"... University Institutions in India are mainly dependent on Central Government/the University Grants Commission and State Government for funds. The income from fees is not substantial and grants from 'Local Boards', 'Endowments', and 'Other Sources' are decreasing. This system of financing is shrinking, the resources of University Institutions and almost all the State General Universities are facing a financial crisis, which is adversely affecting their growth and future development. This is mainly due to the fact that Governments due to financial constraints can not meet in full the requirements of the University Institutions. The University Institutions have to give serious thought for augmenting their financial resources by changing fee-structure, undertaking consultancy services, tapping other sources like 'Local Boards' and 'Endowments' and
Commercialising Utility Services' like the Press, Computers, Guest Houses and University Farms. Besides, the disparity in funding of Central Universities and other types of universities has to be dispensed with in the interest of equity and justice. The resource position of University Institutions can be improved in case the funds are decided upon and earmarked by the Finance Commission, Planning Commission and accordingly provided under the head "Grants-in-Aid" in the budget of the Central/State Governments."

There appears a good deal of debate amongst educationists and other enlightened people as to how to resolve the problems currently confronting system of higher education so as to enable it to respond to the needs of the society. As against this debate the fact remains that the universities have very little capacity to innovate and there are various factors responsible for weakening the system. Inadequacy of financial resources is, the single important factor which has impinged upon the efforts for creation of facilities and modernisation of teaching and research activities. Much of the time and efforts of universities and colleges are wasted in devising methods of managing with the resource-crunch in the wake of almost non-existence of alternative source of funding or lack of sufficient options to exploit different sources of incomes. It is so for the universities and the colleges are largely dependent on the government for financial assistance. In view of the vital role of the higher education in changing and reshaping the socio-economic system a concerted effort has to be made to plan and manage them financially, keeping in view the major constraints
and the challenges before the nation and the higher educational system. Noted is the fact that in order to fulfil the constitutional commitment of universalisation of elementary education, educational facilities at elementary and secondary levels are expanding and enrolments are also rising due to both public enlightenment about economic value of education and increased accessibility to it as well as the general population pressure. With the widening base of secondary education the demand for higher education would accordingly rise; implying there by, increased pressure on the higher educational sub-sector. "The question, therefore, boils down to exploring the possibilities of mobilising adequate resources for meeting the challenges of higher education as well as to devising method by which resources could be distributed for various programmes of studies such that efficiency in utilisation of funds and accountability of education system to the society could be optimised."¹

In the context it could be reminded that the decade of 1990s has brought structural changes in India's economic policy. These changes pertain to liberalisation and marketisation of the various sectors of its economic system. Now the government has, in view of the liberalised and market-based

policies, started thinking and pursuing for all sectors of the economy in terms of profit and yield. Loss-making institutions are being closed. Now, if every thing is being evaluated with the yardstick of profitability and professionalism and given the general mood of reducing subsidies substantially, the emerging crisis in higher educational finance appears to be much severe and challenging than ever. Whether this change is the attitude of the central and thereby the state government of Uttar Pradesh is desirable or not is a separate issue, an eye on the profitability, economy, efficiency, competition, accountability and ever privatisation factors by the government as granted the financing of higher education in general and Uttar Pradesh in particular must have to be geared-up for additional resource (financial) mobilisation for which a perspective planning would be a pre-condition. Against the back-drop as such a perspective planning for additional resource mobilisation for general higher education in Uttar Pradesh is being taken-up as under:

8.1 A REVIEW OF CURRENT FINANCIAL PLANNING FOR GENERAL HIGHER EDUCATION IN UTTAR PRADESH:

While drafting on the strategies, thrust areas and programmes for higher education the Eighth Plan
concludes: "Higher Education is a vast sector and its significance as a source of new knowledge, research and manpower for preceding stages of education namely, elementary and secondary, should not be minimised. Adequate resources should be mobilised and provided to support the higher education sector so that the nation is fully equipped to face the challenges of the future, which is increasingly becoming information and knowledge-intensive." Thus, one of the thrust areas of higher education in the Eighth Plan is "expansion of education in an equitable and cost-effective manner, in the process making the higher education system financially self-supporting." Simultaneously, involvement of voluntary agencies and private sector participation in the opening and conduct of higher education institutions would be encouraged with proper checks to ensure maintenance of standards and facilities to make higher education as far


3. Ibid, p. 295
as possible self-financing. However, the quality of education is not to be compromised at any cost. Upward revision of fee-structure has to be considered but at the same time, the fees charged should not be exhorbitant and should be supplemented by the provision of scholarships and other financial assistance to SCs/STs & students below the poverty-line and loans to other students.

The statements quoted as above are able to show the current thrust of financing higher education by the central government where the state governments will have to follow suit. The government of Uttar Pradesh, at current time is working on the same lines as far as financing of this sub-sector is concerned. In this reference the circular issued by the Higher Education Department, government of Uttar Pradesh to the vice-chancellors of the State Universities well-establises the trends of the current financial policy. The circular says that the government of Uttar Pradesh expects from all the universities of the state that they should start such business-oriented courses which may create new employment opportunities alongwith them


to become economically self-dependent. The universities must opt for hard and serious efforts to generate incomes from their internal resources so that the burden on the shoulders of the government is reduced. This has been suggested in the circular that by using the buildings, sports arena, equipment and campus of the universities and colleges for commercial purposes the incomes from the internal sources should be reasonably raised in a given period of time. In this Government Order the attention of the vice-chancellors has been drawn towards this aspect that the rates of tuition fees including other fees have been stagnant for last many decades and hence the rates are necessarily to be increased relative to the expenditures. As per the circular, the fee-structure is ought to be re-casted alongwith starting of the new courses in such a way that the job-oriented courses, which may produce sufficient employment opportunities, are subjected to be charged more fees. And the courses, which have low employment potentiality, are to be charged less in terms of fees. Separate plans are ought to be made for initiation of business (job)- oriented courses for the non-resident Indians and comparatively more fees are to be realised from them and priority is to be given for the payment in terms of foreign money. Through the circular the government has
reminded the vice-chancellors towards the message of the University Grants Commission in which it is desired from them to take concerted efforts for enhancing internal resources and sending the report to the state government. This circular maintains that concrete steps are ought to be taken to make the universites economically self dependent between two years other-wise they would not be given sanction for additional posts. In tune with the above circular, again, the budget-speech of the Ex-chief Minister of Uttar Pradesh requires attention. He holds that "the government would restore the autonomy of the universities and would well-ascertain such order so that their economic dependence on the government may end." Further, in 13th Convocation Address of the Kanpur University on 4th of April 1995 he spelled-out the policies and programmes pertaining to ending of such economic dependency. In his own words: "The government has ..... made efforts, despite its limited financial resources, to see that the academic plans and programmes of the universities and colleges engaged in imparting

