CHAPTER - VII

SUMMARY AND SUGGESTIONS

An earnest attempt is made in this chapter to present a summary of the various findings, observations and conclusions arrived at in the previous chapters and to make suggestions to overcome the varied problems which Sri Venkateswara University (SVU) confronts.

1 Summary :

The summary of the findings of the six chapters is stated below.

1.1 Introduction. The status of education and the ever growing demand for it necessitated financing of education since the Vedic Period. In the past, education was dependent on financial munificence of the ruling class, charities and donations from the rulers and noblemen, fees either in kind or in the form of service by pupils, fees in cash, state's aid and endowments from noble persons, and grants-in-aid from Government. With the exception of foreign aid, the sources of financing education in the planning period continued to be the same as in the pre-independence period.

In India, in the post-independence era, the experiments in education, for the purpose of providing equal opportunities to all the citizens and to supply skilled manpower to the economy, have created a tremendous amount of pressure on both the educational system and the economy. These experiments have necessitated larger allocation of funds for education. The actual expenditure on education was below the target in most of the Five Year Plans. The share of expenditure on education to gross national product was less than the recommended one. Several organizations are concerned with the provision of financial assistance to universities. The University Grants Commission
(UGC) has an extremely truncated responsibility to universities. The State Government is guided by the UGC in the matter of extending financial assistance for the development and expansion programmes of universities. It is felt that the synchronisation between the State and the UGC is non-existent in many cases. Consequently, this either adversely affects the schemes of the university or forces them to abandon these schemes because of reluctance of both the UGC and the State Government. Such instances were not rare in the history of universities in the country. Further, several universities were saddled with deficits and financial crises. In view of the aforesaid problems, it is necessary to conduct a critical evaluation of the sources and use of scarce financial resources in higher education at the university level.

Though there are quite a few studies on higher education concerning student-teacher ratio, economics of education, educational administration, organisational structure, contribution to socio-economic development, impact on society, resource mobilisation, cost-analysis, etc., studies related to management of finances in universities are limited in number. Further, there is no specific study related to SVU as far as the researcher's knowledge is concerned. For that matter, no research investigation was undertaken as to how the resources are generated and utilised. Thus, a micro-level study of this unexplored area namely, finances of SVU, is felt to be in order. An attempt is made to connect it with other related studies. An in-depth analysis of sources of funds and their uses may reveal certain areas which are weak and require attention. The present study is a modest attempt in this direction. The main objective of the study is to analyse the finances of SVU. The data have been obtained from both the secondary and primary sources.
indices are employed to deflate the financial data. The period of the study is confined to a decade viz, 1987-96. The data drawn from several sources have been properly tabulated, synthesized, analysed and interpreted with the help of appropriate tools, techniques and devices.

