CHAPTER VI

FINANCE OF HIGHER EDUCATION

"No fees are charged in Higher Education; and most students get scholarships or grants, which are conditional upon progress. Only the best scholarship holders have quite enough to live on, though, the others need supplementation from their work experience. University students proper have many advantages, especially considered in relation to the housing shortages and other hardships of Soviet Urban life."

- Edmund J. King.
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VI. 1 INTRODUCTION

It is a fact that education has been considered and accepted as the most significant investment of the nation. It involves a number of considerations pertaining to finance. No educational activity is possible unless there is financial support either by the state or by the people. Therefore, financing of education is a public as well as government duty.

The Report of the Education Commission (1964-66) suggests in this connection as under:

"Taking an overall view of the situation, therefore, it appears that the funds of the Central and State Governments would have to bear about 90 per cent (or even more) of the total educational expenditure."¹

The major part of the educational expenditure is borne by the Central and State Governments. But the financial aids come from many sources in the field of education. The investigator will discuss the same in the second part of this chapter.

VI.2 (a) Finance of the Higher Education in the U.K.

The British universities receive their main part of expenditure from the Government.

Although Government is responsible for providing nearly three quarters of the universities income, it does not control their teaching work nor does it have direct dealings with the universities. The University Grants Committee distributes the grants and advises the Secretary of State for Education and Science in university matter. R. P. Singh has expressed his views in the following words:

The universities are autonomous bodies, the Senate and Governing Council or Academic Council carries out the administration of universities which are established through the charter of the Government. They earn their income out of the grant-in-aid from the Government through University Grants Committee, educational fees, donations, endowments etc. Almost half of the income in the universities is secured by way of grant-in-aid from the Government.2

It may be observed from the above statement that R.P. Singh has cleared in his article that the main source of income in the university education in U.K. is the help from the government. The rest of the sources are fees, donations and endowments. Government contributes the grants of two types to the institutions of Higher Education: (i) recurring and (ii) non-recurring grants. The Government gives 70 per cent grant towards the current income and about 30 per cent grant towards

the capital endowments. In 1968, about 70 per cent grant was given for the buildings, teaching and research work, the remaining 30 per cent was given for the general services, i.e. halls of residence, student unions and libraries.

Professor K. A. Everard has given his views in his article 'The Administration of British Universities' stating "Universities are autonomous self-governing Corporations, notwithstanding the fact that they receive some 50 per cent of their funds from public sources."\(^3\)

It may be traced from the above statement that the universities in the U.K. receive 50 per cent of their amount from the public sources. The state governments do not interfere in the administration of the universities, even though the state governments help the universities in the state. Everard adds the following words:

> The universities receive some £100 millions each year from the state. It is not, however, the charters or statutes which protect the universities from government interference. It is fact that these funds are allocated to the universities by an independent body, the University Grants Committee.\(^4\)

It is clear from the above statement that the universities in the U.K. receive about one hundred million pounds

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4 ibid., p. 10.
every year from the state government. Thus, one can state that the universities in U.K. receive a good deal of amount from the Union Government and the State Government.

VI.2 (b) Sources of Income in the Higher Education of U.K.

In great Britain, the government and the society are responsible for Higher Education. The colleges and the universities earn their income from the government through the University Grants Committee. Educational fees from the students, endowments and donations from individuals or societies are other sources of income.

The government contributes over 70 per cent towards the current income of universities and about 90 per cent towards their capital endowments. In recent years, about 70 per cent of capital expenditure in each years' programmes has been granted for buildings accommodations, teaching and research in various faculties etc. The remaining 30 per cent expenditure is done on general services; such as students' unions, buildings and libraries. Government (Central) is responsible for nearly three quarters of the universities' income, even though it does not control their work or teaching, nor does it directly deal with the universities. The U.G.C. distributes the grants and advises the Secretary of state for education and service in the university.
affairs in U. K.

The investigator will now discuss the various sources of income of U.K. in details as under: (i) Students charges, (ii) Government grants, (iii) Endowments and other sources.

(i) **Students Charges**

The universities of Great Britain get very less from the students charges in comparison with the Indian universities. The position was quite opposite before war. Then, one-third of the university expenditure was met from the students fees, the proportion of expenditure in the colleges and other institutions was smaller. But at present the proportion of expenditure met from the fees has declined. In the universities of U.K. it is eleven per cent and in other institutions of higher education, it is only five per cent.

In U.K., the most of the university students are free from the worries of their tuition fees. It is the duty of the government to pay their fees prescribed by the university concerned.

