Chapter - 5
THE ROLE OF STATE GOVERNMENTS AND CENTRAL GOVERNMENT IN HIGHER ACCOUNTING EDUCATION

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CHAPTER - 5

THE ROLE OF STATE GOVERNMENTS AND CENTRAL GOVERNMENT IN HIGHER ACCOUNTING EDUCATION

5.1 INTRODUCTION

Education as a whole is a subject in the Joint or Concurrent List in the Indian Constitution. Therefore, education is under the surveillance of both the state governments and the union government. Higher accounting education is no exception to this arrangement. Thus a comprehensive study of the role of the government, particularly that of the union or central government, since its policy and planning are expected to have an equal impact on all the institutions throughout India, may be considered to be an essential prerequisite to have a complete view of the government’s position vis-a-vis accounting education and research. More because accounting education could hardly be compartmentalised from the entire academic scene in the country particularly from the point of view of policy formation. In fact, it is found that the government has never been consistent enough to treat the faculty of accounting or even commerce separately from others. Moreover, the University Grants Commission (UGC) has gradually been upgraded over time to the position of the most prominent and dominant monitoring agency of higher education system in the country. Hence an attempt is made in this chapter to give a detailed account of governmental role vis-a-vis that of the UGC in the field of accounting education in the country in the context of the overall control mechanism adopted by all the concerned authorities. This chapter deals with the following issues:

- What is the constitutional position of education in India?
- How has the Indian education system developed since independence?
- What is the role played by the central and state governments in shaping the higher accounting education in the country?
How does the University Grants Commission (UGC) monitor the education system, particularly the accounting education system?

What are the steps taken by the UGC so far to improve the standard of accounting education in the country?

5.2 ROLE OF GOVERNMENT IN HIGHER EDUCATION

- The Post Independence Era

5.2.1 At the time of independence it was known that all was not well with the Indian university system, and successive Commissions and Committees appointed to examine the situation highlighted the shortcomings and suggested remedial measures. The University Education Commission, better known as the Radhakrishnan Commission, appointed in 1948, in its report¹ stressed among other things that Indian education must be rooted in its cultural heritage. It gave guidelines for the restructuring of higher education and recommended the reorganisation of the then University Grants Committee to give it the powers to allocate grants within total limits set by the government. An interim University Grants Commission was set up in 1953 and given autonomous statutory status by an Act of Parliament in 1956.

5.2.2 The state of higher education was re-examined by the Education Commission of 1964-66 known as the Kothari Commission. It emphasised² the need for a built-in flexibility in the system of education, and suggested it to be science based and also in conference with Indian culture and values. It visualised education as an instrument for the nation's progress, security and welfare. The Kothari Commission report emphasised that there had to be:

a) a radical improvement in the quality and standard of higher education and research;

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b) an expansion of higher education to meet manpower requirements of
the nation and the rising social ambitions and expectations of the
people; and

c) an improvement of university organisation and administration\(^3\).

5.2.3 The Kothari Commission also recommended special inputs for major
universities to ensure quality of research, development of other universities
and affiliated colleges, improvement in teaching and evaluation by
reorganisation of courses and examinations, expansion of facilities, selective
admissions, opportunities for part-time education and special attention to
women's education\(^4\).

5.2.4 Based upon the Kothari Commission report, the National Policy of
Education, 1968, was adopted. Nearly 17 years later in 1985, the
Government of India document 'Challenge of Education' recognised that
the general condition of universities and colleges was a matter of great
concern to the nation\(^5\). It was admitted that the general formulations in the
1968 Policy had not been translated into detailed strategies for effective
implementation.

5.2.5 The National Policy on Education was adopted in 1986. The Policy basically
aimed at not only developing manpowers for serving the economy but also
developing crucial values. The Policy envisaged education to be:

a) a process of improvement through the development of knowledge
   (Education for Development); and

b) an instrument of social change which has to be promoted by providing
   opportunities for upward economic and social mobility (Education for
   Equality)\(^6\).

   pp 484-5.
4. *Ibid*.
5.2.6 In the area of higher education, the National Policy on Education, 1986, placed emphasis on the consolidation and expansion of facilities in existing institutions. The strategies for development of higher education, as outlined in the Ramamurthi Committee Report, included the development of autonomous colleges; redesigning of courses and programmes; establishment of State Council of Higher Education to develop co-ordination; creation of a National Council of Higher Education to co-ordinate general, agricultural, medical, technical and other professional fields of education; use of the open university system as a means of democratisation; delinking degrees from jobs except in the case of occupation-specific courses; and consolidation and development of rural universities for them to be instruments of transformation of rural areas.

5.2.7 The National Policy on Education, as revised in 1992, iterates that – 'Higher Education provides people with an opportunity to reflect on the critical social, economic, cultural, moral and spiritual issues facing humanity. It contributes to national development through dissemination of specialised knowledge and skills. It is, therefore, a crucial factor for survival.'

5.3 ROLE OF GOVERNMENT IN COMMERCE vis-a-vis ACCOUNTING EDUCATION

5.3.1 The purposes of the aforesaid Commissions were basically to ascertain the direction the higher education system in the country should follow in response to the changing needs of the society. What different Commissions in different times have so far suggested are comprehensively general in character. Thus such Commissions have been, above all, silent on the accounting vis-a-vis commerce education system in the country. As has already been discussed in Ch-2, the Government of India so far has appointed only one Committee at the national level, V.K.R.V. Rao

Committee, way back in 1958, to review the matters related to commerce education in the country. Although the University Grants Commission has taken some major steps afterwards to improve the commerce vis-a-vis accounting education in the country, it could hardly be ignored that the Rao Committee findings and recommendations still hold some value and relevance, because the UGC efforts have their origin in the path-finding suggestions offered by the Committee. So, it would not be out of context to go for a detailed discussion of the major observations made by the Committee.

