CHAPTER XIII

Grant-in-Aid

A payment from the Treasury of the State or Central Government to any authority for the purpose of assisting the authority for carrying on a part or whole of its activities is ordinarily known as grant-in-aid. Essentially, it is an outright donation to the local authority though the gift is usually tied to a number of strings. It is a modern device. It did not play a vital role in educational finance till 1947. Since 1950 however, it has played a dominant part in the financing of Higher Education.

During the years particularly from 1950 a number of changes had taken place because of planning, increasing realization that education must receive greater state support and social changes. All these factors brought about increasing expenditure on education from Government exchequer.

The aims of grant-in-aid are several. First, to transfer some of the burdens from the poorer to the richer classes. Most of the major grants were made with that end in view. Second, by means of grant-in-aid it is possible for the Government or any other body to help and even to promote an object without itself becoming financially or administratively responsible for it. For instance, the UGC supports certain services which are of national importance but which can best be administered by the universities. Third, a grant-in-aid enables the UGC or Government to encourage and stimulate the universities and
colleges to expand and improve their services to the community along desirable lines and thereby secure a national minimum standard in respect of these services. Fourth, a grant-in-aid facilitates effective co-operation between the State and the universities providing a means by which Government can legitimately inspect and criticise the work of the universities. In this way, the UGC or the Government may be able to place at the disposal of universities talent, expertise and information available with them. Again, in federal countries where there is a rigid division of functions, direct management of higher education which is in the State list by the Union Government is unconstitutional. Grant-in-aid system helps the accomplishment of certain objectives. In short, grant-in-aid is a device which lends great elasticity to the relationship between the State and universities and provides a means by which an ordinary governmental objective may be attained. It is therefore no exaggeration when we say that it constitutes by far the most significant innovation or feature of financial administration of universities since 1955 and its adoption had a revolutionary effect upon the universities and colleges.

Fifth, grants are considered almost from their very inception as subventions in relief of local rate-payers. The general view is that rates are less equitable than national taxes. The rate payers must therefore be relieved from some of their burdens particularly from the burden of supporting those services the benefits of which accrued to the country as a whole rather than merely to the local area concerned. So grant-in-aid is an appropriate device
for increasing the equity of the tax system and for insuring that the burden of Government fall on proper shoulders. It is true that grant-in-aid alone is not the means by which this objective may be realised. Other measures may have to be taken to achieve the same end. They are for instance transfer of certain functions to some other authorities, increase of the administrative area and exemption of certain classes of persons from the payment of fees. However, grant-in-aid is the chief instrument by which relief to rate payers is given.

Grants are also designed to transfer to the national taxpayer expenditures of the universities which are onerous and not beneficial. Onerous expenditures are those incurred on services rendered by local authorities which confer benefits not only on the area concerned but upon the entire country. Beneficial expenditures on the other hand are defined as those which benefit only the area in which the services are rendered which do not materially affect other areas or the country at large and are therefore strictly of local concern. Expenditure on higher education is regarded as onerous because it is the concern of the entire country and it benefits the whole country. On the other hand expenditures on expenditures on residential streets, fire brigades are considered to be of exclusive benefit to the people living in the area where the service is rendered. On the basis of this distinction it is held that the universities should be compensated towards the cost of service which is of national importance because they benefit not only the locality where the university is located but the entire
country as a whole. This line of reasoning has always been one of the most convincing and effective arguments in favour of extending the grant-in-aid system and the validity of this argument has seldom been questioned though in recent years this distinction has been questioned.

Thus the aim of grant-in-aid maybe one or more of the following, to encourage the local authorities, to extend or improve their services, to distribute the burden of the cost of administration of universities more equitably, to compensate the universities for the loss of revenue, to transfer the cost of a particular service from the local tax payers to the national tax payers provided the service has a national character rather than strictly local and finally to reduce the inequalities among the universities. Each of these motives led to a different basis of distribution. But the aim of grant-in-aid has been largely promotional.