The decisions regarding tuition fees is finalized by the university... The situations are various in each university regarding the fees and admission, because each university is an autonomous corporation. The colleges affiliated to the University of Oxford
and Cambridge having the powers in the matter of taking decisions in the tuition fees and admission of the students.5

It may be concluded from the above statement that in U.K., the financial position of the parents of the students does not come in their way. Fees have been raised from time-to-time since 1945, partly at the suggestion of U.G.C. though some universities (particularly in Scotland and Wales) have regretted any departure from the tradition of keeping fees as low as possible. Raising of fees, however, causes no trouble to the students who hold university awards and whose fees are paid through a LEA.

(ii) Government Grants

The universities in Great Britain receive sufficient financial assistance from the government and the Local Educational Authorities. The University Grants Commission determines the extent of financial help for the universities in U.K. The members of the U.G.C. are free from any political pressure. One or two members represent the government. The Commission has right to accept or reject the proposals submitted by them. Generally, half of the income is secured by the universities from the government grant-in-aid. The government

contributes 70 per cent in the current expenditure and about 90 per cent in their endowment expenditure. In 1963-64, the percentage of exchequer-grants paid through the U.G.C. was 71.3 per cent in U.K. The state government gives almost £100 millions each year to the universities in the state. The grants given by the government can be divided into two categories.

(a) **Recurrent Grants**

It is also called Block Grant calculated over a quinquenium. The government decides the total magnitude of the grant on advice from the U.G.C. The Committee allocates this between the universities and once it is received by the universities, it is allocated at their entire discretion. Auditing is done as for any other corporate body and there is no detailed scrutiny by the Public Accounts Committee.

(b) **Non-recurrent Grants**

This grant is justified on a project basis and is allocated by the Committee on the development basis as:

(a) Erection and adaptation of buildings,
(b) Purchase of equipment and furniture for new buildings,
(c) Payment of professional fees,
(d) Purchase of sites and property.
The total building grant is controlled by a limit set by the Treasury, and this represents the control of the government. The funds are allocated by the Committee. There is no control of the Treasury. There is no access to the books of the U.G.C. or universities. The Departments of Education contribute considerable funds. They are concerned with the needy students and not with the policy and the administration of the universities. The Research Councils provide 15 per cent of the funds allocated to scientific and technological research in the universities. The grants are made in response to the applications from university teachers.

(iii) Endowment and Other Sources

The income received from endowments in U.K. is available for general or specific purposes. In 1939, it was £1 million which reached to £2.2 million in 1963-64. Similarly, donations and gifts in Higher Education have decreased from 2.6 per cent to 0.5 per cent.

Robbins' Report notes,

We should be glad to think that all institutions of Higher Education had nests of this sort. We observe with great pleasure the response made by industry and by private donors to appeals from new and expanding universities...there can be little incentive to raise money for the
endowment of special posts if the only result is that the recurrent grant is correspondingly diminished.6

It may be traced from the above statement that the report has encouraged the source of income in the form of donation from the industries and the individuals. But this tendency is not encouraged in U.K. at present. The report has also pointed out that the donators can be attracted for the gifts and endowments by giving them honorary posts of respect in the universities.

VI.2(c) Finance of the Higher Education in the U.S.A.

One will observe here the various views of eminent educationists on the finance of American Higher Education. "Funds have also been provided to the states for various aspects of the educational programme including funds to assist in financing a college of agriculture and mechanical arts, vocational education and vocational rehabilitation."7 It is observed from the above statement that funds are provided to the states for the different educational programmes. As Millet shows the various sources of income in U.S.A.

It is because financial support has come primarily in the past from

student fees, philanthropy and state government taxes that Federal Government support on any scale is a new phenomenon. Moreover, the large number of institutions maintained by private, voluntary groups.8

It may be specified from the above statement that the sources of income in the Higher Education of U.S.A. are: fees paid by students and funds from the philanthropic organizations and governments.

Funds received by the colleges and universities in the U.S.A. may be stated as under:

<table>
<thead>
<tr>
<th>Source of Income</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i) Tuition and other fees</td>
<td>21 per cent</td>
</tr>
<tr>
<td>(ii) Government funds (Local, State and Union)</td>
<td>51 per cent</td>
</tr>
<tr>
<td>(iii) Private gifts and grants</td>
<td>17 per cent</td>
</tr>
<tr>
<td>(iv) Endowment income</td>
<td>4 per cent</td>
</tr>
<tr>
<td>(v) Others</td>
<td>7 per cent</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100 per cent</strong></td>
</tr>
</tbody>
</table>

It may be concluded from the above figures that the main source of income in the Higher Education of U.S.A. is the grants from the government, which is the 51 per cent of the total income. The second important source of income is the student fees, which is 21 per cent of the total income. While the lowest source of

Income is the endowment, which provides only 4 per cent of the total income.