5.3.2 The Special Committee for Commerce Education under the chairmanship of V.K.R.V. Rao was formed with a view to prescribing a sound and reasonably uniform system of commerce education suited to the needs and resources of our developing economy. The terms of reference of the Committee were⁹:

a) to enquire into and report on the present position of commerce education in India in all its aspects:

b) suggest measures for its reorganisation and improvement with particular reference to:
   i) the aims, organisation and content of commerce education;
   ii) its relationship to existing and proposed course of education in Business Management;
   iii) the interrelation of commercial schools and colleges of other types; and
   iv) other allied problems.

5.3.3 The Special Committee which submitted its report in July, 1961, emphasized that the commerce courses on the universities should not only provide the

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infrastructure for the professional education in accounting and cost accounting, but also to create scope for higher education in different areas included in the course. The Committee observed that 'what one should expect from commerce education is not the creation of finished products for service in industry and commerce, but the imparting of a special bias that, given the further opportunities available only through experience, could make the holder fit for reaching the highest position in the world of business'. The Committee also reiterated that commerce education of universities should not be a competitor of the courses offered by leading professional institutes. Its role should be complementary, instead. The Committee opined in favour of a general B.Com. course without honours though it did not comment harshly against the honours courses already introduced, while it was in favour of a highly specialised M.Com. course to be designed in such a way as to give the weightage to both conceptual and practical aspects. In its opinion, good M.Com. students would be required not only to pursue research but also to accept teaching positions in colleges and universities, many of which had been introducing commerce in increasing number. The following are some of the major observations and recommendations made by this Committee:

a) To form an All India Board to introduce a national diploma in commercial practice or D.C.P. with a view to providing for efficient personnel in the lower wings of the administrative and other ladders of business and the clerical positions as well and thereby reducing the burden of the colleges. D.C.P. would be open to those who had passed the high school examination. The Committee suggested to include Elementary Book-keeping as a core and Accountancy as an optional paper in the curriculum.

b) To revise the B.Com. course in such a manner as to give the students more adequate grounding in basic commerce subjects leaving the

10. ibid., p. 8.
11. ibid., pp. 55-60.
task for specialisation to start at the post-graduate level. The Committee suggested for a 3-year degree course with one optional group. Accountancy was proposed to be taught as a core paper. It opined that B.Com. would not be a professional degree in the sense in which B.E. or B.Arch. But it would be more than a merely liberal degree like B.A.

c) To design the M.Com. course so as to train up students to become specialists for employment in business and industry and the academic profession as well. The following points were considered relevant for framing a proper M.Com. course:

i) It should be a 2-year course. But for commerce graduates with 3-years' practical experience there should be a 3-year evening course.

ii) B.Com. subjects should not be repeated as far as practicable. But where repetition was unavoidable, the contents should allow for advanced study only.

iii) Subjects to be taught should be of high standard and with practical importance in trade and industry.

iv) Professional institutions' nominees should be accommodated in the university committees to utilise their expertise in successful operation of M.Com. courses.

v) High priority should be given to the development of research of a practical character in the field of commerce. What was considered necessary was a practical bias as distinguished from an academic bias. Accordingly, M.Com. students should be exposed to some practical training immediately after the completion of the academic instructions. The Committee was also in favour of such practical training in B.Com. curriculum too. But it realised that it was an impossible idea considering the volume of the students involved.
d) To take necessary steps to establish proper co-ordination between the universities and the professional institutions. The Committee opined in favour of a joint committee with the universities and the accountancy institutions on the lines that in existence in the U.K.

e) To draw faculties from the professional world to give the students adequate exposure in subjects like accountancy, law, taxation etc.

f) To establish an All India Council For Commerce Education with representative of the central and state governments, the universities, the professional institutions, trade and industry and organisations interested in promoting industrial efficiency. The purpose of the Council was proposed to be mainly maintenance and co-ordination of standards of commerce education in the country and its evaluation.

g) To establish workshops in all university and college commerce departments for the purpose of making the students familiar with the appliances, forms and documents that were used in industry and trade.

5.4 ESTABLISHMENT OF THE UNIVERSITY GRANTS COMMISSION

The University Grants Commission (UGC) was set up as a statutory organisation established by an Act of Parliament in 1956 with a comprehensive role 'to take, in consultation with the universities or other bodies concerned, all such steps as it may think fit for the promotion and co-ordination of university education and for the determination and maintenance of standards of teaching, examination and research in universities'. In fact, the UGC is a national body for the co-ordination, determination and maintenance of university education. The UGC serves as a vital link between the union and the state governments and the institutions of higher learning. In addition to its role of giving grants to

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12. UGC, Development of Higher Education and Research In the Universities, 1986, New Delhi, p. 1.
universities and colleges, the Commission also advises both central and state governments on the measures necessary for the improvement of higher education\(^\text{13}\). It also frames regulations, such as those on the minimum standards of instruction and qualifications of the teachers, on the basis of the advice given by subject specialists and academics with whom it interacts frequently in connection with the formation, evaluation and monitoring of programmes.

5.5 **MAIN FUNCTIONS PERFORMED BY UGC – An Outline**

5.5.1 Thus the UGC is a statutory and autonomous body to perform the constitutional function of co-ordination and maintenance of standards of university education. Its main functions are to inquire into the financial needs of the universities and allocate as well as disburse the grants to the universities as it may deem necessary for maintenance, development or for both. In providing such grants to any institution, the Commission has to give due consideration to the development of the institution concerned, its financial needs, the standards attained by it and the national purpose which it may serve. Both in nature and functions, the Commission is totally different from other organisations apparently of the same character like Indian Council of Social Science Research (ICSSR) or Council of Scientific and Industrial Research (CSIR). These organisations are totally meant for promoting some specific research activities under the Ministry of Human Resource Development, Government of India. These are autonomous but not statutory organisations. But the UGC is an autonomous and, at the same time, a statutory body. This type of greater autonomy is considered essential in view of the very high degree of professional and academic expertise needed to perceive the programmes in fulfilment of co-ordination and maintenance of standards. Which is why it is made statutory and autonomous and not a subordinate organisation of the Ministry of Human Resource Development. During the first decade of its existence, it has,

however, implemented the programmes drawn up by the Ministry. Beginning from the Third Five-Year Plan, it was entrusted with complete responsibility of implementing the programmes envisaged by the government. From the IVth Plan onwards, more freedom was given to it to perceive and articulate the programmes by itself. From the Vth Plan period, the Commission not only began to evolve the strategies and priorities of higher education in relation to the Plan emphasised at the national level, but also it worked out the programmes to achieve the objectives of the university education in the country in response to the changing needs of time. Since then, the UGC has emerged as the most dominant monitoring agency in the field of higher education both in terms of functions and finance.

