CHAPTER-VII
SUMMARY AND CONCLUSION

7.1 Summary and Conclusion

There is a wide gap between social expectations from higher education and the resources provided by the central and the state governments. There is a definite need to identify the strengths and the weaknesses of our higher educational system and the opportunities and challenges that face the system. With the challenges of globalization and info-tech revolution, there is a definite need to improve the quality of higher education in India and make it accessible to every eligible and interested student. The globalized economy provides tremendous opportunities and challenges for our institutions of higher education.

The ever increasing number of Universities is causing serious problems of resource crunch as the governments (central and state) fail to allocate adequate funds for their survivals and growth. On the other hand new Universities are also coming up. Due to higher rate of enrolment, diversity of programmes of the Universities, increase in price index and so on, the expenditure of Universities is increasing by leaps and bounds. But their resources of revenue remain the same traditional ones, i.e., the state government, UGC and a meager portion from their internal sources. The Gauhati University is also no exception to this situation. Since the resources allocation by the governments (both central and state) is decreasing, it is imperative that whatever they (the Universities) receive is to be utilized efficiently to get optimum benefit.

This chapter summarizes the findings and conclusions arrived at in the previous chapters and recommends some suggestions for improving the prevailing system of financial management as well as the financial position of the Universities of Assam.

Chapter-I of the study deals with the detail plan of the project such as objectives, methodology adopted, review of existing literature in the field, chapterisation scheme, tools and techniques applied for analyzing data etc. Over and above these, conceptual analysis on different aspects like Education, Higher Education, Economics of Education, Cost of Education, Investment in Education, Cost Benefit Analysis of Education is also carried out.
Our suggestion in this regard is that the respective Universities should undertake research project in this respect with financial support from the UGC/State Government. The Universities Administration should encourage research schools to undertake research on various aspects of University finance.

At national level the UGC, AIU, NIEPA, and other national institutions are taking care of development of University education. They should come forward to conduct intensive study on University finance.

Chapter-II deals with the profile of Gauhati University. In this chapter the history of establishment of Gauhati University, its mission, organizational structure and administration of Gauhati University are discussed. More emphasis has been given in the finance and accounts segment of the organization. Organizational structure of Gauhati University is governed by the respective University Act., ordinances and other statutes. However some administrative posts in the middle and lower cadre are created by the highest executive body, i.e., the Executive Council. The University Court, Executive Council, Academic Council, Finance Committee are the main administrative authorities. The court is the highest approving authority whereas the Executive Council is responsible for implementation of policies. The Finance Committee looks after the financial policy and programmes and academic matters are looked after by the Academic Council. Some other committees like Selection Committee, Budget Committee also work at the operational level.

Plethora of committees makes the decision making process of the University lengthy and time consuming. We have observed that a policy decision taken by one committee say Academic Council may not be considered for implementation by the Finance Committee due to scarcity of fund. Thus, lack of co-ordination among various committees creates problems in smooth conduct of the administration.

It is also observed that poor delegation of authority to the lower and middle level officers creates some administrative problems. The Vice Chancellor, Registrar and some other higher level officers are overburdened with day to day routine work.

Employees are not adequately trained to perform their duty in a systematic way. Even a fresh graduate appointed is not given proper training and he/she is bound to learn entire work on trial and error and when any complication arises he/she cannot tackle the situation. The employees in the accounts and finance section must be trained properly so that they know all about the University accounting system.
In the light of the foregoing observations the following suggestions have been offered to reform the organizational structure and administration of the Universities.

I) At present the University Court has more than 100 members and it works as a mere approving body. Amending the University Act, number of members should be reduced to half of the present size and it should as a monitoring body instead of approving one. This will expedite the administrative work of the University.

II) The Executive Council of the University is the highest executive body and it looks after the implementation of various policies by the University officers. At present, this council remains as a representative body. By amending the respective University Act, as far as practicable, some professional needs to be given berth in this council so that the University can get expert service of such professional. Similarly, in the Finance Committee, there should be some finance professionals in addition to the academicians.