1.2 Profile of SVU. Soon after the formation of Andhra state, the question of establishing a university to fulfill the needs and aspirations of the people of Rayalaseema was taken up. Consequently, on the recommendation of the Cabinet Sub-committee, Andhra legislature passed SVU bill during July, 1954. Sri T. Prakasam, the then Chief Minister of Andhra, inaugurated SVU on 2nd September, 1954. The Tirumala Tirupati Devasthanams (TTD) gave properties worth lakhs of rupees to SVU. The Senate, Academic Council and Syndicate were constituted during July, 1955. During 1956, the SVU Act was amended to make the State Governor the Ex-officio Chancellor of the University. The Senate and Syndicate were replaced with Academic Senate (AS) and the Executive Council (EC) sequentially in the year 1987. On account of growing awareness among the students of the importance of higher education, the number of departments increased to 55. However, during the period 1987-96, the number of departments declined due to the transfer of certain departments to Sri Krishnadevaraya University (SKU), Anantapur. Accompanied by expansion in terms of departments, there has also been a corresponding growth in the number of teachers and non-teachers. Out of the teachers, Lecturers ranked first followed by Readers, Professors and others. The research output of teachers was satisfactory. With the increase in size, the number of students went up to 5,162 in 1996. The student - teacher and student - non-teacher ratios showed an upward trend.
The Sri Venkateswara University College of Arts and Sciences (SVUCAS) was started in December, 1954. It offers M.A., M.Sc., and M.Com. courses spread over several disciplines including M.Phil. and Ph.D. To cope with the increasing administrative needs of a large number of departments and students, SVUCAS is administered by four Deans and one Principal. Admissions into post-graduate (PG) and research courses are made through entrance test. Sri Venkateswara University College of Engineering (SVUCE) commenced functioning from the academic year 1959-60 with an intake of 40 students in each of the conventional disciplines of Civil, Electrical, and Mechanical Engineering. At present, SVUCE offers 4 year B.Tech degree course in six disciplines, three semester based PG course with ten specialisations and a three-year PG course in computer applications. The PG courses started at Kavali by Visvodaya management were taken over by SVU during April, 1978. At present, it offers four courses such as M.Com., M.A. (Economics) and M.Sc. (Physics and Zoology). The PG courses at Cuddapah were started during November, 1977. Presently, it imparts education leading to M.Sc. (Applied Geology, Chemistry), M.A. (Public Administration) and M.Com. degrees. Since inception in 1988, Academic Staff College (ASC) made tremendous progress by way of organising orientation programmes and refresher courses in various subjects. Sri Venkateswara Junior College came into being during the academic year 1992-93. Sri Venkateswara University Campus School was established chiefly to cater to the needs of the children of SVU employees. During 1972, SVU started the Institute of Correspondence Courses (ICC) to extend the frontiers of academic beneficiaries beyond its campus. Presently, it offers graduate, PG, diploma and certificate courses.
In 1956, the TTD handed over the Oriental Research Institute (ORI) to SVU. It offers M Phil and Ph D programmes in Sanskrit, Telugu, History, Philosophy and Indian Culture. The Centre for Studies in Peace and Non-violence (CSPN), the only one of its kind so far in the Indian universities, was inaugurated on 13th, October, 1976. It aims at acting as a clearing house for information on peace research through documentation and bulletins. The Sri Venkateswara University Computer Centre (SVUCC) was set up in the year 1985. The Physical Education department, which was started in 1955, has extensive play fields and required facilities to organise national events. The SVU National Service Scheme (NSS) was started with the avowed objective of bridging the gap between the content and method of education. The SVU Health Centre inaugurated on 18th, January, 1963 provides free medical aid to students, teaching and non-teaching staff and to their families. The SVU library, which was opened during 1955, has circulation, children, quick reference, periodical, text book, technical and acquisition sections and research cubicles. Database of current periodicals was created and steps to establish a database of Ph D and M Phil theses and dissertations respectively have been initiated. The SVU Printing Press started working from 1960 onwards. Besides the work of SVU, it also undertakes the printing of books written by teaching and non-teaching staff on a no-profit, no-loss basis. The SVU has well equipped hostels for boys and girls. All the hostels are run on a no-profit, no-loss basis. The SVU Consumers' Cooperative Stores serves the staff and the students. At the end of 1996, there were 107 colleges affiliated to SVU. The starting of PG courses in affiliated colleges is of recent origin.
Financial administration: As a complex corporate body, the powers of SVU are vested with authorities as enshrined in its Act. The AS gives a purposeful direction to financial administration (FA) in SVU. Financial powers like creation of posts, approval of budget, management of property, administration of funds and formulation of statutes rest with the EC. The Finance Committee (FC) plays a pivotal role in the allocation of funds, realisation of financial resources, liberation from financial constraints and maintaining a sound financial health. The Governor of Andhra Pradesh (AP) shall be the Chancellor of SVU. The Vice-Chancellor (VC) is the most vital functionary in the administration of SVU. The Rector performs functions concerning examinations, purchases, staff welfare etc. The Registrar exercises certain powers and performs duties such as collection of fees, realisation of grants and other dues, preparation of budget, maintenance of accounts etc.

The major source of funds to SVU is government. As such, accounting system is on the lines of government accounts, which are maintained on a single entry system. The accounts have been divided into 10 broad units. All receipts are remitted into the bank. Similarly, every bill presented will be examined before making payment. No expenditure or liability is incurred without prior sanction of the EC. The budget is designed as suggested by the UGC. The Registrar prepares estimates and submits the same to FC. On the recommendation of FC, EC approves with or without any revision. Later, as finally approved by the AS, the budget along with annual accounts and recommendations will be submitted to the State Government. Since SVU depends heavily on the budgetary sanction of State Government for a major part of financial commitments, it finalises its own budget sufficiently in advance.
of the preparation of the state budget by the Government of AP. The accounts of SVU are audited by the Director, Local Fund Audit, Government of AP. In terms of section 21 of the SVU Act, 1974, as amended from time to time, the EC shall prepare during each financial year the annual accounts of the preceding financial year and submit them to audit as the State Government may direct, before the end of the financial year. The accounts so audited shall be published in the AP Gazette and copies thereof, together with copies of audit report, shall be submitted to the State Government not later than two years from the end of the financial year to which the accounts pertain. There were 1,329 audit objections involving an amount of Rs 1,406.50 lakhs. The Registrar disposes of audit objections based on the suggestion of the EC.

