Chapter 7

MAJOR FINDINGS, CONCLUSIONS AND SUGGESTIONS

Inadequacy of financial resources and lack of co-ordinated approach towards the proper utilization of available scarce resources have led many universities in India facing a financial crisis. This in turn has led to poor infrastructure, and physical facilities, low investment in research and development, leaving adverse impact on the quality and efficiency of the higher education system.

Financing of higher education which practically concerns with the university education has been the main responsibility of the state Government, Central Government and the Universities themselves. The financial stringency has become a pervasive phenomenon of the higher education in India in the decade and time is ripe to look into certain methods of coping with the same. The perennial financial crises has made inevitable for the universities to think on the lines of self-sufficiency, self reliance and good governance.

The present study on finances of the Karnatak University is focussed on the various sources of financial resources available at present, the rate of growth of funds from these sources during the last one decade and the structural dimensions of the income of the university along with a detailed study of the structural dimensions of the university's expenditure pattern over the 10 years covered by
the study. The detailed study of these two dimensions of income and expenditure and the sectoral allocation of funds etc. The findings of the present study based on the published data of the university's finances have been summarized in this chapter and a few suggestions for improving of the university's finances and the streamlining of the financial administration have been made here.

**Major Findings and Conclusions**

1.1 India has emerged as the third largest system of higher education in the world. Growth of higher education was as high as 13.14 percent during 1950s and 1960 but declined to 4-5 percent during 70s and to 3-4 percent in 80s. The growth rate stabilised around 4-5 percent during 90s. The growth of university education in earlier part of the last century was patterned on colonial pattern of Britain.

1.2 The university education has been examined by some committees and commissions in the postindependence period. The important such committees and commission were -

(i) The Radhakrishnan Committee in 1948-49 which led to the establishment of UGC.

(ii) The Kothari Commission 1964-65

(iii) National Policy on Education 1968

(iv) Draft policy on Higher Education 1978

(v) National Commission on Teachers 1983
1.3 The result of the above various efforts made has been the setting up of 226 universities, 12342 colleges, 411628 teachers and 8.4 million students.

1.4 Education in India is funded by three sources viz (i) Central and State Government (ii) Local Bodies and (iii) Private Sector Contribution. Government contribution to educational finance had increased from 57 percent in 1950-51 to 81.5percent in 1983-84. Currently it is around 90-92 percent. Further the share of fees in higher education has decreased from 15-20 percent to 2-3 percent of the total recurring expenditure.

1.5 Indian higher education is totally dependent on government funds. Universities and colleges are largely financed by central and state Governments - about three fourth of the total budget and partially supported through fees endowments and philanthropic contributions.

1.6 Dependence of government funds in case of central universities varied from 89 percent (Delhi University) to 98 percent (Delhi Bharati). The contribution of fees varied from less than 1 percent (JNU) to 10 percent (Delhi University).
1.7 Two major problems of financial resources of university education are:

(i) Overall paucity of funds and

(ii) Inequity in the distribution of available funds among different types of institutions.

There has been a liberal subsidy of about 90 percent of higher education. The upper and middle income groups have been the beneficiaries of this subsidy.

1.8 The fee structure in higher education has not changed much and has been kept low. Due to monopolization of seats by the well to do the major part of the subsidy is going to those who do not need it.

1.9 Salary bills of teaching and non-teaching staff of universities amount to 60 to 70 percent of non-plan expenditure. Further 75 percent of the total salary amount is shared by non-teaching staff. On an average there are 3 non-teaching employees for every one teacher. In some central universities this ratio is 5:1. The amount left for developmental activities is only about 16 percent of the total non-plan budget.

1.10 There is large discrepancy between the funds given to central and state universities. At present 19 central universities and Institutions of national importance claim about 71 percent of
the total annual budget of UGC and only 29 percent is available to all state universities and affiliated colleges.

1.11 Financial assistance to universities should be based on rigorous assessment of their performance. The present approach of "Covering the deficit" of university funding discourages savings, economy or generation of internal funds. The National Assessment and Accreditation Council can play a very useful role in this direction.

1.12 The problem of resource crunch of universities has to be resolved through a mix of policies viz

(i) enhancement of fees in a spreadover timeframe

(ii) Universities to be encouraged to go in for more self-financing programme.

(iii) encouraging of foreign students and export of education

(iv) Creation of an independently managed financial structure through.

(1) Initial bulk investment by Government of India

(2) (i) Introduction of "Education cess" to be contributed by employers which should be equivalent to the first months salary of a freshly employed graduate.