III) The Vice Chancellor is overburdened with some routine work like student problems and other campus related problems. The present situation is such that when any problem arises within the University campus there is a tendency to bring the matter to the VC for its settlement superseding other officers, even the Registrar, which could have been settled at Registrar level or even below that. This practice should be discarded so that the VC can devote more time in the strategic planning and upliftment of the University in every dimension.

IV) The University employees should be given adequate training within the campus or in outside institutions so that they can work with professional competence. Properly trained personnel even working at a lower level will not hesitate to take responsibility with some authority and this will improve administration of the University.

V) Within an organization, there should have equal distribution of work among employees. At present in Gauhati University, the works are not evenly distributed. Some of the employees are kept busy in their office work whereas same do not have any work or do a very lesser volume of work affecting the work culture. The University needs to conduct a work study in every administrative segment on the basis of man power required and available so that any excess staff in one section can transfer where there is shortage of
staff. This will also help in assessing the manpower requirement for the University in future and also reduce the chances of over employment.

VI. Decentralization of decision making is highly essential for good University administration. For this administrative powers should be distributed to all the officers through delegation of authority.

VII. The decisions of the Academic Council should normally be honoured by the Executive Council of the University.

VIII. University Act has been amended frequently and not always on the basis of academic consideration or other adequate reason. These should be amended in the light of recommendation made by various academic committees/commissions and Model Act normally.

IX. Performance appraisal system should be there in the University to assess the performance of units, teaching staff as well as non-teaching staff.

X. The Vice Chancellor should publish a monthly newsletter covering most of the problems on the campus arising out of misunderstanding or ignorance. This newsletter will be helpful to solve academic, administrative, and financial problems of the University.

In chapter III, budgetary process in Gauhati University has been examined. The system of preparation of University budgets and budgetary achievements has also been examined. The conclusions derived from the study are summarized below.

Budgetary practice of Gauhati University is based on dummy budget model prescribed by the UGC long years back. Economic classification of expenditure is not shown in the budget. As such it does not help in controlling the expenditure. In the budget estimates of Gauhati University, expenditure is not classified on the basis of functions and as such, computation of expenditure on any functional area say repairs and maintenance of assets takes enough time. Similarly, academic expenditure and non-academic expenditure are also not shown separately.

The budget is prepared on the basis of very traditional technique of incremental budgeting and it is used as an instrument to pressurize instead of using it as a technique for financial management of the University.

In the budget, funds are allocated separately for each and every department but the departmental heads cannot spend anything without a sanction from the VC, Registrar or Treasurer as the case may be. This is only because fund allocation does
not ensure availability of fund. In spite of having a formal budgetary system, there is always an uncertainty regarding the availability of fund. As a result, departmental heads cannot plan to have a programme say holding a seminar or other academic programmes well ahead of the schedule.

There is no feedback system to make the budgetary practice more valuable to the University. Any variation from the budget needs a detail analysis so that causes of variation can be determined and corrective measures can be taken to restrict any adverse variation in expenditure. In Gauhati University, actual figures are seldom reconciled to find out the causes of variation whether it is favourable or otherwise.

Variation analysis of total income of Gauhati University was found to be unfavourable for most of the years, whereas variation of income from internal sources was favourable in most of the years. This was because of the fact that the University under estimated its income from internal resources. Expenditure variation was found to be favourable not because of their efficiency in resource utilization but for non-availability of fund in most of the cases.

To plug the above mentioned loopholes, the following suggestions have been recommended to improve the budgetary process of Gauhati University.

I. The present budgetary practice should be replaced by a modern budgeting technique such as Planning Programming and Budgeting System (PPBS) or Zero Base Budgeting (ZBB).

II. There should be a periodic review of University budgets. Variance analysis between the budgeted figure and the actual figures should be made periodically to take corrective action. The departmental heads should be entrusted with the task of budget preparation and its periodical review.