5.5.2 In essence, the Commission plays a pivotal role in the process of higher education in the country. It is not merely a funding agency, although the basic activities of the Commission centre around the task of funding the institutions of higher learning and their academic projects. A lot of power has been thrusted on the UGC so that it could play the effective monitoring role to harness the process towards a meaningful destination. This assumes much importance in the context of the finding that education has contributed directly to the cause of national development to the extent of twenty seven per cent in India14.

5.6 UGC MONITORING – The Modus Operandi

5.6.1 The Commission starts its process of monitoring right from the beginning. It has framed a model legislation for the states to adopt while establishing or restructuring a state university15. It has laid down guidelines for the establishment of new universities which provide that before a state government formulates a proposal for the establishment of a new university, the state government should (i) undertake a survey of the existing facilities for higher education in the state, (ii) associate UGC from the very beginning of the proposal, and (iii) have sufficient data in the prescribed proforma.

indicating the existing position and justification for the need of an additional university\textsuperscript{16}.

5.6.2 The UGC Act, 1956 as amended in 1972, proposed to regulate the unplanned proliferation of universities. The new proviso added states that no grant shall be given by the central government, the Commission, or any other organisation receiving any funds from the central government, to a university which is established after the commencement of the Amendment Act 1972, unless the Commission has, after satisfying itself as to such matters as may be prescribed, declared such university to be fit for receiving grants\textsuperscript{17}.

5.6.3 Another important power vested in the Commission under the Act is to enquiry into the financial needs of the universities to allocate and disburse grants for the maintenance and development of universities and to recommend to any university the measures necessary for the improvement of university education and to advise the university concerned upon the action to be taken for the purpose of implementing such recommendations. The Commission is also empowered to allocate and disburse grants for maintenance of the universities, other than central universities, for any specified activities of such universities, or for any other general or specified purpose\textsuperscript{18}.

5.6.4 The UGC Act was further amended in 1984. The two main features of the amendment were – (i) to enlarge the functions of the Commission so as to enable it to establish, in accordance with the regulations made under the Act, institutions for providing common facilities, services and programmes for a group of universities or for the universities in general and maintain such institutions or provide for their maintenance by allocating and disbursing out of its funds such grants as it may deem necessary, and (ii) to empower the Commission to de-recognise the colleges that violate the provisions so that it cannot send up any candidate for the examinations\textsuperscript{19}.

\textsuperscript{16} UGC, \textit{Development of Higher Education and Research in the Universities}, op. cit., p. 2.
\textsuperscript{17} The UGC (Amendment) Act, 1972.
\textsuperscript{18} Ibid.
\textsuperscript{19} The UGC (Amendment) Act, 1984.
5.7 **ADMINISTRATIVE MECHANISM OF U.G.C.**

The UGC consists of a Chairperson and a Vice-Chairperson and ten other members appointed by the central government. The Chairperson is chosen from among persons who are not officers of the central government or of any state government. Of the ten other members, two are chosen from among the officers of the central government to represent the government. Not less than four are chosen from among persons who are, at the time they are chosen, teachers of universities. The remainder are chosen from among persons — (i) who have knowledge of, or experience in, agriculture, commerce, forestry or industry; (ii) who are members of the engineering, legal, medical or any other learned profession; or (iii) who are vice-chancellors of universities or who, not being teachers of universities, are, in the opinion of the central government, educationists of repute or have obtained high academic distinctions. The Secretary is the executive head of the UGC. He heads the Commission's secretariat. The UGC is also helped by subject experts from universities, colleges, national laboratories and other institutions in the formulation, evaluation and monitoring of its programmes.

5.8 **FINANCING HIGHER EDUCATION – The General Scene**

5.8.1 After independence, higher education in India has been largely financed by the government, with the social institutions progressively withdrawing. The government's share has steadily increased from 49% in 1950-51 to nearly 90% today. The government overall spends about 3.7% of GNP on education of which the share of higher education is about only 8%. But initially the share of higher education was not so low. It climbed down from 25% during the Fourth Five Year Plan to this meagre 8% during the Eighth Plan period. The following Table gives us a comprehensive and clear picture of government funding of education over the different Plan periods in independent India.

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### Table 5.01

Plan Expenditure on Different Sectors of Education (Rs. in crores)

<table>
<thead>
<tr>
<th>Plan Periods</th>
<th>I</th>
<th>II</th>
<th>III</th>
<th>IV</th>
<th>V</th>
<th>VI</th>
<th>VII</th>
<th>VIII</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rs. (%)</td>
<td>Rs. (%)</td>
<td>Rs. (%)</td>
<td>Rs. (%)</td>
<td>Rs. (%)</td>
<td>Rs. (%)</td>
<td>Rs. (%)</td>
<td>Rs. (%)</td>
</tr>
<tr>
<td>Primary Education</td>
<td>8.5</td>
<td>56</td>
<td>9.5</td>
<td>35</td>
<td>20.1</td>
<td>34</td>
<td>23.9</td>
<td>30</td>
</tr>
<tr>
<td>Secondary Education</td>
<td>2.0</td>
<td>13</td>
<td>5.1</td>
<td>19</td>
<td>10.3</td>
<td>18</td>
<td>14.0</td>
<td>18</td>
</tr>
<tr>
<td>Higher Education</td>
<td>1.4</td>
<td>9</td>
<td>4.8</td>
<td>18</td>
<td>8.7</td>
<td>15</td>
<td>19.5</td>
<td>25</td>
</tr>
<tr>
<td>Technical Education</td>
<td>2.0</td>
<td>13</td>
<td>4.9</td>
<td>18</td>
<td>12.5</td>
<td>21</td>
<td>10.6</td>
<td>13</td>
</tr>
<tr>
<td>Others</td>
<td>1.4</td>
<td>9</td>
<td>3.0</td>
<td>10</td>
<td>7.3</td>
<td>12</td>
<td>10.6</td>
<td>14</td>
</tr>
</tbody>
</table>

