CHAPTER - I

INTRODUCTION

"Universities have already complained and at no time universities have received as much financial support as they wanted or needed. While this is true, there is a substantial difference in the feeling of inadequacy of resources in the past and the present-day crisis. In the former situation, it is a case of development - universities wanted to develop and strengthen their departments and take up new programmes and they felt that resources were not adequate. But the present-day problem is concerned with the universities such as payment of salaries to staff, buying of books for libraries, buying of chemicals for practicals, maintenance of hostels, etc."

- Prof. G. Ram Reddy,
"The Financing of Higher Education in India,"
University News, 10th General Conference,
Special No. February 6-9, 1995, p- 73.

1.1 PRELIMINARY:
Education is central to national development and educational planning is central to national planning. It has now been established beyond doubt that education
is the most crucial input for socio-economic development. Education provides strength and resilience to people to respond to changing situations. Education enables people to cause and to contribute to societal development. Education is the tool for ushering the changes in an orderly manner. Education is the mainstay of all national endeavours. Education has the responsibility for transferring human beings into human resources. Development of human resources is the main function of education. Expenditure in education should therefore be viewed as an investment in human resource development which is crucial for the growth of any country. Education is a social responsibility in which the costs have to be looked at not merely in terms of item-based expenditure but in terms of the role of education in the socio-economic, intellectual, and cultural growth of a country. Education, all education, is a process of growth, of the externalisation and actualisation of human potential. One should look upon educational programmes and projects as one integrated system with a network of mutually reinforcing sub-systems—elementary education, secondary education, and tertiary education. Technically, education beyond 12 years (intermediate),
espl. in Uttar Pradesh, of schooling is known as higher education. The general pattern in India is 10+2+3+2. What is to be noted here is that it is the "pluses" and "bridges", linking levels that are of crucial significance. Tertiary or higher education should not be treated as an appendix or appendage but as a vital constituent of the total educational system. It represents a set of "higher values" and "new functions". In particular, higher education is the main instrument for development and change. It has the important task of preparing leaders for different walks of life - social, intellectual, political, cultural, scientific and technological. Universities and colleges functions as the focal centre of higher education. The place and role of universities and colleges have undergone major changes. In addition to their usual scholarly functions of teaching and research, they have now been assigned the extension and developmental function also. They play a key role in the generation, transfer and applicability of new knowledge. They produce trained manpower required for industry, agriculture, administration, services and all other sectors.

1. The terms higher education and general higher education have been assumed having an identical meaning and they have been used interchangeably in this research work.
The intellectual dynamism, resourcefulness and economic prosperity of a country is reflected in the quality of higher education. The ideological climate required for a better quality of life and pace of development are created by the universities and colleges and the intelligentsia nurtured by them. The role of such higher educational institution in societal formation, nation building and scientific development is very big and all pervasive. The National Policy on Education - 1986 has very clearly defined the importance of higher education as quoted below:

"Higher education provides people with an opportunity to reflect on the critical social, economic, cultural, moral and spiritual issues facing humanity. It contributes to natural development through dissemination of specialized knowledge and skills. It is therefore, a crucial factor for survival."  

In this context the Punnaya Committee indicates the following role of higher education:

(a) "As an essential input for meeting the man power requirement in important and crucial areas of national development and as an integral part of the national effort at human resources development;

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(b) As critical input to ensure social justice and
equity for providing upward mobility and
access to higher levels of economic and social
activities for weaker sections; and

(c) As an important input for improving the quality
of life by making higher levels of knowledge
available to a wider base of population and
for preserving our cultural heritage. "3

It further adds that "viewed in this context the
role of higher education will continue to be a
very important element of national endeavour and
will fully justify support and intervention by
the state."4

There has been appreciable development and growth
of higher education in India. When we became
independent in 1947, we had only 19 universities
and 636 colleges with a student enrolment of about
1,06,000. Towards the end of 1994, we had 218
university level institutions including 35 "deemed
-to-be universities". Of these university level

UGC Funding of Institutions of Higher Education, Journal
4. Ibid.
institutions, 151 are traditional universities or institutions for specialised studies in disciplines covered by traditional universities, 33 are agricultural universities, 15 technical institutions, 12 medical institutions and 7 open universities. There are 7,520 colleges,\(^5\) 46.11 lakh students with undergraduate enrolment of 40.62 lakh (i.e., 88.00 percent of all students) and a little over 2,50,000 teachers.\(^6\) While the enrolment number 46 lakh looks impressive, it represents less than

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5. The expansion of higher education in India has been inadequately planned and haphazard with the result that there exist a number of sub-viable institutions. As many as 40.00 percent of the affiliated colleges are not eligible for University Grants Commission assistance as they do not fulfill the minimum conditions that have been prescribed for infrastructural facilities, teachers etc.. The overall picture is one of some islands of excellence in a sea of mediocrity. Powar, P.B., "Higher Education in India," University News, 10th General Conference Special Number, 6-9, February, 1995, p. 16.

6.00 percent of India's young people of the relevant age-group. This %age of students in higher education is ridiculously small compared to that in the United States (about 50.00 percent) and Europe (about 20.00 percent). The faculty-wise breakup of student enrolment in 1992-93 is as under:

**TABLE: 1.1**

Faculty-wise Break-up of Student Enrolment in 1992-93

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Faculty</th>
<th>%age of student enrolment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Humanities &amp; Social Sciences</td>
<td>40.40</td>
</tr>
<tr>
<td>2</td>
<td>Science</td>
<td>21.90</td>
</tr>
<tr>
<td>3</td>
<td>Commerce</td>
<td>19.60</td>
</tr>
<tr>
<td>4</td>
<td>Law</td>
<td>05.30</td>
</tr>
<tr>
<td>5</td>
<td>Engineering &amp; Technology</td>
<td>04.90</td>
</tr>
<tr>
<td>6</td>
<td>Medicine</td>
<td>03.40</td>
</tr>
<tr>
<td>7</td>
<td>Agriculture &amp; Vet. Science</td>
<td>01.40</td>
</tr>
<tr>
<td>8</td>
<td>Others</td>
<td>00.80</td>
</tr>
</tbody>
</table>

Institutions offering programmes in the interrelated areas of teaching, research, production of materials and extension may be categorised into: (i) Universities (Central, State - residential, affiliating -cum-residential and private), (ii) institutions deemed-to-be universities, (iii) institutions of national importance, and (iv) colleges. They offer a variety of academic programmes and follows different academic and administrative systems (fig. 1.1).

