CHAPTER – VIII

SUMMARY OF FINDINGS, SUGGESTIONS AND CONCLUSION

8.0 Introduction

The role of higher education in national development is well established. Higher Education in India has extended very rapidly in the last six decades after Independence and has emerged probably as one of the largest education system in the world. When we look at university finances around the country, we see that bulks of the funds received by the universities are from public sources. Private contribution to education in the form of donations and endowments, which were the hallmarks of the pre-Independence period, has dwindled. The internal resources of universities have been dwindling as a percentage of their annual maintenance expenditure. Investment in higher education is far too inadequate. Cost recovery from students has not kept pace with the requirements. Most of the expenditure is on salaries of teaching and non-teaching staff. Salaries and perquisites have grown precipitously with no corresponding reduction in numbers.

Faced with financial crises coupled with competing demands for funds for different sectors of the economy, the State and Central Governments have not been able to allocate adequate resources for higher education. We are far behind the target of spending 6 per cent of the GNP on education as recommended by the Education Commission (1964-66), and in the recent years the relative share of
higher education in the allocation of funds has also declined, primarily due to resource constraints. Although, the overall government contribution has been increasing throughout the plan periods, it has not kept pace with the rapid rise in enrolment and escalation in prices. Often inadequacy of financial resources leads to poor infrastructure and physical facilities, low investment in research and development, having adverse impact on the quality of the higher education system.

This chapter contains summary of findings and some concrete suggestions. The summary of findings is based on the comprehensive analysis of the facts and figures relating to the Universities in general and Karnataka University, Dharwad in particular, undertaken in the preceding chapters. With a view to improving the efficiency of management of maintenance funds in the universities in general and Karnataka University, Dharwad in particular, some important suggestions have also been offered at the end of this chapter.

8.1 Summary of Findings

The following are the major findings of this research study after analyzing the secondary information and after analysis of the facts and figures of Karnataka University, Dharwad during the study period:

1. All the universities in the State depended on Block Grants from State Government to the extent of about 50% to 70% of the total receipts of Maintenance Fund. The share of Government Grants has decreased year after year from 2005-06 to 2009-10 and
internal incomes have taken a reverse trend in all the Universities. That means the growth in internal income was more than the growth in Government Block Grants.

2. The Universities are not able to receive enough block grants from the Government forcing them to depend more on their internal sources to meet maintenance expenditures. Allocation of Government Block Grants varies from university to university and there is no specific criteria followed while granting the same. All this has resulted into the Universities to generate income on their own by exploring different options to meet ever increasing maintenance expenditures.

3. In the year 2002-03, the receipts of Block Maintenance Fund (BMF) of KUD amounted to about Rs.4,642.2 lakhs which rose to about Rs.8,686.8 lakhs in 2009-10 marking an increase of about 87% over 2002-03.

4. The dependence of KUD on State Block Grants decreased from about 72% in 2002-03 to about 53% of the Maintenance Grant in 2009-10. On the contrary dependence on internal sources particularly students’ fee has increased. The internal source has increased from 28% in 2002-03 to 47% in 2009-10. Out of internal sources, fees from students constitute an average around 80% for all the years covered in this study. It was about 86% of the total internal sources in 2009-10.

5. The amount of State Government Block Grant in 2009-10 increased by about 36% in KUD in comparison to 2002-03. The
total amount of grant sanctioned to the University during these eight years amounted to Rs.30,238.8 lakhs. The amount of internal sources in 2009-10 increased by about 221% in comparison to 2002-03. The total amount of internal incomes during these eight years amounted to Rs.17,196.6 lakhs.

6. From the research study, it was found that there does not appear to have been a specific policy regarding the funding of maintenance grants to the University by the Government. As a result, the university was subject to adhocism in the matter of release of funds. Moreover, the funding decisions were not only belated, but were also communicated piece-meal, so much so that certain communications were made at the fag end of a financial year. This was probably one of the reasons why the university could not employ any objective cost-control technique for optimum utilization of funds. Sanctioning and releasing the grants sometimes by the end of a financial year compelled the universities not to make judicious expenditure.

