7.90</td>
<td>100.00</td>
</tr>
<tr>
<td>1978-79</td>
<td>4.40</td>
<td>47.90</td>
<td>17.70</td>
<td>2.80</td>
<td>0.10</td>
<td>15.90</td>
<td>0.50</td>
<td>10.70</td>
<td>100.00</td>
</tr>
<tr>
<td>1979-80</td>
<td>3.40</td>
<td>47.00</td>
<td>19.80</td>
<td>3.40</td>
<td>0.10</td>
<td>16.50</td>
<td>0.40</td>
<td>9.40</td>
<td>100.00</td>
</tr>
<tr>
<td>1980-81</td>
<td>7.80</td>
<td>44.70</td>
<td>20.20</td>
<td>4.20</td>
<td>0.10</td>
<td>14.30</td>
<td>0.50</td>
<td>8.20</td>
<td>100.00</td>
</tr>
<tr>
<td>1981-82</td>
<td>8.50</td>
<td>45.90</td>
<td>13.70</td>
<td>7.50</td>
<td>0.40</td>
<td>14.20</td>
<td>0.60</td>
<td>9.20</td>
<td>100.00</td>
</tr>
<tr>
<td>1982-93</td>
<td>7.50</td>
<td>46.80</td>
<td>14.20</td>
<td>7.90</td>
<td>0.30</td>
<td>14.20</td>
<td>0.30</td>
<td>8.80</td>
<td>100.00</td>
</tr>
<tr>
<td>1983-94</td>
<td>9.10</td>
<td>46.60</td>
<td>15.10</td>
<td>7.30</td>
<td>0.10</td>
<td>13.50</td>
<td>0.30</td>
<td>8.00</td>
<td>100.00</td>
</tr>
</tbody>
</table>

Source: Computed on the basis of data available in the various issues of Education in India, Ministry of Human Resource Development, Government of India.
'endowments'; and other sources which relate to fines, special levies imposed on students and adhoc collections, etc. This would be seen that the public sources constitute a lion's share and relatively the private sources account for a very small %age share. However, the feature needs to be stressed here that share of private sources of finance is the largest for higher education as compared to any other educational level in the state. The sources of financing for higher education in the state point out that there prevails a multi-source financial mechanism and the major quantum of finance flows from internal sources." On the whole it may be said that the entire system of educational finance [higher education being now exception] in Uttar Pradesh has become more public [government body] financed oriented."16 The contributions from different sources for higher education in the state are being discussed under public and private sources as below:

3.3 THE TRENDS IN PUBLIC SOURCES FOR HIGHER EDUCATION IN UTTAR PRADESH SINCE THE FOURTH PLAN:

Higher education as the sub-sector of the educational system of Uttar Pradesh requires both public and private sources for its financing. Both have their separate significance in this context. Public sources represent the public sector's contribution in the higher educational sector. The source-wise analysis of financial support to the higher education in Uttar Pradesh since the Fourth Plan to the first year i.e., 1992-93 of the Eighth Plan reveals that since the pre-plan year i.e., 1950-51 to the second year i.e., 1970-71 of the Fourth Plan and then to the first year i.e., 1992-93 of the Eighth Plan the contribution made by the government of Uttar Pradesh has been ever increasing. It was 36.70 percent in the second year i.e. 1970-71 of the Fourth Plan. Its share went on increasing since this year of the Fourth Plan. It became 60.40 percent in the second year i.e., 1975-76 of the Fifth Plan, it became 73.60 percent in the first year i.e., 1980-81 of the Sixth Plan, which went to 79.30 percent in the last year i.e., 1984-85 of the Sixth Plan. In the last year i.e., 1989-90 of the Seventh Plan
period it stood at 86.80 percent and in the Annual Plan 1990-91 it was 88.10 percent. It was 89.36 percent in the Annual Plan 1991-92 and was ever highest by 89.88 percent in the first year i.e., 1992-93 of the Eighth Plan. The local bodies' contribution only assisted to the state government's contribution which never exceeded beyond 5.90 percent. Rather it declined since the second year i.e. 1970-71 of the Fourth Plan and stood lowest at 2.02 percent in the first year i.e., 1992-93 of the Eighth Plan. Thus, it is to be observed that even if the contribution from the local bodies' is left out it does not make any significant change in the government's contribution in terms of the public sources for financing higher education in Uttar Pradesh in the above period. Always there has been a leading role of the government in financing higher education in the state. Hence, it would not be a wrong conclusion to draw that the financing of higher education in Uttar Pradesh means, virtually, state government's financing in the reference period. Table 3.4 and fig. 3.2 show the observation made as above.