**Total:** 15.3 | 100 | 27.3 | 100 | 58.9 | 100 | 78.6 | 100 | 91.2 | 100 | 253.0 | 100 | 763.3 | 100 | 1960.0 | 100

Plan Expenditure on different Sectors of Education (%)
5.8.2 It is evident from the Table and the diagram that the government share in higher education has sharply declined in recent times. Although there is a promise that allocation of fund will be progressively enhanced by the end of the Ninth Five Year Plan (1997-2000), there is little sign in this regard in reality so far. In fact, the recent developments in the scenario of funding higher education in our country offer every signal to make us believe that the governments, both at the centre and in the states, are showing increasing reluctance to support higher education. The union government recently has identified the spending on higher education as a 'non-merit' subsidy22. This attitude will certainly have an adverse effect on the process of higher education in general and accounting education in particular. This categorisation of higher education funding as 'non-merit' subsidy is unfortunate for it does not recognise the very positive role of higher education in socio-economic development as rightly highlighted by the previous Commissions. Development of this attitude may have its roots in the popular impression that in many countries, particularly the developed ones, higher education sector does not have to depend on either the state support or support from outside funding agencies. But this is not borne out by actual situation as prevailing in various parts of the globe even in the context of liberalised economic order23. The following Table shows that higher education institutions in the developed part of the world depend on public funds and other outside incomes to a much large extent.

<table>
<thead>
<tr>
<th>Country</th>
<th>Year</th>
<th>General Funds</th>
<th>Fees</th>
<th>Other Incomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>1975</td>
<td>93.00</td>
<td>2.90</td>
<td>4.20</td>
</tr>
<tr>
<td></td>
<td>1984</td>
<td>89.50</td>
<td>4.70</td>
<td>5.80</td>
</tr>
<tr>
<td>Germany</td>
<td>All higher education</td>
<td>1986</td>
<td>68.50</td>
<td>0.00</td>
</tr>
<tr>
<td>Japan</td>
<td>Private 4-yr. Institutions</td>
<td>1971</td>
<td>9.00</td>
<td>75.80</td>
</tr>
<tr>
<td></td>
<td>1985</td>
<td>15.00</td>
<td>65.80</td>
<td>19.10</td>
</tr>
<tr>
<td></td>
<td>Public Institutions</td>
<td>1970</td>
<td>83.10</td>
<td>2.00</td>
</tr>
<tr>
<td></td>
<td>1987</td>
<td>63.10</td>
<td>8.80</td>
<td>28.00</td>
</tr>
<tr>
<td></td>
<td>All Institutions</td>
<td>1971</td>
<td>53.06</td>
<td>31.69</td>
</tr>
<tr>
<td></td>
<td>1985</td>
<td>41.99</td>
<td>35.78</td>
<td>22.20</td>
</tr>
<tr>
<td>Netherlands</td>
<td>All Institutions</td>
<td>1985</td>
<td>80.00</td>
<td>12.00</td>
</tr>
<tr>
<td>Norway</td>
<td>1975</td>
<td>95.00</td>
<td>0.00</td>
<td>5.00</td>
</tr>
<tr>
<td></td>
<td>1987</td>
<td>90.00</td>
<td>0.00</td>
<td>10.00</td>
</tr>
<tr>
<td>Spain</td>
<td>Universities</td>
<td>Mid-1980s</td>
<td>80.00</td>
<td>20.00</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>1970-71</td>
<td>71.20</td>
<td>6.30</td>
<td>22.40</td>
</tr>
<tr>
<td></td>
<td>Universities</td>
<td>1986-87</td>
<td>55.00</td>
<td>13.70</td>
</tr>
<tr>
<td></td>
<td>Polytechnics (England only)</td>
<td>1986-87</td>
<td>72.40</td>
<td>16.20</td>
</tr>
<tr>
<td>United States</td>
<td>Private Institutions</td>
<td>1969-70</td>
<td>20.70</td>
<td>38.60</td>
</tr>
<tr>
<td></td>
<td>1984-85</td>
<td>18.40</td>
<td>38.70</td>
<td>42.90</td>
</tr>
<tr>
<td></td>
<td>Public Institutions</td>
<td>1969-70</td>
<td>61.10</td>
<td>15.10</td>
</tr>
<tr>
<td></td>
<td>1984-85</td>
<td>59.30</td>
<td>14.50</td>
<td>26.30</td>
</tr>
<tr>
<td></td>
<td>All Institutions</td>
<td>1969-70</td>
<td>46.50</td>
<td>20.50</td>
</tr>
<tr>
<td></td>
<td>1986</td>
<td>44.80</td>
<td>22.40</td>
<td>32.80</td>
</tr>
</tbody>
</table>

Source: Financing Higher Education: Current Pattern, OECD

5.8.3 So, it appears that even in the well known private universities and institutions in the United States, the share of students fees is less than 40% and in public institutions it is around 15% only. In British universities it is less than 14% and in France the corresponding figure is less than 5% of the total income of the institutions. The scene in India is not much different.
The fees collected from students constitute around 15% of the total expenditure made on them. However, the global trend is increasingly in favour of making the institutions of higher education dependent on a larger share from fees and sales of services both to the students and to other users, such as industry and government.