7. There has been continuous increase in the per student receipt during the period under study in respect of all the budget heads. The per student receipt of BMF amounted to Rs.61,106 in the year 2002-03 and Rs.97,320 in 2009-10. The per student contribution from external source that is from the State Government has decreased year after year from about 72% in 2002-03 to 52% in 2009-10 while internal sources were increased from 28% in 2002-03 to 48% in 2009-10.
8. The total fee receipt of KUD (excluding Maintained Institutions and Schools) in the year 2002-03 amounted to Rs.149.36 lakhs and about Rs.164.22 lakhs by including Maintained Institutions and Schools. The Faculty of Science and Technology ranked first in the matter of receipt of tuition fees. The amount of tuition fee increased to about Rs.299.89 lakhs in 2009-10, a growth fee of around 82 percent over a period of 8 years.

9. Per student receipt of tuition fees in 2002-03 was Rs.2,192 and about Rs.3,931 excluding Maintained Institutions and Schools. This has increased to Rs.7,421 excluding Maintained Institutions and Schools and Rs.3,360 including these Institutions in 2009-10. There is a much increase in the tuition fee during study period especially from 2007-08 onwards.

10. Per student receipt of tuition fees in the University had been higher in Faculties/Institutes conducting professional programmes, and less in the case of non-professional courses especially in the case of Law faculty. The University has charged a bit higher tuition fees in case Computer Science, Management and few of the Science courses.

11. In KUD, actual expenditure was lower than the budgeted expenditure in all years. The same is the case, even in different items of budget-heads for all years except for administrative offices in 2003-04, 2004-05, 2005-06 and 2006-07. Thus actual expenses in the university deviated from the budgeted ones in all the years of study. On the basis of variance analysis it may be
concluded that the University should carefully exercise while preparing budgets for almost all the items of expenditure so as to check the recurrence of positive variances every time. It can be generalised that in universities, expenses were not incurred according to budgets prepared by them. This was partly due to lack of scientific budgeting system and partly because of the uncertainty associated with approval of the budget allocations and delay in communication of such sanctions.

12. It may be observed the aggregative view of different expenditure under different budget-heads that the total revenue expenditure recorded an increase of 87% over the entire period under study mainly on account of increasing expenditure in respect of Examinations, Administrative Offices, Sports, Health Center and Engineering Section. Further, there had been continuous rise in the total expenditure during this period excepting in the year 2005-06.

13. In KUD, the share the Academic Departments including Maintained Institutions and Schools accounted for about 40% of the total revenue expenditure in 2002-03 and this was decreased to around 30% in 2009-10. Whereas, the administrative offices accounted for about 34% of the total revenue expenditure in 2002-03 and increased to 45% in 2009-10, which was marginally higher than the norm of 10-12%.

14. From the analysis of establishment expenditure of the University, it may be concluded that in KUD, the Academic Departments
accounted for the largest committed expenses. Further, an increase of about 35% in the total establishment expenditure was recorded over the period of study, mainly due to the increase in establishment expenditure pertaining to the Sports Section, University Health Center, Engineering Section, Student Welfare, Administrative Offices, Examinations, and Academic Departments.

15. The behavioral pattern of different budget-heads under non-establishment expenditure that the total non-establishment expenditure marked an increase of about 150% in 2009-10 over 2002-03. The total non-establishment expenditure increased in all the years under study. The highest annual increase was 28% in 2006-07 and the lowest was 7.89% in 2005-06. There was a larger increase in Administrative and Examinations expenditure compared to Academic and others. It may be noted that Administrative Offices and Examinations taken together accounted for 88% percent of the total non-establishment expenses in 2009-10. It shows the priorities attached to different activities by the University.

16. Per student expenditure over the entire period of study reveals an increase in almost all the years excepting in the years 2004-05 and 2005-06. The range of per student expenditure during the study period in KUD was Rs.56,651 to Rs.89,916. The increase in 2009-10 over 2002-03 was about 58%. Out of the total per student expenditure administrative offices accounted for highest share. It constitutes around 45% of the total in 2009-10. Per
student expenditure towards Academic Departments amounted to Rs.16,706 (around 19%), followed by Examinations (16%). These figures indicate that the University placed more emphasis on the activities not directly related to students’ welfare during the period under study.

17. The total per student establishment expenditure increased by around 15% over the entire period. The range of per student establishment expenditure during period of study was Rs.31,223 to Rs.35,896. The highest per student establishment expenditure was noted in respect of Academic Departments, followed by University Maintained Institutions and Schools and Administrative Offices in all the years.

