SUMMARY, CONCLUSIONS AND SUGGESTIONS

The thrust of the present topic of research is to study the financial dynamics in Indian universities with specific reference to the Punjab Technical University, Jalandhar (Punjab). There are three types of universities or institutions of higher learning India: Central Universities and Institutions of National Importance (such as the Indian Institute of Technologies and the Indian Institute of Sciences) as are formed under the Act of Parliament and are funded by the Centre; the State Universities as are formed by the State legislatures which can be state-funded or privately funded; and Deemed Universities as are recognized under a provision of the University Grants Commission Act and are generally privately-owned. In general, the Deemed Universities, mostly run by private organisations, cater to a smaller range of degrees and specializations and are not automatically eligible to receive Central or State grants. Privately managed institutions which do not receive government funding could be both non-profit institutions and for-profit institutions. Since recent past, most state governments have almost stopped sanctioning government or government aided institutions, and are liberal in giving permission for opening of ‘self-financed’ or ‘private unaided institutions’. These institutions have now become an important source of finance for higher education, especially in Punjab, though lacking in infrastructure and academic excellence as compared to government or government-aided institutions of higher learning.

Three major sources of finance for higher education are prevalent in the Indian education system. The first is the State Finances (Central and Provincial). The second source for financing the universities comes from charitable and philanthropic non-governmental source which, unfortunately, is negligible in India of today, except in the case of institutions of higher learning established by a few industrial houses. The third source is profit-seeking non-governmental finance in case of private and deemed universities. The contribution of each of these sources and the role assigned to them has been varying from time to time since Independence.
Since the adoption of the Constitution of India, education, including higher education, having been a state subject as per Constitution of India has primarily been a responsibility of the states. The responsibility of running only Central universities, IITs etc. has been vested with the Central Government. However, after the enactment of 42nd Amendment to the Constitution, in 1976, ‘education’ was brought under the ‘concurrent list’, i.e. both the Central Government and the State Government could make laws on the subject of education but if there is a conflict between any law framed by the State government and the Central Government, the law made by the Centre shall prevail.

So far as the financing of higher education in the State of Punjab, where the Punjab Technical University is situated, is concerned, the role of the State government has been shrinking gradually during the past more than a decade. There are eight State Universities in Punjab including Panjab University, Chandigarh where the Government provides maintenance grant which is abysmally low as compared to the budget estimates of each university and these universities have been left to fend for themselves, resulting in heavy amounts of fees and funds, beyond the reach of the students belonging to poor and even middle and upper middle class families. There are four private universities that have been sanctioned by the State Government over which the State Government virtually has no regulatory control with regard to their fee structure and there is no transparency either in their accounting system so as to warrant any study of the financial dynamics of these universities.

As regards the Punjab Technical University (PTU), this is the only State University not only in Punjab and perhaps in India, which does not get any maintenance grant from the State Government. The main reason behind this is that the PTU did not have its own campus but was functioning first from the Regional Engineering College for a number of years and then from the Government College of Education, Jalandhar on nominal rent. Since its inception in 1997, PTU has been functioning just as an examining body, in a sense an earning body only, running with ministerial staff and a few administrative officers, conducting examinations of more than two hundreds of colleges affiliated to it and more than two thousand learning centres providing professional education through Distance Education, and collecting fees and funds from
the students enrolled in its affiliated colleges and learning centres. The expenditure by
the PTU for conducting examinations and meeting other related expenditure was
incurred out of the earnings by way of fees and funds. And, also, this is the only
University not only in Punjab but also in the northern region and perhaps in India that
has been presenting surplus budget in its budget estimates since 1999-2000. However,
since the financial year 2008-2009, the PTU has shifted to its new campus and has
created enormous infrastructure by way of buildings and equipment and has also started
a number of technical and management courses and appointed its own faculty for these
departments. Thus, the University has started expending from its own resources on the
expansion of technical education on the University campus; but, then, the University
has enough funds available for at least next ten years to cope with the expenditure on
more infrastructure, equipment, laboratories and libraries out of its annual income by
way of fees and funds from the students of affiliated colleges/distance education
centres and the interest being earned by it annually from its fixed deposit receipts.