5.9 **FINANCING HIGHER EDUCATION – UGC’s Role**

5.9.1 Although UGC has been created primarily to monitor the funding process of the higher education system in our country, the Commission does not have any funds of its own. It receives both Non-Plan and Plan grants from the central government, through the Ministry of Human Resource Development, to carry out the responsibilities as envisaged by the UGC Act. The Act has empowered the Commission to allocate and disburse full maintenance and development grants to all central universities, colleges affiliated to Delhi and Benaras Hindu University, and to some of the institutions which have been accorded the status of deemed universities. State Universities, colleges and other institutions of higher education receive support from the plan grant for development schemes. The Commission also runs variety of programmes under which financial assistance is available for promoting career advancement and research. Table 5.03 shows the extent of resources made available to the UGC during last two decades.

<table>
<thead>
<tr>
<th>Resource Status</th>
<th>Plan (74-79)</th>
<th>VI (80-85)</th>
<th>Growth over Vth Plan (%)</th>
<th>VII (85-90)</th>
<th>Growth over Vth Plan (%)</th>
<th>VII (92-97)</th>
<th>Growth over Vth plan (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plan</td>
<td>216</td>
<td>233</td>
<td>7.9</td>
<td>575</td>
<td>166.2</td>
<td>612</td>
<td>183.3</td>
</tr>
<tr>
<td>Non-Plan</td>
<td>207</td>
<td>388</td>
<td>87.4</td>
<td>845</td>
<td>308.2</td>
<td>1441</td>
<td>596.1</td>
</tr>
<tr>
<td>Total</td>
<td>423</td>
<td>621</td>
<td>1420</td>
<td>2053</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: UGC Annual Reports

Resources at UGC's disposal and its growth
(Rs. In Crores.)

Fig.-5.02
5.9.2 The Plan grant is utilised for the development and expansion of physical facilities such as the construction of new buildings, purchase of equipments for laboratories, expansion of library facilities and for creation of facilities to meet the other academic and administrative needs. During 1994-95, 41% of Plan grants went to the state universities and 20.5% to the colleges under the state universities, thus comprising 61.5% of the total plan grants\(^\text{25}\). In addition, separate development grants are received from the government for technical education including management. There has been a significant increase in the last decade, or so, in the UGC support for research fellowships, autonomous colleges, academic staff colleges imparting in-service training to teachers, creating common facilities in the form of inter-university centres, new courses in emerging areas and special assistance programmes for advanced research. But with the burgeoning number of students and institutions in the system of higher education, which is around 5% per annum at compound rate, and the resultant increase needed in the resource base, the financial resources available to the Commission seem to be less than adequate to promote both development and improve standards simultaneously\(^\text{26}\). The three Tables presented below would help us understand the entire gamut of UGC receipts and distribution of resources during 1995-96.

**Table - 5.04**

Grants Received by UGC during 1995-96 (Rs. in crores)

<table>
<thead>
<tr>
<th>Nature of Grants</th>
<th>Plan</th>
<th>Non-Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grant-in-aid</td>
<td>207.77</td>
<td>450.82</td>
</tr>
<tr>
<td>Engineering &amp; Technology</td>
<td>25.00</td>
<td>-</td>
</tr>
<tr>
<td>Others</td>
<td>1.39</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>234.16</strong></td>
<td><strong>450.82</strong></td>
</tr>
</tbody>
</table>


Grants Received by UGC during 1995-96 (Rs. in Crores)

Figure- 5.03
### Table 5.05

**Plan Grants As Released by UGC during 1995-96**

<table>
<thead>
<tr>
<th>Types of Recipients</th>
<th>Funds Released</th>
<th>Amount (in Rs. Crores)</th>
<th>Percentage to Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) State Universities</td>
<td>62.75</td>
<td>34.61</td>
<td></td>
</tr>
<tr>
<td>2) Colleges under State Universities</td>
<td>38.11</td>
<td>21.01</td>
<td></td>
</tr>
<tr>
<td><strong>Sub-Total</strong>:</td>
<td><strong>100.86</strong></td>
<td><strong>55.62</strong></td>
<td></td>
</tr>
<tr>
<td>3) Central Universities</td>
<td>42.77</td>
<td>23.59</td>
<td></td>
</tr>
<tr>
<td>4) Colleges under Central Universities</td>
<td>3.99</td>
<td>2.20</td>
<td></td>
</tr>
<tr>
<td>5) Institutions deemed to be Universities</td>
<td>8.71</td>
<td>4.80</td>
<td></td>
</tr>
<tr>
<td><strong>Sub-Total</strong>:</td>
<td><strong>53.47</strong></td>
<td><strong>30.59</strong></td>
<td></td>
</tr>
<tr>
<td>6) Inter-University Centres</td>
<td>25.00</td>
<td>13.79</td>
<td></td>
</tr>
<tr>
<td><strong>Grand-Total</strong>:</td>
<td><strong>181.33</strong></td>
<td><strong>100.00</strong></td>
<td></td>
</tr>
</tbody>
</table>

Source: UGC Annual Report, 1995-96

### Table 5.06

**Non-Plan Grants As Released by UGC during 1995-96**

<table>
<thead>
<tr>
<th>Types of Recipients</th>
<th>Funds Released</th>
<th>Amount (in Rs. Crores)</th>
<th>Percentage to Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Central Universities</td>
<td>276.95</td>
<td>62.48</td>
<td></td>
</tr>
<tr>
<td>2) Colleges under Delhi University and BHU</td>
<td>96.99</td>
<td>21.88</td>
<td></td>
</tr>
<tr>
<td>3) Deemed Universities</td>
<td>30.42</td>
<td>6.87</td>
<td></td>
</tr>
<tr>
<td><strong>Sub-Total</strong>:</td>
<td><strong>404.36</strong></td>
<td><strong>91.23</strong></td>
<td></td>
</tr>
<tr>
<td>4) State Universities</td>
<td>2.22</td>
<td>0.50</td>
<td></td>
</tr>
<tr>
<td>5) Inter-University Institutions</td>
<td>0.51</td>
<td>0.12</td>
<td></td>
</tr>
<tr>
<td>6) Teacher Awards, Research Fellowships and Scholarships</td>
<td>27.04</td>
<td>6.10</td>
<td></td>
</tr>
<tr>
<td>7) Non-university Institutions</td>
<td>0.45</td>
<td>0.10</td>
<td></td>
</tr>
<tr>
<td>8) UGC Establishment Expenditure</td>
<td>8.64</td>
<td>1.95</td>
<td></td>
</tr>
<tr>
<td><strong>Grand Total</strong>:</td>
<td><strong>443.22</strong></td>
<td><strong>100.00</strong></td>
<td></td>
</tr>
</tbody>
</table>