As far as growth of higher education in India is concerned, it has been phenomenal since independence. It was as high as 10.00 percent in the 1950's and 1960's but declined to about 5.30 percent in the 1970's and was 4.20 percent in the 1980's.\footnote{Pillai, C.R. : Accommodating Social Demand for Higher Education - cost-effectiveness of IGNOU, IGNOU, New Delhi.} The growth of 1980's does indicate that India's higher educational system is not without maladies. This is why in all countries including India, higher education in recent times has been the subject of public debate and discussion. Its role and resources, accountability and quality, access and equility are some of the vital issues brought - up for consideration in different fora. Even at the time of independence it was known that all was not well with the Indian University
FIG. : 1.1

Structure of Higher Education in India

Universities

- Residential
- Affiliating-Cum-Residential
- Purely Affiliating
- Deemed-to-be
- Open
- Institutes of National Importance

Colleges

Government
- Co-ed.
- Girls

Non-government
- Co-ed.
- Girls

Constituent
- Co-ed.
- Girls/Girls' wing

University College
- P G
- U G

Autonomous
- P G
- U G

Source: Association of Indian Universities, New Delhi : University News, Various issues.
Note: Co-ed. = Co-education, PG = Post-graduate, UG = Under-graduate.
system and successive commissions and committees have highlighted the shortcomings. The University Education Commission (better known as Radha Krishnan Commission), appointed in 1948, in its report stressed, amongst other things, that Indian education must be rooted in its cultural heritage. It gave guidelines for the restructuring of higher education and recommended the setting up of the University Grants Commission, which was formed in 1953 and was given autonomous, statutory status by an act of Parliament in 1956. The state of higher education was re-examined by the Education Commission of 1964-66 (better known as Kothari Commission) which in its report emphasised the need for a built-in flexibility in the system of education and for the necessity for education to be science-based and in coherence with Indian culture and values. It visualised education as an instrument for the nation's progress, security and welfare. It advocated for reaching reforms. Based upon the Kothari Commission report, the National Education Policy 1968 was adopted. Nearly twenty years later, in 1985, the Government of India document - Challenge of Education recognised that "the general condition of universitites and colleges is a matter of great concern to the nation." In 1986, the National Policy on Education
aimed at not only developing manpower for serving the economy but also developing the crucial values. In the area of higher education emphasis has been on consolidation and expansion of facilities. The strategies are out-lined in the Ramamurti Committee Report of 1990.9 The maladies that have been indicated through the Commission and National Policy on Education are that of general and non-economic in nature. The specific malady that is being faced by the tertiary level institutions is that of funding i.e., limited resources and reduced budgetary provisions as against increasing demands and unbridled hike in prices. Since the universities and colleges are mainly funded by the states concerned there is wide variation in funding pattern due to apathy of the State Government in ensuring the efficient functioning of the universities. While on one hand the states allow the growth of universities and

colleges they do not realise that for pursuit of excellence in teaching, research and for conducting examination the universities and colleges need more funds to upgrade their infrastructural facilities in terms of having modern equipment, enough consumables and good library which are so essential. In a situation when state or country as a whole faces financial hardship, it may be possible for other government departments to defer a developmental activity which may not have any far reaching consequences. But non-availability of, say, chemicals or up-to-date journals compels the teachers to offer substandard education and poor quality research which have negative effects. "With increasing enrolments and the expanding scope of educational activities, coupled with decreasing resource availability for the educational sector (in view of competing claims from other sectors) the problem of finance has become increasingly formidable in all sectors.

10. The fact is that development schemes of a majority of the state universities are financed on matching basis by the University Grants Commission and the states and the implementation of most of the schemes suffer because of the lack of adequate support from the states. The states do not provide matching shares Cont...
of education. The problems are experienced at three levels. First, at the level of the educational sector as a whole, secondly, at the level of sub-sectors of education, and thirdly at the level of the individual educational institutions. These financial pressures—sectoral, sub-sectoral and institutional could each have its own externalities on students and parents so far as the education of house-hold is concerned. It also has implications for the quality of education currently provided and the capability of the sector to undertake innovative programmes. ...These trends emerged more and more clearly over the past decade or so. The general cost escalations have aggravated the problem of finance for education. In our federal framework, irritants in inter-governmental relations have created additional dimensions to the problem.¹¹

because of either paucity of funds or low priority for general higher education or the fear of impending financial burden which devolves on the states after the plan-period is over.

It may be useful, therefore, to have a bird's eye look at the problem of resource-constraint or pattern of funding and expenditure for the Indian higher educational sub-sector. Let, at the outset, the present level of expenditure (1993-94) by the central and the state governments on higher education be taken. In this context it is estimated by Dandekar\textsuperscript{12} to be about ₹.4,000 crores. It works out to be less than ₹.10,000 per student per annum. As far as students in universities and colleges in the states are concerned even this figure is illusory for the bulk of the University Grants Commission funding i.e., 71.00 percent is for the 19 university level institutions and 54 colleges under the centre, while the remaining is shared by 144 universities and 4,246 colleges in the states i.e., 20.00 percent and by other institutions the %age is 3.00 percent only. In policy documents the Government of India is committed to spending 6.00 percent of GNP on education. By latest estimates it spends only 3.90 percent\textsuperscript{13} on all types of education and about 0.80 percent

\textsuperscript{12} Dandekar, V.M., "Reform of Higher Education", Economic 

\textsuperscript{13} NIEPA, New Delhi : Education for All by 2,000, p.105.
<table>
<thead>
<tr>
<th>S.No.</th>
<th>Plan/Annual Plan</th>
<th>Total Plan Outlay</th>
<th>Total Plan Expenditure</th>
<th>Total Educational Outlay</th>
<th>Total Plan Expenditure on Education</th>
<th>Total Plan Expenditure on Education</th>
<th>%age of Total Plan Expenditure on Education in Total Plan Expenditure</th>
<th>%age of Higher Educational Expenditure in Total Plan Expenditure on Education</th>
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<td>1.</td>
<td>First Plan</td>
<td>2356</td>
<td>1956</td>
<td>169</td>
<td>153</td>
<td>07.80</td>
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<td>4800</td>
<td>4672</td>
<td>277</td>
<td>273</td>
<td>05.80</td>
<td>48 (18.00)</td>
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<td>3.</td>
<td>Third Plan</td>
<td>7500</td>
<td>8577</td>
<td>560</td>
<td>589</td>
<td>06.80</td>
<td>87 (15.00)</td>
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<td>4.</td>
<td>Annual Plans</td>
<td>N.A.</td>
<td>6625</td>
<td>331</td>
<td>323</td>
<td>04.90</td>
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<td>5.</td>
<td>Fourth Plan</td>
<td>15902</td>
<td>15779</td>
<td>882</td>
<td>786</td>
<td>05.00</td>
<td>195 (25.00)</td>
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<td>6.</td>
<td>Fifth Plan</td>
<td>63751</td>
<td>39426</td>
<td>1285</td>
<td>912</td>
<td>02.30</td>
<td>205 (22.00)</td>
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<td>7.</td>
<td>Sixth Plan</td>
<td>172210</td>
<td>109292</td>
<td>2524</td>
<td>2530</td>
<td>02.30</td>
<td>559 (22.00)</td>
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<td>8.</td>
<td>Seventh Plan</td>
<td>18000</td>
<td>218730</td>
<td>6383</td>
<td>7633</td>
<td>03.50</td>
<td>1201 (16.00)</td>
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<td>9.</td>
<td>Annual Plan (1990-92)</td>
<td>N.A.</td>
<td>123120</td>
<td>N.A.</td>
<td>4727</td>
<td>03.80</td>
<td>588 (12.00)</td>
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<td>10.</td>
<td>Eighth Plan (Outlay)</td>
<td>434100</td>
<td>N.A.</td>
<td>N.A.</td>
<td>19600</td>
<td>N.A.</td>
<td>151.60 (08.00)</td>
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Note: N.A. Means not available.
### TABLE : 1.2 (b)