The problem of the finance is faced by all the universities in the world. It will be quite appropriate to note the views of James A. Perkins in this regard:

"As a result of these twin crisis of numbers and costs, there is hardly a university in the world that is not in financial difficulty that runs all the way from serious to catastrophic." 9

It may be traced from the above statement of James Perkins that many universities of the world have to face the financial difficulties. And the same is with the universities in the developed country like U.S.A. By the result in many countries, if not all, Higher Education has been supported almost exclusively by public funds as a matter of tradition. But one have to surrender academic freedom in that way. Perkins states in this regard:

For those countries where a large part of Higher Education has been privately financed, as in the case of the United States, Japan and India, an increased dependence on public funds creates a kind of academic trauma. To

surrender independence because of financial need is rarely a graceful exercise.10

In the above statement, James Perkins gives a red-signal to the nations; these are collecting the more and more public funds.

VI.2 (d) Sources of Income in the
Higher Education of the U.S.A.

The maintenance of universities is a matter of partnership of the people and the state governments in U.S.A. Federal government gives grant to the universities generally for researches and project works. State governments are responsible for their universities. Such universities charge minimum tuition fees, to the students.

Mr. . Chaube remarks:

Almost all institutions of Higher Education charge tuition fees. It is, however, a fact that the government-run institutions of Higher Education charge less fees than those in the private sector. The private institutions get the facilities of the state grant almost in 50 per cent of the states.10a

It may be concluded from the above statement that major part of the total money is spent by the state.

Private institutes collect their expenditures from

10 ibid.

endowments, government grants, tuition fees and public contributions. The institutions run by religious bodies or private managements have right to levy taxes on the people for their development and progress. The investigator will discuss the main sources of income as under:

Students Charges

American universities differ from one another in the matter of fees they charge to their students. Private institutions charge more fees than the state universities. "These have been set up by religious political or social groups and the finances for these are arranged from the university endowment funds and public donations." The above statement clears that the universities are also established by the religious, political and social organization in the U.S.A.

According to what Chaube has stated, private universities have a number of sources of income. They do not get any help from the municipalities or the government. They charge heavy tuition fees to their students. Charges realized by the state universities depend upon the financial position of the people of the state. Tuition fees for the whole year in private institutions range from 800 to 1500 dollars, while the

11 Ibid., p. 304.
tuition fees of the state universities are nowhere more than 500 dollars per year. The charges for facilities such as reading accommodations, light, diet, refreshment, transport, etc. are not included in the tuition fees. Some special charges are made by the colleges or universities for services such as transport of an enrolment, record, filing a late registration, making change in a course of study and special examination.

**Government Grants**

Institutions of Higher Education in U.S.A. get financial support from the Central Government in two ways, the veterans educational benefits programme and central research. There are other types of financial assistance too, generally, in the field of agriculture, at a normal rate.

The veterans educational benefits programme is not an arrangement of the Central Government to assist the institutions of Higher Education. It is rather a programme to help a special class of individuals. Colleges or universities have to collect their charges from veterans administration on the basis of veteran students, who are voluntarily enrolled in particular institutions. Under 1952 legislation this relationship was clarified so that the veterans received all their
funds from the Central Government. The non-veteran students have to pay their fees from private sources.

Central researches are undertaken, generally, in the field of physical and biological sciences. Government contracts generally provide for reimbursement of all direct projects costs, such as salaries and wages of the personnel working on the project and cost of supplies and equipments directly consumed by the travel. If the buildings have to be rented for the purpose, it will come under the direct cost. The use of library, the plant operation, the maintenance costs of heating and lighting, repairing of the occupied quarters, will come under the indirect costs. The income from the Federal Government will be useful yet it will not solve all the financial problems of all the activities of the institutions.

In U.S.A., the separate grants are made to the universities for the state and local governments. S. P. Chaube in this regard, "Provision of necessary money for the expenses of (state) these universities is made from the income of state governments and the funds of Municipal Boards." 12

It may be observed from the above statement that state universities are run completely by state...
governments. University education is free for the students belonging to the state by which the university is established. Sometimes, the nominal fees are charged by these state universities of the U.S.A. from the state students. The state government has a number of sources of income under their control for educational purposes but they fail to yield necessary quantum of money to cover the expenditure gifts and donations. These universities change heavy fees to students coming from other states.

With very few exceptions, public universities, colleges, professional schools are the state institutions. "Public Higher Education in the United States means primarily state and local government sponsorship and financial support of Higher Education." It may be observed from the above statement that the institutions of Higher Education which receive support from the state and the local governments come under public Higher Education.