Opposition to Grant-in-Aid: Although grant-in-aid plays a vital role in the financial administration of universities, there is opposition to grant in aid in some quarters. The opponents of grant-in-aid argue that grant-in-aid ultimately results in the transfer of some burdens from the poor to the rich and that it is unfair to expect the rich to pay for poor. This argument is untenable.

Second, it is frequently suggested that grant-in-aid would result in the destruction of the spirit of local initiative and of the local responsibility. Grants are made with strings attached.
When a university receives grants it must submit to the control of the authority which pays the grant. He who pays the piper calls the tune. It is a fact no doubt that large grants tend to strip the universities of their autonomy and to centralise authority in the Government.

Grants are not without dangers and disadvantages. First, the control by government over the universities may become so great that it may cause the virtual extinction of autonomy. There are many who do not consider this as a calamity but a majority of them concerned with autonomy desire to preserve it. If the latter view is accepted then there is a limit beyond which it is unsafe to accept grants because the degree of control by Government at that point may become so great as to nullify local autonomy. Second, the supervisory aspect of grant-in-aid may lead to the development of bureaucratic control probing into the minutest detail of university administration. Third, once grants are accepted it is virtually impossible to reduce or to give them up because on the basis of their continuance numerous long term commitments are made and all kinds of vested interests grow up. Reduction or withdrawal is strenuously resisted. Although these are the dangers and disadvantages they are not inherent nor are they insuperable.

Kinds of grants: Grants have been classified into four categories. Percentage grants: A percentage grant is the most usual type of grant. A grant is a percentage grant when Government agrees to finance a certain proportion of the net approved expenditure on
specified services. For instance, UGC makes a number of percentage grants.

Matching grant: Matching grant is a kind of percentage grant. Its main purpose is to induce the state Government or the university to undertake a particular service or to augment the resources of a university. The State Governments give matching grants on some projects sponsored by the UGC or the Government of India.

The third kind of grant is unit grant. A university may receive a certain amount for each unit of specific service rendered. The fourth kind of grant is assigned grant. Grants may be classified in a different way. Conditional or unconditional grants, specific or categorical grants, general or block grants, deficiency grants, stimulating grants. Which type of grant is better? Conditional grants are invariably subject to a variety of conditions that the university or college must observe and satisfy the Government or the UGC as the case may be that it observed the conditions. Specific grant or categorical grant is the purest grant in respect of a particular item of expenditure of local authorities for any services. This is also called percentage grant. The general or block grant is a grant given towards the expenditure of the university or the college on all or any of its services. The expenditure is left to the discretion of the institution that receives the grant. The deficiency grants are grants whereby deficits incurred by a university or college in connection with specific services are made up by grants from the State funds. Stimulating grant or supporting grant is
one which is intended to stimulate the university or college to undertake a new function or provide a new service which has been adjudged by the State legislature or parliament to be in national interest. Although grants have been classified into several categories, the classification given above is neither final nor scientific.

Which type of grant is better? Economists may say that categorical grant is not desirable because it does not provide sufficient flexibility in expenditure. Categorical grants may fluctuate with fluctuations in public interest and therefore is not based on an objective analysis of the facts. The critics therefore argue that the existing categorical grants should be replaced by block grants. The block grant system is advocated because it provides maximum flexibility to the university authorities to adjust their programmes to meet the specific needs of the university. That is, the universities may use funds in accordance with their own list of priorities. Further, under the block grant system there would be a single fund which can be used for a number of activities. But where we have categorical grant there are separate funds which must be used within a circumscribed programme area. Further block grants would facilitate the use of the generalised personnel.