higher education to the students do not suffer and the universities have been sanctioned special grants. We are also pledged to ensure that the financial grants by the UGC or by such other bodies for the first five years, receive funding from the state government for their further continuation. In this connection, I would expect that the universities should tap other financial resources too that are available within the country and abroad for the growth and promotion of higher educational standards and for raising academic levels, and the state government promises to subscribe an equal amount. I hope that this liberal policy of the state government will encourage universities and colleges to generate their own maximum funds to become self-supporting. It would be appropriate here to mention that the government has taken a new policy under considerations to offer 'Block Grants' to universities. I am confident that this will help them a great deal in managing their resources in a better way. .... In the present economic scenario of liberalisation and globalisation, we expect the universities to establish close contract with the realities of economic and industrial world and understand their problems and needs and assess the number of personnel that is required by various industries both in technical and non-technical fields. The universities,
must therein, be able to modify their syllabi accordingly and start such professional courses, for both the sexes, short term as well as long-term, which are of direct use to the industry. The UGC and other governmental bodies offer grants to universities to run such courses and the state government will also support such programmes on priority basis. .... I expect cooperation and collaboration between universities and industrial organization in other spheres also. The industries can utilise the expertise of the university professors and scholars to shape their Research & Development establishments on modern lines in a number of different areas. With this end in view, a separate Research & Development cell may be established in the universities to coordinate interaction with local and national industries on various research and development projects and training programmes. The university can also offer consultancy services of its professors to the industry and the government will give a matching grant to the university equal to the income so earned. I appeal to the industrial houses and commercial institutions for their maximum cooperation and generous financial support to the universities on projects of mutual interest and
benefit." And the Chief Minister at present - Km. Mayawati (now ex.) holds: "Towards providing financial autonomy to the universities and improvement in their financial management, provision has been made for block grant in place of maintenance grants. To induce efficient financial management in the universities there is a provision of ₹ 3 crores in this budget in the shape of incentive grant."  

The review of the foregoing description would reveal that a drastic change has appeared in the financing policy of higher education by the state government in the early period of the Eighth Plan. The review also reveals that the government is asking to the higher educational sub-sector for additional resource mobilisation and the so-called financial autonomy. By implication the state government wants in a way to make its hands-off to finance those higher institutions which it has constituted earlier. This is a matter of grave concern for the higher educational sub-sector. It is true that if the higher educational institutions


wish to improve upon their financial conditions they will have to search for the alternative of system of financial resources alongwith an economic drive in the present level of expenditure but the state government can not be left free from its responsibilities. It will have to share with the financial stresses and strains faced by the higher educational institutions especially in the wake of the budgetary-cuts/stagnancy exercised since 1991. There appear some positive points in the foregoing policy-approach i.e., they do direct the course of reforms to be opted for dependable and reliable financing - mechanism and indicate as how the higher educational institution can save their 'piousness' by heading towards financial autonomy. However, these reforns are not complete in themselves and are to be supplemented and supported by many a other devices too. These other devices pertain to the measures for economy in expenditures by reduction in non-academic expenditure; economising expenditure on examination and optimum utilisation of infrastructural facilities. The measures for additional resource - mobilisation pertain to rationalisation of fee-structure; raising resources from industry and reviewing non-plan approach of
funding to the higher educational sub-sector by the state government. In fact, these two measures as indicated above are the components of the newer scheme of financial planning for additional resource-mobilisation by the higher educational sub-sector in the state.

8.2 THE NEWER SCHEME OF FINANCIAL PLANNING FOR ADDITIONAL RESOURCE-MOBILISATION IN THE HIGHER EDUCATIONAL SUB-SECTOR OF UTTAR PRADESH:

The newer scheme as such is, to a great extent, well-outlined by the Punnaya Committee. Although the Punnaya Committee Report deals with the centrally funded institutions of higher learning, its

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9. In November 1992, the University Grants Commission set-up a high-power committee under the chairmanship of Dr. Justice K. Punnaya to examine the financial situation in the central universities and deemed-to-be universities, the colleges affiliated to the Delhi University and Benaras Hindu University and the technical institutions funded by the Government of India. The UGC also asked the committee to make relevant recommendations; to suggest ways and means for determining their financial needs, and to suggest changes, if any in the system of grants to these institutions. The report has been accepted by the UGC.

Cont....
implications for the state universities (and that or Uttar Pradesh's State Universities by proxy) can not be overlooked. \(^{10}\) This is viewed with the fact that the "gap" between proposed requirements and actual allocations by the funding agency - whether the central government or the University Grants Commission is big, not only for the central universities but also for the state universities. The gap may be much bigger in the latter case. In this context the recommendations of the committee are highly important. They can also be very well opted for the newer scheme of financial planning for additional resource mobilisation for Uttar Pradesh's higher educational sector. The details of the committee's recommendations are as follows: Initially, it describes the means of funding.