Endowments

At the time of the foundation of private universities, movable and immovable properties are attached to them and donations and gifts are also received by them from time to time. These are invested in production work in order to provide a regular source of income. Some of

13 Millet, J.D., op. cit., p.324.
the universities in the U.S.A. meet a large amount of their expenditure from this type of income. Private universities depend largely on their endowment, because they cannot increase the other source of income, such as tuition fee and gifts for immediate expenditure. In case the income from the endowments is inadequate, the universities per force cut down their expenditure.

Gifts and Donations

A major portion of the expenditure of private universities is met from subscriptions raised from the people. They are of two kinds. The first is endowment or investment gift which includes such money donated by the people to universities as is invested for increasing the income of the university. The second type includes the donations given by the people from time to time. It is a voluntary gift and compared to the first one is less in amounts but more in respect of the number of people contributing. It also called the 'indirect gift' or the gift for immediate expenditure. It differs in amount from one dollar to 1,00,000 dollars or even more in certain cases.

The credit for stabilizing the financial position of private universities goes mostly to the industrial and commercial concerns of U.S.A. which gave adequate
financial help to these institutions from time to time during the period of depression with a view to increasing endowment funds.

After discussing the finance and sources of income in the Higher Education of the U.S.A., the investigator will discuss the same in the U.S.S.R.

VI.2 (e) Finance of the Higher Education in the U.S.S.R.

The Russian Government takes the direct responsibility of the finance of Higher Education. As Grants states in this regard:

The Ministry of Higher and Specialized Secondary Education is a Federal Ministry which prepares a framework of general policies for its counterparts in each Republic. The counterpart of the Ministry of Higher and Specialized Secondary Education in each Republic is responsible for financial planning and administration of higher institutions.14

It can be observed from the above statement that the Ministry of Higher and Specialized Secondary Education is responsible for the finance of Higher Education in the U.S.S.R.

The Russian Government also gives the full assistance for research work. As Vovtchenko states in

this regard:

The government provides full financial resources for the research programmes worked out collectively by the scientists and scholars of any institution of Higher Education, but leaves them free to select the subjects of research themselves. The universities are, therefore, able to develop the particular schools of thought and the scientific trends which they have historically evolved.\textsuperscript{15}

It is clear from the above statement that the Russian Government gives the full assistance for the research programme worked out collectively by a group of scientists and scholars.

In addition to the research activities that are financed through the state budget, institutions of Higher Education carry out research programmes under contract on behalf of Ministries, governmental departments or economic councils. Such projects are financed by the body concerned. This brings Higher Education into close contact with practical life.

Different ways of financial aids are employed in Soviet Russia for the educational institutions of different categories. A major part of financial help to Higher Educational institutions is contributed by the Union Government.

Various types of organizations have been established to give substantial financial help. A large number of students pursuing higher studies receive stipends and scholarships to meet the expenses of their education. Much of the expenditure done by the universities and training schools is met by the Union Government. The Union Government shows particular interest in teachers' training. Substantial money is made available by the state government for the degree and teachers' training institutions.

Moreover, the government makes other facilities available in form of refresher training courses, tours, etc.

Thus, one can see that the Higher Education in U.S.S.R. is financed by the Central Government, the state government and many other local organizations.

VI.2 (f) Sources of Income in the Higher Education of the U.S.S.R.

There are different methods of financial income in the Higher Education of U.S.S.R. The Federal Government is responsible for the Higher Education in U.S.S.R. That is why the major portion of the expenditure of Higher Education is borne by the Union Government in Russia.

There are various organizations to help the
institutions of Higher Education in U.S.S.R. Most of the students receive stipends and scholarships to meet the cost of their education and maintenance. The Union Government shows keen interest in the teachers' training. In 1961 the government allocated 35 per cent of the whole budget for the social services in U.S.S.R.

One may discuss the sources of income in Russia as under: (1) Students charges, (ii) Government grants, and (iii) Endowments and other sources.

(1) **Students Charges**

In U.S.S.R., the students charges are very less. Students can easily meet with these charges from the stipends and scholarships they get every year.

No tuition fee is charged to the children of the soldiers who are killed or who have been invalid during the patriotic war. Generally, in Higher Education the rate of tuition fee is from 25 to 35 Roubles monthly or 300 to 400 Roubles yearly. Students get scholarships and stipends of almost 220 to 600 Roubles every year. Students showing special merits get good amount for better living.