Plan Expenditure on Different Sectors of Education (%age)

<table>
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<tr>
<th>S. No.</th>
<th>Sector</th>
<th>1st Plan</th>
<th>2nd Plan</th>
<th>3rd Plan</th>
<th>Plan Holiday</th>
<th>4th Plan</th>
<th>5th Plan</th>
<th>6th Plan</th>
<th>7th Plan</th>
<th>1990-92</th>
<th>8th Plan (Outlay)</th>
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<tbody>
<tr>
<td>1</td>
<td>Elementary Education</td>
<td>56.00</td>
<td>35.00</td>
<td>34.00</td>
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<td>35.00</td>
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<td>37.00</td>
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<td>Secondary Education</td>
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<td>18.00</td>
<td>16.00</td>
<td>18.00</td>
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<td>24.00</td>
<td>22.00</td>
<td>18.00</td>
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<td>Adult Education</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>9.00</td>
<td>6.00</td>
<td>9.00</td>
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<td>4</td>
<td>Higher Education</td>
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<td>18.00</td>
<td>15.00</td>
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<td>25.00</td>
<td>22.00</td>
<td>22.00</td>
<td>16.00</td>
<td>12.00</td>
<td>8.00</td>
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<td>Others</td>
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<td>10.00</td>
<td>12.00</td>
<td>11.00</td>
<td>14.00</td>
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<td>4.00</td>
<td>3.00</td>
<td>2.00</td>
<td>4.00</td>
</tr>
<tr>
<td>6</td>
<td>Technical Education</td>
<td>13.00</td>
<td>18.00</td>
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<td>25.00</td>
<td>13.00</td>
<td>12.00</td>
<td>11.00</td>
<td>14.00</td>
<td>17.00</td>
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<td>7</td>
<td>Total</td>
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<td>100.00</td>
<td>100.00</td>
<td>100.00</td>
<td>100.00</td>
<td>100.00</td>
<td>100.00</td>
<td>100.00</td>
<td>100.00</td>
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Note: (a) Figures in parentheses are in millions of rupees.
(b) - means not available.
on higher education\textsuperscript{14}. In this context, it is a matter of grave concern that while the requirements of funds for higher education have increased substantially mainly because of its rapid expansion, the allocation of plan expenditure to this sub-sector has declined considerably in recent years. As shown by the tables 1.2 (a and b) and fig. 1.2 it was as high as 25.00 percent in the Fourth Plan and in the Eighth Plan it is expected to come down to 8.00 percent only. During the past three years, the budget for higher education has been cut drastically in the context of the enveloping economic crisis. Lack of resources has been the major factor responsible for the present miserable state of affairs in the higher educational sub-sectors. Added to this, a major position of expenditure on universitites (about 80.00 percent) comprises

\textsuperscript{14} Powar, op. cit. p. 17. However, the statement by the Prime Minister at the 'Education for All' summit held in New Delhi in December, 1993, that government funding on education would be increased to 6.00 percent of GDP by the end of the Eighth Plan (1977), is reassuring.
FIG. : 1.2

Sector-wise Expenditure on Education
(In Five Year Plans)

Source : Vaidyanatha Ayyar, R.V., "Educational Planning and Administration in India," Journal of Educational Planning and Administration, April 1993, p.211.
of non-plan expenditure which is fully borne by the states in respect of the institutions created by them. While some universities are provided funds on incremental basis in the form of block grants mainly in the range of 5.00 to 7.00 percent over the previous level of expenditure, other receive funds on deficit basis in the case of which expenditure on approved items are fully provided by the states. The method of assessment of financial requirement and the level of funding differ a great deal across the universities.\(^{15}\) Moreover, as a measure of economy in expenditure, there have been frequent cuts to the extent of 5.00 to 10.00 percent by both the central and state governments in the non-plan

\(^{15}\) In this reference Atmanand Mishra notes that the mechanism of allocating resources to any sector is generally based on the following important criterions: i) on the basis of the investment effectiveness which implies the rate of return criterion and, (ii) on the basis of man-power requiremnts. In some advanced countries the mechanism of allocating resources might be based on some other criterion. In India we do not adhere to any strict criterion for allocating resources. There is no scientific or fixed criterion as mentioned above because sometimes we adopt Cont....
The persistence of inflationary presence further erodes the financial base of the higher educational sub-sectors. Since education budget constitutes about one-fifth of the overall states' budget and a large part of it is on account of non-plan expenditure, educational sector including either productivity criterion or social pressure criterion depending upon the objectives laid down in the plan. Thus, the mobilisation of resources, in India, to any sector of the economy is not based on uniform principle. He gives an example. In the the Fifth Five Year Plan an outlay of ₹3,200 crores was proposed for education based on the recommendation of working group on education. The draft plan fixed the allocation at ₹1,726 crores (54.00 percent of the approach appraisal). In the final plan document the allocation was reduced to ₹1,285 crores (40.00 percent of the approach appraisal) and the actual expenditure on education during the four years of plan (1974-78) was of the order of ₹912 crores. See Atmanand, "Financing of Education, I - Review of Methods and Process," The Economic Times, December 3, 1982, p. 5.
the higher educational sub-sector obviously suffers a great deal. As a result, the ongoing programmes and projects of the educational sector get hampered, affecting the quality and relevance of education. These evidence, thus, demonstrate the lack of planning and management of financial resources either by the funding agencies (i.e., the government and the University Grants Commission especially) or by the higher educational institutions themselves. In fact, the absence of valid criterion or scientific norms is the main reason for under-estimation of resource requirements. The main source of distortion in the allocation of funds is the lack of objectivity in determination of requirements of higher educational institutions. "The policy makers in India, it appears, had not examined sufficiently well in advance, the financial implications of expensions: the devising of appropriate methods of financing (higher) education - that take into account social objectives as well as qualitative upgradation - was brushed aside as a 'second order' problem by them."\textsuperscript{16} The net result, as it seems, has been that the