(ii) Students and

(iii) Institutions for infrastructure development.
2.1 The Bombay legislature passed the Karnatak University Bill in 1949 and the university was fully incorporated on 1st March 1950. The jurisdiction of the university covered four districts—Belgaum, Bijapur, Dharwad and North Kanara. A postgraduate centre at Gulbarga was set up which in 1980 became a separate university. After the reorganisation of districts the Karnatak University, has 7 districts under its jurisdiction viz., Belgaum, Bijapur, Bagalkot, Dharwad, Haveri, Gadag and UttaraKannada.

2.2 The growth of the university has been very rapid since 1950. The University campus covers an area of 749 acres situated on a hill top at an altitude of 750 mts.

The university has 41 post graduate departments, 5 constituent colleges and 4 postgraduate centres. The university has 270 affiliated colleges.

2.3 The total strength of the teaching staff is 297 and the strength of teaching staff in constituent college is 165. The postgraduate departments include Arts, Commerce, Education, Law, Science, Social Sciences, Management Studies, Musicology, and Culture of Karnatak, Engineering and Environmental studies etc.

The University has introduced certificate and Diploma courses in Kannada, German, French, Russian, Tamil, Yoga, Music, Translation, Technology and Basava studies.
2.4 Financial assistance is granted to students belonging to scheduled castes, and scheduled tribes. A special centre of higher learning has been setup at Karnatak college to train students for admissions to IIT, IISC and All India Institute of Medical Sciences.

2.5 The university has on its selves over 4,50,000 books and is receiving 434. Periodical publications. The library is housed in an independent building of its own. Prasaranga has been taking up the publication of books based on research work. It also publishes six journals in Arts, Social Science, Sciences and in English and in Kannada.

2.6 The campus has six students' hostels accommodating about 1200 students of whom 250 are lady students. A Health Centre with modern equipment has been setup. A university employment exchange office of the Government of Karnatak has been attached to the University employment Information and Guidance Bureau.

2.7 The University has a central workshop setup in 1960 looking after repairs and maintenance of equipment of Science Departments. It also manufactures accessories, gadgets and sophisticated equipments. The University has set up a scientific Instrumentation Centre in 1976 with the financial assistance from the UGC.
The University has a separate Engineering Department and a horticultural section.

3.1 Syndicate has the powers to manage the affairs of the University in general and to administer the funds and properties of the University. It has the powers to manage and regulate the finances. It can receive, acquire, hold control and administer the properties of the University both movable and immovable and to invest the funds of the University judiciously in appropriate schemes.

The Syndicate has the powers to prepare the financial estimates of the University and submit the same to the Academic Council.

3.2 The Finance Committee is one of the Authorities of the University as per the Karnatak State Universities Act 2000 (Section 27) (C). The members of the Finance Committee are the Vice-Chancellor, secretary to Government in charge of Higher Education, or his nominee. The secretary to the Government in charge of planning Department or his nominee, one member nominated by the Syndicate, member nominated by the Academic Council, Registrar Evaluation and Finance Officer.

3.3 The Finance Committee performs the following functions

1. Conducting of the general scrutiny of accounts of the University, review the yearly audit reports and make recommendations to the Academic Council and Syndicate.
2. Scrutinising of annual budget estimates and make recommendations to the Academic Council and Syndicate.

3. Scrutinizing of all the proposals of the university involving expenditure for which no provision is made in the budget or involving the expenditure in excess of the amount provided for in the budget including creation upgradation and abolition of posts in the University.

3.4 Performing such other functions as may be prescribed by the statute.

The Vice-Chancellor of the University is vested with special powers in financial matters of the university under the Karnataka State Universities Act 2000.

3.5 The powers and functions of the Finance Officer are prescribed by statutes, the ordinances and the Regulations. In other cases the Finance officer may perform such functions as may be fixed by the Vice-chancellor or the Registrar. Finance officer is the ex-officio member of the Academic Council and ex-officio secretary Finance Committee.

3.6 The finances of the University consisted of (1) Contribution and grants made by UGC or the Central Government (2) Grants or contribution made by the state Government (3) Bequests donations endowment or other grants made by private individuals or institutions (4) Income received by the University
from fees and charges (5) Contributions or bequests from the industries, traders or entrepreneurs (6) Contributions or endowments from foreign Governments or any foreign institutions or companies subject to any law for the time being in force and (7) the amounts received from any other sources.

3.7 The funds received by the University are to be kept with a scheduled bank or in a corresponding new bank constituted under the Banking Companies Act 1970 or may be invested in securities authorised by Indian Trusts Act 1882 as may be decided by the Syndicate.