1.4 Income: The aggregate receipts of SVU, in terms of constant prices, increased from Rs 549.24 lakhs in 1987 to Rs 788.18 lakhs in 1998 with relative fluctuations, registering a compound growth rate (CGR) of 1.93 per cent, which is insignificant. Of the total receipts of SVU, the State Government share was 72.13 per cent, the UGC 5.80 per cent, fees 8.54 per cent, the TTD 1.09 per cent and the rest others. The instability is the highest in the receipts from the TTD while it is the lowest in the grants from the State Government. There is a significant difference among the different sources of receipts of SVU as F-statistic is higher than the Table value at one per cent level. Out of the receipts from the State Government, non-development grants constituted 88.37 per cent and the rest development ones. The homogeneity is more in the former than in the latter. Construction of buildings and acquisition of equipment (78.88%) accounted for a lion's share of the development grants. In the case of non-development grants, receipts towards salary constituted a little over 87 per cent.
There is a significant difference among the grants received from the State Government for various development and non-development purposes.

On an average, out of the receipts from the UGC, special assistance for departments ranked first (43.71%) followed by research and development (R & D) activities (28.65%), Academic Staff College (14.33%), scholarships (9.05%), Faculty Improvement Programme (FIP) (2.46%) and others (1.80%). There is a significant difference among the receipts obtained by SVU for different purposes from the UGC. In the fee receipts, examination fee accounted for by 67.94 per cent, tuition fee 24.29 per cent and the remaining others. The difference among the various sources of fee receipts of SVU is significant. Of the other receipts, receipts from research organisations constituted 62.53 per cent, self-generating receipts 12.80 per cent and the rest miscellaneous. The income from self-supporting courses formed 4.98 per cent in the initial year (1996) itself. There is a significant difference among the various sources of other receipts of SVU. In the total income of SVU, non-plan receipts constituted 77.29 per cent and the rest plan receipts. The former registered a significant progress while in the case of the latter, the growth was negative. It was also insignificant. The difference between the means of plan and non-plan grants is significant while the difference between the CGRs of the same is insignificant. The income from external sources was 88.56 per cent and the remaining internal sources. The CGR was negatively significant in the latter whereas it was positive but insignificant in the former. The instability is more in the internal income as compared to the external one. Out of the receipts from internal sources, academic receipts accounted for nearly 75 per cent and the rest non-academic ones. The progress is insignificant in both the...
cases. As expected, the consistency is higher in the academic receipts as compared to non-academic receipts. Among the receipts from non-academic internal sources, sale proceeds from publications constituted 14.91 per cent, service charges 10.86 per cent, rent 10.46 per cent, hostels 6.12 per cent, interest 4.15 per cent and the remaining others. The variation between these sources of receipts is insignificant.

In the total income of SVU, the percentage of revenue receipts was 77.70 and the rest was accounted for by capital receipts. The CGR in both the cases is insignificant but negative in capital receipts only. In the case of revenue receipts, State Government (82.04%) ranked first followed by fees (10.99%), others (5.69%) and the TTD (1.28%). In fees, no definite trend could be noticed due to fluctuations in the student enrolment, fee rate and the proportion of full-fee and half-fee concession students. There is a significant difference among the sources of revenue receipts of SVU. In regard to capital receipts, State Government accounted for 37.61 per cent, others 36.38 per cent and the remaining UGC. The progress in all these receipts is not significant. There is no significant difference among the sources of capital receipts. Among the institutions of SVU, SVUCAS ranked first with respect to total receipts followed by SVUCE, SVU office, PG centres, others, DDE, ASC and library. The difference in the receipts of different institutions of SVU is highly significant. In the per student contribution, State Government's share was 72.13 per cent, the UGC 5.8 per cent, fees 8.54 per cent, the TTD 1.09 per cent and others 12.44 per cent. Fees are the third largest source of income. The SVU showed little enthusiasm about raising private contribution. The receipts per student have declined from Rs 20,720 in 1987 to Rs 15,268 in 1996 with relative ups and downs. Achievements fell short of the budget estimates.
consistently year after year. The share of achievement in the budget estimate was nearly 85 per cent. In the case of grants from State Government, the achievement was around 74 per cent of the projected budget estimates. With regard to contribution from the UGC, the share of the former in the latter was approximately 56 per cent. Similarly, actual fee receipts in the estimates formed nearly 91 per cent. Thus receipts were less than the budget estimates at the aggregate level or source-wise.