Chapter-IV investigates in detail the financial administration, resource mobilization, revenue and capital grants etc. The major findings emerged in this chapter may be summarized as follows:

State Government is providing three types of grants viz. maintenance or recurring grants, development grants mainly on sharing basis with UGC and specific grants to undertake some specific projects. The maintenance grant to University is supposed to be released on deficit basis but now it is released by the government on ad hoc basis. The grant neither encourages efficiency nor discourages inefficiency of the University. The grant releasing system rather discourages Universities to search
for more revenue from their internal sources as any additional income generated from their internal sources is deducted when the grant is released to the Universities.

Universities are said to be autonomous but government control prevails as the government is providing up to 68.55% of total recurring income of G.U. (Table 4.1). Similarly for undertaking any developmental activity the state government concurrence is a must even for obtaining development grant from the UGC. Development grants from both the state Government and UGC are evenly phased out during the plan period. Quantum of development grants depends upon the proposal submitted by the respective University to the UGC and the state government. Any proposal after submission to the UGC may need some revision and may be returned to the University. In such a case the proposal is required to be resubmitted causing unnecessary delay in releasing fund after its allocation. Due to non-release of fund by the state government for which they sent their approval, caused delay in project implementation of the University. We have also observed that major portion of development grant is released in the last part of the plan period creating problem in the fund utilization for the University.

Specific grants received by the Universities are very casual, having little impact on their financial position. The funding agencies released such funds for a definite purpose and they simply finance the cost of the project. In most such cases, it is seen that excess expenditures incurred by the Universities are not released by the concerned agencies. Still there is scope for generating more funds by the Universities from these agencies but this source remains under tapped in Gauhati University.

In case of income from internal sources of Gauhati University, it is increasing over the years under the study period from 20.74% to 52.08% of the total income of the University (Table 4.1). Of the fund from own sources, academic income decreases from 85.07% to 64.59% and non-academic income increased from 14.93% to 35.4% of total fund from own sources (Table 4.2) during the study period. In view of this fact it appears that the state government is mainly responsible for University’s financial crisis. The University administrators are trying to generate revenue to its internal sources.

Examination fee appears to be the major internal income source which contributes maximum revenue to the University. They generate some surplus after meeting expenditure for examination purposes.
Income from hostel fees, rental income of the University property are very insignificant although University is spending crores of rupees in maintaining the hostels and other properties.

The University press is running as an academic department contributing very less but consuming a lot from the University fund. The value of work done in an accounting year is less than the salary paid to the press staff in most of the years under study.

Income from PGCS/IDOL is very significant. It contributed upto 82.76% of total non-academic receipts. The total income from this head is increasing over the years.

To bridge the gap between fund requirement of the University and fund available from funding agencies; and in order to overcome stringent financial position of the University and to mobilize more revenue from their internal sources, we offer the following suggestions.

I. Maintenance grants should be released segregating the quantum of grant in some sub-groups say salary grant, repair and maintenance grant, grant for student facilities, grant for other academic activities etc. The salary grant for the existing staff is to be released on the basis of actual requirement. However, any salary for additional posts and casual employees should not be paid out of this grant. Grant for repairs and maintenance of the University properties should be linked with the value of assets and need to be released at the beginning of the financial year. Grants for Student Facilities are to be discouraged in a phased manner and Universities should make these self financed. The grant for academic purpose needs to be linked with student enrolment in the University. This new system of providing maintenance grants to the Universities will help in their financial hardship. Any excess recovery of revenue from University’s internal sources and saving from austerity measures should not be deducted from the maintenance grants of the subsequent years. The government should encourage the University to create a corpus fund from such balances. This accumulated fund will give some interest income which will ultimately relieve the government from the burden of allocating grants to the University.

II. The development grant released by both state government and the UGC on sharing basis should be a system of independent grant from both the parties.
This system will ensure a free flow of fund without government interference while the University submits proposal for its approval. However, there should be a co-ordination between the state government and the UGC.