\textsuperscript{16} Balachander, K.K., "Higher Education in India - Quest for an alternative financing system," University News, Special Issue Commemorating 10th New Delhi World Book Fair, February 3, 1992, 51.
<table>
<thead>
<tr>
<th>Type of Universities#</th>
<th>Deficit/Surplus/ Balance Budget Budget</th>
<th>1984-85</th>
<th>1985-86</th>
<th>1986-87</th>
<th>1987-88</th>
<th>1988-89</th>
<th>Total for five years$</th>
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<tr>
<td>Central Universitie (7)</td>
<td>Deficit</td>
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<td>2</td>
<td>3</td>
</tr>
<tr>
<td></td>
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<td>5</td>
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<td>5</td>
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<td></td>
<td>Surplus</td>
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cont....
<table>
<thead>
<tr>
<th>Sl. N.</th>
<th>Ranges of Deficit/Surplus, as Proportion of Total Exp. (%)</th>
<th>Number of Universities</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
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<td></td>
<td></td>
<td></td>
<td>1</td>
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<td>5</td>
<td>6</td>
<td>7</td>
<td>8</td>
<td>9</td>
</tr>
<tr>
<td>1.</td>
<td>0-1.9</td>
<td></td>
<td>1</td>
<td>1</td>
<td>3</td>
<td>6</td>
<td>3</td>
<td>3</td>
<td>1</td>
<td>3</td>
<td>8</td>
</tr>
<tr>
<td>2.</td>
<td>2-4.9</td>
<td></td>
<td>2</td>
<td>3</td>
<td>15</td>
<td>3</td>
<td>2</td>
<td>4</td>
<td>1</td>
<td>1</td>
<td>20</td>
</tr>
<tr>
<td>3.</td>
<td>5-9.9</td>
<td></td>
<td>-</td>
<td>-</td>
<td>5</td>
<td>7</td>
<td>2</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>7</td>
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<td>4.</td>
<td>10&gt;</td>
<td></td>
<td>-</td>
<td>-</td>
<td>7</td>
<td>3</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>-</td>
<td>10</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>3</td>
<td>4</td>
<td>30</td>
<td>19</td>
<td>8</td>
<td>8</td>
<td>4</td>
<td>4</td>
<td>45</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>Deficit</td>
<td>50</td>
<td>37</td>
<td>44</td>
<td>47</td>
<td>42</td>
<td>45</td>
</tr>
<tr>
<td>All Universities</td>
<td>Surplus</td>
<td>26</td>
<td>41</td>
<td>35</td>
<td>33</td>
<td>37</td>
<td>35</td>
</tr>
<tr>
<td>(80)</td>
<td>Balance</td>
<td>4</td>
<td>2</td>
<td>1</td>
<td>NIL</td>
<td>1</td>
<td>NIL</td>
</tr>
</tbody>
</table>


Note: i) Figures below the type of universities indicate the number of responding universities in the respective groups.
ii) Computed on the basis of aggregate income and expenditure for five year.
Universities are incurring huge deficits. More so because neither does the government give them sufficient funds nor have they their own means of generating resources. Thus, an analysis of the budgetary positions of 80 universities for the period 1984-89 has revealed that as many as 45 universities suffered from deficits while 35 of them experienced surpluses. As many as 78 of these universities had deficit budgets for varying years during the period of analysis (table 1.3(a); and at least 10 universities suffered from perpetual deficit for all the five years. The magnitude of deficits also varied a great deal across the universities\(^\text{17}\) [table 1.3(b)]. In the situation that exists today, the fund managers have no alternative but to raise resources from other sources.

Summarisingly, "in view of [the] ... significant role of education in general, and higher education in particular, in bringing about qualitative improvements in human resources and the quality of life, the aspects of costs and finance of the system become an interesting area of investigative

\(^{17}\) Association of Indian Universities, New Delhi: Financial Deficit in Universities, 1991.
research. Since one-fifth of the total national budget which constitutes about 4.00 percent of the GNP is devoted to educational development, it is, imperative for the educational planners to make financial analysis of the system so as to ensure adequacy and efficiency in the use of resources. In this respect, the major questions which are always required to be answered are: where have the funds for [higher] education come from?; what are the various methods of resource allocation?; and what are the patterns of utilisation and/or the factors that account for the major expenditure, etc.\(^{18}\) This study is an attempt to deal with these and other related questions in the foregoing backdrop of the Indian higher educational financing patterns and problems with particular references to the state of Uttar Pradesh since the Fourth Plan.

1.2 IDENTIFICATION OF THE PROBLEM WITH REFERENCE TO UTTAR PRADESH:

Uttar Pradesh has kept a specific place in Indian higher learning since the ancient period of history.

\(^{18}\) Ansari, M.M., "University Finances - Determinants and Implications", in Raza, Moonis (ed.): Higher Education in India - Reprospect and Prospects, Association of Indian Universities, New Delhi, 1991, p.131.
It was so in the pre-independence period too. In the post-independence period the higher education system developed fastly in such a manner that the state has largest number of universities, colleges and other institutions of higher learning today. In this context, the problems of financing these institutions have also emerged side by side. It has been inferred, through the going-through of the related literature, that the problems and dimensions of financing higher education do not differ significantly from the generalised trends of financing higher education on India level. Hence, the State of Uttar Pradesh may be assumed, as far as the financing of this sub-sector is concerned, as a 'Micro - Model' of the Indian higher educational sub-sector. This is why the study of the dimensions of financing general higher education has been chosen. Keeping in mind the assumption as above the problems of financing general higher education in Uttar Pradesh since the Fourth Plan have been

19. The quantitative details of the higher educational sub-sector would be dealt with in Chapter II.

20. The review of the related literature is contained in this very chapter.
taken-up. The problems related to Uttar Pradesh may be identified as under: 21  

(i) A major problem which the decision-makers in the state confront today is how to provide financial sustenance for the sub-sector. This problem is acute especially for the following reasons:  

a) A large section of the population is yet to be covered by the network of educational programmes to provide elementary education, to which the constitution of India is committed. The cost of educating a university graduate is as high as 70 to 100 times the cost of education of a primary school student;  

b) In terms of the quality and relevance of educational programmes, the credibility of higher educational institutions has been eroded as reflected from the growing number of unemployable graduates; and  

c) Heavy subsidisation of higher education by the state has come under sharp criticism, especially on grounds both of social justice and economic efficiency.  

(ii) It has been observed earlier that the central government's plan allocation for higher education has, more or less, a consistent declining trend since the Fourth Plan. This has made a direct impact on the government of Uttar Pradesh budget. Consequently, the plan allocation for the higher education by the state government has been dwindling and better to say it is on decline. More so, owing to the highest priority given to the elementary education which has resulted in resource-crunch to the universities and colleges since the Fourth Plan. The state of affairs as such also justifies as to why the period of the study has been chosen since the Fourth Plan;

(iii) The plan expenditure on higher education in the state has slightly increased, in absolute terms, since the Fourth Plan. As against this the non-plan expenditure has increased, both in absolute and relative terms, since the reference period. It being so, more than 90.00 percent of the total higher educational expenditure is that of non-plan in nature. Therefore, a very small amount is left for capital expenditure meant for developmental activities. The problem is as how to contain the non-plan expenditure so that qualitative
reforms are performed and developmental activities are spurted-up;

(iv) There has been a phenomenal growth of higher education in the state under the planning period and especially since the Fourth Plan. As a result, the state's higher educational expenditure has also risen since this plan. The patterns and trends of the expenditure as such are the matter of investigation as far as its fruitfulness is concerned;

(v) Of the total funds devoted to the higher educational sub-sector, the state government accounts for its overwhelming share. The private sources of financing to this sector have declined gradually over the successive plans. The proportion between the public (government) and private sources stands, roughly, 90 : 10 percent. This has resulted in actute dependence of the sub-sector on the state government and thereby its autonomy has come under the grip of the government. Since the institutions of higher learning can work rationally only becoming autonomous hence the problem is how to restore the financial autonomy, at least, of the universities and colleges in the state. Alongwith, it is also a matter of thought
as how to increase and maintain the contribution of the private sources to this sub-sector;

(vi) The inequitous role of the University Grants Commission towards the higher educational sub-sector can not be overlooked. Though the State has largest number of higher educational institutions but it is lowly placed as far as the distribution of the University Grants Commission grants is concerned. Much of the maladies can be blamed to the norms-less grants-in-aid policies of the commission to the higher educational sub-sector of the state. The state government's grants-in-aid rules are not less problematic. They are traditional, arbitrary, inequitious, lop-sided and irrational. Therefore, presently all most all the state universities are in red and the colleges financially starved;