15 Expenditure: The consolidated expenditure of SVU, in terms of constant prices, gradually increased from Rs 579.84 lakhs in 1987 to Rs 780.04 lakhs in 1996, registering a CGR of 2.42 per cent, which is insignificant. The expenditure of SVU surpassed the corresponding receipts in 5 out of 10 years under review. The proportion of revenue expenditure in the aggregate expenditure of SVU was 77.81 per cent and the rest constituted capital expenditure. The inconsistency is more in the latter relative to the former. In the case of revenue expenditure, cost on administration ranked first (43.25%) followed by teachers (31.09%), service charges (9.77%), examinations (8.51%), students (3.86%), others (3.07%) and general welfare (0.45%). There is a significant difference among the various heads of revenue expenditure of SVU since F-statistic is more than Table value at one per cent level. Among the items of examination expenditure, travelling expenses came first with a share of nearly 37 per cent. The receipts from examination were less than the amount spent on them. The share of the former in the latter was 88.06 per cent. With regard to capital expenditure, R & D formed 61.08 per cent, buildings 19.63 per cent, others 7.17 per cent, equipment 6.81 per cent and books 5.31 per cent. There is a significant variation among the items of capital expenditure. Non-plan expenditure accounted for 79.83 per cent of the total.
expenditure and the remaining constituted plan expenditure. The inconsistency was higher in plan expenditure as compared to non-plan expenditure. The expenditure on salary was 57.84 per cent and the rest non-salary.

Of the total expenditure on salary, the share of expenditure on non-teachers was 58.18 per cent and the remaining was accounted for by expenditure on teachers. The progress in the latter is faster than the progress in the former. Out of the components of teachers' salary, basic pay accounted for 57.40 per cent, dearness allowance (DA) 32.45 per cent, house rent allowance (HRA) 7.02 per cent and others 3.13 per cent. There is a significant difference among the items of salary. The trend of basic pay, DA, HRA and others in the salary of non-teachers is the same as the trend in the salary of teachers. The difference among the items of salary of teachers and those of non-teachers is significant. Out of the total non-salary expenditure, R&D constituted 32.16 per cent, service and welfare charges 25.20 per cent, buildings and equipment 13.91 per cent, books and periodicals 2.78 per cent, examinations 15.70 per cent and the rest others. The variation among the items of non-salary expenditure is also significant. Among the institutions of SVU, SVUCAS ranked first (47.98%) followed by SVU office (27.43%), SVUCE (12.16%), PGCs (5.25%), others (2.61%), SVUL (2.54%), DDE (1.27%) and ASC (0.76%). The rate of growth of expenditure in all the institutions of SVU is insignificant except in the case of DDE. With regard to SVUCAS, cost on non-teachers was the highest while expenditure on teachers ranked first in SVUCE and PGCs. There is a significant difference among the items of expenditure of SVUCAS, SVUCE, PGCs and SVUL. In the case of expenditure on salary, the SVUL is in no way better than SVUCAS, SVUCE and PGCs. In
SVUL, cost on salary which is around 72 per cent, is unjustifiable as the cost of books and periodicals is less than 25 per cent of the total cost. Among the faculties, Sciences accounted for 35.45 per cent, Humanities and Social Sciences 34.29 per cent and Engineering 30.26 per cent. This shows that priorities in SVU are not based on enrolment but on the need to promote specific disciplines. The difference in the expenditure among the faculties is insignificant.

Out of the departments of SVU, Mechanical Engineering department ranked first with 6.82 per cent vis-a-vis the Foreign Languages department which occupied the last place with 0.22 per cent. In SVUCAS, the science departments incurred huge expenditure when compared to the arts departments. This also holds good in the case of departments of PGCs. With regard to engineering departments, it was the highest in Mechanical Engineering and the lowest in Physics. The engineering departments incurred a lot more expenditure in contrast to the arts departments. The science departments which are neither as expensive as the engineering departments nor as economical as arts departments, occupy the middle position. The SVU repaid 4.93 per cent of the resources obtained by it from the Government and its agencies by way of payments for the use of services like electricity, telephones, postage and telegram, municipal and property taxes. The cost of these in the revenue expenditure of SVU accounted for 4.98 per cent. The elasticity is higher in income as compared to expenditure. The actual expenditure never exceeded the budget estimates in any one of the years. The share of the former in the latter was 81.23 per cent. This cannot be considered as a distressing situation. This might have occurred due to wrong assessment.
of expenditure in advance or non-release of grants by the funding agencies due to a financial crunch. The plan expenditure in the budget estimates accounted for 54.20 per cent vis-à-vis the non-plan expenditure 95.37 per cent.