But block grant system has a number of disadvantages. All the reasons given below may not be true. But an ultimate analysis they are. Block grants require a larger amount than categorical grants. If the State aid is restricted to a specific segment of the
programme area in which there is national interest the state aid may be limited to amounts needed to encourage action by the local authorities on this particular segment. Block grant system facilitates the application of national standards and controls. Categorical aids limit the interference of the Government with local initiative and leadership to the field of action aided. Again block grants brings into existence centralization of authority in the hands of the State Government. Categorical aids do not encourage centralization of authority in the hands of State Government. Again, block grants impair the authority of the central and State Governments when the university fails to establish national standards and achieve national objectives. A block grant dilutes the national objectives sought by the State and national government since the aids are not specifically directed towards their objectives. A categorical grant on the other hand facilitates the achievement of national goals since these goals are pinpointed by the purpose of the grant. If stimulation of action is an objective it cannot be achieved except through a specifically directed grant. Further, a categorical grant facilitates a more precise review of the appropriation requests by classifying the specific purposes for which funds are sought. Again, block grants do not lessen the need for categorical grants. A specific national problem will still require the introduction of new categorical aid to obtain an immediate allocation of state funds for that purpose. Block grants do not ensure or even encourage the uniform development of programmes on a nation wide basis. Unless categorical grants are added to the block grants from time to time or portions of the block are earmarked for specific purposes, grants will not effectively
stimulate the appropriation of local funds and the development of programmes to meet new problems of national concern.

Historical Background: The beginnings of grant-in-aid for higher education in North East India is found in the sanction of a capital grant of Rs. 1,29,168.00 to the authorities of the St. Edmunds College in February, 1915\(^1\). Besides this grant the Government also granted a site of land extending to about 24 acres forming greater part of Forest Block No. XII in Shillong.

In 1931 there was a proposal for the establishment of a college at Jorhat. Kasinath Saikia moved a resolution in the Legislative Council requesting the Government to sanction a non-recurring grant of Rs. 10,000 to the proposed Jorhat College\(^2\).

In 1914, the Government of India placed at the disposal of the Government of Assam Rs. 2,00,000 for the promotion of college and secondary education\(^3\) and Rs. 30,000 for Training Institutions\(^4\).

Before 1930, grant in aid system for Higher Education did not play a vital part because there were only two colleges and both of them were government colleges. But after 1947, grant in aid played a vital part, particularly after the establishment of the UGC in 1956.

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2 AIOP 1931 Edn. B. 137 - 1931; B. 26 Edn. 1931.
3 Edn. A. April 1914.
4 Edn. A. January 1914.
Purposes of Grants-in-aid: The UGC gives grants for several purposes. Grants were given for the development of museums, for the purchase of audio-visual aids, for the appointment of additional staff, for meeting expenditure on non-recurring items accepted by the UGC, for the faculty improvement programme, for the construction of buildings for various purposes, for the improvement of the undergraduate classes, for the exchange of visits by young scientists between India and the United Kingdom, for the promotion of research, for the development of undergraduate studies, for the publication of learned works, for the purchase of books and journals for college and university libraries for development of higher education, for the improvement of postgraduate departments, for the purchase of equipment, for the establishment of new departments, for the purchase of manuscripts, for the introduction of three year degree course, for the revision of salary scales of teachers, for the payment of travel expenses to research workers, for examination research, for the conduct of seminars, summer institutes and workshops, for the establishment of printing presses, for establishment of Tagore Chair, scholarships, Fellowships, for the establishment of Centres of Advanced Studies, for area studies, and finally for the promotion of the welfare of the students.

The State Government paid grants both non-recurring and recurring. The Government of Assam pays a statutory block grant of Rs. 40 lakhs to Gauhati and Dibrugarh each. Besides the statutory grant, it paid special grants, committed grant and grant for specific purposes. It also paid a grant for the management of IAS coaching.
classes, for the promotion of research in folklore and tribal culture, for the publication of the Ramayana, the Mahabharata, for the promotion of research, for conducting youth festivals and for the revision of scales of pay of teachers.