7.1 SUMMARY AND CONCLUSIONS

The present study has been conducted keeping in view the following objectives:

1. To examine the pattern of sources and applications of funds by Punjab Technical
   University.

2. To study the allocation of funds by Government and their utilization by PTU.

3. To evaluate the growth trend and extent of variability of various sources of
   revenues and expenditure.

4. To understand the perception of the students, faculty and administrative staff
   regarding the functioning of the university.

The present study has been divided into seven Chapters, namely, Introduction,
Review of Literature, Data Base, Concepts and Methodology, Pattern of Sources and
Applications of Funds of Punjab Technical University, Financial Management of
Punjab Technical University, Appraisal of Financial and Administrative Functioning
of PTU, and Summary, Conclusions and Suggestions.
I) INTRODUCTION

In this Chapter, evolution of the Indian education system right from the Vedic Period to Buddhist Period to Muslim Period to British Period to the modern period commencing from Independence of India in 1947 has been analysed. The recommendation of various committees and commissions constituted during pre-Independence and post-Independence periods have been discussed, such as the recommendations given by the First Education Commission headed by Lord Ripon, Second Education Commission headed by Lord Curzon during pre-Independence period and the recommendations given by the first Education Commission headed by Dr Radhakrishnan, Mudaliar Commission, Kothari Commission and those of Prof. Yashpal Committee, to name a few, during the post-Independence. In this Chapter, structure of Indian education system from elementary to university education has been studied. Besides, various Acts and subordinate legislations such as University Grants Commission Act, Central Universities Act, All-India Council for Technical Education Act have been discussed. In addition, education policies framed by the Government of India such as National Policies on Education, 1968 and 1986 (as modified in 1992) have also been studied. Regulatory framework of higher education along with system of governance of higher education institutions and regulatory bodies, such as University Grants Commission, All India Council of Technical Education, National Council for Teachers Education, Medical/Dental Councils of India etc., has also been discussed in this Chapter. Growth of higher education in India since Independence has been discussed in detail whereby it has also been found that the number of universities and colleges and other institutions of higher learning have increased considerably since Independence resulting in higher number of teaching faculty and hike in enrolment of students. Similarly expenditure sanctioned by the Central Government on higher education has also increased.

II) REVIEW OF LITERATURE

In this chapter, various studies conducted by a number of scholars and also study of number of documents and reports of some of the organisations since Independence have been analysed and reviewed. Most of the studies indicate that there has been
gradual increase in the allocation of funds on higher education ostensibly to cope with the increased number of institutions of higher education during the corresponding period. It has also been found that the increase in the overall percentage in terms of the budget allocation on higher education has not been substantial. Some of the studies also suggest that the Universities should go in for financial autonomy by way of generation of funds at its own level within the societal constraints instead of complete dependence on government grants. It is significant to mention here that the rate of growth in educational expenditure began to decline ever since the submission of the report of Education Commission in 1966 though after the National Education Policy 1986, the percentage of allocation on higher education by the Central Government has been increasing but, keeping in view the multifold increase in the number of universities and colleges, the over all allocation remains almost the same. Therefore, although the demand for higher education has grown up, the central and state governments’ financial support to the institutions of higher education has decelerated in real terms during 1990s. On the one hand, the public funded institutions have been suffering from under-investment that has adversely affected the quality of education and on the other hand, demand-supply mismatch has prompted increasing participation of private institutions. This has led to demand for revisiting the whole issue of financial and funding mechanism of higher education.