1.6 Unit Cost, Surplus, Debts, Deposits, Advances and Investments. The cost incurred by SVU per student declined from Rs 21,589 in 1987 to Rs 15,111 in 1996. On an average, it worked out to Rs 15,704. In the total cost per student, revenue expenditure formed 77.49 per cent and the remaining capital expenditure. In the case of revenue expenditure per student, cost on non-teachers constituted 42.79 per cent, teachers 30.75 per cent and the rest others. It is held that the State Government increased its contribution towards salary due to compulsion of circumstances to the comparative neglect of other items of revenue expenditure. Much of it could be attributed to revision of pay scales and enhancement of rates of DA twice in a year. Of the capital expenditure per student, R & D ranked first (61.11%) followed by buildings (19.48%), others (7.44%), equipment (6.62%) and books (5.35%). The existing pattern of capital expenditure is inadequate to maintain and improve the standard of education in SVU. Among the faculties, cost per student was the highest in Sciences (Rs 13,625) while it was the lowest in Engineering faculty (Rs 5,860). In the Humanities and Social Sciences faculty, it was Rs 7,647. The net cost borne by SVU was Rs 15,696 in 1987 as against Rs 12,384 in 1996. The proportion of student contribution in the cost per student was 17.97 per cent. This proportion is evidently low and it is due to heavy subsidisation in the form of fee concessions and scholarships. In the revenue expenditure per student, SVU provided a subsidy of Rs 15,529 in 1987 as against Rs 12,002 in 1996. The share of tuition fee per student in the
revenue expenditure per student was 2.84 per cent. The actual expenditure surpassed actual receipts in half of the period. In aggregate terms, surplus amounted to Rs 7.64 lakhs. It may be noted that deficits emerged in certain years on account of non-utilisation/under-utilisation of sanctioned amount under development programmes. The revenue surplus was more than twice the capital surplus. The revenue expenditure exceeded revenue income in 6 out of the ten years and finally, at the end of 1996, there was a surplus of Rs 5.15 lakhs. Capital receipts surpassed capital expenditure in 5 out of 10 years. The surplus from capital activities was Rs 2.49 lakhs.

Of the debts, deposits, advances and investments of SVU, provident fund and other services accounted for nearly 51 per cent, investments 29.77 per cent, special funds 8.05 per cent, deposits 6.38 per cent, advances 3.51 per cent and others 1.43 per cent. All these had shown a progress excluding investments and others. In the case of provident fund and other services, General Provident Fund came first with a little over 70 per cent. With regard to special funds, Endowment Fund occupied the first place with a share of 36.81 per cent. SVU obtains deposits from several sources. Of them, deposits from contractors occupied the first place (32.29%). SVU sanctions advances to its employees with or without interest. Out of the various kinds of advances, the share of the vehicle advances was the highest (46.48%) while that of festival advances was the lowest (11.25%). Among the investments of SVU, the Employees Group Insurance Scheme investment accounted for a major share with 62.78 per cent. The investment policy of SVU has to be substantially modified so as to yield a higher monetary returns in the long run.
2. Suggestions.

The following suggestions emerged from the present study.

2.1 Release of grants. The State Government extends financial assistance on the basis of substantially varying criteria and the proportion of contribution for different items of expenditure varies considerably. The State Government grants lack dynamism and are generally based on a rigid institutional pattern. Such a system of granting funds discourages educational innovation and experimentation. The deficit system of State Government assistance dampens the enthusiasm of SVU to raise its own resources. As far as grants from the UGC are concerned, the canvas has been spread so wide and the assistance so thinly distributed that it would be difficult for the commission to make a real impact on the standard of higher education in SVU. We note that the current division of responsibility between the various funding agencies does not seem to be rational. As a long-term measure, it is suggested that the UGC should release grants for academic staff (both plan and non-plan). Similarly, it should release grants for erection, purchase and continued maintenance of buildings, machinery and equipment and library, as all these are vital to maintain a higher standard of education. The State Government, on the other hand, should meet the expenditure towards administrative staff and other auxiliary activities. The auxiliary enterprise may be kept out of the purview of State grants, on the assumption, that it should be self-financing. Similarly, fees may not be taken into account while fixing block grant by State Government. In the beginning of every quarter, grants should be released to SVU and the funding agency should issue a sanction letter at the beginning of the financial year, specifying the month and date on which quarterly grant will be released to SVU.
2.2 Grants from State Government: The system of grants-in-aid needs to be rationalised and streamlined in order to make it development oriented. It must be understood that the provision of assistance from the State Government to SVU is not an act of benevolence grudgingly undertaken by an indifferent bureaucracy. It is an essential pre-requisite for socio-economic development. It helps in the flowering of intellect of the young men and women who come under the charge of SVU during the most formative period of their lives. From that point of view, the grants-in-aid should not only provide the much needed assistance to SVU but also have the potential to direct its development into desired channels. The deficit should be calculated on the basis of estimate of per student requirement of resources and per student availability of resources. The resulting deficits should be fully met by the State Government. Once in five years SVU may work out the likely deficits for the next five years on the basis of projection of enrolment of students. These estimates of deficits should be intimated to State Government well in advance so that delay in mobilising these resources can be avoided. While receiving basic finance from the State Government, SVU needs to continue its search for funds from other sources in future to undertake new projects.