(vii) The 12 out of 14 state universities of Uttar Pradesh at present are in red. The huge budgetary deficits of the universities would be able to show that they are facing severe financial crisis. A view of this situation is shown by table 1.4
TABLE: 1.4

Budgetary Deficits of the state universities in Uttar Pradesh, 1992

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Name of the University</th>
<th>Deficit as on 31st March 1992 (₹ in lakh)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Allahabad University</td>
<td>739.00</td>
</tr>
<tr>
<td>2</td>
<td>Lucknow University</td>
<td>415.00</td>
</tr>
<tr>
<td>3</td>
<td>Agra University</td>
<td>210.00</td>
</tr>
<tr>
<td>4</td>
<td>Gorakhpur University</td>
<td>290.50</td>
</tr>
<tr>
<td>5</td>
<td>Sampurnanand Sanskrit University</td>
<td>116.00</td>
</tr>
<tr>
<td>6</td>
<td>Kanpur University</td>
<td>217.00*</td>
</tr>
<tr>
<td>7</td>
<td>Meerut University (Ch.Ch. Singh University)</td>
<td>315.00</td>
</tr>
<tr>
<td>8</td>
<td>Mahtma Gandhi Kashi Vidya Peeth</td>
<td>105.00</td>
</tr>
<tr>
<td>9</td>
<td>Garhwal university (Hemwati Nandan Bahuguna University)</td>
<td>24.00</td>
</tr>
<tr>
<td>10</td>
<td>Bundelkhand University</td>
<td>181.00</td>
</tr>
<tr>
<td>11</td>
<td>Avadh University (Ram Manohar Lohia University)</td>
<td>94.00**</td>
</tr>
<tr>
<td>12</td>
<td>Rohilkhand University</td>
<td>27.00</td>
</tr>
</tbody>
</table>


Note: (i) *In 1994 it became 299.00 lakhs; (ii) ** upto 31st March 1991; and (iii) Purvanchal and Kumaon Universities were in sound position to this date.
This is one of the facet of the problem. The universities are also responsible for such a state of affairs. As per the above source the major reason for this goes to the unapproved expenditure incurred by the universities and more because, as it has been found, they do not furnish the utilisation certificate of the grants given by the University Grants Commission and the state governments hence they do not get the instalments of the grants well in time. Consequently, they have to take loan from the nationalised banks and overdrafts against their time deposit accounts. A view of the unapproved expenditures by the Uttar Pradesh universities can be seen by tables 1.5 (a and b).

The problem is this that as per university ordinances 1973 section 21(3) and section (4) the expenditures as such must be based on the prior approval of the government which have not been obeyed by the state's universities. In nutshell, the state's universities not only incur unapproved expenditure but they spend the grants (UGC and State) on other items other than the specified schemes for which the grant was originally given. Further, they usually do not send the utilisation certificate of the grants and many a schemes are half – hanged (for
TABLE : 1.5(a)

Amount of Unapproved Expenditure by the
State Universities of Uttar Pradesh, 1980-81 - 1989-90

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name of the University</th>
<th>Amount of unapproved expenditure (Rs. in lakh)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Allahabad University</td>
<td>404.02</td>
</tr>
<tr>
<td>2</td>
<td>Lucknow University</td>
<td>240.57</td>
</tr>
<tr>
<td>3</td>
<td>Agra University</td>
<td>103.89</td>
</tr>
<tr>
<td>4</td>
<td>Gorakhpur University</td>
<td>126.00</td>
</tr>
<tr>
<td>5</td>
<td>Kanpur University</td>
<td>125.00</td>
</tr>
<tr>
<td>6</td>
<td>Meerut University</td>
<td>109.92</td>
</tr>
<tr>
<td></td>
<td>(Ch. Ch. Singh University)</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Garhwal University</td>
<td>76.38</td>
</tr>
<tr>
<td></td>
<td>(Hemwati Nandan Bahuguna University)</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Bundelkhand University</td>
<td>14.92</td>
</tr>
<tr>
<td></td>
<td>(1980-81 - 1987-88)</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Avadh University</td>
<td>43.12</td>
</tr>
<tr>
<td></td>
<td>(Ram Manohar Lohia University)</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Rohilkhand University</td>
<td>42.58</td>
</tr>
<tr>
<td></td>
<td>(1988-89 - 1989-90)</td>
<td></td>
</tr>
</tbody>
</table>

Cont.........
11. Kumaon University 69.39
12. Mahtama Gandhi Kashi Vidyapeeth 32.65
13. Sampoornanad Sanskrit University 67.37

Source: Dainik Jagran (Kanpur edition), "The Position of State's Universities - 20 Crores of Expenditure in 5 years by neglecting the government orders (2)", 1st September 1993, p. 1. The original source was Local Funds Accounts which supplied data to the government of Uttar Pradesh.

Note: Purvanchal University has not been included in this expenditure.
TABLE : 1.5 (b)

The Items of Unapproved Expenditure by the
State Universities of Uttar Pradesh,
1985-86 - 1989-90

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Item</th>
<th>Amount of unapproved expenditure (₹. in lakh)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Encashment of leaves</td>
<td>1436.38</td>
</tr>
<tr>
<td>2</td>
<td>Honourarium and medical allowances</td>
<td>68.23</td>
</tr>
<tr>
<td>3</td>
<td>Expenditure on the daily wages personnel</td>
<td>153.23</td>
</tr>
<tr>
<td>4</td>
<td>Conveyance allowance and overtime allowance</td>
<td>39.78</td>
</tr>
<tr>
<td>5</td>
<td>Other items</td>
<td>166.00</td>
</tr>
<tr>
<td></td>
<td><strong>TOTAL</strong></td>
<td><strong>1869.62</strong></td>
</tr>
</tbody>
</table>


Note: The unapproved expenditures incurred by the Kanpur and Purvanchal Universities are not included in the above total. If they are included then the amount reaches ₹. 25 crores.
instance, examination reforms, expansion of libraries and M.B.A. courses, etc.)

The resource-crunch and thereby the resultant financial crisis of the universities has got this aspect also. The financial mismanagement of the kind demands re-orientation and economy and in the expenditures by the institutions of higher learning in the state; and

(ix) In addition to the above problems identified, there is the problem of an appropriate financial policy to be formulated for the sub-sector so as to equalise educational opportunities without unduly subsidising the education of rich and/or burdening the state economy by ignoring priority areas of programmes such as elementary and adult education. The policy should, moreover, aim at rectifying the deficiency in infrastructural facilities, from which most of the higher educational institutions suffer. Their ability to keep pace with the advances in technological knowledge as well as to enhance the quality of teaching and research programmes is limited and will

remain so unless (a) adequate funds are channelised for their development, and (b) conditions are created for their efficient utilisation to ensure cost-effectiveness. In fact, the pressure on universities and colleges for providing relevant courses and appropriate training to a growing number of graduates, who generally seek employment in the industrial and allied sectors, is increasing while the costs of such services are rising. The growing awareness among the masses, particularly about the role of universities and colleges in addressing to the regional and local problems through their extension programmes in the state has added to the gravity as well as urgency of the problem of financing new programmes.