Source: UGC Annual Report, 1995-96
Plan Grants As Released by UGC during 1995-96

- 13.79% State Universities
- 4.80% colleges under State Universities
- 23.59% Central Universities
- 21.01% Colleges under Central Universities
- 2.20% Institutions deemed to be Universities
- 34.61% Inter-Universities

Figure 5.04
Non-Plan Grants As Released by UGC During 1995-96

Figure – 5.05
5.9.3 Thus it is evident from the data that the UGC draws all its funds from the central government alone both under the Plan and Non-Plan heads. And majority of the Plan grants goes to the state universities while the lion's share of the Non-Plan grants is meant for the central institutes. We have already noted that the UGC releases funds for a variety of reasons with the common agenda to improve the higher education system in the country. The Commission thus exercises effective control on the institutes of higher learning through its judgmental decisions while releasing the funds. But considering the phenomenal growth in the number of state universities and colleges and the ratio as existing between them and the central institutions, it could hardly be emphasized that the funds released to the state institutions are much less than what is actually required. This discrimination is required to be highlighted here in view of the fact that in a technology-driven area like accounting education, inadequacy of funds adversely affects the desired growth in the context of the global standard. While the majority of institutions are under the state governments, the state universities seem to have been worst-affected. A number of empirical studies suggest that the usual recurring grants from the state governments do not even always cover the salary obligations of the universities for payment to the staff in time\textsuperscript{27}. A further look at one of the premier universities in India well substantiates this view. To be very precise, it appears that the salaries and other benefits of the teaching and non-teaching staff of the post-graduate commerce department of Calcutta University constitute a little more than 92\% of the total expenditure incurred in the department\textsuperscript{28}. Therefore, for obvious reasons, such universities, who constitute the majority, have nothing but to depend on UGC grants for other important academic activities including research as revealed by the figures. This is a dangerous situation – adversely affecting the growth process of all the faculties including commerce vis-a-vis accounting. And since the commerce enrollments are only next to science faculty, it suffers

\textsuperscript{27} Dalapati, B., \textit{A Study of the Finances of the University of North Bengal} : 1970-71 to 1986-87, an unpublished Doctoral Dissertation at University of Calcutta, pp. 7-10.

\textsuperscript{28} Annual Accounts (1995-96) of Calcutta University.
a lot. This situation is to be reversed if accounting education's infrastructure is to be elevated to the international level.

5.10 **MEASURES TAKEN BY U.G.C. TO IMPROVE STANDARDS**

Section 12 of the UGC Act provides that the Commission shall, in consultation with the universities concerned, take all such steps as it may think fit for the promotion and co-ordination of higher education and for the maintenance of standards in teaching. Schemes and programmes are implemented by the Commission for promotion excellence and enhancing the standards of the centres of higher education in the country. Over the years the Commission has so far undertaken various measures for improving quality which include *inter alia*:

i) laying down minimum standards of instruction for grant of first degree through formal education;

ii) introducing a College Science Improvement Programme (COSIP) and a College Humanities and Social Science Improvement Programme (COHSSIP) under which financial assistance is granted to predominantly undergraduate institutions for development of teaching capabilities through curricula development, and for procurement of equipment, teaching materials, and books and journals;

iii) introduction of a programme of the Committee for Strengthening of Infrastructure in Science and Technology (COSIST) under which assistance is given to selected departments in universities for acquiring sophisticated and expensive equipments necessary for internationally competitive research;

iv) starting a Special Assistance Programme (SAP) under which selected departments in universities are provided support at three levels, viz. Department of Research Support (DRS), Department of Special Assistance (DSA) and Centre of Advanced Study (CAS);
v) encouraging research by making provisions for grants for major and minor projects, and by instituting research and associateships, career awards, visiting associateships and fellowships for senior teachers;

vi) setting up Curriculum Development Centres (CDC) for developing model curricula at both undergraduate and postgraduate levels;

vii) establishing Academic Staff Colleges (ASC) for staff development through orientation courses for new teachers and refresher courses for serving teachers;

viii) granting autonomy to selected colleges (autonomous colleges) in order to facilitate their undertaking innovations in areas like restructuring of courses, curricula development, teaching-learning process and evaluation process;

ix) providing financial assistance for the development of computer facilities and computer education;

x) establishing University Science Instrument Centres (USIC) for training of exceptional scientists, and for generating interest amongst students in recent advances in science and technology; and

xi) setting up of autonomous Inter-University Centres for facilitating advanced research.

These are no mean achievements. In particular, the setting up of Academic Staff Colleges, introduction of Special Assistance Programme and formation of Curriculum Development Centres for different subjects are worth mentioning in this regard.

5.11 ACADEMIC STAFF COLLEGES

5.11.1 In order to maintain high standards of teaching in the universities and colleges, training of teachers is considered an important component. The new National Policy on Education 1986 (as revised in 1992) has stressed upon a comprehensive programme of professional development of teachers through Academic Staff Colleges (ASC). Also the Fourth Pay Committee
on pay scales for teachers (popularly known as Mehrotra Committee of 1985) had emphasised the need for training of university and college teachers. The ASCs, set-up in 1986-87, are designed to fulfil this objective. At present there are 45 ASCs which conduct four-week training programmes for new teachers with innovative techniques and also three to four-week refresher courses in various disciplines for in-service teachers to enable them to update their knowledge²⁹.