18. The total amount of per student non-establishment expenditure has showed an increase in all the years under study, excepting a slight down-fall in 2004-05. The per student non-establishment expenditure was Rs.54,020 in 2009-10 and Rs.25,398 in 2002-03. We can notice an increase of about 113% in 2009-10 over 2002-03. The highest per student non-establishment expenditure was in respect of Administrative Offices (about 65% in 2009-10), followed by Examinations (about 23% in 2009-10) in all years of the study. Relatively very small amount was spent on Academic departments (less than 4% in 2009-10) compared to the total.

19. Faculty-wise, the overall average per student expenditure of the University has increased in all the years of study (except in 2004-05 and 2005-06) and this increase was about 16% over the entire
period of study. But, if we exclude University Maintained Institutions and Schools, the overall average of the University increased to about Rs.42,629 per student in 2009-10 indicating an increase of around 51% during the period covered under study.

20. The faculty-wise per student establishment expenditure in the University shows that on an average, the University has spent Rs.16,376 to Rs.23,899 during the period of study by including University Maintained Institutions and Schools and Rs.24,104 to Rs.38,618 by excluding these Institutions. The highest increase in 2009-10 over 2002-03 was shown by the Faculty of Arts (about 142%), followed by Faculty of Social Science (about 93%), Faculty of Law (about 41%), Faculty of Commerce (about 35%), and Faculty of Science (about 7%). However, there was a decline in per student establishment expenditure in the Faculty of Management and Education in 2009-10 over 2002-03.

21. The teacher-student ratio in Karnatak University, Dharwad shows that the overall Teacher-Student ratio of the University in 2002-03 was 1:17 and this ratio decreased in all the years (except in 2003-04) and it became 1:24 in 2009-10. The ratio in different faculties also depicted more or less a similar pattern during the period of study. The overall ratio of the University during the period of study was not at all within the norm of 1:12 prescribed by the Punnayya Committee (except Faculty of Education, Law and to some extent Faculty of Arts and Social Sciences).
22. The ratio between non-teaching staff and students in the University indicates that the number of non-teaching staff in relation to the number of students was higher in the years 2002-03 and 2003-04. The ratio was 1:8 in these two years. However, this ratio on an average declined to about 1:12 in other years.

23. The ratio between teaching and non-teaching staff of the University remained 1:2 in all the eight years under reference. It can be noticed from the ratio that as compared to the norm recommended by the Punnayya Committee of 1:3 between teaching and non-teaching staff, the KUD has lower ratio during the period of study.

24. The Faculty-wise per student non-establishment expenditure of the University has increased in all the years (except in 2008-09) under study. It was in the range of Rs.1,504 to Rs.2,687 per student considering all the P.G. Departments and Constituent Colleges. If we exclude Constituent Colleges and Schools, this was in the range of Rs.2,748 to Rs.5,071 during period of study. Compared to 2002-03, the faculty-wise per student non-establishment expenditure has increased by around 50% in 2009-10 by including University Maintained Institutions and Schools and this was around 77% by excluding these Institutions during the entire period of study.

25. Contribution of receipts to expenditure under different budget-heads was about 30% in 2002-03 and in 2009-10, this was around 51%. Year after year, the contribution of internal receipts
to expenditure has increased during the period of study mainly because of reduced grants from the State Government and increase in fees. Thus, the range of contribution of receipts to expenditure in the study period was 30% to 51%. However, the receipts in KUD could not keep pace with the increase in expenditure during the period under review.

26. The contribution of receipts to expenditure in 2002-03 under the budget-head Publications was about 161%, followed by Examinations (about 101%). The lowest contribution of about 19% was recorded in case of Academic Departments in 2002-03. The highest contribution in 2009-10 was once again from Publications (about 234%), followed by Examinations (about 143%), and Academic Departments (about 33%).

27. The amount of deficit in 2002-03 was about Rs.3,071 lakhs in KUD and Rs.3902 lakhs in 2009-10. The deficit was in the range of Rs.3,071 lakhs to Rs.4,387 lakhs during the period under review.

28. During the period under review, the Academic Departments had the highest share in the total deficit in all years due to very low receipts under this budget-head.