III. The specific grants are made available to run some specific projects. The University should charge some margin money from such funding agencies in addition to the mere cost of such projects. The margin money may be credited to the corpus fund to be created by the Universities.

IV. A new dimension of self-financing is the extension of the scope of activities in foreign countries, an enabling change in University Act may be made, if necessary. Some of the possible activities abroad could be:
   a) Having another campus or affiliated colleges.
   b) Assistance in establishing and running new educational programmes in existing educational institutions.
   c) Taking up programmes in collaboration with third country.

V. The real estate and other infrastructure of the University may be utilized to generate revenue, for example, rent of existing infrastructure for organizing conference and other events of other organizations to set up offices of other organizations in the campus without hampering the normal activities of the University.

VI. Another approach has been establishment of commercial shops and residential flats in some part of the University. Such types of projects can be completed by taking loan from bank and other financial institutions.

VII. The University should encourage private investments like consultancy services and training centers jointly operated by the University and private investors in the field of computer, electronics, management, instrumentation etc., inviting them to set up and operate hostels, guest house, shopping complex etc. on agreed terms.

VIII. Though increase in fees is not welcomed by the students and other stakeholders of the University, but it is the need of the hour. So, to increase the internal resource, University should increase various fees gradually.

IX. A concrete effort should be made to raise resources from nontraditional bodies such as industries and other commercial concerns. The funds from industries and other business houses could be tapped by (a) introducing such courses of
studies and training programmes that are relevant to the need of industries for increasing productivity, and (b) undertaking research programmes and utilizing the funds of it, which would be conductive in re-orienting the industrial sector for increasing its profitability. Moreover, by having appropriate liaison with the industries, the public and private sector enterprises should be encouraged to sponsor a specific number of students especially in technical and professional field of study. It is also suggested that ten percent extra students, per professional courses should be admitted sponsored by enterprises.

X. Since private Universities are there in India, the state Universities should think well ahead to reduce their dependence on government for fund and they should search for same non-traditional sources of revenue.

XI. Since the examination fees are paid by the students once in an academic year, fees can be revised from the present level to recover full cost of examination. Moreover each examination should be made self sufficient so far income and expenditure is concerned.

XII. Hostel fees may be revised taking a strategic programme of recover full cost within a period of ten years. Any sudden increase in hostel fees by a very significant amount may be resisted by the students. Only a section of students are being benefited by the subsidized hostel facility, which will also justify upward revision of hostel fees. The hostels may also be run on canteen basis with provisions for subsidy.

XIII. In the campus of Gauhati University, huge plots of lands are lying vacant. Some of the vacant lands owned by Gauhati University are low lying which may be leased out to government fishery department. Land suitable for tree plantation should be utilized for plantation of valuable trees which will give revenue in the long run. The student community of the University should come forward for tree plantation.

XIV. University can also generate extra revenue by introducing some diploma, certificate courses, vocational courses in University campus on self financing basis. Some training programmes can also be organized by the University on self-financing basis.

XV. Interest income can be increased with the help of cash budget. Preparing a monthly or quarterly cash budget, the University can forecast its cash
requirements and cash receipts and any excess balance not required in that period can be invested in short term deposit to generate some interest income.

XVI. Although University is a non-profit making institution, it sells some of its products like forms, syllabi, other learned publication etc. The price of such product should be fixed to recover some margin after meeting total cost of production. This system will not only reduce subsidy but also contribute something to the University coffer.

XVII. University press may be revived as a commercial unit. The University should take loan from bank for purchasing latest machineries so that it can compete with other press. Another alternative to that University is to let out the press on royalty basis to private parties.

XVIII. The University authority should take a drive to create a corpus fund out of donations from ex-students, wealthy businessman and industrialists and some public sector undertakings of this region. The University should make an earnest appeal to the above mention parties to save the University from financial hardship. Any excess income generated by the University by revising fees and rent etc. for a few years should be transferred to this fund. The fund so created should be allowed to accumulate for some time to make it strong enough. For creation of such a fund the Government support is a must and even the government should also contribute to this fund.