2.3 Assistance from the UGC. The UGC releases grants in a phased manner depending upon the progress of work in the previously approved projects and submission of bills thereof within the prescribed time period. Since the sanctioned grants would lapse simultaneously with the lapse of plan period, more often it so happens that with respect to certain projects, eventhough the time lapses, the work will be in progress. In such cases, to enable their completion, the UGC would allow spill-over of unspent or unclaimed grant.
relating to a particular plan period to a subsequent one. It is suggested that grants should be released on due basis rather than on account basis.

24. Fee receipts: The fees structure needs to be suitably modified to enable greater allocation of funds to different departments. To do this, fees must be raised proportionate to the expenditure in the department concerned. Such a fee structure would be an effective tool for providing better facilities to students at the university level. To maintain the highest standards in examination, adequate funds are to be provided for the assessment programmes. Unfortunately this is often overlooked. It is also important that the examination system must provide some surplus so as to contribute to development of infrastructure and other support for the improvement of standards in teaching and learning. Failure to appreciate it, often leads to resistance from students to change fee structure in an appropriate manner. There is also the danger of political motivation behind such resistance. A suggestion that may be considered is to introduce a 'differential' fee system. This would involve charging usual fees from students, who, judged by suitably devised criteria, are considered suitable for higher education and higher fees from those who do not fulfil the merit criteria. This system will, undoubtedly, involve a number of problems, but it should not be beyond the ingenuity of SVU to overcome it. In order to ensure both benefit and equity, concessions should be given only to those students who have merit and interest but no money. If sufficient care is not taken in the selection of students for educational concessions, it would restart the vicious circle of poor quality, high failure/drop out rate, low academic standards, slow economic growth etc. Alternatively, loans may be given to all students who qualify for admission into higher
education which may be converted into scholarships in deserving cases based on good academic performance. This helps in weeding out the disinterested students and in reducing the failure/drop out rate. Simultaneously this would improve quality in higher education. There should be some relationship between what a student pays and what is spent on him. This (relationship) is even more important with regard to engineering students where unit cost of education is high. In the case of professionally trained students who choose to emigrate to other countries, the state should make it obligatory for them to fully reimburse the state for the money it spent on them.

2.5 Plan and non-plan: Though the receipts had increased over the years, fluctuations in the receipts from plan and non-plan sources have become the rule rather than an exception, thus causing a great deal of alarm. Smooth and uninterrupted flow of funds is very essential for the effective functioning of an institution and SVU is not an exception to it. Therefore, the main focus of financial administration of SVU should be on seeking ways and means to avert erratic trends in the flow of funds.

2.6 Receipts from internal sources. Though self-generation of funds is the long-term objective of a university, receipts from internal sources declined in SVU during the period under reference. The internal funds would not only strengthen the financial position of SVU but also eliminate reliance on external agencies. Consequently, uncertainties in financial planning would be minimised to a large extent.

2.7 Source-wise receipts per student: SVU did not get its due share in the form of a corresponding increase in allocation over the years. Increased dependence on governmental assistance, diminishing rate of contribution of
fees and near extinction of endowments per student is common in SVU finances. There is an imperative need to tone up the level of allocation to higher education by Central and State Governments. SVU would be required to charge cost-based fees while continuing the policy of scholarships to the needy. University-industry collaboration, which is highly desirable and ideal, needs to be promoted in view of the hard days ahead for higher education.