29. Per Student deficit in 2002-03 was about Rs.39,716 and Rs.43,714 in 2009-10. In between these two years, the deficit was highest in 2008-09 (about Rs.47,644). Moreover, per student deficit was the highest for the budget-head Academic Departments
in all years of study. Per student deficit in KUD was in the range of Rs.34,876 to Rs.47,644 during the period under review.

8.2 Suggestions

In this section, an effort has been made to offer certain concrete suggestions for improving the financial position of the maintenance funds of the universities. These suggestions are made after collecting opinions from knowledgeable respondents particularly the Officers/Authorities of the Universities in order to economise the expenditure and mobilization of resources particularly internal resources.

1. Division of Responsibility between UGC and State Government

At present the maintenance grants to State Universities are provided by the concerned State Government. Due to increase in maintenance requirements of State Universities, these State Governments were not in a position to meet their requirements. This has affected the activities of the Universities. The Central Government through UGC has to come forward and assist the State Universities. The UGC has to cover at least 20% of the total maintenance requirements of these universities. The UGC assistance should not be limited to the plan departments only but it should be extended to the non-plan departments also, because the primary responsibility of the UGC of maintenance of standards of higher education in the country. It cannot be considered to be fulfilled if some units of higher education
are left outside the purview of its influence. Since higher educational standards would be dependent upon the teaching facilities and the availability of adequate space, laboratory equipment and library, the UGC’s grants should cover the development and continued maintenance of academic, teaching and research staff, buildings, equipments and library, with regard to the administrative staff and related expenditures on the other hand, the state government should bear the responsibility to meet them. As a long term measure, the researcher feels that this type of division of responsibilities between the UGC and the state government is more logical than the present system characterized by ad-hocism and uncertainty. For, at present continuation of the post graduate schemes started by the UGC depends entirely on the willingness of the state government after the expiry of the UGC assistance.

State universities are still the backbone of higher education in India. Even though State Universities are primarily the responsibility of States, because state legislatures create them, development of all young people, be they in state-run institutions or central institutions, is a national responsibility and there cannot be any discrimination between the two. Ideally all benefits, which are thought to be essential for a central university, should be made available to the state universities. To achieve this, state governments would need to significantly enhance their support to the universities while the Centre should make matching incentivizing allocations available in a sense of a joint national enterprise.
2. Timely finalization and allocation of funds by the Government

The Government particularly State Government in case of State Universities has to finalise each university’s Budget Estimates (BE) and Revised Budget Estimates (RE) in time. Delay in finalization of BE and RE creates serious set-back in smooth functioning of the university and adversely affect the academics. In addition to timely finalization of Budget Estimates and Revised Budget Estimates, there should be timely allocation and release of funds by the Government. The generated resources by the universities should be utilized by the universities for academic purposes and should not be shown as receipts for the purpose of financing the Budget Estimates. While finalizing the budget, there should be minimum assured level of proportions of the budget for scholarship to the students. The Central Government commitment should be to allocate 6% of GDP to education as recommended by The Kothari Commission way back in 1966, and 1.5% of GDP to higher education as suggested by CABE Committee on financing higher and technical education in 2005. In the State of Karnataka, public expenditure on education should be increased to 6% of the Net State Domestic Product (NSDP) as suggested in the Report of the Task Force on Higher Education Financing appointed by Government of Karnataka in 2004. Within expenditure on education, expenditure on higher education should be increased at least to 20%. With this level of expenditure, the state universities will be able to come out from the present financial problems. The Government of Karnataka has been establishing new
universities every year. Out of the total 23 State Universities, in the last three years only, the Government has established 8 new universities including the proposed Folklore University. For every discipline, we have the University now. There is no problem in establishing new universities, but the Government has to take care of the requirements of existing universities. The Government has to make sure that the existing universities are financed adequately.

3. Commitment of State Government to Approved Budget

Normally, the Secretary to Government in charge of Finance Department, Higher Education Department and Planning Department of the State or their representatives represent the Finance Committees of State Universities and the annual budgets of State universities are discussed at length and approved in the Finance Committee meeting. Hence, it is expected that the State Government is the party in the approval of the annual budgets of these universities. However, in practice, it has been observed that grants are not released according to the approved budgets. This reveals that there is no commitment of State Government to the approved budget. As a result, the universities do not know the position of the grant to be released by State Government even upto the fag end of the financial year. This practice of ad-hoc release of block grants adopted by the Government poses a practical problem in the judicious allocation of funds within the university, upon which depends the effectiveness of any cost-control system.
In view of this, it is suggested that the annual budgets of the State universities must be approved much before the commencement of a financial year and State Government must honour the budget approved by the Finance Committee in the presence of their representatives. If this suggestion is accepted, the state universities will get rid of uncertainties associated with release of grants by State Government to them and will enable them to make allocation of funds in accordance with the approved budget. If the allocations are objectively made in the beginning of a year, it will be possible for the universities to initiate measures for cost-control and resource mobilization.