So far as the financial situation of the PTU, the university under study, is concerned, since it had been functioning since its inception in 1997 up to 2011, unlike the other affiliating universities, as only an examining body of the students studying in the colleges affiliated with it and the students enrolled in the ‘learning centres’ under Distance Education Programme, and has been generating income only, with virtually no expenditure on research development, except expenditure on the salaries of ministerial and administrative staff and on the conduct of examinations, it has managed to build up comfortable reserve of funds in the shape of fixed deposit receipts. But with the coming up of its own campus and the opening of new departments, the expenditure on the creation of research and development including infrastructure, new buildings and libraries, laboratories and the like is bound to increase enormously, with its income remaining the same as the number of technical
institutions in Punjab has reached a saturation point. And within a few years, the PTU may also be sailing in the same boat so far as its income-expenditure ratio is concerned.

III) DATA BASE, CONCEPTS AND METHODOLOGY

In this chapter, a stress has been laid on the factum that for optimum utilization of the funds, the universities should review their financial structure from time to time in order to uncover the limitations and explore the avenues for increasing income which can be done through an in-depth analysis of the sources of funds and their applications. Variables of the study have also been described. Besides, objectives of the study, limitations of the study, types of data used and techniques of data analysis have been discussed.

IV) PATTERN OF SOURCES AND APPLICATIONS OF FUNDS OF PUNJAB TECHNICAL UNIVERSITY

In this chapter, the income and expenditure pattern of the PTU has been discussed to know as to where from the university gets its funds and where the funds are utilised and as to what is the pattern of the receipt of funds and their utilization during different financial years. Percent increase/decrease in the overall revenue and expenditure during the period of study has been worked out. Similar exercise has been conducted into the main budget heads and sub-heads of revenue and expenditure as divided in the budget estimates of the university. Relative proportion of each source of revenue and expenditure to the total revenue and expenditure has also been calculated. Results so obtained have been presented in the form of Tables, Bar Graphs and Pie Charts for convenient interpretation and comparison.

On the basis of study conducted, it has been found that the revenue as also the expenditure of the university increased during that year of the study in which more number of new colleges were granted affiliation and more learning centres were opened under the distance education programme. Revenue on this account increased because of collection of high affiliation, inspection fees deposited by the affiliating colleges and also on account of collection of fees and funds charged from the new students in those colleges and learning centres. Similarly, expenditure during those
particular years increased due to the fact that the University had to send teams of experts a number of times and had to pay hefty inspection fees to those experts deputed for inspection of facilities and infrastructure of new colleges before granting affiliation, besides, increase in the expenditure on the conduct of examinations as also expenditure on processing of the affiliation of new institutions and learning centres. During the years when no new colleges were opened, the percent ratio of income and expenditure reverted back to the earlier pattern. Another factor for increase in the revenue of the university observed during the period of study is that the revenue from the Distance Education Programme remained consistently on the rise as the demand for opening of learning centres at the All-India level under this Programme remains as high as it was when this Programme was started by the PTU. The most interesting aspect of the whole study is that this pattern of income/revenue and expenditure has been observed almost in all the Tables, analysis and comparisons prepared in this chapter.