Thus, there are certain specific problems of financing higher educational sub-sector in the state which need thorough investigation and possible policy-formations for them. In this context it is necessary to ensure that (a) the beneficiaries bear for the costs of educational services and (b) the system is made more accountable or responsive to the changes in the societal needs by an improvement in its internal and external efficiency. These
goals are not being fully realised because of the deficiency in the prevailing approach of funding of educational programmes; which mainly arise from lack of proper degree of transparency in the sources and methods of use of funds. Now, it is high time to come to the review of literature on financing of higher education on both India and Uttar Pradesh level. This is as follows:

1.3 REVIEW OF LITERATURE:

A review of the related literature on any research problem gives an insight to see what has been done earlier on it; how has it been done; where it has been done and what have been the findings. Moreover, it brings to the notice to the researcher as to what his thrust area should be. The present work, also, is guided by these aspects. The review of the related literature on the research problem taken-up may have two broad categories viz., (i) a brief review of the literature pertaining to financing of higher education on India level, and (ii) a detailed review of the literature related to the financing of higher education in Uttar Pradesh. The details are as follows:

i) Review of literature on India Level:

Finance is a crucial pre-requisite for educational
development. It, as an area of research, has assumed big importance only in recent years. The pioneering efforts in studying the mechanism of educational finance was made by Dr. Atma Nand Mishra in 1959 and further in 1962, 1967 and 1973. He examined the system mainly in the historical perspective, though he also studied the system of grants-in-aid introduced by the state governments. A number of other important researches are by F.H. Rizvi, A.M. Nalla Gounder, J.L. Azad and alike.


other studies such as K.R. Shah\textsuperscript{27}, P.R. Panchmukhi\textsuperscript{28},


Nanjundappa\textsuperscript{29}, Singh and Sharma\textsuperscript{30}, Mridula\textsuperscript{31}, K.S. Chalam\textsuperscript{32}, J.B.G. Tilak\textsuperscript{33} (Pl. see detailed bibliography).


M.M. Ansari, E.T. Mathew, R.B. Agrawal. They have


studied, in detail, the problems of University finances. There have also been quite a few studies relating to the finances of individual universities. Important among these are the studies by Jena,\textsuperscript{37} H. Aher,\textsuperscript{38} and G.S. Parashar\textsuperscript{39}. These studies find the bleak picture of higher educational finances at institutional level. They examine the financial patterns of these universities by analysing their sources of income and patterns of expenditure. Thus, they bring out the extent of mismatch between the incomes and expenditures of the universities. There have been very few studies about the system of financial management of higher education. Mention

\textsuperscript{37} Jena, S.L. : University Finances : A case study of the Maharaja Sayajirao University of Baroda, MSU, 1983.

\textsuperscript{38} Aher, H. : Critical Analysis of University Finances in Maharashtra, Ph.D. Thesis, Nagpur University, 1986.

\textsuperscript{39} Parashar, G.S. : The University Finances in Madhya Pradesh, D.H.S.G.V.V., 1981.
may, however, be made of A.A. Khan40, M. Sulochna,41 and M.M. Sharma42. Khan and Sulochna have studied the financial management of the Osmania University, as a case study. As against this Sharma has studied the financial management of universities of India. They bring out the financial management's weaknesses of the university system and suggest certain set of measures. There are also two comparative studies on financial management at the higher education stage. Mahendiratta43 made a comparative study of the University administration in India and the


U.S.A. Azad\textsuperscript{44} undertook a comparative study of the financing of higher education in India and Britain with particular reference to the system of financial management. The study was undertaken in the wake of the cataclysmic changes introduced in Britain in the system of financial administration culminating in the demise of the ageing university Grants Committee and its replacement by the Universities Funding Council, in turn replaced by the Higher Education Funding Councils. The study revealed that there were a number of areas in which India and Britain could share their experiences in financing universities and collegiate institutions to mutual benefit. The foregoing description of the important studies on higher educational finance on India level brings the following points into focus:

i) With the phenomenal rise in enrolment since independence, there has taken place a continuous rise in expenditure on higher education which the government had somewhat underestimated;

ii) The tapering of private (non-government) resources for the development of higher education has resulted in the system depending on the government

\textsuperscript{44} Azad, J.L.: op. cit.
increasingly for meeting a major portion (about 80 percent) of its expenditure. The process of expansion has thus been accompanied by a widening gap between public and private funding of higher education - grants are gradually substituting fees. This was certainly not the role envisaged for private agencies when the grants-in-aid system was introduced in the country during the British period (1854);

iii) With the government finding it difficult to allot more funds, financial crisis is looming large in the higher education sector. It is faced with the dilemma of satisfying the growing aspirations of the youth for college/university education on the one hand, and the government's inability to meet it with its meagre resource on the other. There has already been a marked decline in per student' expenditure over the year, reflecting a fall in the level of facilities and academic standards. This does not augur well for the future of Indian higher education;

iv) A realistic approach to the financing of higher education has yet to take shape, although the inherent limitations of the existing pattern have been noted from time to time. The down-
to-earth issue of sharing the cost burden between the government (by way of grants) and the users (by way of fees) should be tackled first. This should be done in such a manner that (a) the interests/gains of both the society and the students are well recognised, and (b) the whole sector of higher education gets stimulated and becomes really 'higher' in terms of quality. In this context, it has to be noted that the present system of financing higher education, involving a substantial amount of subsidy (and extended indiscriminately to both the privileged and the under-privileged), is highly inequitable. Majority of the seats in higher educational institutions are appropriated by those belonging to the well-to-do sections of society, and, naturally, the benefit of subsidy has mostly gone to them. Under the existing situation to defend the liberal subsidy given on the ground of social and economic justice is therefore a monstrous perversion of truth;

\[v\) In a situation of resource scarcity, there is an urgent need for looking at the effectiveness of higher educational expenditure on different
items, apart from salaries. There is a continuing need to discover the benefits of different lines of action, and see that the resources flow to appropriate channels. Considering the fact that educational expenditure are now regarded as investment in human resource, every effort must be made to see that the rate of benefit in financial terms, as measured by skill enhancement, contribution to development or any other factors, in each line of specialisation, is high. Universities and colleges will have to devise adequate academic and administrative authority and procedures for the appropriate and effective utilisation of available resources and institutional aids; and

vi) There has been a lack of clear and rational delineation of the functions between central (UGC) and state governments, the two major funding agencies. A large number of financial ills and non-achievements pertaining specially to development programmes, could be traced to this cleavage. Now that education is under the 'concurrent list', there is scope for the UGC to be associated more effectively with the growth and financing of higher education
in the states. The principle that central government should play an important role in the financial support of university education and research has been firmly established in many a advanced countries. In Indian context, the central's role has become all the more important particularly in the context of achieving many of the objectives set-out in the National Policy on Education, 1986. The state universities, through sponsored by the state governments, should be treated as on integral part of the national university system and the glaring disparities between them and the central universities in the allocation of grants should, as far as possible, be removed. Such a step will enable the state universities to prevent the steep fall in academic standards and play an active role in the development of universitiy education in the country. Conclusively, it would appear that there are a number of problem-indicators in the higher educational finance and the short-comings related to them. In the absence of the basic information that research studies are expected to generate,
it is difficult to improve the working of higher educational finance. In renewing the literature on India level it is makedly noted that there are very few analytical studies about the financing of higher education in the various five year plans. In the Planning Commission's documents, there is some analysis of the behaviour of educational finance in different states. This, is, for obvious reason, very perfunctory and does not enable a discerning person to know about the progress of various schemes and the role finances have played in their implementation or lack of implementation.