Republican government is also responsible for the financial planning and administration of Higher Education in U.S.S.R. No fee is charged to the students for the use of the libraries.
(ii) **Government Grants**

As the U.S.S.R. a Communist country, the Union Government takes the major financial responsibility of Higher Education. S.P. Chaube puts the same in the following words:

A major portion of financial assistance to higher educational institutions is contributed by the Union Government. Various organizations in the country also give substantial financial help. A large number of students pursuing higher studies receive stipends and scholarships for meeting the cost of their education and maintenance. Much of the expense incurred by universities and training schools is met by the Union Government.\^16

From the above statement, it is clear that:

1. Major portion of the financial help is given by the government for Higher Education in U.S.S.R.
2. Various organizations work in the country to help the institutions of Higher Education.
3. Stipends and scholarships are awarded to the major number of students for Higher Education.
4. The Union Government bears much of the expenses of universities and the training schools of the nation. Substantial money is made available by the government for degree and teachers' training institutions.

Thus, one can see that the Russian Government expenses more for the Higher Education. In short, it is observed that Higher Education in Russia is financed by the

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\^16 Chaube, op. cit., pp. 489-490.
Union Government, the state governments and other local organizations.

Half of the expenditure is borne by the Union Government for the social and technical education. The other half is met by the local institutions.

In general, the U.S.S.R. government spends a great deal on education. In 1961, the government allocated 35 percent of the budget for social services in U.S.S.R.

(iii) Endowments and Other Services

In U.S.S.R. system of endowments is not encouraged. There are some organizations in U.S.S.R. to help the students and the institutions of Higher Education. Students showing the special merit in studies and research work are awarded scholarships after the name of famous political leaders and scientists by the government or some organizations. The best student is given the Stalin scholarship.

In comparison to U.S.A., the Russian institutions of Higher Education get nothing as the financial help in the form of endowments and gifts from the individuals or firms.

After the discussion of the finance and sources of income in the higher education of the U.S.S.R., the investigator will discuss the same in India.
VI.2 (g) Finance of the Higher Education in India

The maintenance of the university in India is the responsibility of the state except the central universities, which are run by the central government. The Report of Education (1968) reads as under:

In the field of Higher Education, the Union Ministry of Education is responsible for the maintenance of the four central universities of Aligarh, Banaras, Delhi and Vishvabharati. It is also responsible for the coordination and maintenance of standards in Higher Education and it is for this purpose that the University Grants Commission was constituted in 1953.\(^{17}\)

It is clear from the above statement that the central government is responsible for the maintenance of the central universities. They are five according to the latest data published by the Ministry of Information and Broadcasting, New Delhi.

The same report also throws light on grants in the following words:

Grants are paid through the University Grants Commission, to the central universities on hundred per cent basis, both for their maintenance and development, and to the state universities on a sharing basis for their development projects only. In addition to statutory universities grants are also paid by this Ministry as well as the University grants Commission to institutions declared

as 'deemed' to be universities under section 3 of the University Grants Commission Act, 1956, for maintenance and developments. 18

It may be concluded from the above statement that the U.G.C. gives grants to the central universities on the hundred per cent basis and to the state universities on the sharing basis to undertake the projects.

In the case of the state universities, the state government give the block grants to the universities in the state. S. N. Mukerji clears the point in the following statement:

The state governments generally give block grants which are fixed on the principle of meeting the deficit after deducting the income from fees and other sources. These grants are further assessed on the actual expenditure of the past few years and too on certain fixed items. 19

According to the above statement, it is clear that the state government give the block grants which are fixed on the principles of meeting the deficit.

D.M. Desai has given his views on the expenditure on Higher Education:

The most baffling and the most threatening problem confronting Indian universities and colleges today is that of finding funds for meeting the fast growing maintenance and development expenditure. In 1970-71 in the

18 ibid.
country had cost to the Government around
9.0 lacs of rupees; cost to the which
constituted 7.5 per cent of the total
expenditure on education. In the course
of a country, the expenditures on univer­
sities and colleges have run into several
lacs of rupees. In 1965-66, the total
estimated expenditure in the states,
including the Union territories was about
Rs.1030 lacs.20

Thus, the universities in India receive the needed
amount of money through the grants of the state as well as
the central government. Moreover the universities receive
money by charging tuition fees to the students. There are
other sources of getting money such as donations and gifts
from well-to-do persons, companies, charity trusts and co­
operative establishments.

Main income, anyhow, of the university is the
government grants. The central government grants are paid
through the U.G.C., to the central universities; full grants
and to state universities on a sharing business for their
development and maintenance. The state governments give
only block grants. As mentioned above, besides these
government grants, other sources of income in Higher
Education are: fees, endowments etc. These sources of
income will be discussed in details as under:

20 D. N. Desai, Some Critical Issues of Higher
Education in India, (Bombay-2: A.R.Seth & Co., 1970),
p.391.
PROGRESS OF EXPENDITURE ON EDUCATION

The sources of income in the universities of India are as under:

(i) Students charges, (ii) Government grants, and (iii) Endowments and other sources.