4. Commitment of State Government to University Establishment Expenditure

Even though the State Universities like Karnatak University has generated substantial resources by themselves, State Government will continue to be their major source of funds. Under such a situation, Government should finance 100% of the establishment expenditure associated with sanctioned posts. This will ensure regular payment of salaries/wages to the university employees. At present, since 100% of the establishment expenditure is not financed by State Government, a portion of non-establishment expenditure is invariably transferred to meet the establishment expenditure. This type of frequent re-appropriation is not a healthy practice. For state run varieties major funding comes from the respective state governments in the form of ‘block’ grants. It is high time that block grants of all universities are
rationalized based on the size of the university, student and faculty strength, number of pensioners, developmental/special needs. The following aspects may be considered while determining the quantum of developmental/block grants:

- Salary, pension, arrears and maintenance requirements
- Ideally, block grants should meet the entire salary component.
- The quantum of block grants should be revised once in two years instead of five years.

5. Adoption of Criteria Based Funding for Universities

A perspective plan ought to be developed by the Government particularly for traditional universities like Karnatak University, Dharwad having both professional and non-professional courses. Adhoc or piecemeal arrangements have to be discouraged as these hinder continuous growth strategies. The system has to be treated organically. Unit cost of higher education norm should be worked out and followed to make better allocation of resources possible and to develop cost consciousness in Universities. The government should adopt criteria based funding pattern. Before allocating resources, the structure, functions and the facilities of a university should be taken into consideration. Differences between traditional and non-traditional universities are to be considered since the requirements of both are bound to differ. It is very important on the part of the Government to review constantly the grant-in aid to universities.
6. Implementation of Data Base System

The need for detailed and elaborate database is essential today. It was noted that the statistical information system in the state governments (perhaps as well as in the central and UGC) and in the universities need large scale improvement. Without a strong, reliable and updated statistical information system, policy making and planning in higher education becomes extremely fragile. It is a pity that though the state governments regulations link grants in a year to a university to submission of financial details of the preceding year, these regulations were never strictly adhered to, resulting in a wide gap in the database for several years in the recent past. It should be realized that the costs of mis-or inadequate information are high.

In this context, the importance of making not only the government bodies and institutions, but also the students aware of the costs of education, extent of subsidization, and present levels of cost recovery was highlighted by many. The need for transparency at all levels is obvious. Transparency will improve the efficiency levels considerably. Detailed statistical information system should be able to help in accurately estimating the total costs of higher education, the components therein, the subsidy being provided to each student under various heads, etc. Such information is crucial in making sound policies regarding financing of higher education. Therefore, a basic need of the whole system is a strong, reliable and up-to-date statistical information system in the Universities, state and central governments, UGC, AICTE, and other bodies.
7. Optimum mix of Government and Non-Government Finances

The state cannot abandon its responsibility of funding higher education and shift it to market forces. State should continue to play a dominant role in financing higher education in India. The government has to finance higher education substantially; it cannot reduce its role. What is needed is the need for educating the government, politicians, policy makers and planners. The rationale for state financing of higher education need to be made explicitly clear, showing how social benefits from higher education percolate down. Informed policy choices can be made only by properly educating the policy makers. At the same time, there is to need to attempt at raising resources from non-governmental sources to supplement governmental resources, without affecting equity and efficiency in education. Hence the search for proper or optimum mix of government and non-government finances for higher education, and this mix should be rather skewed in favour of government finances.

8. Finance and Accounts Codes for Universities

Most Universities being faced with increasingly pressing financial strain in meeting their urgent needs and development programmes, both planners and administrators have to explore every means of improving the efficiency of their educational, administrative and financial systems so as to get the best value from existing resources. One prominent deficiency in the field of University finance is the absence of codified handbooks of financial and accounts rules
in most of the Universities including Karnatak University, Dharwad. Thus, it is essential to have financial and accounting codes or code book for all the Universities. This will provide the necessary tools and appropriate procedures for facilitating and enabling the proper and consistent functioning of the various authorities and decision-making functionaries in the University system. Ultimately, the test of sound financial management is the orchestrated, coherent, and efficient functioning of the system.