XIX. The concept of marketing should be introduced to augment University revenue. Through this concept private and public sector undertakings can be approached to finance some sponsored research projects. For this purpose the University authority must expose to the public about the facilities it has to undertake to study in various field and they offer consultancy services which is beneficial to the business community. Then some parties will come forward to take the service from the University by paying its costs and some margin to the University which will increase University’s income. The teaching community and the administrators should initiate steps in this direction.

In chapter V, the cost structure of non-plan budget and budgetary gap have been analysed. The findings of this chapter are summarized below:

Only salary component of recurring expenditure consume 64% to 80% of total revenue expenditure (Table 5.1), and rate of increase in salary to non-teaching staff is
higher than increase in salary to teaching staff. Academic expenditure increases in absolute term but as percentage to total expenditure has declined.

Mismatching of revenue and expenditure is another serious cause of financial crisis. In maintaining student hostels, running University press, maintaining institutions, expenditure is much higher than the revenue generated from these. Attempts have not been made to reduce the gap of revenue and expenditure.

Administration expenses and expenses for supporting and welfare services tend to consume a significant share of total recurring expenditure and in recent years its percentage of total recurring expenditure is higher than the earlier years of the study period.

Any excess expenditure incurred above the budgetary allocation are not analysed to prevent such repetition or to find out the reasons behind this. It is a clear indication that the University authority failed to exercise control over its recurring expenses.

Another notable observation is that professional attitude of University administrator is totally absent in spending money out of the University coffer. There is no system of strategic planning so far as utilization of financial resources of the University is concerned.

For reducing University expenditure and for economic utilization of physical resources of the University we suggest the followings:

I. Both teaching and administrative works need a rational distribution among staff. Surplus staff (if any) in any branch should be taken care of. On special occasions like conducting of examination, some part timer can be appointed. Student may also be engaged in some work on payment of some remuneration on part time basis. Part-time teachers may also be appointed when any special field of study is introduced in any academic department.

II. Automation of administrative work will also reduce expenditure, though in the initial years some capital expenditure has to be incurred. But in the long run it will save University revenue.

III. Press, Publication Department, Maintained Institutions should be run on commercial basis. As far as practicable these should be made self financing.

IV. The University should take special care while utilizing development grant in acquiring movable or immovable assets. While acquiring any asset University financial manager should be very much professional so that they can obtain
maximum benefit out of such assets. They should also think about some alternative uses of such assets.

V. As far as practicable engagement of casual employees should be avoided. In hostels, casual employees are mostly appointed. Moreover cleaning, gardening works are also done through casual employees. The student hostels should be run on canteen basis providing some subsidy for meal which will reduce expenditure for their maintenance. Similarly cleaning, gardening, security works should be done on contract basis.

VI. A large portion of total revenue of the University is absorbed by salaries of teaching and non-teaching staff. There is evidence of high and rising expenses on non-academic activities. A very little funds left for research or other academic activities. For this it is recommended that intensive and optimum utilization of existing fund should be made by employing modern office management techniques and equipments like the use of communication technology and computer etc. The expenses on this head can be further reduced to large extent.

VII. In order to ensure better utilization of resources, the finance committee, while allocating funds should state as precisely as possible, in the allocation of resource to a specific head.

In chapter VI, Accounting Process and Audit procedure of Gauhati University have been examined. The conclusions derived from the study are summarized below.

The provisions in the University Act, Accounting Rules are supposed to guide entire accounting practice. But these provisions are not strictly followed. For instance, BRS is not prepared at regular interval; cash book is not maintained as per rule etc.

As a part of annual statements of accounts, Gauhati University prepares a summary of cash book at the end of every year. Gauhati University prepares an Income and Expenditure Account but it is nothing but a repetition of the Receipt and Payment Account as the University is following cash basis of accounting. Balance Sheet prepared by Gauhati University is also found to be defective. Suspense account show in the Balance Sheet is not rectified in the subsequent years. Assets and Liabilities are not classified as per general accounting principles and as such value of a particular asset cannot be read without doing some tedious calculations.