3.8 The annual accounts of the university are prepared as per the direction of the Syndicate and the same are considered by the Academic Council (AC). The AC-then sends its suggestions to the Syndicate and the Syndicate shall take necessary action. The accounts of the University are audited by the controller of state Accounts once in a year. The accounts so audited shall be placed before the AC and the Syndicate and subsequently before the state Government.

3.9 The financial estimates for the ensuing year are prepared by the Syndicate with the assistance of the finance officer. The estimates thus prepared are scrutinized by the Finance Committee and placed before the AC.

3.10 The budget estimates of the university is prepared by keeping in view the anticipated grants from the State Government and
all other sources including mobilisation of the university's resources. Budget is a statement of estimated receipt and expenditure prepared well in advance of the desired plan of action for the ensuing financial year. Budget provides a planned approach to the expenditure and financing of various operations of the University in such a way as to effect greater economy in the utilization of funds.

3.11 The State Government has the power to direct whenever deemed necessary an audit of the University including those of the institutions managed by it by such auditors as it may specify.

The annual report of the University is prepared by the Syndicate. It contains all particulars highlighting the activities of the University targets and achievements concerning each financial year the report is submitted to the AC and the AC refers it back to syndicate after passing a resolution and the Syndicate will take necessary action in accordance with the same.

3.12 There is non-optimal allocation of funds among different items of expenditure functions of the university. Budgeting is considered loose by previous study on the university finances. This calls for a complete reclassification of the University budget heads. Proper guidelines have to be developed for optimal inter functional allocation of funds.
4.1 The University Grants Commission came into existence in the wake of the recommendations of the University education commission (1948-49) popularly known as Radhakrishnan Commission. The UGC became a statutory body with effect from 5th November 1956.

4.2 The UGC performs the following functions

i) Inquire into the financial needs of the Universities.

ii) Allocate and distribute grants to the Universities.

iii) Recommend measures necessary to the improvement of University education and

iv) Advice on the allocation of grants establishment of new Universities etc.

The UGC Act was amended in 1977 with a view to regulating the unplanned proliferation of Universities by adding section 12-B A further amendment to the UGC Act was made in September 1984. The provisions of the amendment related to establishment of institutions by the Universities and their maintenance by allocating and disturbing the funds of the Commission and for the specification by regulation of the fees etc.

4.3 The UGC provides Institutional Development Assistance as specified below.

i) All colleges (except agriculture, medicine, engineering and veterinary science)
ii) All state Universities (except agricultural Universities)

iii) All Central Universities and

iv) All deemed Universities.

All Central Universities, some deemed Universities and colleges of Banaras University receive both development and maintenance grant from the consolidated fund of India through UGC. State Universities are funded for their maintenance by the respective state Government.

4.4 The UGC has no source of income of its own. It receives plan and nonplan grants from the central Government through the ministry of HRD. The UGC enjoys appreciable autonomy in the reallocation of funds to the Universities given by the Government.

4.5 The UGC provides financial assistance to institutions as mentioned below

i. Maintenance and development grants to central Universities

ii. Development grants to 101 eligible state Universities.

iii. Full maintenance grant to 8 and partial maintenance grants
to 2 institutions deemed to be Universities. Development grants to 15 deemed to be Universities.

iv. Central universities are provided plan and non-plan grants by UGC
v. State Universities are given development grants including grants for specific schemes in order to facilitate the procurement of such infrastructural facilities as are not normally available to them.

vi. The UGC provides grants for other facilities like faculty housing, guest houses, and contribution of student hostels. The UGC also provides assistance to Universities to commemorate jubilee and centenary years of their establishments.

vii. Colleges which have been recognised by UGC in terms of section 2(1) and 12 (6) of the UGC Act are eligible to receive development grants from the UGC.

4.6 The UGC is not only a funding agency it is also a coordinating and an advisory body. It has constituted a number of standing committees for its specialised programmes. Each member of the UGC has been assigned with a group of schemes for overseeing their implementation monitoring and evaluation.

4.7 Allocation of funds to various universities and colleges by the UGC has been found faulty. It has not followed any systematic and proper policy in this direction. Funds are not allocated to the area for which they are marked. Instances are there where in the past the UGC has appropriated funds from one head to another.
4.8 There is lack of monitoring machinery about the use of funds made available by the UGC. There is hardly any study conducted by UGC or by receiving institutions about the extent to which educational infrastructural facilities are being utilized. Such information is useful for allocation of funds for the institution requesting the same in future.