While preparing the financial and accounting code book by a competent authority like State Higher Education Council in the State, should have the objectives like:

(a) Optimum and judicious utilization of the available resources of the University.
(b) Application of University funds in a prudent, wise, economical and purposeful manner.
(c) Properly devised basic financial record-keeping.
(d) Establishing an information system which makes decision-making less and less vulnerable to human error or human limitation; apart from fulfilling statutory and other obligations of preparing full and proper accounts.
(e) Providing tools for critical analysis, evaluation and appraisal of performance of all university services, including the variety of university auxiliary services.
(f) Tools and procedures for regular and coordinated review of schemes and projects.
(g) Performance management reporting (basically, reports to the Higher Authority/ies).

Finally, the finance and accounts code of the University should enable efficient financial management and control and public accountability.

9. Corporate Accounting System should replace University Accounting System

At present, the Universities are following the Government system of accounting, wherein there is no scope for periodic review of the financial position of the University. Though the Universities are not commercial undertakings, nothing precludes them from having such a system of accounting which enables them to know their financial position. Double entry system of accounting will definitely enable the University to know its financial position periodically. This will also enable periodic reconciliation of accounts and helps the University Authorities while taking financial decisions. At present because of lack of co-ordination between the different wings of the University no one knows how much was to come and how much has come. With introduction of double entry system as well as computerizing of the accounting operations, much improvement could be brought about in the financial management of Universities.

10. Employing Financial Management Techniques

In corporate enterprises, different financial management tools and techniques are employed like funds flow analysis, cash flow
analysis, ratio analysis, budgetary control, capital budgeting techniques, variance analysis, etc. Fund flow and cash flow analysis will give us an idea as to the sources and uses of funds and cash respectively. With the preparation of the statement of working capital, one can know the funds generated and used. Such an analysis is vital for universities also.

Though budgets are prepared in the Universities, their objective is only to make provision for the funds. But they do not have any control mechanism. The total budget and the expenditure have to be compared and appropriate action has to be taken to ensure the effective utilization of the budgeted funds. Such a mechanism is not available in the University budgeting system. Hence the needs to adopt the budgetary control system in the Universities. Likewise with the help of ratio analysis, one can judge the financial health of the organization. The liquidity position, the solvency position can be known with the help of appropriate ratios. Such an analysis is a must for the Universities.

Like in corporate enterprises, the Universities also have to take many capital budgeting decisions like purchase of equipments, construction of buildings, etc. At present no capital budgeting technique is made use of. Application of such techniques will, no doubt, improve the financial management. Though macro-level budgets are prepared, micro-level budgets are seldom prepared. If such a thing takes place, variance analysis could be carried out. Negative and positive variances can be identified and appropriate
corrective action could be thought of. The Finance Officers of the Universities should be given appropriate training regarding the various tools of financial management.

11. Proper Asset Management

Though universities should be amenable for business type analysis since they are also in a way comparable to business organization, it is not quite possible to do so because of the peculiar management practices in the universities. The universities in India do not present their balance sheets showing all the assets owned and liabilities owed. Mere income expenditure statements do not give a complete idea about the financial strength of a particular university. It is also necessary to have an idea about the overall assets and liabilities. Even if the university is not a profit making body, the balance sheet statement may give an idea about the magnitude of resources required for certain activities. For example, the valuation of assets may help one to estimate the amount of depreciation, which may assist the depreciation grant policy. It may also give an idea about the funds required for maintenance and repairs of these assets. Not surprisingly, the universities in the present framework of information systems and control are not in a position to have knowledge about their assets and liabilities in a systematic manner. The universities assets comprise mainly land, buildings, furniture, equipment, vehicles, books and investment. The assets are depreciated in an arbitrary manner and consequently the book values
of the assets recorded in the books of the universities reflect anything other than their true or approximate value. The rationale of depreciation is simple. It is the diminution in the value caused by the inevitable wear and tear through constant use of such assets as buildings, plant, tools, vehicles etc. No matter how well such assets are maintained or how often they are repaired and renovated, they will one day cease to be as efficient and productive as they once were, and will have to be scrapped and replaced. It, thus, becomes necessary for every university to set aside each year sums for the eventful replacement of ageing and inefficient assets. The authorities of universities are not aware of the value of the fixed assets, since these universities do not prepare the Balance sheets. Thus, little attention is paid on the management of these assets. Proper use has not been made of the land, buildings and other assets by these universities. If the universities manage these assets properly, they would be in a position to increase their revenue to some extent.