Gauhati University fails to prepare annual statements of accounts just after the financial year is over and remain pending for years together. After the creation of
separate accounts cadre, the situation has not been improved. It has been observed that Gauhati University’s financial management system is not supported by the proper accounting system.

Gauhati University does not write separate vouchers in support of a transaction and records are not kept on the basis of double entry system of book keeping. Thus arithmetical accuracy of recording cannot be checked and detection of an error is also not possible.

As a statutory obligation, the accounts of a University are to be audited. Two types of audit– both internal audit and statutory audit are prevalent in Gauhati University. The accounts of Gauhati University are audited by Examiner of Local Accounts, Government of Assam as a statutory audit. This system miserably fails to audit the University accounts as we have seen that last 15 to 16 years annual accounts of Gauhati University have not been audited. Thus the very object of audit is defeated.

To plug the above mentioned loopholes in accounts and audit practices of Gauhati University, the following suggestions have been recommended to improve the financial management practice of Gauhati University.

I. The volume of accounting works of Gauhati University is very large. The University should introduce computer accounting system. Introduction of computer will expedite the accounting works and reduce expenditure although capital expenditure has to be incurred in the initial years for installing computer.

II. The internal audit practice should be improved and it should work as a supporting service to both the accounts and the statutory audit. Steps should be taken by the internal auditor to improve the accounting practice as suggested by the statutory auditor and as per the audit observation and objections.

III. A pre audit system should be introduced in Gauhati University.

IV. There should have an internal control and internal check system so that the work of one person is atomically checked by another. The internal control system should have a periodical review system to improve the accounting practice.

V. Gauhati University should prepare Receipt and Payment Account and Income and Expenditure Account and the Balance Sheet following accrual basis of accounting under double entry system so that the material information can be made available to the Government as well as to the interested public.
VI. The statutory audit work of Gauhati University should be entrusted to professional audit firm from the Examiner Local Accounts, Government of Assam to ensure availability of audit report in time and to improve the audit practice of the University.

VII. Objections raised by statutory auditor should be explained in no time and repetition of such mistakes or errors should not be allowed. The internal audit department should ensure this and the administrators should evaluate the performance of both accounts and internal audit staff in this regards.

VIII. Audit observations regarding payment of advance, maintenance of store records should be followed by the account department. Any advance drawn by the departmental heads should be adjusted within the financial year as far as practicable and there should have a central store record.

To sum up, Gauhati University is facing serious financial crisis and it is deepening year after year. Moreover financial management practice followed by the Universities is not in the right direction. The financial management practice is not supported by the prevailing accounts and audit practice of the University. The budgetary practice of the University is also defective and it is in no way helping efficient financial management. Further, lack of professional management of finance deteriorates the financial position of the University. The problem of finance and its management ultimately hamper in quality education.

The state government should take a new policy for financing the state Universities as well as the University administrators should search for some non traditional sources of revenue. Only adequate financial resource will not be enough for the Universities, the financial management practice should also be improved. When these two go hand in hand the financial position of the Universities will be affluent and the Universities will be able to improve quality education.

7.2 Suggestion for further Research

After completion of the present study, the investigator arrived at a conclusion that the area he has chosen is worthwhile and there is a lot of scope to probe further. Therefore some suggestions for further studies have been listed below.

1. Research may be done only on administrative structure of some selected Universities in India.
2. A comparative study can be made on University administration between Indian Universities and abroad.
3. Examination is one of the important aspects of University system. Research may be done on examination system of different Universities.
4. Decision making processes, leadership style, management by objectives, conflict management are the few areas of management which are affecting the whole process of administration. A detail study on these aspects can give worthwhile results to improve the administration of Universities.
5. What type of training are required at what levels should be identified at the various levels of administration through a research study.
6. An experimental design could be attempted to see the possibilities of orienting the less effective administrators towards effectiveness through in-service training courses.
7. A study could be done on the University and industry relationship.