5.11.2 Since these ASCs cannot cater to the needs of all the teachers, some 57 departments have been selected to conduct refresher courses only. Commerce has been included in this list of 57³⁰. These departments have prepared reading materials for the use of teachers. The ASCs also conduct seminars of two to three day's duration for the Principals located under the catchment area, which have been found to be a very effective tool to motivate them to depute teachers for attending orientation and refresher courses. The ASCs also sensitize the teachers about students' expectations and perceptions and provide them an understanding of the academic context to higher education in which they work. They also help teachers in developing an insight into the dynamics of working in the higher education system. Uptil 31st March, 1996, nearly one lakh teachers have participated in the refresher courses and forty thousand in the orientation courses³¹. The U.G.C. has also arranged for a continual review of the performances of the ASCs. For this purpose it conducts regular surveys with the help of a specially designed proforma circulated amongst the ASCs with a view to having the best possible feedback.

5.11.3 Thus the ASCs have contributed positively towards the cause of improving the scenario of accounting education in India. Such courses have naturally opened up new opportunities to the accounting educators in the country. They can now interact and exchange ideas with the seniors in the profession and in the industry as well at regular intervals in regard to the latest changes in the subject and its research and teaching methodology the world over.

³⁰. ibid.
³¹. ibid.
5.12 **SPECIAL ASSISTANCE PROGRAMMES (SAP)**

5.12.1 Under the special Assistance Programme, the UGC provides research support on a selective basis to some of the university departments in Science, Engineering & Technology, Humanities and Social Sciences, which have shown promise of undertaking quality research as also to some of the reputed centres of learning. Assistance is provided for books and journals, renovation and upgradation of buildings and equipments, vital human resources and for recurring expenditure on a cent per cent basis, for a period of five years. Support provided under the SAP is at three tiers that are:

i) Centre of Advanced Study (CAS)

ii) Department of Special Assistance (DSA) and

iii) Departmental Research Support (DRS)

5.12.2 The following Tables show the number of SAP departments in position during 1994-95 and 1995-96.

<table>
<thead>
<tr>
<th>SAP Categories</th>
<th>1994-95</th>
<th>1995-96</th>
</tr>
</thead>
<tbody>
<tr>
<td>CAS</td>
<td>16</td>
<td>16</td>
</tr>
<tr>
<td>DSA</td>
<td>108</td>
<td>108</td>
</tr>
<tr>
<td>DRS</td>
<td>47</td>
<td>45</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>171</strong></td>
<td><strong>169</strong></td>
</tr>
</tbody>
</table>
Table – 5.08  
SAP Departments (Science and Engineering & Technology)

<table>
<thead>
<tr>
<th>SAP Categories</th>
<th>1994-95</th>
<th>1995-96</th>
</tr>
</thead>
<tbody>
<tr>
<td>CAS</td>
<td>41</td>
<td>140</td>
</tr>
<tr>
<td>DSA</td>
<td>115</td>
<td>118</td>
</tr>
<tr>
<td>DRS</td>
<td>84</td>
<td>77</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>240</strong></td>
<td><strong>235</strong></td>
</tr>
</tbody>
</table>

Commerce and accounting falls under the first Table i.e. Table No. 5.07.

Both the Tables however present almost a static picture. The UGC itself recognises the reason as the shortage of funds\(^{32}\) While in 1994-95 there were 411 departments, the next year there were only 404.

5.12.3 The ceiling of assistance under SAP is Rs. 60 lakhs for CAS, Rs. 50 lakhs for DSA and Rs. 35 lakhs for DRS for science subjects. For humanities and social science areas, the level of assistance is just half of the above ceilings. However, for those departments which need scientific equipments and computers, this special assistance could be even upto 75% of the ceiling for science areas. Since commerce or accounting is highly technology-driven now-a-days, special assistance could be managed upto 75% of the ceiling applicable to science and technology.

5.12.4 Whenever a department is selected for support under any of the SAP categories, its academic achievements are examined by the concerned subject experts and their recommendations are placed for preliminary approval before the Commission. Thereafter, either an expert committee visits the department or representatives of the concerned department are invited to present their requirements before the expert committee. Regular and continuous monitoring is there in the SAP programmes. On the basis of research performance, assistance to a department is continued at the

\(^{32}\) ibid.

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same level or upgraded to the next higher level, or discontinued on the 
basis of a review by the expert committee concerned.

5.12.5 Through SAP, departments are given the opportunity to acquire adequate infrastructural facilities. This enables them even to attract funds from various other agencies like Department of Science & Technology, CSIR, ICSSR, etc. and to develop effective linkages with eminent academicians abroad through collaborative research programmes.

5.13 CURRICULUM DEVELOPMENT CENTRES

5.13.1 In 1986 UGC setup 27 Curriculum Development Centres (CDCs), 10 in Science and 17 in Humanities and Social Sciences, with a view to

a) reviewing the existing syllabi at various levels

b) suggesting measures for modernising courses and restructuring them into unit courses; and

c). developing alternate models with emphasis on learning33.

5.13.2 Actually this was an all out effort on the part of the UGC to redesign the curricula in different disciplines both at the U.G. and P.G. levels with the ultimate goal to produce a model modern syllabus for the universities to follow. The objective was clearly to introduce a desired dose of uniformity in the different curricula followed by universities all over India. Commerce as a discipline was chosen in the list of 27. The CDC in Commerce was entrusted with the work of restructuring and reframing the various university level courses in the discipline34. This was the first exercise on national scale in India after the VKRV Rao Committee for restructuring the Commerce courses with a view to making them updated and more meaningful. The Committee consisted of various academic experts of the

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level of professor representing various universities from different parts of the country right from Kashmir to Kerala, senior professionals from private and public sectors and industrialists having practical knowledge in commerce, business and industry, educational experts from the NCERT and the government’s Education Department\(^{35}\). The Committee worked hard for two years and ultimately submitted its Report in 1989.