12. Computerisation of the Financial System

University receives finances from various bodies such as University Grants Commission, State Government, Central Government and some other august agencies. These funds are received for various purposes and there are conditions according to which the deployment of funds has to be done. The efficient utilisation of the grants helps University in its appropriate development. Proper
formulations of extension and research policies also improve the educational standards.

Efficient utilisation of finances is a matter of both, proper recording and timely utilization. A computerized financial system will help the University in many ways like proper utilization of the funds allotted to the University; proper maintenance of records; develops a suitable data base of finances; creates a suitable Management Information System (MIS) for decision making; and proper control of disbursement, utilisation and aversion of any likely misappropriation.

Though the Karnatak University has introduced the computerization process, it has not covered all the branches of the University. University should think seriously on this aspect and computerize all its financial transactions. Fund Based Accounting System was initiated two years back and this is yet to be complete. Office working conditions require thorough change so that the personnel unable to move towards Information and Computer Technology (ICT) enabled accounting system and disbursement of funds/cheques. The receipts of all affiliation fees and deposits should be monitored through the establishment of a proper MIS leading to an increase in the revenue to the University.

13. Keep Minimum Reserve Ratio

Universities are characterized by a lack of uniformity in their financial resources throughout the academic year. In Universities, by and large, fees are collected once a year normally in July or August
months i.e. during admission to the courses and examination fees are collected twice a year normally during December and May. This means that the cash balances with the University will be larger during these months than in other months. If the University does not plan out its expenditure in a phased manner for the entire year, the problem of inadequacy of resources will be felt. If over and above this, the external agencies particularly Government also supply funds in the months with adequate cash balances, and do not supply funds during the lean months, then the problem of resources inadequacy will be aggravated. In order to safeguard against such situations of financial stringency, the Universities may be required to keep a certain percentage of the normal expenditures of the year as safe reserves. The reserve ratio for the university as a whole may be determined after taking into account the normal expenditure needs of each of the faculties. The Science Faculty may be required to keep larger reserves as compared to arts, commerce, social science, education, management and law faculties. The University may keep certain percentage of the previous year’s expenditures as the safe reserves.

14. Launching Self-Financing Academic Programmes

The universities, within the existing infrastructures, should start professional, innovative, and part-time courses on self-financing basis. The fees for these courses should be prescribed in such a way that they not only fully recover the recurring expenses from the beneficiaries but also produce surplus upon which depends the future
growth of the universities. To generate additional resources some seats in these programmes may be earmarked for NRI, NRI-Sponsored and Industry-Sponsored candidates.

15. **Industry-University Interface**

It has been observed that the university made very little attempt to attract business organisations to render financial assistance to them. Some specific suggestions in this direction are being given below:

(i) **Consultancy Services**

All the Faculties in the University should be encouraged to start consultancy services, taking up projects, surveys, etc. In order to encourage the staff to undertake such activities the one-third of the amount received should be shared by the university and the remaining two-third should go to the teacher(s) concerned. However, if the infrastructures of the university are to be used, half of the amount received should be claimed by the university.

(ii) **Organising Management/Executive Development Programmes (MDP/EDP)**

The University Departments/Faculties in KUD may individually and jointly organise general and tailor-made MDPs/EDPs/training programmes for the industry/business firms, particularly for those which are situated in and around University jurisdiction. The charges should be fixed in such a manner that they not only recover full cost incurred on such programmes but they also generate some surplus.
funds for the university. Besides garnering additional resources for the university, this exercise will also help in improving interaction with the industries for various mutual benefits in future.