V) FINANCIAL MANAGEMENT OF PUNJAB TECHNICAL UNIVERSITY

In this chapter, a study has been conducted into annual growth rates (AGR) and compound annual growth rates (CAGR) of the main and sub-heads of revenue and expenditure of PTU. CAGR indicates whether percentage change in income and expenditure is good enough given a particular time period. In the study in hand, coefficient of variation (CV) for each item of revenue and expenditure has also been calculated. CV indicated the extent of consistency or variability of a particular source of revenue and expenditure over a period of study. It is pertinent to mention that CAGR of revenue from distance education programme of the university is maximum followed by the CAGR of the revenue from the fees and funds collected from the affiliated colleges. It has been found that CAGR in case of revenue from affiliated colleges during the years 2008-09 and 2009-10 is negative because of the finding that there were less number of new colleges affiliated with the university during this period. CAGR of expenditure on entrance examinations is the maximum followed by CAGR of expenditure on distance education programme and conduct of examinations; and CAGR of expenditure on affiliated colleges is the minimum, reason being the same as for CAGR in case of revenue from affiliated colleges.
It has been found in the study that while mean revenue from distance education programme of the University is the maximum, at the same time, the variability of this revenue is also very high which reveals that revenue under this budget head of the university is not consistent. Therefore, it can be said that this source of revenue is not reliable. In comparison, revenue in the shape of fees and funds for conduct of semester examinations is more consistent which is natural because collection of examination fees is a continuous phenomenon. Similarly, average expenditure incurred on distance education programme is the highest because the number of students studying in the learning centres of the distance education programme is also the highest; therefore, the university has to spend more on the payments to the coordinators and incurred expenditure on the supply of course material, conduct of examinations, evaluation of answer books etc. Like the income from the distance education programme, expenditure on this budget head is also not consistent. Similarly, the revenue and expenditure on semester examinations are more consistent. As regards Capital Expenditure, since the University did not have its own campus, expenditure under this head on Buildings was nil. But there has been capital expenditure on purchase of furniture, equipment, books, vehicles etc out of which mean expenditure on furniture and fixtures is the highest and its co-efficient of variation is also the maximum. However, the expenditure on this sub-head has not been consistent. The mean expenditure on purchase of books is very low in comparison to expenditure on other items because in the absence of its own campus, the university could not develop its own library to the desired extent.

VI) APPRAISAL OF FINANCIAL AND ADMINISTRATIVE FUNCTIONING OF PUNJAB TECHNICAL UNIVERSITY

In this chapter, an effort has been made to study the perceptions of students, faculty members and the members of administrative staff of the affiliated colleges of the university regarding financial and administrative management of the university. Towards this end, three separate sets of questionnaires were provided to the respondents of each of these three groups. For the purposes of analysis, all the three categories of respondents were divided into two sub-groups. The questionnaires were
analysed using the technique of factor analysis and independent sample t-test. In the case of students, the following three factors were extracted:

1. Payment of scholarships and remittance of fees;
2. Financial management of the university; and
3. University administration.

After the application of independent sample t-test, it has been found that there is statistically no significant difference between the perception of scholarship and non-scholarships holders in relation to these three factors. It was observed from Group Statistics Table that mean values hovered around ‘3’, which means that the perception of these respondents was that they did not nurse any complaints with the existing system.

In the case of teachers, the following three factors were extracted:

1. Effectiveness of the procedure for fee collection and payments to students;
2. Financial management; and
3. Accounting procedure

By using the technique of independent sample t-test, it was observed that there is no significant difference between the perception of teachers with less than three years of experience and those with more than three years of experience. It comes out of the Group Statistics Table that the mean value varies between ‘3’ and ‘4’, which shows that their perception is positive.

The following three variables were extracted in case of administrative staff:

1. Staff welfare activities;
2. Financial management and administration; and
3. Effective of the procedure for payments to staff.

Using independent sample t-test, it was found that though there is no significant difference in the perception of class 1 and class 2 employees but the mean value for factor 1, as indicated by Group Statistics Table, is above 3.6 which show their positive
perception for Staff Welfare Activities. In case of factor 2, the mean value is between 3 and 3.3 which indicate that their satisfaction level is not that high though they have no complaints. So far as factor 3 is concerned, the mean value is around 4.6 indicating that the system of payment to staff is working efficiently.

The conclusions drawn from the study (as already discussed above) can be summarized as under:

1. Revenue as well as expenditure of the university increased during that year of study in which more number of new colleges were granted affiliation and more learning centres were opened under the distance education programme.

2. Revenue from the Distance Education Program (DEP) remained consistently on the rise as the demand for opening of learning centres at the All-India level under this Programme remains as high as it was when this Programme was started by the PTU.

3. Compound Annual Growth Rate (CAGR) of revenue from DEP is maximum as compare to other sources.

4. Also CAGR in case of revenue from affiliated colleges during the years 2008-09 and 2009-10 is negative because of the reason that there were less number of new colleges affiliated with the university during this period. CAGR of expenditure on affiliated colleges is the minimum reason being the same as for CAGR in case of revenue from affiliated colleges.