Conditions of grants-in-aid: The conditions under which grants are given to universities and colleges differ from one to another. Let us consider the grant given for the promotion of research. First, the University must constitute a committee one each for science, humanities and social sciences and engineering faculties. The committee should consist of the Dean of the Faculty concerned with the Vice-Chancellor as its Chairman. It may include other members also. It invites proposals for research together with an estimate in each case. The proposals must receive the consideration of the committee. The requests from the teachers for financial support must briefly indicate the research work already undertaken by the teacher, results if any, the present stage of work and purposes for which financial support is required. The maximum amount to be given to any single teacher in a year may not ordinarily exceed Rs. 2,000. This amount may be suitably increased if more than one teacher want to work on the same subject as a team. No assistance under this grant may be given to any teacher who has on hand any research scheme supported by the UGC/CSIR/ICSSR. The amount placed at the disposal of the university should not be distributed among the different departments and faculties but each request should be considered on its own merit. The grant should not be utilised for the appointment of fellows and research assistants. At the end each
year the university may send to the UGC a report of the committee administering the grant. Grant for the subsequent years are released only after the receipt of the report by the UGC from the university.

As regards the publication of learned works and research work, grants given are subject to a number of conditions. The principal of them are, the grant must supplement the work of private publishers or replace them. The research work should break a new ground. It must be useful for reference for Honours and post graduate courses. The publication should be printed within India. Payment towards the cost of printing should not be made to the author but directly to the publisher by the university. In case the amount provided as subsidy for a particular publication is less than Rs. 1000 no reference need be made to the experts for its assessment. In case the amount of subsidy exceeds Rs. 2000 the manuscript is required to be sent to two experts besides the examiners in that particular field. When assistance to a publication is substantial the university should undertake it as its publication and a major portion of the money realised through sales should be credited to this fund.

As regards the fellowships, unspent balances if any, after the close of the financial year must be refunded to the Commission. The grant for the second half is released only after the receipt of the report for the previous half year. The progress report of the fellow must be countersigned by the supervisor. If the progress report is unsatisfactory, the fellowship may be terminated.
The other conditions are first, the university or the State Government will contribute their share on the approved basis as indicated in the sanctioning letter of the UGC. Second, the grant along with the university's matching grant if any should be utilised for the purpose for which it is sanctioned. Third, the grant should be spent as far as possible during the financial year in which payments have been made. The instalments of non-recurring grant should be utilised within a period of six months from the date of sanction and any unutilised amount should be refunded to the Commission. Fourth, the grants sanctioned are ordinarily paid in such instalments as may be needed for meeting expenditure likely to be incurred during a period of three to six months. A progress report should be sent while asking for the release of funds. A report on the progress of expenditure and the implementation of the scheme should be sent to the commission in the prescribed form. A statement of the accounts duly audited and a certificate from the statutory auditors of the university to the effect that the grant has been fully utilised for that purpose for which it was sanctioned and that the university and the State had contributed from their funds where required should be supplied to the Commission as soon as possible at the end of the financial year. If the university is unable to implement the approved scheme within a year of its sanction either with regard to the construction of a building or appointment of staff the sanction should be considered as lapsed. The assets acquired wholly or substantially out of the UGC grant should not be disposed of or encumbered or utilised without the prior sanction of the UGC for the purpose other than those for which grants were given and should at any time the grantee institution cease to function such assets shall
As regards appointments for which grants were given the University must provide on a permanent basis for the posts sanctioned by the UGC as a part of the Plan Development Programme unless otherwise specified.

Further, the following information should be supplied as soon as the appointment to a particular post approved by the UGC is made by the university: name of the person appointed, academic qualifications and experience of the appointee, initial salary offered in the scale of the post. In case the university proposes to give to the staff approved by the Commission, on the advise of the Selection Committee more than five increments at the time of initial appointment, the concurrence of the UGC should be obtained. In case where the existing staff members are appointed against new posts sanctioned by the UGC the university should take steps to fill in the resultant vacancies as early as possible.
Now let us consider the conditions to be observed with regard to the basic grants sanctioned by the UGC for the purchase of scientific equipment for various science departments of the university. The basic grant may be utilised over a period of two years. This grant was paid on cent per cent basis. The allocation should be utilised for purchasing permanent equipment. Priority should be given for the purchase of equipment for teaching and to commissioning of equipment which is lying idle. It should not ordinarily be utilised for the provision of consumable good. It is permissible to utilise up to an amount not exceeding five percent of the grant for providing storage facilities. The Commission has the right to transfer to another university an apparatus of the value of Rs. 20,000 or more purchased from funds available under this grant, if the same is no longer required by the university or college. The allocation sanctioned for the purchase of scientific equipment under the general development plans should be utilised for the purchase of equipment required for undergraduate and postgraduate teaching and laboratories. As a general principle two-thirds of the grant allocated for equipment should be utilised for this purpose. The amount should not generally be used for the purchase of highly sophisticated equipment which may be purchased from funds sanctioned for research projects.