3.4 THE TRENDS IN PRIVATE SOURCES FOR HIGHER EDUCATION IN UTTAR PRADESH SINCE THE FOURTH PLAN:

The private sources of financing higher education
### TABLE 3.4

Source-wise Financial Support to Higher Education in Uttar Pradesh since the Fourth Plan to the First Year of the Eighth Plan

<table>
<thead>
<tr>
<th>Plan/Annual Plan</th>
<th>State Govt.</th>
<th>Local bodies, etc.</th>
<th>Fees</th>
<th>Endowments and others</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre Plan</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>100.00</td>
</tr>
<tr>
<td>1950-51</td>
<td>24.40(1)</td>
<td>00.00</td>
<td>31.60</td>
<td>44.00</td>
<td></td>
</tr>
<tr>
<td>Fourth Plan</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>100.00</td>
</tr>
<tr>
<td>1970-71</td>
<td>36.70</td>
<td>05.90</td>
<td>38.70</td>
<td>18.70</td>
<td></td>
</tr>
<tr>
<td>Fifth Plan</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>100.00</td>
</tr>
<tr>
<td>1975-76</td>
<td>60.40</td>
<td>03.70</td>
<td>25.10</td>
<td>10.80</td>
<td></td>
</tr>
<tr>
<td>Sixth Plan</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>100.00</td>
</tr>
<tr>
<td>1980-81</td>
<td>73.60</td>
<td>03.50</td>
<td>18.60</td>
<td>04.30</td>
<td></td>
</tr>
<tr>
<td>1984-85</td>
<td>79.30</td>
<td>03.10</td>
<td>13.50</td>
<td>04.10</td>
<td></td>
</tr>
<tr>
<td>Seventh Plan</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>100.00</td>
</tr>
<tr>
<td>1989-90</td>
<td>86.80</td>
<td>03.10</td>
<td>06.30</td>
<td>03.80</td>
<td></td>
</tr>
<tr>
<td>Annual Plan</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>100.00</td>
</tr>
<tr>
<td>1990-91</td>
<td>88.10</td>
<td>03.00</td>
<td>05.20</td>
<td>03.70</td>
<td></td>
</tr>
<tr>
<td>Annual Plan</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>100.00</td>
</tr>
<tr>
<td>1991-92</td>
<td>89.36</td>
<td>02.04</td>
<td>05.12</td>
<td>03.48</td>
<td></td>
</tr>
<tr>
<td>Eighth Plan</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>100.00</td>
</tr>
<tr>
<td>1992-93</td>
<td>89.88</td>
<td>02.02</td>
<td>05.01</td>
<td>03.09</td>
<td></td>
</tr>
</tbody>
</table>

FIG.: 3.2

Source-wise Financial Support to Higher Education in Uttar Pradesh since the Fourth Plan to the First year of the Eighth Plan

Source: Based on table 3.4.
show the contribution of the private sector in the state. As is evident from the table 3.4 include fees, endowments and other sources. After the state government, the tuition fees has been the second one dominating source for financing higher education in Uttar Pradesh since the Fourth Plan. It is another aspect that its %age share has declined in every plan and especially since the Fourth Plan its %age share has gone down markedly. In the pre-plan year i.e., 1950-51 its %age share was 31.60 percent. In the second year i.e., 1970-71 of the Fourth Plan it increased to 38.70 percent. But since then it came down to 25.10 percent in the second year i.e., 1975-76 of the Fourth Plan, again it reached 18.60 percent in the first year i.e., 1980-81 of the Sixth Plan which became 13.50 percent in the ending year i.e., 1984-85 of this plan. It went down to 6.30 percent in 1989-90 i.e., the final year of the Seventh Plan and stood at 5.20 percent in the Annual Plan 1990-91. In the Annual Plan 1991-92 it was 5.12 percent and in the first year i.e., 1992-93 it was ever lowest by becoming 5.01 percent only.\textsuperscript{17} Table 3.4 and fig. 3.2 show