(iii) Activating Alumni Associations

Universities should make efforts to activate the alumni associations in India and abroad to accelerate industry-university interface so that more donations in different forms may be received by the universities from business organisations. Alumni generally have strong emotional linkages with their alma mater. Attempts should be made by the University to contact the Alumni and seek their valuable support in strengthening the financial resources of the universities. Though the Karnatak University has initiated on this aspect by creating alumni association called AAKU (Alumni Association of Karnatak University), this needs to be accelerated further in the days to come. University may think of starting a separate wing for this purpose. The task of this wing is to create database of alumni, keep in touch with them by providing latest happening in the University, etc. University may fix and celebrate Alumnus Day every year by calling the entire alumnus of the University.

(iv) Organising Exhibitions

Universities should project their research outcomes, technological advancements, novel and innovative ideas in the fields of science, technology, medicine, agriculture, trade and commerce, etc. for the benefit of industry. Subsequently, such products and/or their technologies may be got patented in the names of the universities concerned.
16. Commercial utilization of land and other assets

The University can generate revenues through innovative uses of land and other immovable assets consistent with the objectives of the University. Karnatak University, Dharwad is sitting on a large reservoir of untapped resources in the form of land (around 1000 acres) and other assets. University should thus have an innovative asset management plan. Such plans should be in consonance with objectives of the university. There is considerable room to think in strategic terms about the use of physical assets in the possession of university. It should be possible to draw up norms and parameters for university to use its land and other tangible fixed assets as a source of finance.

17. Income from Publications

In order to increase income of the University, it is suggested that the universities should undertake publication activities, primarily for the books authored by their teachers and the journals brought out by different departments. With a view to attracting the teachers to write books, it is essential to fix competitive royalty rates payable to the authors. These publications should be professionally marketed in India and abroad.

18. Management of Unproductive Assets

It was found that in the university, equipments/instruments worth lakhs of rupees were lying idle in different departments/offices,
etc. owing to their being irreparable/obsolete or requiring minor/major repairs. Further, these items posed problems in their storing. The university should evolve a system for effective management of such equipments/instruments. These assets may be categorised as below:

(i) Irreparable/obsolete items: Such items may be written off and may be sold in the market or may be exchanged under replacement/buy-back schemes while making new purchases by the same or some other department of the university.

(ii) Items Requiring Minor Repairs: Items falling under this category may be pooled by the university at some centralised place and the university, as a one-time measure, may allocate reasonable amount of fund to put such items to use and shift them to the places where they are required the most.

(iii) Items Requiring Major Repairs: If major repair is economically viable, only then it may be undertaken. Otherwise, the item may be sold in the market or be got replaced under exchange/buy-back schemes.

19. Facilitating Sharing of Costly Equipments

In Karnataka University, mostly belonging to science discipline, several instances where similar costly equipments were purchased by more than one laboratories in the same department/faculty. With a view to curbing this unhealthy tendency, universities should encourage and facilitate departments/faculties/offices for sharing of costly equipments. The universities should make it mandatory for
them to indicate the number of a particular equipment held by them and other departments of the university while submitting their budgets/requisitions for the purchase of an equipment.

To conclude, the management of finance in Universities should mean effective mobilization of financial resources, both internal and external; planning the expenditure for academic, research, extension and infrastructural facilities, projects and programmes; execution of plan through an appropriate organizational set up with vigour and zeal to achieve the objectives of the University; exercising effective control on expenditure through budgeting etc., to avoid wastage; and coordination of the activities of all those engaged in implementation. Such an exercise calls for a logical approach and sound judgement to determine the financial needs, choosing of the best alternative use of resources to maximize returns in the long run and optimize in the short run.

8.3 Scope for Further Studies

The present research study titled “Management of Finance in Universities: A Case Study of Karnatak University, Dharwad”, clearly indicates that this study is confined to University Finances in general and the financial aspects of Karnatak University in particular. Obviously the interested researchers may choose other aspects of Universities like Human Resource Management, Cost-Benefit Analysis, Marketing and Branding, etc. Research can also be undertaken on comparison between State Universities Financial
Management with Central Universities, Traditional Universities
Financial Management with Professional Universities like
Technological Universities, Medical Universities, Agricultural
Universities, etc. Study on the finances of newly started Private
Universities and Deemed Universities can be carried out by the
researchers. A comparative study of State University’s finances with
Private and Deemed University’s finances can also be undertaken.
Financial Management of Indian State Universities and Foreign State
Universities is having greater scope of study in the present liberalized
and globalised era. Cross-country comparative research study on
different aspects of higher education in general and Universities in
particular can be carried out by the researchers.