Review of Literature on Uttar Pradesh Level:

As far as Uttar Pradesh in concerned, nothing worth referring has been studied in the name of higher educational financing, especially in the context of the planned development of the state. Whatever is available that is being summarised here so as to have the stock-taking of what has not been studied uptill now and to have the directions for the proposed research work. The description is as follows:

As a direct study on Uttar Pradesh the work done by B. Pandey can be cited. Though it was not a sole study

on financing of higher education in Uttar Pradesh yet it dealt with some aspect of the same. The phenomenal rise in the enrolment of students in the institutes of higher education after independence, the increment in the number of institutions in the context of population growth and fund granted to the institutions were analysed statistically. The study revealed that every aspect tertiary education in Uttar Pradesh was problem-ridden. Difficulty in the formulation of aims, choosing the medium of instruction, inadequate research and accomodation facilities, lack of adequate funds and difficulty in following the rules for the affiliation of colleges emerged as the main problems.

In this very sequence the thesis work by T.P. Mishra46 is highly relevant to refer. He has studied the Financing of Higher Education in Uttar Pradesh since 1950 to 1975. The finances of only general higher education were inquired of. The sides of income, expenditure and grants-in-aid were analysed.

followed by a set of suggestions for improving the financing of higher education in the state. It is significant to note, as per the study, that in all the plans higher education was accorded last priority. Its allocation was, on an average, 11.00 percent of the total education outlay, it being the lowest (3.00 percent) in the First Plan and the highest (18.00 percent) in Annual Plans. Also, the observation pertaining to grants-in-aid aspect is valuable part of the study. He observes that in the beginning of the period, the universities were given annual block grants on deficit basis but Agra and Kashi Vidyapeeth got adhoc grants. Benaras and Aligarh Universities got maintenance grant from the centre. Developmental grant were also given to the state universities. The colleges were given grants which did not exceed half of approved expenditure or deficit which ever was less. The annual block grants to the universities have continued but the grants-in-aid rules in the colleges have been changed recently. Eighty percent of fees derived from Arts and seventy five percent from science students is deposited in the approved bank and the District Inspector of Schools allows the withdrawal of the full amount for salary bill every month. Any
deficit in the bank account is made good by the government. Certain suggestions for improving the financial health of the universities in the state are as under:

1. As the demand for higher education increases, more expenditure will be necessary. The burden of this expenditure will largely fall on the government. It is, therefore, desirable to check large admission on the one hand and on the other activate other sources to contribute more;

2. In view of the rising spiral of prices the fee rates in higher education may be raised. If there is a fear of agitation in raising the tuition fees other types of fees like developmental fees, special-facilities fees etc. may be charged in a lumpsum at the time of admission. Fee concessions should be available only to academically brilliant but economically poor students irrespective of caste, creed and colour;

3. The state government should take responsibility for the non-recurring grant for improving physical facilities like buildings, hostels, laboratories, libraries, etc. If the state exchequer does not permit such expenditure the government may arrange loans from certain bodies like Life
Insurance Corporation at a small rate of interest and institutions should gradually pay them back within, say, twenty years;

4. The University Grants Commission should not insist on 'sharing principle' because many state universities are not able to provide their share and the government, too, does not come to their help readily;

5. The state should have its own University Grants Committee to act as a buffer between the government and the institution of higher education;

6. After the establishment of new institutions there is no point in denying them grant till they have completed some fixed period of miserable existence. on the contrary, the grants should be given from the very beginning of the institutions;

7. The grants-in-aid system should also provide for 'incentive' grants for better performance and punitive cuts for low standards of examination result; and

8. In preparing the plans for development of higher education the plan of each university and college should be invited and considered while planning for the whole state.
The most significant work, which is really a through study, is that of Mohd. Muzammil. In this work titled as Financing of Education (Since 1950-51 to 1980-81) he investigates into the place of education in plan priorities, relative role of public and private finances, the process of budgetary allotment of funds and its spending. He has taken the three sub-sectors—primary, secondary and higher educational expenditure by the government and private agencies, with highlighting this that higher education was accorded high priority upto the Fourth Plan and since then the emphasis has shifted to its consolidation and improvement. The funds that the share of higher education in total educational expenditure has never exceeded 10.00 percent. He also finds that government support is relatively larger at the elementary level of education and lesser at the higher level. By the same token, private services of finance play very significant role at the elementary level and gain relative importance at the higher level. There is a general declining trend in the relative contribution from fees in the higher education, as is the case with the contribution from endowments and other sources. In the case of higher education,

as is with the other two sub-sectors too, the contribution of the State Government is the largest followed by the contributions from fees, local bodies, other sources and endowments. Regarding budgetary allotment of funds he finds that it is not based on sound budgetary principles. No scientific criteria are applied for allotment of funds to different levels of education. Instead, allocation of resources to education and its inter-sectoral distribution appears to be accomplished under political pulls and pressures. The special point which he indicates that the non-plan expenditure has gained marked place in higher educational expenditure in both absolute and in relative terms showing thereby increased dependence of the institutions of higher education on the state government. He suggests that the allotment of funds as grants-in-aid to privately managed educational institution needs to be based on scientific criteria and objective norms. Performance budgeting needs to be implemented in true sense of the word with performance monitoring-cell functioning at the state level. With certain suggestions as educational cess and raising of fees suitably in terms of the alternative scheme of additional resource mobilisation his most remarkable
suggestion is to take education out of the heterogeneous range of social and community services and allot to it a status of its own in the improved taxonomy of plan outlays. Such a change would alone generate the necessary compulsion to deal 'endogenously' with investments in education in the preparation of plan models. Once again, on the same line, he, in his research paper 48 Financing of Higher Education in Uttar Pradesh analysed the multi-source financing mechanism for higher education in the state followed by a study of the state government's expenditure on higher education and a revised scheme of resource mobilisation for financing higher education. He finds that ninety three percent of the total higher education expenditure is that of non-plan type hence central government grants should be grants should be increased for the state universities. He, as a means of additional resource mobilisation, argues for fifty percent increase in fees in total higher educational finance of the sub-sector of the Uttar Pradesh in question which will raise

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the share of fees in total higher education finance from the present level (1980-81) of about 18.00 percent to about 26.00 percent. This will bring about much desired relief to the finance starving institutions of higher learning. At the same time poor and deserving students should be helped by free ships and scholarships. Alumni should also be approached by their parent institutions to donate voluntarily, he adds. Further he builds-up a market Theory of Education\(^49\) in which he opines that it is the higher education the possession of which creates income inequalities by enhancing the earnings of its recipients, there is thus ground that the education particularly the higher education should be adequately priced and it is possible only by subjecting education to the market theory. In the sequence he pleads for privatisation of Higher Education, for tackling the problem of resource-crunch in particular reference to