5.13.3 The courses suggested by the Committee are reported to have been prepared with a two-fold objective\(^{36}\), first, to enhance the academic standards by covering more and more latest advancement in the field of commerce education and second, to emphasise on the professionalisation of the discipline, making it more job-oriented. In fact, this is perfectly in accordance with the spirit of the New Education Policy. On the other hand, the Committee had also taken care of those aspiring for higher studies. The most significant move made in this regard was to isolate accounting as a distinctly separate discipline exactly in response to the expanding horizon of the subject. This can be construed as a long-awaited move for the accounting academics in the country. The subject has long been given an independent status in the developed part of the world, whereas in India the scene remains unaltered. The course structures as suggested (as given in Appendix-\(^{v+r}\)) show that the first degree course i.e. B.Com. has been advised to be divided into two separate 3-year affairs. B.Com. (Professional) has 30 papers covering almost all the practical areas of business so that the young graduates can easily get settled in life.

5.13.4 In the opinion of the CDC, \(^{37}\)the introduction of systematic, well-planned and rigorously implemented programme of professional course is crucial in the proposed B.Com. structure. The course was intended to prepare students for different identified professions spanning several areas of

\(^{35}\) Ibid.,
\(^{36}\) Ibid.
\(^{37}\) Ibid, p.v.
activities in trade and commerce and, thus, the attempt was to link commerce education at the undergraduate level with the world of work. The course content of B.Com. (Professional) thus has a lot of practical input and on-the-job training has been made compulsory. This, on one hand, was expected to remove the charge of commerce courses being highly theoretical and, on the other, to make the product more employment worthy.

5.13.5 B.Com.(Hons.) Course has been designed with the objective of preparing aspirants for higher studies after graduation. In fact, the Hons. course as designed is slated for initiating the process of specialisation right from the B.Com. level. This stream, by and large, was expected to cater to the needs of the post-graduate courses. Hence the attempt was there to update the course as far as practicable by introducing a number of new papers so as to keep pace with the new knowledge in this field.

5.13.6 A post-graduate course with three specialisation options has been designed for the Hons. degree holders, the specialisation areas being in Accounting, Business Studies and Business Economics. M.Com. (Accounting) as proposed is a 2-year course with 11 papers of 100 marks. A mention of the papers included in the course would give us an idea of the comprehensiveness of the proposed structure. They are:

Paper 01 : Higher Company Accounts
02 : Accounting theory
03 : Management Accounting
04 : Management Control Systems
05 : International Accounting
06 : Operations Research & Computer Application
07 : Financial Management
08 : Theory and Practice of Statistics
09 : Direct Tax Laws
10 : Tax Planning Management
11 : Investment Management
In addition to these, the CDC in Commerce has also suggested a number of post-graduate diplomas to meet the demands of specialisation better. Students who are not interested in pursuing post-graduate education in academic field and one desirous of enhancing the knowledge and skill in a professional area, were expected to join these courses. These courses have been designed to meet the specific needs of particular area of commerce and hence they were expected to have high relevance in the practical world. The CDC has urged the universities to introduce post-graduate diplomas in Accountancy and Internal Audit, Insurance, Cost Accounting, Personnel Management, Portfolio Management, Entrepreneurship and Small Unit Management, Public Enterprises and Foreign Trade\textsuperscript{38} (details of the courses being given in Appendix-V\textsuperscript{a}).

5.14 ACCEPTANCE AND IMPLEMENTATION OF THE MODEL CURRICULA

5.14.1 In 1994, \textsuperscript{39}the Association of Indian Universities (AIU) undertook a survey to examine the extent to which these model curricula as suggested by the CDCs had been adopted by the university system. A brief questionnaire was designed and sent to 116 universities in order to solicit information. The results were very disturbing. Out of 116 universities approached, only 24 replied. Out of these 24 universities, as many as 18 reported that they were not even aware of the activity. Three universities reported that they had not been able to take any action on the reports. Only three universities indicated that the CDC Report had been used for development of their own curricula.

5.14.2 In this respect the results of another survey conducted by AIU in the same year could be mentioned here. Although this survey was in relation to the acceptance level of the model curricula of the geoscience subjects, the findings are exactly in line with what had been revealed by the earlier

\textsuperscript{38} ibid, pp. 294-360.
\textsuperscript{39} AIU Annual Report, 1994-95, New Delhi.
survey. Under this survey 51 universities undertaking post-graduate teaching in geoscience subjects were chosen. A carefully designed questionnaire covering different aspects of the CDC recommendations was despatched to the departmental heads. Inspite of repeated reminders, responses were received from only 18 university departments. Analysis of the responses indicates the following40.

i) The recommendations of the CDCs had been discussed at the academic council level in 4 (22.22%) universities.

ii) Only 5 (27.8%) universities had taken a decision regarding the implementation of the recommendations.

iii) In 55% of the cases, the Departments concerned had both academic and administrative difficulties in implementing the recommendations.

iv) In 55% of the cases, the curricula followed at the U.G. level was significantly different from that recommended by the CDC.

v) In 61.11% of the cases the post-graduate curricula totally contradict the recommendations by the CDC.

vi) None of the respondents indicated that the syllabus could be adopted in toto.

vii) On average 80% of the respondents indicated that the syllabus could be considered for adoption after at least 30% modification.

viii) Nearly 89% of the respondents identified the infrastructural inadequacies to be the main hindrance to adoption of CDC recommendations.

5.14.3 Therefore, it appears that the UGC efforts in regard to modernising the syllabus have not found much attention from the university system. Thus the CDCs, despite considerable seriousness and dedication to the course,

have not been able to change the scene altogether. What is evident from the surveys conducted by the AIU is that CDCs were certainly a good successful experiment.

5.15 **SUBJECT PANELS BY UGC**

The UGC has formed Panels of Experts to advise it on measures to enhance the quality of teaching and research in various subjects, to prepare status reports regarding research and teaching facilities available at the universities, to indicate thrust areas, and to advise the UGC on other relevant matters. At present, there are 28 subjects for which separate panels have been constituted. Accounting is included in this list. But no final report has yet come out.

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