They are: (i) negotiated funding, (ii) input funding, (iii) output funding, and (iv) student funding.

i) Negotiated funding: It is the one that has been prevalent all these years. This funding is done by basing the allocation on the previous year and providing increments on broad based a formula.

ii) Input funding: This type of funding tries to link cost and efficiency. "The general approach is to have the enrollment multiplied by contents of unit cost. ..... The cost parameters take into account student ratio, space allocation, etc. various other costs like library, laboratory, and accommodation are built-into the system. It is possible to develop a set of cost inputs adopting weightage system relating to funding, depending upon the requirements of funding authorities."11

iii) Output funding: In this funding institutions are given funds in terms of graduates and post-graduate turned out.

iv) Student funding: In this type of funding the institutions are free to fix the fees,

and the state funds the students, to meet their tuition and living costs. The funding of students is to be based on merit.

As far as the central universities are concerned, the Punnaya Committee recommends a switch-over to an appropriate mix of the input-funding and the student funding system, given the inconsistencies in the negotiated funding. What form of funding the state universities of Indian States such as Uttar Pradesh should follow? As per description by the committee the states' universities and that of the state universities of Uttar Pradesh should follow the input funding or unit cost system of calculation of grants (i.e., for claiming or demanding the amount of grants which replaces the negotiated system)\textsuperscript{12}. Hence, all grants from the next five year plan period onwards should be closely related

\textsuperscript{12} "The objective of funding universities must be to promote institutions to develop their own internal assessment regarding admissions, courses of study, internal allocation, deployment of funds and generation of resources with adequate functional autonomy.... The committee suggests replacement of the incremental nature of maintenance grants by a more rational system of grants, to ensure accountability, efficiency and cont...."
to the unit-cost of activities, as a rule, except the starting of new programmes for which unit costs are either not determined or would be difficult to work-out. In continuation of the recommendation of this type "the committee recommends that UGC/Government must ensure that maintenance grant covers the wagebill of the university, including the periodical increase in increments and DA, and also the service charges to be laid down in consultation with the university authorities and experts." Also, "the committee recognizes that heavy subsidies in many of the activities covered under maintenance grants such as supply of electricity, transport, water, and many other items have to adequate incentive for savings and generation of income. The committee recommends adoption of a pattern of per unit cost and activity - oriented grants which should be related to teaching programmes of the various departments and centre. It should also include expenditures on administration, maintenance of estate, maintenance of buildings, hostel administration, and all other non-academic activities..... maintenance grants to a university based on unit costs of all its activities would require revision from time to time."


be reviewed. It should be possible for university authorities to identify them and reduce them to a substantial extent so that the maintenance grants can be stabilized at an acceptable level. We would expect that with the adoption of the unit cost system, many source of wastage, and unintended or unjustified subsides are likely to be identified and discontinued."\textsuperscript{15}

Conclusively, in terms of the University Grants Commission/state government funding to the higher educational sector "the committee suggests replacement of the incremental nature of maintenance grants by a more rational system of grants, to ensure accountability, efficiency and adequate incentive for savings and generation of income..... ultimately maintenance grants to a university based on unit costs of all its activities would require revision from time to time."\textsuperscript{16} In short, the adoption of the new system is going to be as uphill a task as it was to, conceptually speaking, repudiate the earlier, traditional system. For years together, several authorities had been criticising the 'meet-the-deficit system.' What brought it to the breaking

\textsuperscript{15} Punnaya Committee, op. cit.

\textsuperscript{16} Punnaya Committee, op. cit., p. 135.
point was the financial squeeze coupled with the specific fact that, unless the whole financial system of higher education was put into a new gear, it was neither possible to raise fresh resources nor economisation on the existing expenditure. This is precisely what the Punnaya Committee has done and the real thrust of its recommendations lies in having hidden good bye to the earlier system and recommending the adoption of new system. As has been said earlier that the Punnaya Committee's recommendations have significant implications for financing the universities and colleges of general higher education of Uttar Pradesh. They worthy of close and immediate scrutiny, meant relevant for financing higher educational sub-sector. The recommendations\textsuperscript{17} may be classified as under:

1. Measures for Additional Resource Mobilisation:

As per Punnaya Committee's report they may counted as:

i) Universities must generate their own resources without overly depending on the University Grants Commission or the state government;

ii) Any additional resource generated by a university may be kept in a separate fund to be utilised for furtherance of the

\textsuperscript{17} Punnaya Committee, op. cit., pp. 182-86
objectives of universities and the University Grants Commission may provide a matching grant as an incentive to those universities generating additional resources;

iii) An optimum division between academic and non-academic costs should be arrived at to help in stabilising the maintenance expenditure;

iv) Each university must have a perspective plan which must be linked to its objectives, environment and potential;

v) For generating income, universities should let-out their infrastructural facilities like playgrounds, auditoria, etc., and also organise short-term courses for which there is demand. They should also solicit endowments and contributions and actively participate in consultancy without affecting the academic activity of the institutions;

vi) With a view to mobilising resources the Alumni Association may be set-up;

vii) There should be a 100 percent tax-concession on all endowments and contributions made to the universities, and additional concessions to donors sponsoring selected research projects in the universities;
viii) While the government/University Grants Commission may continue to be the major funding agency, the universities much generate internal resources which should become sizeable in course of time;

ix) The fees for library, laboratory and sports should be revised upwards to recover a significant part of the running cost;

x) Hostel fees should be revised with immediate effect to meet all the actual recurring cost and, in due course of time, a part of the capital cost as well; and

xi) The tuition fees may be revised upwards with immediate effect and may be periodically adjusted, keeping in view the rate of inflation. The tuition fee may have to be different within a university, for different courses of study. .....The income derived from enhancement of fees should be utilised to augment fellowship and scholarship programme for ensuring access to the weaker sections. Here, it has to be noted that most people have got so accustomed to a low level of fees at the university and colleges that to talk of anything different evoke strong reactions immediately. Government also
does not want to invite students' agitation by raising the level of the tuition fees. Hence, the fee-structure remains the same for the last four-five decades and currently, the tuition fees amount to only 2.00 - 3.00 percent of the total recurring expenditure.\(^{18}\) In the study of the Agra University Gupta\(^{19}\) reaffirms it. He states that "the fee income [of the Agra University and its colleges and that of state's other universities and colleges] is hardly 2.00 percent of the whole expenditure. So, even if it is doubled or tripled, it will not make much difference at present. But any rise may have political repercussion."\(^{20}\) He gives the rates of tuition fees charged (\(\text{Rs.}\) per annum) and states that the fees prescribed by the government of Uttar Pradesh (for colleges especially) are the same as they were before independence. An idea can be had from current table 8.1 below. Tables 8.2 and 8.3 (a and b) show the current typical fee-structure pertaining to the Meerut College, Meerut (Ch. Ch. Singh University), Bundelkhand University (residential), Jhansi

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20. Ibid.
and Pt. J.N. College, Banda (affiliated to this university) just to substantiate the point.