Now the investigator will discuss these sources of income in details one by one with reference to the Indian universities.

(i) Students Charges

Here one have to discuss the following questions. What are the fees received by the Indian universities? How many types of fees are being taken from the university students?

The fees received by the universities from the students are in the forms of tuition fees, poor students funds, gymnasium fees, library fees, laboratory fees, examination fees etc.

In India, most of the universities charge the above mentioned fees from the students during their studies. The income of fees is an important source in our universities. According to one report during the year of 1960-61 the total income of fees was Rs.18,92,47,494. The percentage of fees income was 34.7 per cent during the year, covering
one-third of the total expenditure of the universities.

(ii) Government Grants

The finance of the university is covered by the state and the central grants, endowments, examination and tuition fees. The affiliated colleges do not get any financial help direct from the university concerned.

The aided colleges got grants from the state government. The amount of grant differs from state to state. In some states, the amount is being paid 50 per cent of the salaries for the sanctioned posts, while in some states the meagre grants are given.

The University Education Committee feels that grants should be given for following purposes:

1. Building grants for colleges and university Departments of study.
2. Equipments - grants.
3. Library grants.
5. Salaries of professional and teaching staff, including Provident Funds, Pension, etc.
7. Travelling scholarships and study leave.
8. Grants for encouragement of research and post graduate work and technical and professional education particular.21

Generally, the State Government gives block-grants which are fixed on the principle of meeting the deficit after the deduction; the income of fees and other sources. These grants are decided on the actual expenditure of the past few years on certain fixed items. This affects the deficit budgets of colleges and universities.

**TABLE 9**

Direct Expenditure on Higher Education Through Various Sources (1960-61)

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government Funds</td>
<td>28,94,64,621</td>
<td>53.1</td>
</tr>
<tr>
<td>Local Board</td>
<td>20,96,106</td>
<td>0.4</td>
</tr>
<tr>
<td>Fees</td>
<td>18,92,47,494</td>
<td>34.7</td>
</tr>
<tr>
<td>Endowments</td>
<td>2,12,03,930</td>
<td>3.9</td>
</tr>
<tr>
<td>Other Sources</td>
<td>4,26,81,439</td>
<td>7.9</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>54,46,93,590</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

Source: *Education in India* (1960-61), p. 176.

The Central Government gives grants to the universities through the U.G.C. Generally, these grants are paid for post-graduate departments, research works and projects schemes.

It can be traced from the above table that more than half of the total direct expenditure done on Higher Education is given by the Government. More than one-third part of the expenditure is covered from the fees-income and the
other sources help a little in the field of Higher Education.

(iii) Endowments and Other Sources

Except government grants, there are other sources of income. As D. M. Desai has given the five main sources of income of the state universities in the following words:

There are five main sources of income for the state universities e.g. maintenance grants from the state government, development grants from the University Grants Commission, the income from all the categories of fees, the income from endowments, donations and gift and other sources.22

It is clear from the above statement that there are five sources of income for the universities in India. They are: (i) Grants from the state government, (ii) Grants from the UGC, (iii) fees, (iv) Endowments and (v) Donations and gifts.

The investigator will consider here the donations and gifts from the individuals, firms, communities etc. This type of help is very low in India. The endowments of our universities is 3.9 per cent in the table given above. This source of income is not at all encouraged. As S. N. Mukerji remarks, "In fact, their endowments have not flown in the same generous manner in which they have either for the British universities or for the American universities."23

22 D. M. Desai, op. cit., p. 393.
23 S. N. Mukerjee, op. cit., p. 216.
It is clear from the above statement that the income from the endowment is very low in India, while it is very high in the American universities.

In Gujarat some universities have adopted these systems of receiving substantial grants from non-official and charity trusts, for the cause of Higher Education. In some cases, the individuals offer for such help in a way they like. In U.S.A., a full-time officer is appointed in every university to encourage such type of help.

VI.2 (i) Observations

In U.K.

In U.K., the universities are autonomous or self-governing corporations. They receive a little amount from the students' charges. Only 6 to 8 per cent are covered from tuition fees of the students in the universities in U.K. The students are getting enough scholarships to pay their fees in the college or university during their studies.

The universities or institutions of Higher Education receive about 2 per cent of their expenditure from the donations and gifts.

The research councils provide at least 15 per cent of the funds allotted to scientific and technological research in the universities of Great Britain. The U.K. government decides the total magnitude of the grant on
Universities in U.K. receive some £100 million every year from the state.