\textsuperscript{17} Still, as compared to the lower level of education in the state, the contribution of tuition fees in total educational finance is the highest a the higher educational level. Muzammil, "Financing of Higher Education Uttar Pradesh", op. cit.
the state of the %age share of fees in the reference period. Thus, there appears a constant declining trend in the tuition fees segment. The question may be as why this has happened so. The response at this juncture is that it is a matter of analysis which would be taken up in the coming chapter. Conclusively, as a major private source the tuition fees has lost its significance under the period of reference. Then, as it seems, the increased burden is being borne by the state government of Uttar Pradesh. What are factors behind this increased burden? It is again a matter of inquiry. The next sources of private finance are the endowments and other sources which show a constant and sharp decline since the pre-plan year i.e., 1950-51. They were 44.00 percent in this year. In the second year i.e., 1970-71 of the Fourth Plan they were 18.70 percent; in the second year i.e., 1975-76 of the Fifth Plan they came down to 10.80 percent. Further they declined to 4.30 percent in the first year i.e., 1980-81 of the Sixth Plan. In the ending year i.e., 1984-85 of this plan the %age was 4.10 percent which declined to 3.80 percent in 1989-90 i.e., the ending year of the Seventh Plan. In the Annual Plan 1990-91 they stood lowest at 3.70 percent. In the Annual Plan 1991-92 the %age was 3.48 percent which became lowest in the first year i.e., 1992-93 of the Eighth Plan by becoming 3.09
percent only. Table 3.4 and fig. 3.2 show this stated position in the reference period. Thus, not only fees contribution has got sharp decline but the other important private source viz., endowments and other sources of financing higher education have met the same fate. Once again this becomes a matter of further enquiry. Obviously, it is clear that alike the fees, the endowments and other sources are not providing sufficient support to the higher educational sub-sector in Uttar Pradesh. This sort of affairs has really over-burdened the state exchequer. This implies that the financial burden for financing higher education has increased year-by-year and plan-by-plan on the state government which has become one of the causes for resource-crunch in this sub-sector. Then, how can their share be increased and maintained. This would be investigated in the ending chapters of the present research work.

3.4 AN OVERVIEW:

1. Human capital formation or human resource development in terms of education and training to youth, youths' engagement and their pursuit and perspective role in the process of development and growth of the country are largely shaped by the financial
resourcefulness of the institutions of learning, especially that of higher education. In the context as such one would have to understand the concept of higher educational finance;

2. The structure of financing for higher education in Uttar Pradesh may be understood in the light of the structure of educational financing in India. The multi-source financial mechanism for financing education in India may be divided into public and private sources;

3. The public sources include government funds, municipal funds and district board funds. As against this the private sources comprise fees, endowments and other sources. In India's case, over the successive years, the public sources or the government's contribution has gradually increased to about 87.00 percent of the total expenditure in 1983-84. Obviously, the relative contribution of such sources of income as tuition fees, endowments and donations and other resources have declined. As regards higher educational financing the relative financial dependence of higher educational institutions shows a great deal of variation. However, they receive, on an average, more than 70.00 percent of their total funds from the government sources. The
higher educational sector of Uttar Pradesh has also the similar sources as public and private sources under multi-source financial mechanism.

4. There has been a significant increase in the public sources to the total finance for higher education in Uttar Pradesh since the second year i.e., 1970-71 of the Fourth Plan to the first year i.e., 1992-93 of the Eighth Plan. The %age share of the public sources was 36.70 percent for the state government and 5.90 percent for the local bodies, etc. In the first year i.e., 1992-93 of the Eighth Plan the state government's share has enormously rose to 89.88 percent though the local bodies' contribution has stood at 2.02 percent in this year.

5. As far as the private sources are concerned their relative contribution has declined greatly since the second year i.e., 1970-71 of the Fourth Plan to the first year i.e., 1992-93 of the Eighth Plan. The financial support from tuition fees accounted for 39.70 percent and that of endowments and other accounted for 18.70 percent. As compared to this the tuition fees' contribution has declined to 5.01 percent and that of endowments and other sources %age was 3.09 percent in the
first year i.e., 1992-93 of the Eighth Plan. Regarding tuition fees, still, it is to be commented that to the lower levels of educations in the state, the contribution of tuition fees in total educational finance is the highest at the higher educational level; and

5. The shrinking share of private finance since the second year i.e., 1970-71 of the Fourth Plan to the first year i.e., 1992-93 of the Eighth Plan shows over-burdening of the state exchequer. This over burdening may be one of the causes for resource-crunch in the higher educational sector of Uttar Pradesh.