In special cases up to five percent of the grant may be utilised for the provision of consumable goods such as chemicals. Again an amount not exceeding five percent of the equipment grant may be utilised for the maintenance or repair, purchase of spares,
service contracts and other maintenance needs whenever necessary subject to the condition that such expenditure will be incurred only where necessary and in addition to the normal provision already made for such purposes by the universities from their normal budgets.

Universities may also utilise upto 20 per cent of the grant for the purchase of materials, components and other items if required for fabrication and development of equipment in the department with the help of workshop facilities. Items of such equipment indigenously made should be reported to the UGC.

The grants given for the purchase of library books should be utilised for the purchase of text books, reference books and journals. Not more than five per cent of the grant may be utilised for the purchase of furniture, appointment of additional staff and maintenance and preservation of books and journals.

To obtain grants for the construction of buildings the universities are required to follow a number of conditions. First, the university should furnish the plan in duplicate together with a preliminary estimate worked out on the plinth area rate basis along with the specifications to the UGC. The UGC may send a team of experts to scrutinise the plans on the spot. The expert team may determine the site where the building should be constructed and the type of building that should be constructed. On the receipt of the preliminary plans from the university the UGC will communicate within one month the acceptance or otherwise of the plans along with a copy
of the plan duly authenticated.

After the plans accepted by the UGC are received by the university, it may proceed with the preparation of detailed estimates, which should be done on the basis of the specifications and schedules of rates of the PWD of the State concerned. The estimates should indicate the relevant item number in the PWD schedule on the basis of which the estimates have been prepared. The Engineer who prepares the estimates should certify that they are in accordance with the schedules of rates of the PWD of the state concerned.

A copy of the detailed estimates prepared by the university should be sent to the local PWD or to some other agency agreed to by the UGC for certification of rates and tender and simultaneously a copy may be sent to the UGC. The University may then proceed to invite tenders and finalise the acceptance of the tender. If the tender to be accepted is higher than the estimates approved by the PWD the UGC should be consulted. After the tenders are finally accepted, the grant will be released upto 75 percent of the amount in appropriate instalments.

The UGC insists that tenders should be invited for all works for which grants have been sanctioned. Further, the UGC should be informed of the number of tenders received, value of the lowest tender, value of the tender accepted, reasons for not accepting the lowest tender.
After the receipt of the information and if the UGC is assured that the university is in a position to undertake the construction the first instalment of the grant will be released. Subsequent instalments will be released on the receipt of the progress report of expenditure duly certified by the engineer. The final instalment will be released on receipt of the exact statement of the final cost and a completion certificate issued by the university engineer and the Registrar of the University. Grants given for the appointment of additional staff are also subject to several conditions. First, the UGC insists that before sanctioning the grant, the State Government give as assurance to the effect that the posts will be maintained.
by the university after the end of the Plan. The U.G.C. should be assured to that effect. Further, no change should be made either with regard to the items of expenditure accepted or in regard to the specialisation suggested for different posts approved by the U.G.C. Whenever such changes are considered necessary the University should approach the Commission with full justification. Finally, the qualifications prescribed by the U.G.C. for different posts must be strictly be enforced.