**TABLE : 8.1**

Rates of Tuition Fees Charges Per Annum in the Colleges of Agra University

<table>
<thead>
<tr>
<th>Class</th>
<th>Tuition Fees (₹)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. B.Sc. I</td>
<td>₹. 132.00</td>
</tr>
<tr>
<td>2. B.Sc. II</td>
<td>₹. 132.00</td>
</tr>
<tr>
<td>3. B.Sc. III</td>
<td>₹. 132.00</td>
</tr>
<tr>
<td>4. B.A. I</td>
<td>₹. 132.00</td>
</tr>
<tr>
<td>5. B.A. II</td>
<td>₹. 132.00</td>
</tr>
<tr>
<td>6. B.A. III</td>
<td>₹. 132.00</td>
</tr>
<tr>
<td>7. M.A.</td>
<td>₹. 180.00</td>
</tr>
<tr>
<td>8. M.Sc.</td>
<td>₹. 180.00</td>
</tr>
<tr>
<td>9. LL.B.</td>
<td>₹. 216.00</td>
</tr>
</tbody>
</table>

Source: Gupta, S.S., op. cit., p. 229.

It is really paradoxical that guardians pay more fees at the primary, convent and secondary levels but are able to secure, practically almost free education at the university and college.
As per the order of the Meerut University the fees would be payable as under:

(a) Fees as devised by the government:
   (i) Lab. fees (B.Sc.) 4.00 per subject
   (ii) Identity card fees (with photograph) 3.00 only
   (iii) Games fees 3.00 only
   (iv) Hot and Cold fees 3.00 only
   (v) Development fees 3.00 only

(b) Fees as devised by the university:
   (i) Registration fees (Post-graduate) 10.00 per year
   (ii) Registration fees (Under-graduate) 5.00 per year
   (iii) Lab. fees Post-graduate (Science) 15.00 per month
   (iv) Lab. fees Post-graduate (Art.) 15.00 per month
   (v) Transfer and Character Certificate fees 3.00 only
   (vi) Poor boys fund 5.00 per month
   (vii) B.A. Practical subject fees 4.00 per month
   (viii) Library fees 3.00 per month
   (ix) Reading (library) fees under-graduate class 1.00 per month
   (x) Reading (library) fees under-post graduate class 1.50 per month
   (xi) Medical fees 1.00 per month
   (xii) Student welfare fees 5.00 per month
   (xiii) College-magazine fees 15.00 per year
   (xiv) Research fees (from the scholarship holder research students) 30.00 per month
   (xv) From others 20.00 per month

(c) For part time students
   B.Ed./M.Ed./LL.B./LL.M.
   M.A./M.Sc. 10.00 per Month per subject

Note: The other fees would be as usual. Owing to changed fees the total payable amount (in Rs.) annually would be as under:

B.A./B.Com. 596.00
B.Sc. (Bio.) 815.00
  (Maths.) 752.00
LL.B., M.A., M.Sc. (Maths.) 650.00
M.Com. 686.00
M.Sc., Art, Geography, Psychology 895.00
B.Ed. 736.00
M.Ed. 786.00
LL.B.

### TABLE 8.3 (a)

The Fee Structure of the Bundelkhand University, Jhansi
(Residential)

**BUNDELKHAND UNIVERSITY, JHANNSI**  
Date: ______________________

Sr./Km./Smt.  ......................................................................................................

Address ............................................................................................................

<table>
<thead>
<tr>
<th>Serial No.</th>
<th>PARTICULARS OF RECEIPTS</th>
<th>Amount Rs.</th>
<th>P.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Admission Fee</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Examination Fee</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Development Fee</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>Library Fee</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>Poor Boys Fund</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.</td>
<td>Identity Card Fee</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7.</td>
<td>Scooter/Cycle Stand Fee</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8.</td>
<td>Registration Fee</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9.</td>
<td>Fee for Membership</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10.</td>
<td>Electric Charges</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11.</td>
<td>Dearness Fee</td>
<td></td>
<td></td>
</tr>
<tr>
<td>12.</td>
<td>Caution Money</td>
<td></td>
<td></td>
</tr>
<tr>
<td>13.</td>
<td>Tuition Fee</td>
<td></td>
<td></td>
</tr>
<tr>
<td>14.</td>
<td>Marks Fee</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

17. 

**Total Amount (in words)**  
**Total (in figures)**

Received Rupees  

(Revenue Stamp to be affixed if amount exceeds Rs. 20/-  
  Cashier)
**Pt. Jawaharlal Nehru College**

**BANDA (U.P.)**

**RECEIPT FOR FEES**

<table>
<thead>
<tr>
<th>Book No.</th>
<th>Receipt No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. Card No.</td>
<td>Month</td>
</tr>
</tbody>
</table>