5. Although, the mean revenue from DEP is the maximum but the variability of this sources of revenue is also the highest as indicated by its value of CV. Thus, this source of revenue is not reliable.

6. Average expenditure incurred on Distance Education Programme is also the highest, but it is not consistent.

7. Revenue in the shape of fees and funds from conduct of semester examination is more consistent, because collection of examination fees is a continuous phenomenon. Similarly expenditure on semester examination is also consistent.
8. There has been a capital expenditure on purchase of furniture, equipment, books, vehicles etc. out of which mean expenditure on furniture and fixtures is the highest and its CV is also maximum. The mean expenditure on purchase of books is very low because being in its initial stages could not develop its own full fledged library as yet.

9. There is statistically no significant difference between the perception of scholarship and non-scholarship holders in relation to the factors extracted, and the mean values covered around 3’ which means that these students did not nurse any complaints from the system.

10. There is no significant difference in the perception of teachers with less than 3 years of experience and more than 3 years of experience and the mean value vary between 3’ and 4’ which shows that the perception is positive to a certain extent.

11. There is no significant difference in the perception of class 1 and class 2 employees. Mean value for factor 1 is above 3.6 which shows their positive perception for staff welfare activities. In case of factor 2, mean value is between 3 and 3.3 which show that their satisfaction is not that high, although they have no complaint. In case of factor 3, mean value is around 4.6 indicating that the system of payments to staff is working efficiently.

7.2 SUGGESTIONS

1. During the course of study, it has been observed that while preparing budget estimates, the University has not been adopting uniform and set procedure in the matter of budget heads and budget sub-heads. In the budget estimates for various years, so many times, some budget heads are deleted and others added whereas if there was no income or expenditure under a particular budget head in a particular year, it should be mentioned as ‘nil’ rather than striking the budget head. This lack of uniformity in numbering of budget heads poses problems for a researcher during his comparisons and analysis of budget estimates for various years.
2. Further, to have a bird’s eye view of the budget estimates for a particular year, as per procedure prescribed by the governments and other universities also, while presenting budget estimates, a statement is appended along with showing in figures the percentage distribution of revenue from various sources under various sub-heads and the percentage expenditure under different sub-heads, which practice is missing in case of the budget estimates of the PTU. This is also necessary because from this statement alone, a researcher can understand from which source of revenue, plan and non-plan expenditure is being incurred on various budget heads and sub-heads. For example, nowhere in the budget estimates for the years of study, has it been mentioned as to from which source or sources of revenue, the university had been incurring expenditure on buildings, libraries, laboratories and other plan schemes. Whether the university receives any capital grant from the state or central government for these purposes or whether the university has been meeting this expenditure out of its own sources should have been specifically mentioned in the budget estimates. It is suggested that the PTU should also consider these points while presenting the budget estimates.

3. For maintaining the existing level of revenue, the University will have to indulge in brain-storming sessions. Since there is no scope of the opening of new technical and professional institutions, hence there is no scope of increase in additional revenue on this account. Similarly, additional revenue in the coming years out of the Distance Education Programme of the University will be lesser as the opening of learning centres under this Programme has almost reached a saturation level and it would rather be difficult to retain the existing level of revenue under this budget head. But, the expenditure on salaries of staff only is likely to rise to at least 15 per cent per annum assuming at least 12% annual hike in dearness allowance and 3% on annual increments, in addition to at least 10 per cent inflationary escalation in expenditure on all other items. Therefore, the University will have to find out ways and means for generating additional revenue during ring the next years to cope with the ever-growing need for expenditure on the state-of-the-art infrastructure, laboratories, and libraries.
and on research and development. This objective can be achieved by the University, to a larger extent, by developing its own campus and starting as many new courses as are necessary to cater to the needs of a developing economy like ours and keeping in view the requirements of professionals by Indian industrial houses and the multinational companies. Revenue from collection of fees from students to these new courses will more likely compensate for the likely loss of revenue which may happen due to virtual end to the affiliation of new colleges and opening of new learning centres under the Distance Education Programme during the coming years.