The U.G.C. gave grants both recurring and non-recurring to the colleges that introduced the three year degree course. The U.G.C. decided to assist the Government colleges located in the Union Territory on cent percent basis for introducing the three year degree course. These colleges were also eligible for a recurring grant of Rs. 50,000 per annum for a period of four years from the year of introduction of the three year degree course. The grant was sanctioned on the condition that the amount would be utilised for any or all purposes such as the construction of additional buildings, lecture and staff rooms, laboratories, class rooms, furniture, library books and science equipment.
The U.G.C. also laid down the condition that the university should satisfy itself that the amounts were utilised properly. Further, the strength of the college should not exceed 1000. The grant was paid to the college through the university. The assets acquired wholly or substantially out of the university grants Commission's grant should not be disposed of, encumbered or utilised without proper sanction of the U.G.C. for purposes other than those for which the grant was given. Should at any time the grantee institution cease to function such assets revert to the U.G.C. A certificate from the University to the effect that the grant was spent for the purposes for which it was given must be produced. The University sends its Inspector of colleges to verify the expenditures and on the basis of the report the certificate is issued.

Grants given to the colleges for the construction of buildings was also subject to a number of conditions. Plans and estimates should be prepared by a qualified architect or engineer. The other conditions are similar to those imposed on the universities for similar purpose.

The contingent grant to the retired teachers is subject to a variety of conditions. The amount placed at
the disposal of the teachers was Rs. 2000 per annum. It should be spent on the purchase of apparatus, chemicals, equipment, books, journals, microfilm, typing stationery, postage and clerical assistance. An amount up to 40 percent of the contingent grant is permitted for travel or field work connected with research. It should not be utilised for the purchase of furniture. On the termination or expiry of the award the books, apparatus and other non-consumable articles purchased out of the contingent grant become the property of the University.

**Rates of grants-in-aid:**

The pattern of assistance to institutions of higher education varied from university to university and also from item to item. Let us first consider the pattern of assistance from the State Government. The Agricultural University Act says that the State or Central Government shall every year make non-lapsable lump sum grant to the university as follows. A grant not less than the net expenditure incurred in the State of Assam on such of the activities of the institution of the Agricultural, Animal Husbandry and other Government Departments transferred to the University; a grant no less than the estimated net
expenditure of pay and allowances of the staff, contingencies, supplies and services of the university other than in respect of the activities in institutions referred to above; a grant to meet such additional items of expenditure, recurring and non-recurring as the State Government may deem necessary for the proper functioning of the university; the State Government shall also make a non-lapsable lump sum grant to the university in respect of schemes included in the five year plan, and transferred to it for implementation by the university of an amount of equal to the net outlay shown in the annual plan.

The University also received block grant and allocated grant from the I.C.A.R. and the Ford Foundation.

The Dibrugarh University and the Gauhati University receive a block grant of Rs. 40 lakhs each for general expenditure. Besides the statutory grant which is the block grant, the State Government gave special grants, committed expenditure grant, grants for the management of transport and matching grants for schemes approved by the U.G.C. All these grants are allocated grants.

The grants given by the U.G.C., I.C.S.S.R., I.C.A.R.
and Ford Foundation are all allocated grants. The pattern of grant in aid by the U.G.C. is percentage grant which varies from item to item as shown below:

<table>
<thead>
<tr>
<th>Percentage of approved cost</th>
<th>Contribution by the U.G.C.</th>
<th>Contribution by the State Govt.</th>
</tr>
</thead>
</table>

1. University Department and University Post-graduate centres.

(a) Staff. Professors
   - Professors: 100
   - Readers: 100
   - Lecturers: 75, 25
   - Improvement of pay scales: 80, 20