**Year**

**Name**

<table>
<thead>
<tr>
<th>Name</th>
<th>Class</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Games &amp; med. fee</td>
</tr>
<tr>
<td></td>
<td>Rs.</td>
</tr>
<tr>
<td></td>
<td>Identity card fee</td>
</tr>
<tr>
<td></td>
<td>Rs.</td>
</tr>
<tr>
<td></td>
<td>Library caution money</td>
</tr>
<tr>
<td></td>
<td>Rs.</td>
</tr>
<tr>
<td></td>
<td>Sc./Geo/Mil Sc.</td>
</tr>
<tr>
<td></td>
<td>Rs.</td>
</tr>
<tr>
<td></td>
<td>Caution money</td>
</tr>
<tr>
<td></td>
<td>Rs.</td>
</tr>
<tr>
<td></td>
<td>T. Lab. cau. money</td>
</tr>
<tr>
<td></td>
<td>Rs.</td>
</tr>
<tr>
<td></td>
<td>Reading Room fee</td>
</tr>
<tr>
<td></td>
<td>Rs.</td>
</tr>
<tr>
<td></td>
<td>Un. Exam. fee</td>
</tr>
<tr>
<td></td>
<td>Rs.</td>
</tr>
<tr>
<td></td>
<td>Magazine fee</td>
</tr>
<tr>
<td></td>
<td>Rs.</td>
</tr>
<tr>
<td></td>
<td>Misce</td>
</tr>
<tr>
<td></td>
<td>Rs.</td>
</tr>
<tr>
<td></td>
<td>Student's Union fee</td>
</tr>
<tr>
<td></td>
<td>Rs.</td>
</tr>
<tr>
<td></td>
<td>Poor Student's sid fund</td>
</tr>
<tr>
<td></td>
<td>Rs.</td>
</tr>
<tr>
<td></td>
<td>Student's Welfare fee</td>
</tr>
<tr>
<td></td>
<td>Rs.</td>
</tr>
<tr>
<td></td>
<td>Enrolment fee</td>
</tr>
<tr>
<td></td>
<td>Rs.</td>
</tr>
<tr>
<td></td>
<td>Cycle fee</td>
</tr>
<tr>
<td></td>
<td>Rs.</td>
</tr>
<tr>
<td></td>
<td>Total</td>
</tr>
<tr>
<td></td>
<td>Rs.</td>
</tr>
</tbody>
</table>

**Tuition fee**  Rs.

**Dearthness fee**  Rs.

**Admission/Re-admission fee**  Rs.

**Hot & Cold**  Rs.

**Sc. Laboratory/T. Lab**  Rs.

**Development fee**  Rs.

**Library fee**  Rs.

**Mil. Sc. fee**  Rs.

**Geography fee**  Rs.

**Fine**  Rs.

**Miscellaneous, if any**  Rs.

**T. C. fee**  Rs.

**Total**  Rs.

**Grand Total**

Dated 199

Fee Clerk
level ! What is more that the affluent and poor students are treated equally in terms of paying the tuition fees whatever it is !! Since the share of endowments and other philanthropic contributions have declined over time; then there prevails a rational base for raising the tuition fees. Needless to say that the situation of the tuition fees as such represents a high level of subsidy and low cost recovery from the beneficiaries of the higher education in the state. The financially weakened situation of the university and colleges demands its substantial rise and revision. Recently, the Pawar Committee set-up by the government of Maharashtra recommended that the tuition fee should be equal to 30.00 percent of the amount spent on each student by the state government and the increase in fees be brought about in

21. Ramamurti Committee has made the following recommendations in this regard, "In the circumstances, a justifiable strategy is bringing about an appropriate increase in the fees payable by students going in for higher education. This increase should be appropriately linked to at least the cost of recurring expenditure and levels of income of the parents of the beneficiaries." cont....
a phased manner-over a period of four years. The government from this year (1992) has implemented it. The fee-hike, it must be noted, was enforced after a period of 14 years. All these references reveal fully the rational of increasing the rates of the tuition fees, at least, and they corroborate and support the Punnaya Committee's view of raising the level of the tuition fees. But how much hike for the universities and colleges of Uttar Pradesh should there be. Muzammil estimates that "an across the board increase of 50.00 percent in fees in higher education will raise the share of fees in total higher education finance from the present level of about 18.00 percent (in 1980-81) to about 26.00 percent. This will bring about much desired relief to the finance-starving institutions of higher learning. It needs political will and courage on the part of the state government to implement this suffestion. Increase in fees in higher educational institutions is long overdue. In order to help poor and deserving students the

schemes of freeships, scholarships and fellowships be made more effective, to ensure equality of opportunity to higher education."^22

2. Measures for Economy in Expenditure:

As per the Punnaya Committee's report the under given measures may be followed by the universities for financial resource-saving. Again, they have implications for the state's universities and colleges, keeping in mind that resource-saving means resource-generation. They may be counted as:

i) Universities must try every thing possible to cut-down wasteful expenditure;

ii) Expenditure due to increase in the number of staff has to be reviewed and curbed firmly wherever necessary;

iii) There must be some sort of classification of the expenditure of the total maintenance grant as %age share of expenditure to be incurred on teaching, research, academic administration and other departments and auxiliary services, etc. For instance, the Punnaya Committee fixes the academic cost

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as for teaching and research 60.00 - 65.00 percent, for academic administration 10.00 - 12.00 percent and for departmental and auxiliary services 20.00 - 25.00 percent of the total maintenance grant;

iv) Since the costs of education at tertiary level are generally very high, and at this level of education, it is the quality which should matter most, then it is imperative to plan the development of higher education is such a way that the factors like existing and required facilities and their effective utilisation are duly taken into account. Such an approach would surely help in not only making proper use of existing resources but also in avoiding uneconomic creation of facilities; and

v) "The expenditure on the conduct of examinations accounts for, on an average, 15.00 percent or even more, of the total university budget of the teaching and affiliating universities (on India level). Its influence on the university finances is, therefore, considerable. Now since the National Policy on Education, 1986 has emphasised the need to

delink degree from the jobs and almost all the employers are conducting their own qualifying tests for various levels and categories of jobs, it seems undesirable to spend huge money on the conduct of uncreditable examinations for determining the awards of degrees." It must be remembered that some of the state universites of Uttar Pradesh adopt the process of Central Evaluation: Though the work is finished in limited and short time but it becomes costly owing to huge TA/DA involved. What is to be done that the evaluation work should be managed by the university by its university and college teachers and the outside examiners should be called from the neighbouring universities. This procedure may save expenditure. In 1995 examinations this is what has been done by the Agra and Meerut (Ch. Ch. Singh) Universities.