Uttar Pradesh. Prahlad Kumar and Manoj Dayal have studied the problem of Financial Deficit of Universities with Special Reference to Allahabad where they categorise the causes of financial deficit of the university of Allahabad, estimate the amount of deficit and specifically suggest that the mechanism of resource-allocation should be modified and instead of adhoc allocation, resources should be provided on the basis of scientifically determined requirements of the universities. L.N. Mittal puts his views regarding Higher Education in Uttar Pradesh in the Eighth Plan and concludes that the scenario reflects very serious mismatch between objectives and grants. Eighth Plan figures reveal that the state government has not allocated the funds proportionate to the responsibilities shared by

50. Kumar, Prahlad and Dayal, Manoj, "Financial Deficit of Universities with Special Reference to Allahabad", in National Seminar on Financial and Academic Administration of Universities with Special Reference to Uttar Pradesh, March 23-24, 1993, organised by G.B. Pant Social Science Institute, Allahabad.

private degree colleges, he adds. S.M.I.A. Zaidi\textsuperscript{52}, in his paper, traces the Development of Higher Education in Uttar Pradesh. In a very Skatchy treatment he opines that the expenditure on education is lowest in Uttar Pradesh and even in this lower allocation, the share of higher education is still lower than almost all major states of the country. Taking Agra University as case study S.S. Gupta\textsuperscript{53} studies the Funding of Institutions of Higher Education in Uttar Pradesh. He finds that the funding scheme of the government of Uttar Pradesh is extremely faulty as it does not contribute anything towards the betterment of the academic facilities and starves the colleges by taking away 80.00 percent fee collection. He adds that in Uttar Pradesh maintenance grant given to different universities, as it appears, is not based on any rational principle. It is more or less based on an adhocism. The result is that every university is adding to its deficit every year in Uttar Pradesh. By reviewing the literature


on financing of higher education in Uttar Pradesh it is obviously clear that no thorough and detailed study has been done in the context of planned economic development of the state. There are multi-facet problems of financing higher education, especially in the context of new economic policy of the central government and that has not been touched upon at all yet. The problem of resource-crunch is not a new phenomenon. This virtually becomes new when it is thought as how to deal with this ever widening problem. This requires a dynamism in the sector of financial resource mobilisation. In the literature reviewed so far this has not been given a proper treatment. The present study would try to fill-up the gap of as highlighted above since the Fourth Five Year Plan.

1.4 HYPOTHESES OF THE STUDY:

They are as follows:

i) The financing picture of general higher education in Uttar Pradesh is in conformity with Indian trends since the Fourth Plan;

ii) The sources of financing general higher education do not differ significantly as compared to other Indian States under the period of reference;

iii) The general higher education in Uttar Pradesh is highly dependent on government grants since the Fourth Plan;
iv) The sources, other than the government grants (expenditure) and the UGC Grants, have declined under the period of study;

v) The public and private sources have played the similar role in financing general higher education in Uttar Pradesh since the Fourth Plan.

vi) The Plan and non-plan expenditure (grants) on general higher education have behaved in similar fashion under the period in reference;

vii) The financing pattern of different constituents of general higher education in the state have behaved in the similar way in the context of the period taken-up;

viii) The multi-source financial mechanism is sufficient for expansion of the general higher education in Uttar Pradesh;

ix) There has not been a clear-cut and well-managed policy of the Uttar Pradesh government for financing general higher education since the Fourth Plan; and

x) The traditional financing mechanism of general higher education is satisfactory and there is no need for devising an alternative additional financial resource mobilisation policy for the state's universities and colleges.
1.5 RELEVANCE AND POSSIBLE CONTRIBUTION OF THE STUDY TO KNOWLEDGE:

The study taken-up is highly relevant with the view that there exists a big mismatch between higher educational financial needs and means in Uttar Pradesh and which demands a comprehensive and analytetical study of financing general higher education. As has been observed that there is a marked derth of studies on financing general higher education in Uttar Pradesh, the study in hand needs no justification for its relevance. It is contributory in the sense that it may be able to draw the attention of Central Government, UGC and the government of Uttar Pradesh, educatonal planners and policy-makers to the multifacet problems of higher educational financing in the state. In the era of new economic policy of liberalisation and privatisation there is a need for financial re-orientation of the institutions of higher learning. This demands for a newer scheme for additional financial resource mobilisation for such institutions, especially in the context of Uttar Pradesh state universities and the colleges of higher education. The possible contribution of the proposed study to the knowledge lies here.
1.6 DATA-BASE AND METHODOLOGY:

The data-base of the proposed study pertains to multi-source-published and unpublished and is that of secondary in nature. The data would be gathered from the publications of the Department of Education, Ministry of Human Resource Development, Government of India, New Delhi; Directorate of Higher Education, government of Uttar Pradesh; drafts of Five Year Plans, government of Uttar Pradesh, Lucknow; Item-wise Estimate of Expenditures, Department of Education, government of Uttar Pradesh; the Annual Reports of the University Grants Commission, New Delhi and from publications of the Association of Indian Universities, New Delhi and reputed Journals of higher education. The unpublished sources would also be used as an when necessary, with proper reference. Despite the given limitations of the data-base it is expected to cater the needs of the study reliably. As far as the context of the methodology of the proposed study is concerned it would follow Historical Research Methodology. "Historical Research is the application of scientific method to the description and analysis of past
events."

"Historical research is the critical investigation of events, developments and experiences of the past, the careful weighing of evidence of the validity of sources information on the past, and the interpretation of the weighted evidence. The historical investigator, like other investigators, then, collects data, evaluates the data for validity, and interprets data."  

".... Education is a particularly good example of the virtue of historical research. The virtue of historical research in the behavioral sciences probably springs mainly from the need to do present work with earlier work as a cognitive context. In education, however, historical research per se has great value, because it is necessary to know and understand educational accomplishments and trends of the past in order to gain perspective on present and future directions."  

Thus, the above method has been choosen


55. Ibid, pp. 701-02.
and is expected to suit the nature of the proposed study. For analysis and interpretation of collected data the statistical tools such as arithmetic mean, % age, correlation, index numbers, graphs and figures would be used. The major aim of using the statistical tools would be to test the hypotheses of the proposed study.

1.7 LIMITATIONS OF THE STUDY:

As is with the other research studies the proposed study may suffer from certain limitations. They are as under:

1. It is not a quantitative study hence certain subjective elements may enter in the analysis;

2. It is a case study and its generalisations may not be equally applicable to the Indian context, (i.e., other states of India);

3. The generalisations of this case study itself may not be applicable to a particular university or college in the state;

4. The study starts with the Fourth Plan and hence what has happened in the past plans is virtually left out in Uttar Pradesh's context;

5. This is the study which centres around the financing of higher education by the Uttar Pradesh State government. Hence, the expenditure (grant) aspect of
financing general higher education may dominate the income-expenditure and thus the budgetary approach and other sources of financing; and

6. The data-base is multi-sourced and it is pity to note that in education the data-base is still not systemate and up-to-date. Hence, the study may suffer from systematic series of different aspects of financing of higher education in Uttar Pradesh and more the data may not be most recent. However, the efforts would be made to be throughly informative with recent available statistics on the problem taken-up.