(b) Equipment: 100

(c) Books: 100

(d) Buildings (Teaching): 50, 50

(e) Workshops: 100

(f) Animal House: 100

(g) Centres of Advanced Study: 100

(h) Special assistance: 100

2. Libraries: Building
   - Books: 100
   - Professional staff: 50, 50
3. Summer Institutes, Seminars Symposium, Refresher, Orientation, Workshops 100
4. Conferences of professional nature 100
5. Utilisation of services of retired teachers 100
6. Publication of learned works by teachers 100
7. Staff Quarters and teachers' hostels 50
8. Boys' Hostels 50
9. Girls' Hostels 75
10. Guest House 50
11. Publication Grant 100
12. Archival Cell 100
13. University Press 50
14. Health Centres 75
15. Health Centres Recurring 50
16. Canteens 66-2/3
17. Students' Aid Fund Equal to the amount collected; twice the amount collected since 1977.
18. Study Centres 100
19. Fellowships and Scholarships 100

The U.G.C. assisted the Universities on cent percent
basis in construction of academic buildings till the fourth five year plan. In the fifth plan the assistance has been reduced to fifty percent of the approved cost. In the case of appointment of Lecturers in Universities the assistance of the U.G.C. has been fixed at 75 percent while it was cent percent in the earlier plans.

The development of the universities in North East India was greatly accelerated by the grant-in-aid from the U.G.C. Gauhati University received a total grant of Rs. 89,26,239.15 in the period from 1969-70 to 1973-74 and the Dibrugarh University Rs. 63,33,194.49 in the same period. Development would have been faster if the grants were not on sharing basis. The Universities were greatly handicapped in progress for their inability to raise the matching share of the cost.

The U.G.C. approved a number of schemes for development of recognised colleges. Some of these projects along with the pattern of assistance are shown below:
(i) Extension of libraries and laboratories and including furniture and fittings. 66\%  
(ii) Accommodation for teaching lecture theatres and class rooms. 66\%  
(iii) Workshops for science departments (building and equipment). 75  
(iv) Purchase of books and laboratory equipment 75  
(v) Boys' hostels 50  
(vi) Girls' hostels 75  
(vii) Residential quarters for academic staff 50  
(viii) Teachers' hostels 66\%  
(ix) Bicycle shed 50  
(x) Tube wells and overhead tanks 50  

In addition the U.G.C. assisted the colleges to build centres for non-resident students and financed such schemes with a maximum grant of Rs. 70,000 for a college with student enrolment of 1000 or more. The colleges or the State Governments are required to meet the balance of the cost of each project approved by the U.G.C. In the fifth plan the pattern of assistance has remained almost the same. The U.G.C. assisted colleges for development of
of facilities to improve the quality of education. The colleges affiliated to Gauhati University received a total grant of Rs. 77,74,110 in the period from 1970-71 to 1976 as shown below:

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of colleges receiving grant</th>
<th>Amount Rs.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1970-71</td>
<td>50</td>
<td>5,65,620</td>
</tr>
<tr>
<td>1971-72</td>
<td>43</td>
<td>10,04,000</td>
</tr>
<tr>
<td>1972-73</td>
<td>54</td>
<td>12,92,726</td>
</tr>
<tr>
<td>1973-74</td>
<td>47</td>
<td>7,86,668</td>
</tr>
<tr>
<td>1974-75</td>
<td>33</td>
<td>5,61,186</td>
</tr>
<tr>
<td>1975-76</td>
<td>44</td>
<td>8,48,963</td>
</tr>
<tr>
<td>1976-77</td>
<td>31</td>
<td>29,14,947</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>77,74,110</strong></td>
</tr>
</tbody>
</table>

Effects of these grants have been salutory. The colleges have been able to provide improved facilities for teaching and student amenities. The number of colleges which received grant in-aid from the U.G.C. was however small compared to the total number of colleges. Many colleges could not avail of the grants as they were unable to provide the matching contribution from their own resources. Some of
the colleges were not brought under purview of the
Commission for non-fulfilment of the condition of minimum
enrolment of students.

Some of the colleges have been designated as
'Deficit Grant Colleges'. These colleges are entitled to
a grant which is equal to the difference between income
and expenditure of the college. This grant is subject to
several conditions. The authority to sanction the grant
is the Government concerned on the recommendation of the
Director of Public Instruction.