2.8 Revenue and capital expenditure: Revenue and capital expenditure have not kept pace with the increasing enrolment of students. It is suggested that SVU has to proportionately increase both revenue and capital expenditures along with an increase in the strength of students. The authorities concerned should convince the administration and finance departments to make additional provision for revenue and capital expenditures in the years to come. This should be done if the university is not to lag behind in the standard of learning merely because of shortage of financial resources. The revenue grant should lapse after one year from the date of its sanction/payment. The capital grant should not lapse with the close of the financial year and should be allowed to be extended even beyond the plan period if the situation so warrants.

2.9 Facilities to teachers: Of all the factors which influence the quality of education and its contribution to national development, quality, competence and character of teachers are undoubtedly the most significant. Nothing is more important than securing a sufficient supply of high-quality recruits to the teaching profession. The teachers are to be provided with the best professional facilities and a satisfactory working environment has to be created. It can be said that despite significant efforts made time and again to improve the socio-economic status of teachers, we have not succeeded in bringing them on a par
with people working in other equivalent services. Thus, it is suggested that provision of financial and social benefits to teachers, on a par with other comparable service sectors in the country, should be ensured.

2.10 New courses: Organising new courses in a haphazard manner causes hardship to SVU. Therefore, SVU has to start new courses only after ensuring that financial support will be extended by the State Government. It is only then that financial burden will be reduced in future.

2.11. Loans to students: There is a strong case for making students pay the full cost of higher education and introducing an indirect system of loans to all eligible students with minimum standard of qualification, subject to the condition that they should repay the loan from their future earnings over a period of time. This system of loans should be introduced in place of existing grant system which is based on indiscrete and unjustifiable subsidies. Under the indirect system of loans, no one who can benefit from higher education will be deprived of the finances required for the pursuit of higher education. The new system also serves as an investment signal for free individual choice. It achieves rationalisation of fee structure based on cost, eliminates indiscrete subsidies, ensures ploughing back of funds for investment in higher education and, above all, contributes to better income distribution through educational investment.

2.12 Strengthening of R & D: Within the education sector, there is an urgent need to strengthen the infrastructure and research capabilities in SVU and, at the same time, to support R & D activities that have proved the capabilities of its scientists and academicians in certain areas. This would also help widen the technology base as envisaged in the technology policy of the Central Government and raise the quality and standard of higher education as stressed.
in the education policy from time to time. This has to be done on a selective basis, examining the needs and potential of SVU and, at the same time, expanding the financial resource base for education on sound lines.

2.13 Use of block grants: The block grants should be released to SVU with freedom to utilise the same to pursue various activities in a manner it deems fit.

2.14 Formulation of budget: The budget should be prepared well in advance of the time schedule so fixed by SVU and it should be submitted to the State Government so that it could scrutinise the same in consultation with SVU. Though SVU is autonomous, it does not exercise effective control in the management of its finances due to budgetary deficit and paucity of funds. Thus, the management of finances is presently undergoing several internal stresses and strains. The problem of management of finances is attributed to lack of uniformity in the governance like functional and financial autonomy, pattern of funding and expenditure, grants-in-aid rules, criteria of fixation of grants etc. Besides, there is no sound and uniform budgeting system and, above all, no serious thought seems to have been given to the planning process. There is no proper and uniform system of maintenance of accounts and auditing. The adoption of the aforesaid measures will doubtless help SVU to improve its financial management (FM) practices to fulfil its objectives/goals. The improved FM practices will help SVU to utilise the available resources more efficiently, generate additional funds, gain confidence of the Government or the funding agencies and make them feel that SVU, though autonomous in character, is exercising effective control over its finances. These measures will also serve as guidelines to the Government and the funding agencies and help them understand better the problems encountered by SVU in the field of finance. Thus, the dreams of planners to accelerate the process of raising the
socio-economic standard of the masses by providing better facilities in the field
of higher education could be translated into reality