3. Rationalisation of Grants-in-aid Patterns and Procedures by the University Grants Commission/State Government of Uttar Pradesh:

The imperatives of the situation demand that the

patterns and procedures of financial assistance to these institutions should be rationalised, the various inconsistencies that have vitiated the higher educational system be removed and adequate financial support ensured for them. As per the Punnaya Committee and by other authorities the under given recommendations may be followed by the state universities of India and that of Uttar Pradesh as under:

i) The unit cost system of calculation of eligibility for grants should replace the existing incremental system which may be retained till the end of the current five year plan period;

ii) State or government funding must continue to be an essential and mandatory requirement for support to higher education. The government/state must continue to accept the major responsibility for funding essential maintenance and development requirement of the universities;

iii) 20.00 percent of the annual maintenance grant may be released to the universities in April-May, 60.00 percent in September-
October and the remaining 20.00 percent in December;

iv) Part of the development grant may be provided for organisation of new academic programmes and development of existing programmes;

v) In viewing academic infrastructural facilities; no distinction should be made in regard to the plan and non-plan grants and the entire system must be viewed as a whole;

vi) Research funds may be provided in the development grant as special inputs for strengthening the university's research infrastructure;

vii) In respect of institutions deemed-to-be universities the present mode of determining the maintenance grant may be replaced by grants based on input cost, the modalities for which could be determined by a group to be set-up by the University Grants Commission;

viii) The University Grants Commission may provide a matching grant as an incentive to state universities generating additional income and the government must ensure that the maintenance grant covers the wage-bill
of the universities as has been said earlier; In addition, incentive grant\textsuperscript{25} should also be admissible for better academic performance;
i) The state (government) grants should be given on a more liberal scale - they should meet anything between 75.00 percent to 100.00 percent of the net deficit. This is essential because the private enterprise is generally willing to contribute to the non-recurring expenditures but it is not so responsive to meet the recurring needs of these in institutions\textsuperscript{26};
x) "The fixation of block grant for maintenance (non-plan) should coincide with the duration of the period covered by the recommendations of the Finance Commission of the Government of India and development assistance (Plan) should coincide with the Five Year Plans, based on the recommendations of the Planning Commission to Government of India.\textsuperscript{27}

xi) "The plan grants should include the requirement of the university for raising infrastructures and other physical facilities, starting of new schemes, programmes of teaching,

\textsuperscript{25} Azad, J.L., op. cit. (1981), p. 51
\textsuperscript{26} Ibid pp. 50-51
\textsuperscript{27} Sharma, M.M., op. cit., p. 162.
research, etc., and matching grants for claiming development assistance form the University Grants Commission.... and other funding agencies, be based on the future development programmes of the university institutions." 28

xii) "The domestic income of the University Institutions should not be deducted from the total expenditure while fixing grants-in-aid so as to provide incentive to University Institutions to generate more income and to help in improving their financial position; the amount of grants so fixed should be provided to the University Institutions as block grants and not deficit grants; 29

xiii) "The interest on overdraft, repayment of loans, etc., should not be deducted from the total expenditure at the time of fixation of grants-in-aid as in the case of most of the universities, these facilities are availed of with the prior approval of the government as per provision of the Act and Statutes of the university concerned." 30

28. Ibid, p. 163
29. Ibid, pp. 162-63
30. Ibid.
xiv) The state government should make available land at concessional rates and assist the colleges in construction of their building to the tune of 50.00 percent of the total cost; the expenditure on equipment and furniture grants should be met by the government on a 100.00 percent basis both in the initial stages as also on a recurring basis.\(^31\)

xv) The University Grants Commission should not insist on "sharing principle" because many state universities are not able to provide their and government, too, does not come to their help readily;

xvi) In order to have the first hand information about the requirements of the individual institutions of higher education, the University Grants Commission should open its branch in the state. This branch office should assess their needs individually, recommend them for financial assistance and see whether the measures suggested by the commission for the coordinated growth of higher education in the state are being followed or not;

xvii) The state (Uttar Pradesh) should have its own University Grants Commission to act as a buffer between the government and the institutions of higher education;

xviii) The present grants-in-aid rules for the colleges have ensured the salaries of teachers but have left very little with them for contingent and non-recurring expenditures. The government of Uttar Pradesh should frame elaborate rules for grants or loans for non-recurring expenditures and allow a little more margin in contingent expenditures of the colleges;

xix) After the establishment of new university or college there is no point in denying the grants till they have completed a fixed period of their miserable existence. On the contrary, the grants should be given from the very beginning of the institution; and

xx) Liberal grants for starting non-formal professional (courses) in the university and college should be provided so that they may enhance their income.

4. Other subsidiary measures for additional resource mobilisation:
a) By creation of Endowment Fund out of the donations and gifts received from the Alumni of the universities and colleges, faculty, industry, associations, foundations and general public at large and the proceeds so collected can be invested in government securities and income generating approved scrips;

b) That state universities of Uttar Pradesh may start their own publishing house. Since university - faculty provides the largest authorship to books released each year, it can publish them too, to retain the project which is going to the private publishers. News and feature magazines and even newspapers may be started by universities - because it is from their faculties there are the great columnist in newspapers and magazines produced in the private sector. This may generate additional resources and may better use the university talent; and

c) Given the current financial crisis and the central government's stated policy to encourage the private sector to play a greater role in higher education, it may be an appropriate time new for the government of Uttar Pradesh to promote privatisation of higher
education. "The severe resource crunch due to freezed government grants faced by the univerisities and colleges in India and their miserable (productivity) academic performance have led many of us to believe that privatisation of higher education can provide an answer by making our system more productivie, efficient and competitive and it is only by doing so that higher education in India (and that of Uttar Pradesh) can be made to keep pace with the fast drive of liberalisation and globalisation of the Indian economy." 32 "One important reason because of which we have started talking of privatising higher education is the severe financial of our univerisities and colleges which has developed a tendency to worsen over time." 33

"In fact, we have reached to a point in the history of the development of higher education in India where an innovation in the form of a major financial and administrative break through is needed. In view of the inability of the University Grants Commission itself for providing grants even to central universities and that

33. Ibid.
too for payment of salaries and D.A. instalments to employees, leave alone providing additional funds for taking-up developmental tasks, the opinion becomes stronger that time has now come when we have to think in terms of generating own resources for making financial system of our universities more independent, reliable and in sense autonomous.  