The financial administration of education in England is carried out jointly by the department of education and science and the local education authorities. Sixty per cent of the expenditure on education is borne by the department of education and science and forty per cent by the L.E.As. The local authorities net expenditure is met from the rates levied locally.24

Looking comparatively at this, one can state that the U.K. government spends a good deal of amount for the progress of Higher Education.

In U.S.A.

There are numbers of sources of income for institutions of Higher Education in America. They differ from one institution to another. There are two types of institutions from expenditure point of view. They are: (i) State universities and (ii) private universities. State universities are run by the state governments. Education in these universities is almost free for students belonging to the state by which the university is established, but the nominal fees are charged to the students if the state grants fall short of the requirements.

Private universities have a number of sources of income, but they all prove inadequate in the absence of any regular help from the state. They do not get any help from the municipalities, state or federal governments. All private universities are also autonomous bodies. A person donating a part of his income to the minimum of 30 per cent to a university shall be exempted from the payment of Income Tax on that part.

At the time of the foundation of private universities movable and immovable properties are attached to them and donations and helps are also received by the, from time to time. Expansion of educational level of private universities depends largely on their endowments, for an ordinary reason they cannot increase the other source of income, such as tuition fees and gifts for immediate expenditure. In case, the income from the endowments is inadequate, the universities are forced to cut down their expenditure.

The tuition fees charged to the students by a private university is comparatively higher than that charged by the state university. The tuition fees realized by the private universities depend largely on the financial condition of the people and their educational interest.

A major part of the expenditure of private universities is met from subscriptions raised from the people. They are endowments or investment gifts, which
includes such money donated by the people to universities as is invested for increasing the income of the university. The second type is the donations given by the individuals from time to time.

The credit for establishing the financial foundations of private universities goes mostly to the industrial and commercial firms of U.S.A. that give adequate financial help to these institutions. The experiences of the institutions of Higher Education in U.S.A. are that it is always easier to receive help from private persons and firms or institutions than from the state and federal governments.

In U.S.S.R.,

It is generally observed that the government is responsible for the Higher Education. In U.S.S.R., there is no fees in the institutions of Higher Education, and if there be, it is very nominal. Raja Roy has remarked in his report:

**Education in the universities and institutes is free. The students who live in hostel pay a nominal fee. Food in the institutions' cafetaria is given at subsides prices. Eighty percentage and all students in the institutes get scholarships which increase in value from year to year.**

It is clear from the above statement that the students have nothing to pay in the form of tuition fees

25 ibid., p. 165.
in the Higher Education of the U.S.S.R. They pay nominal fee for their food in the hostels.

All the national republics have their own universities. These republics are responsible to maintain financially the institutions and universities situated in them. A student in the institution of Higher Education is treated as a state ward. Raja Roy states, "A student in a higher institution is treated as a state ward and all incentives are provided to ensure that he gives of his best during the course of training."

It may be traced from the above statement that the students are treated as a state-ward in the Higher Education of the U.S.S.R.

Some organizations also help the institutions of Higher Education. These organizations are generally connected with agricultural or industrial firms. The Union Ministry for Higher Education and Specialized Secondary Education is responsible directly for the Higher Education in U.S.S.R.

In India

Education is a state subject in India. There prevails two principal patterns of the state grants; viz. the deficit grant and the block grant. The expenditure of new posts, departments and new schemes of development should be considered by the state government on the 100 per

26 Ibid
<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Area</th>
<th>N. S. A.</th>
<th>U. S. S. R.</th>
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<tbody>
<tr>
<td>1.</td>
<td>Source of Income</td>
<td>(a) Government Grants</td>
<td>Government grants are 50 per cent of the total expenditure.</td>
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<td>(b)</td>
<td>Students’ Charges</td>
<td>Generally 10 per cent of the total income are received from the fees given by the students.</td>
<td>LEA gives some fees to the deserving and poor students in the form of scholarships.</td>
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<td></td>
<td>Endowments and other sources</td>
<td>The donations and gifts given by the individuals, industrial organizations, and LEA are as under:</td>
<td>The income from the endowments and other sources are as under:</td>
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A Comparative Chart of Finance in Higher Education
The U.G.C. is also an important source on behalf of the central government to help the state universities in India in their developmental programmes. The grants paid by the U.G.C. are mainly for post-graduate instructions, for research and other specific schemes. The U.G.C. grants are available to the state universities with the condition that they will bear one-third of the non-recurring and 50 per cent of the recurring expenditures.

VI.2 (J) Comments

Higher Education in India is a partnership of the central and the state government. Central government pays grants on the 100 per cent basis to the central universities and on a sharing basis to the state universities for their development projects and maintenance of standards only. In addition to statutory universities, grants are also paid by the central ministry and the U.G.C. to the institutions declared as 'deemed to be universities' under Section 3 of the U.G.C. Act, 1956, for their maintenance and development.