4. As enunciated in the Act of the University in its aims and objects, the University may generate and maintain resources through consultancy services, testing services and national and international collaborations. No steps have been taken towards this, perhaps, due to lack of infrastructural facilities for creating such services, as the University did not have its own campus and research and technical staff. Also, indifference of the university administration for generating additional resources through such services seems to be sufficient reserve of funds at their command collected through distance education programme and from the fees and funds collected from the affiliated colleges. But with the dwindling collection of revenue from these two main sources of income in the years to come, the University shall have to initiate necessary steps to build infrastructure and appoint qualified technical personnel for creation of its state-of-the-art Consultancy and Testing Services Centre for generation of additional revenue by providing best of the services after having close inter-action with the local, national and international industry.

5. Even though number of technical institutions have grown tremendously in our country, to the extent of having reached at saturation level that the AICTE is contemplating to put moratorium on the opening of new technical colleges, but it is very disheartening to note that the role of both the technical universities and other technical institutions towards high standard research in the field of technical education and general sciences and creating scientists of international standards has not been encouraging. It is disgusting to note that during the last
more than two decades, the universities including the technical universities are contented in producing only engineers for national and international companies dealing with outsourcing of services and for other sundry services; but there is dire need for the universities to create research centres of international standards along with special scholarships to attract the youth towards higher research and to inculcate in their minds a sense of becoming top scientists rather than ‘white collared’ engineers. The PTU, with its reserve of funds, can act as a torch-bearer to serve the country in filling the gap of scarcity of scientists.

6. To safeguard the quality of education and academic standards of the University and also keeping in view the over all reputation of the University, and to inculcate learning and reading habits in the students, it is incumbent that the University should build up its own healthy library with books covering all topics of studies under the sky being taught in the best of the Universities of India and the world. Unfortunately, average expenditure on books out of its total budgets during the financial years of the present study is 13.72% only.

7. To imbibe more confidence in the students’ minds vis-à-vis the general functioning of the university in its financial and administrative matters, the University is required to evolve such a system that the students are not required to come to the office either to make payments or to take payments. Towards this end, on-line system for accepting and making payments may be worked out by the university and, to begin with, this exercise can be initiated for the students coming from cities and big towns, which may be extended to the remaining areas in phases.

8. To create full dedication in the minds of the administrative staff of the university as also to inculcate a sense of complete loyalty to the university, it is necessary that they should have complete security of service which would encourage them to serve the university with renewed vigour. To achieve this end, it is imperative that the appointments of administrative staff including the menial staff should, as far as possible, be made in regular pay scales at par with the other technical universities in India, and on permanent basis.
9. In the Act of the PTU, it has been provided that the University shall make special provisions for the spread of technical education amongst classes and communities which are educationally backward. Even though a big segment of engineering and technical institutions situated in the rural and remote rural areas have been given affiliation by the PTU but these institutions have been opened by the promoters of these institutions more with the motive of profit-making than spreading the light of knowledge among the poor and backward classes of society. As expected, a large percentage of such institutions have lost their luster and are on the verge of closing down. With the exception of establishing a few number of its constituent colleges ‘in the areas which may be educationally backward but by no standards coming under the definition of ‘educationally backward communities’, the role of the university for spreading technical education ‘amongst classes and communities which are educationally backward’ has not been upto the expectations of the framers of the Act of the University. The University should initiate serious efforts, and in the right earnest, for creating special study centres for free coaching for the students belonging to such communities to enable them to prepare them for competitive examinations for admissions in the technical institutions of higher learning as also for other competitive examinations, and after their admission, to keep track of those students and help them financially through special stipends till they pass out of the colleges/institutions in which they are admitted.