A college applying for a deficit grant must be
affiliated to the university concerned. It should be well
managed. Its academic efficiency must be acceptable to the
Government. It must be socially useful. It must be open
to all sections of the society irrespective of caste, creed
and religion. It must be public service and not a profit
making body. It must have been registered under the
Society's registration Act 1860. It should have a governing
body of not exceeding 11 members including the Principal
and the Vice-Principal. The college must have adequate re­
serve fund prescribed by the University. All receipts shall
be kept in a scheduled Bank. Accounts of income and
expenditure shall be maintained. The accounts shall be audited annually. The college must be open for inspection by Inspector appointed by the University.

The college in receipt of grant-in-aid must provide minimum facilities required under rules, a well-equipped library, laboratory and playground. It must employ adequate number of qualified teachers and pay them prescribed salary. There must be provision for superannuation benefits approved by the Government. The conditions of service shall be determined by Government. The tuition fees collected from the students shall be determined by Government. Fee concession should not be granted to more than 10 percent of the students. The Principal shall have complete freedom so far as academic matters are concerned.

The grant may be withdrawn or suspended at any time by the Government if the tone, discipline, organization or instruction is unsatisfactory or if the members of the Governing Body, students or teachers involve themselves in objectional activities or if the percentage of passes in the college at the university examination falls short of the university average, if discipline is not properly maintained or for the violation of any of the conditions of grant.
in-aid. Above all the Government has unlimited power to withdraw the grant at any time without assigning any reason.

While calculating the grant-in-aid the approved income and the approved expenditure are taken as the basis. The approved income is the total receipts from fee after deducting 40 percent of the total fee. The approved expenditure includes salaries to the teachers, clerks, librarian and Government's share of the provident fund. Forty percent of the income from fee should be set apart for fee remission, building repairs, furniture, libraries, equipment, contingencies etc.

Finally, every college applying for grant-in-aid must have a minimum enrolment of 200 in Arts and 80 in Science in the Pre-University colleges and 800 in Arts and 120 in Science in the degree colleges.

The Assam Agricultural University receives grants from the State Government and the I.C.A.R. The State Government grants amounted to Rs. 120.80 lakhs and the I.C.A.R. grants to Rs. 72.20 lakhs. The I.C.A.R. grant was an allocated grant and not lump sum grant. It was given for the construction of buildings, transport and travel.
expenses, equipment and furniture, library development, instruction and research, Fellowship programmes, site development and professional services. Thus the total grant received by the Assam Agriculture University during the year 1975-76 was Rs. 209.50 lakhs.

Conclusions:

We have so far studied the grant-in-aid system in some detail. The most important feature of grant-in-aid is that it is increasing tremendously from year to year. It has become a fully matured device of co-operative Government. Its elements are well established; the objectives are well defined; and the formulae are well laid down.

Second, grants are given liberally. In 1960-61 the total grant received from Government, U.G.C. and other agencies constituted 63 percent of the total expenditure excluding scholarships. In 1974-75 the percentage of grant to total expenditure increased to 87 percent. Third, the grant-in-aid system was remarkably free from political pressures. As a matter of fact certain definite principles were adopted. The universities have been classified into different categories on the basis of enrolment in the university and its colleges.
The amount of grant is fixed according to the class to which a university belongs and percentages are fixed with reference to the work for which grant is sought after.

In spite of these good features the system is not free from defects. The matching grant system was open to one criticism. Universities which are financially strong got more while the weaker ones got less or nothing. The adoption of matching grant system as a basis for grants acted as a barrier to social progress and the grant-in-aid system has been transformed from a beneficial into a maleficient instrument.

But on the whole the entire grant-in-aid system has been designed to achieve promotional objective. We are satisfied with the grant-in-aid system devised by the U.G.C. and the I.C.A.R. and I.C.S.S.R. But in the case of universities and colleges in economically and educationally backward states and Union Territories the pattern of assistance should be liberalised by relaxing the conditions of enrolment and contribution of matching share by the institutions.