Privatisation of higher education, broadly, implies application of market mechanism to obtain an efficient solution to the resource crunch. It involves differential and hiked fee structure for different nature of courses, encouragement of inflow of foreign capital in the field of higher education, foreign collaboration in the academic sector, raising funds from private donors and higher education, not to all but to selective students. Privatisation aims at, in the context of

34. Op.cit. He informs that quite a few universities in a country like China have already been provided and many more follow suit. Likewise, attempts have been made to form an opinion to privatised the Oxford University in Britain in order to safeguard academic autonomy from government interference and "Bureaucratic tutelage."
higher education, generating own financial resources by the universities and colleges. Virtually, higher education can not be provided to all. No country or state irrespective of resources can do it nor it is desirable. Higher education has always been selective and it will continue to remain so. That is why from the Fourth Five Year Plan onwards, the policy of the central government and that of government of Uttar Pradesh has been not for expansion (except where the needs are really pressing) but for consolidation and strengthening of the existing facilities. The admission in higher education and in specific courses had to be restricted on merit basis. If the number of applicants is much larger than the number of seats available, then a discrimination has to be made and it can be done more naturally and judiciously on no other criterion but on merit. This is one of the courses of privatisation. Also, more students can not be enrolled by the universities and colleges without ensuring adequate financial resources for their financial crisis is worsening year after year. Majority of universities in the country and almost
all the state universities are in the red many of them are running huge financial deficits. Hence, higher education will have to be selective, specialised and be based on hiked and differential fee-structure in the state. This is supposed to improve qualitative higher education and not that of "explosion of enrolment." The step as such may invite severe criticism on social welfare ground but it should also be there in the privatisation of higher education that brilliant students unable to pay the substantial fee increases would be helped by scholarships but those who can pay higher fees should not be allowed to receive higher education at very low price. Briefly, both merit and higher and differential fees are to be opted for quality education and financial remedy for the sub-sector in the special context of Uttar Pradesh. The step as such is expected to lead to financial autonomy of the sub-sector which is so much desired by the government of Uttar Pradesh. Thus, the newer scheme of additional resource mobilisation, for the state universities and colleges of Uttar Pradesh has got two facets: the first relates to changing the rule of the game and the second one relates to playing the game of distribution of resources within the existing rules. The first messages
that each state university and college, as an individual firm, should evolve its own programme of additional financial resources which may be enlarged to the system as a whole and the second conveys that there should be a cost-effectiveness and the funding should not only be economised but rationalised also. The government of Uttar Pradesh and the University Grants Commission are also required to play their innovative, equitable and effective roles in this newer scheme. Conclusively, "the best system of educational finance is the one which enables the educational structure to mobilize adequate resources, which has in-built flexibility with regard to availability of resources as and when required, which allows unconstrained autonomy in allocation of resources, mobilized (subject to these allocations not having duly unfavourable effects from the point of view of equity); and where there is also, by and large, self-reliance and the minimum of interference from outside agencies. Self-reliance is steadily enhanced by raising internal efficiency in the use of resources and by reducing educational wastage and stagnation."³⁵

8.3 MECHANISM AND ADMINISTRATION OF THE NEWER SCHEME:

Only additional resource-mobilisation scheme is not sufficient to tackle the financing of higher education in the special context of the state universities and colleges of Uttar Pradesh. Equally significant is the problem of financial administration of the scheme. Therefore, certain tools and techniques of management are to be utilised. This requires to leave the traditional or line budgeting system and adopt some more sophisticated budgeting process. This can be Programme and Performance Budgeting System or Performance Budgeting System with the following objective as under:36

i) To modify and restructure the methodology of budgeting and decision making;

ii) To bring in practice the concept of 'accountability' and 'responsibility' in accounting. This will also facilitate to broaden the areas of control over financial operations;

iii) To give a clear picture of the purposes and fields in which funds are sought and to bring about the programmes and its accomplishments in financial and physical terms; and

iv) To implement the concept of performance audit, which at present is not introduced in the financial administration of universities. "The Programme and Performance Budgeting System framed on the lines of above objectives can help the finance section of the university in many ways. It will act as a mirror image of objectives and purposes of university system. It will help to draft a projected financial perspective of income and expenditure in relation to various activities of the university. It will enable the Finance officer and other concerned to make a rational choice of appropriate alternative and to arrange the activities and programmes in order of priority of importance. It is a tool of carrying out various programmes in cost-effective manner. The accounting process can be further streamlined for effective control of cash-flow and expenses." 37 The problem is that in a university set-up, at present, only a fraction of the total budget is systematically planned. Hence, much remains there to do in terms of the well-knit financial administration of the universities and colleges, thereby

37. Ibid.
paving the way for financial mismanagement, inefficiency and deficits.

In order to bring the Performance Budgeting System in practice following stages will have to be followed:

1. Activity planning or programming:
   The activity planning is a major step towards implementation of performance budgeting system. For this purpose, various activities in the university can be broadly divided into following categories viz. teaching, research & extension services. The programmes so designed can be divided into sub-programmes and sub-programmes can be further classified into different activities or schemes. The budget allocation of a particular activity, whether of plan allocations or maintenance grants should be done activitywise and follow up of receipts, payments and performance should be done activitywise.

2. Translating the activity plan into monetary terms:
   Once the activity planning is done in a specific manner and a final programme plan (activity plan) is developed the targets for various activities should be established. While establishing these targets maximum possible data should be quantified. The quantified targets so arrived
can be expressed in monetary units. For this purpose, a budget estimate of facilities required should then be prepared.