3 Hints for future studies:

Even if the university is not a profit making body, the balance sheet may
give an idea about the magnitude of resources required for certain activities
The valuation of assets may help one to estimate the amount of depreciation
which may assist in formulating the depreciation grant policy. It may also give
an idea about the funds required for maintenance and repairs of these assets
One may note that in some of the advanced countries, the universities do
present income and expenditure statement and the balance sheet separately
Sources and methods of financing higher education are one side of the coin
The other side is the FM and the productivity of education system. FM at the
institutional level is, to put it no more strongly, what it used to be a century ago
Although the size of the universities, the magnitude of finances involved and the
problems of their management have changed almost beyond recognition over
the years, yet university budgets are still patterned on old accounting lines
This old pattern of budgeting does not help in cost analysis and in linking the
utilisation of funds with functions and performance. As a result of this, quite
often institutions find themselves in the red without much advance notice. It
would not be wrong to say that some of the problems of university finances are
due to lack of proper budgetary management. Some new techniques, namely,
performance budgeting, planning and budgetary system of management etc.,
have been developed and have been experimented with in some countries. It
may be necessary to examine these techniques for evolving a technique of
budgetary management for Indian universities
In order to perceive the financial system in its variegated configurations, it would be necessary to undertake in-depth studies of the financial policies of the Central and State Governments. It may also be useful to study the impact of these policies and procedures on the development of institutions of higher education. Studies may also be undertaken to examine the finances of individual universities and colleges of various types in order to identify the problems faced by them. It may, however, be emphasised that the financial system pertaining to the university institutions can admit of no single remedy. It will have to be a judicious mixture of a series of measures for streamlining the financial system of university institutions. For achieving this, a number of experimental studies will have to be undertaken.

This study has been confined to the financial aspects of a non-profit institution viz., SVU. However, a complete study of the behaviour of the non-profit institutions require an examination of their decision making process, changes in the educational policies at the political level, and study of the difficulties in the application of these methods in the context of universities of different types and with different academic structures. This offers further scope for research in this field. We have also not attempted the quantification of the output of SVU at the higher educational level. It was also not carried out in view of the non-availability of data. Due to this reason, we could not study the problems of miscellaneous receipts exhaustively. We feel that all these areas offer good opportunities for further research.

We hope that the analysis of financial implications of the new policies to be introduced in the near future would be more detailed than the analysis made at present. However, we could not attempt such a detailed analysis, for
the required data about these policies were still not available. Future studies may be conducted in the area of investment pattern, building and equipment holding, and evaluation of students and teachers at the level of school, faculty and department. It may be stated that the summary, suggestions and hints for future studies mentioned are, by and large, based largely on a micro-analysis of the system of financing of SVU. They are meant to present a gestalt view of the financing of SVU, the varying dimensions of financial inputs over the years, the divergent policies and patterns of Central and State grants and so on. The suggestions made in this study are expected to help the Central and the State agencies in streamlining their funding policies.
## ANNEXURE - I

### Index Numbers of Price Deflators during 1987-96

<table>
<thead>
<tr>
<th>Year</th>
<th>Average Index of wholesale prices for all commodities (Base Year 1981=100)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1987</td>
<td>133.90</td>
</tr>
<tr>
<td>1988</td>
<td>144.10</td>
</tr>
<tr>
<td>1989</td>
<td>154.70</td>
</tr>
<tr>
<td>1990</td>
<td>165.70</td>
</tr>
<tr>
<td>1991</td>
<td>182.70</td>
</tr>
<tr>
<td>1992</td>
<td>207.80</td>
</tr>
<tr>
<td>1993</td>
<td>228.10</td>
</tr>
<tr>
<td>1994</td>
<td>247.80</td>
</tr>
<tr>
<td>1995</td>
<td>274.70</td>
</tr>
<tr>
<td>1996</td>
<td>295.80</td>
</tr>
</tbody>
</table>

**Source**  Collected from Government of India, Office of the Economic Advisor, New Delhi, Ministry of Industry, 1997
In estimating the CGR for a time series data, we assume the following log-linear relationship between a study variable \( y \) and coded time variable \( x \) as

\[
Y = A + BX
\]

Where,

\[
Y = \log y, \\
A = \log a, \\
B = \log b
\]

By adding an error term \( u \), the statistical log-linear regression model is given by

\[
Y = A + Bx + u
\]

We generally assume that error variable 'u' is uncorrelated with 'x' and 'u' follows independently and identically normal distribution with zero mean and finite unknown variance \( \sigma^2 \). Here, normality is assumed to carry out the tests of significance.

Some times, in time series analysis, we no longer suppose that the distribution of 'u' is normal. Schmidt has proved that the 't' test statistic for testing the significance of 'B' does indeed converge asymptotically to standard normal distribution, if u's are independently and identically distributed with zero mean and finite variance, even if they do not follow normal distribution. He also suggested using t-test for the finite samples in the case of non-normal disturbances.

The results obtained by Bartlett, Geary and Gayen may broadly be summarized by the statement that "student's t-test is insensitive to departures from normality". This means that t-test is a robust test in the case of non-normal disturbances. It is also mentioned by Kendall and Stuart and Theil in their advanced text books on Statistics and Econometrics. Thus, we state that the application of student's t-test is valid for testing the significance of CGR.
REFERENCES.