How far the state government is responsible in the finance of Higher Education in India?

Education is a state subject according to the Constitution of India. The state governments generally give block grants to the state universities. That grant is fixed
on the principle of meeting the deficit after deducting the income from the other sources in the university budget, i.e. fees covered from the students, donations, endowments etc. Thus, the income from the government funds in the Indian universities, is more than 50 per cent. The one-third part of the total expenditure of a university is met from the various types of fees. That is why the investigator may say that the contribution from the local boards and other sources is negligible in our universities.

Which are the sources of income in the universities of the U.S.A., the U.S.S.R. and the U.K.? What can we adopt from them?

The institutions of higher education in U.S.A. may be divided into three categories from the point of view of finance and control:

(i) Centrally controlled institutions.
(ii) Institutions run by the state government or other public bodies.
(iii) Institutions under the control of private or religious bodies.

The office of education in the U.S. Department of Health, Education and Welfare is the primary agency of the federal government in the field of education. It has three main responsibilities i.e. educational research, educational
services which cannot be undertaken by a single state and the administration of grants, the last being the major function. In the field of Higher Education, there are two types of universities from expenditure point of view. They are:

(i) The state universities
(ii) The private universities

The state universities are run by the state governments. In these universities, the nominal fees are being charged. In the private universities, the main sources of income are: endowments, gifts, fees and donations. There are financial foundations to help these types of universities in the U.S.A. These universities do not get any type of help from the state or the federal governments. A person donating a part of his income to the minimum of 30 per cent to a university is exempted from the payment of the Income Tax on that part.

The investigator would like to suggest that the Indian society may adopt the system of donations and endowments from the financial associations of the U.S.A. These American associations are so powerful that they undertake the financial responsibilities of the so many institutes and the universities. That is why; so many private universities do not take any type of grants from the government. No doubt the private universities collect the more fees from the students; compared to those of public universities, but
they maintain a very good standard in the field of Higher Education.

Generally, there is no fees at any stage of education, in the U.S.S.R. The cost for education is borne by the state government in the U.S.S.R. but the federal U.S.S.R. makes provision for supporting the educational institutes. All the national republics have their own universities. These republics are responsible to maintain financially the institutions and universities situated in them. A student in the institution of Higher Education is treated as a state-ward.

Some organizations also help in the field of Higher Education. These organizations are generally related with agricultural or industrial firms. The Russian government is solely responsible for the education. No fees are charged from the students or no voluntary contribution is collected from the public. There are all, the universities and the institutes of education, is the government property. There are no private institutions. There is strict supervision of budget implementation and careful spending.

A major portion of financial help is given to the institutions of Higher Education by the Union Government. Much of the expenses incurred by universities and training schools, is received from the central government.
Thus, one can say that education in Soviet Union is financed by the Union Government, the state governments and many other local organizations. The Russian government spends a great deal on education, in comparison to India, because the Indian government spares 4 to 5 per cent of the national income for the education, while Russian government allocated 35 per cent of the budget for the social services in 1961. The Indian government has to learn lesson from the Russian government in this sphere.

The All Union Ministry of Education is regarded as the central unit of education in Russia. The help and advice of the General Committee of the Communist party, the council of people's Commissars of Soviet Union and the Central Executive Committee is sought by the All Union Ministry of Education for determining policies related to education in the country. These three Committees also determine the policies in other sphere. Indian government also may adopt the national system of policy making and the finance for the Higher Education, by the expansion of the central universities, at least each state should have one university on a national pattern.

The financial administration in the U.K. is carried out by the Department of Education and Science and the local authorities. Sixty per cent of the expenditure on education is borne by the Department of Education and Science, while
The government contributes over 70 per cent towards the current income of the universities and 90 per cent towards their capital programmes. The grants for the recurrent purposes is given in the form of block grant to the U.G.C., which allocates the same to the universities. Though the universities receive grants from the Central Government. They are entirely independent.

The difference between the universities in India and in the Great Britain is that the universities in India receive the major part of their income from the state government; while the English universities receive the same from the central government through the U.G.C. The other sources of income in the universities of the Great Britain are tuition fees, endowments, regular donations etc. In the Indian universities also that type of income exists. The U.G.C. is a common agency in both the country to sanction the grants on behalf of the central government. The main difference in the sphere of the finance is that the universities in U.K. do not receive any type of grant from the state government while in India, all the state universities, receive the deficit grants.

The present trend in the field of education is common, in both the nations that the government grants should be increased and the fees and community contributions
should be decreased. Eventhough the Indian government has to learn from the British government that she should spend more in the field of Higher Education.

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