These facilities will consist of –
- Funds for the variable expenses;
- Funds for salaries and wages and other committed recurring expenses; and
- Long-term facilities such as buildings, laboratories, and library, etc.

Once the draft budget of requirement of Performance Budgeting System is prepared, a comparison of what facilities are available for a particular programme and what additional facilities will be required should be made. This will help to get the additional grants required for a particular project and would also highlight areas where excessive allocations are made. Furthermore, it will also act as standard for comparison and performance evaluation. The Budget Officer will have to design an accounting and information system which should include information about all activity plans. This system will enable the actual variable and fixed cost from time to time to be compared with facilities sanctioned for each programme. This will act as a continuous review and control system (monitoring
system) to know important variations from the plan and the standards can be designed from the activity plans and relative budgets.

3. Final review and renewal of activity plans: After the completion of the final year, the variations whether favourable or unfavourable will be considered. A final performance and review statement will be drafted. This feedback along with suggestions from various departmental heads will pinpoint areas where the targets were underestimated or over-estimated and also bring out other flaws in budget process. With the help of this data, a fresh and more fool-proof budget can be drafted. So, this may be the shape of the financial administration in the reference.

8.4 POTENTIAL GAINS AND CAUTIONS TOWARDS THE SCHEME:

There is no denial of potential gains from applying the newer of scheme of additional financial resource-mobilisation. At least, the scheme as such may correct the financing pattern and unbalanced financial administration of the state universities and colleges in Uttar Pradesh. Financial resources may be managed more efficiently and economically through the scheme as such in the coming period of time. Both, academic-efficiency and cost-efficiency may be restored
though this mechanism. The state universities and colleges may choose the recommendations and other options of the resource-mobilisation and economy in expenditure; the University Grants Commission and the state government of Uttar Pradesh—the main funding agencies may have improvement upon their financing system through the recommendations made as above. A new pattern of budgeting process, as suggested, may also prove beneficial towards resource-management. However, the scheme may not be successful in putting screws in the holes and tightening them, not only due to its faulty implementation but also due to human element. "This is because the human element is involved in the entire process of educational planning. Attitudes and aptitudes of aspirants for education, capacities and competencies of educated individuals, interests and involvement of educational employees, amount of satisfaction derived from the jobs which are manned by educational individuals, etc. are some of the basic variables which need to be considered in the exercise of educational (financial) planning."

38 Alongwith this factor it must also be noted that "resource-allocation exercises in relation to (higher) education

(which are generally residuary in nature) can not in themselves be considered as planning without an effective monitoring system Coupled with a reward/punishment mechanism. In fine, as regards to financing higher education in Uttar Pradesh, the traditional methods may not yield the desired results. Many innovative measures may have to be discovered in the changed circumstances to uplift the qualitative level of higher education and to solve the present financial crisis so that when the globalisation of the Indian economy is talked, the University Education of Uttar Pradesh does not lag far behind.

8.5 AN OVERVIEW:

i) The current policy of the government of Uttar Pradesh is that the universities and colleges of higher education should reduce or end their financial dependence on the government and must make concerted efforts for financial autonomy through additional financial resource-mobilisation;

ii) The system of additional financial resource-mobilisation and the economy of expenditure

may be seen through the recommendations of the Punnaya Committee followed by other subsidiary measures. It exclusively recommends the input pattern of funding or unit cost system of calculation of grants for financing higher education in the central universities which have positive implications for the state universities of Uttar Pradesh. It recommends that the University Grants Commission/state government must ensure that maintenance grant covers the wage-bill of the universities and it suggests to replace incremental nature of maintenance grants by a more rational system of grants i.e., unit cost system to ensure accountability, efficiency and adequate incentive for savings and generation of income of the universities. It suggests that the University Grants Commission and state government should continue as major funding agencies and the universities must adopt certain innovative measures for resource mobilisation such as letting-out their infrastructural facilities like play-ground, auditoria and should organise short-term courses (professional one) which are in demand. They are required to be engaged
in consultancy services with industrial enterprises. They must also tackle their Alumni to contribute financially to their old institution. For the fee-structure remains stagnant for last four-five decades the committee recommends for enhancement of tuition fees in the main, with other fees like hostel, library, laboratory and sports. It views that the income derived from enhancement of fees should be utilised for scholarship programmes for the students of the weaker sections of the society. In this connection, in 1993, Muzammil estimates that an across the board increase of 50.00 percent in fees in higher education in Uttar Pradesh will raise its share in total higher educational finance from the 18.00 percent in 1980-81 to 26.00 percent at present. This will bring about most desired relief to the finance-starving institutions of higher learning. Also, the committee suggests that the universities must try everything possible to cut-down their wasteful expenditure and economise from the examination funds. It goes on recommend that in viewing academic infrastructural facilities no distinction should be made in
regard to the plan and non-plan grants by the University Grants Commission and the entire system of grants must be viewed as a whole. Other subsidiary measures, other than the Punnaya Committee, relate to the creation of endowment fund, publication business by the universities and the privatisation of the higher educational sub-sector of Uttar Pradesh. They are supposed to generate additional financial resources for the universities and colleges;

iii) For the newer scheme of additional financial resource mobilisation fitness of the financial administration of the state universities is the basic requirement. For this, the traditional budgeting process should be replaced by the management techniques' based programme and Performance Budgeting System. This is expected to produce accountability, efficiency and cost-effectiveness in financial management especially in the context the higher educational sub-sector of Uttar Pradesh. This may assist in containing the wide financial mis-management and huge financial deficits of the state universities of this state. But the implementation of the new system of budgeting requires an
effective monitoring system coupled with the reward/punishment mechanism. Thus, many innovative measures may have to be discovered in the changed circumstances to uplift the qualitative level of higher education and solve the present problem of financial crisis of the higher educational sub-sector of Uttar Pradesh.