4.9 There are some flaws in financing of universities by the UGC the major ones are -

i. Of the total resources of the UGC about 1/3rd has gone for the maintenance of centrally supported universities and the colleges in Delhi.

ii. Emphasis of the UGC has been to promote science and engineering/technology education followed by promotion of education in constituent and affiliated colleges and humanities.

iii. Significant allocation on miscellaneous schemes may be because of a large number of schemes of various types which are not covered under the above categories.

4.10 Many schemes are financed on adhoc basis by UGC. It is pointed out by a study that 19 central universities and institutions of national importance claim about 71 percent of the total annual budget of the UGC and only 29 percent is available to all state universities and affiliated colleges. The
budgeting system of the UGC as a whole does not seem to follow any systematic and proper pattern.

4.11 There has been a substantial growth of resources made available to the UGC by the Government during the plan period. The total plan resources made available to UGC rose from Rs. a bare Rs 233 crores, in sixth plan to Rs 575 crores in seventh plan- a more than hundred percent increase and further to Rs.1030. 76 crores in the eighth plan. The resources made available during the first three years of ninth plan rose to Rs. 1677.74 crores.

4.12 The total non-plan resources made available to UGC rose from Rs.388 crores during sixth plan to Rs.845 crores in Seventh plan, Rs.1906.45 crores in eighth plan and to Rs.3518.97 crores during first years of ninth plan. Total resources made available to UGC rose from Rs.621 crores to Rs.5196.71 crores between sixth plan and the ninth plan.

The rate of growth of non-plan resources received by the UGC is much higher during the plan period compared to the resources received by UGC under plan category.

4.13 The UGC prepares the budget for the ensuing year showing the estimated receipts and expenditure. This is one of the main functions of the UGC. The UGC has its own fund called "Fund of the Commission". All sums which may be paid to the Commission by the central Government and all payments by
the Commission shall be made there from. The UGC Act empowers the Commission to allocate and disburse funds out of the Fund of the Commission to universities, colleges and other institutions of high education in the form of maintenance (non-plan) and development (plan) grants through various programmes/schemes of the Commission to maintain and improve standards in higher education.

4.14 UGC has introduced the scheme of resource mobilisation by universities in 1995. The main objectives of the scheme are to encourage universities to mobilise resources by participation/contribution of society in their development and to encourage and enhance the flow of resources coming from society for university development. Accordingly 25 percent of the resources generated is given as the UGC share limited to a maximum of 25 lakhs in a financial year.

5.1 State Governments grants constitute the major component of maintenance income to the university. It is almost more than two third of total administrative income. Its share in total maintenance income varied from a minimum of 61.14 percent in 1997-98 to a maximum of 74.91 percent during the ten years from 1993-94 to 2002-03.

5.2. The income generated internally by the university itself is the second main component of maintenance income. The income comes from fees collected from students, publications,
auxiliary services, rent, printing press etc. Income from this source constitutes about 15 percent of the total maintenance income of the university. Its share in total maintenance income of the university varied from 11.61 percent to 17.40 percent during the ten years from 1993-94 to 2002-03.

5.3. Examination fees collected by the university constituted the third component of the total maintenance income. It constituted about 12 percent of the total maintenance income in 2002-03. The income from this source varied from 11.62 percent in 2000-01 to 24.76 percent in 1996-97.

5.4. The annual maintenance income has increased by 158 percent during the period from 1993-1994 to 2002-03. However the growth rates of components of maintenance income differ. The state Government aid has increased by 161 percent. Internal income has increased by 205 percent. The income from examination fees has increased by about 102 percent.

5.5. The ANOVA technique applied to know whether there is any significant difference in the average growth rates of different components of maintenance income during 1993-94 to 2002-03 revealed that there is no significant difference in the growth rates of 3 components of maintenance income.

5.6. The development income of the university has been fluctuating from year to year without exhibiting any clear trend. The development grant is a small percentage of maintenance
income which varied from 10.31 percent in 2000-01 to 11.46 percent in 1993-94.

5.7. Income from UGC grants and other special funds varied from 1.39 percent of total maintenance income in 1993-94 to 13.69 percent in 2002-03.

5.8. Karnatak University receives a small part of its income from donations and endowments and some income in the form of interest on investments made out of endowments. The income from this source varied from a minimum of 0.36 percent in 2001-02 to a maximum of 1.75 percent in 2002-03 during the ten years from 1993-94 to 2002-03.

5.9. The major part of endowments and donations are made for specific purposes to the university during the ten years.

6.1. Maintenance expenditure has increased almost on par with the general income of the university during the study period from 1993-94 to 2002-03. However the growth of individual components of expenditure have not increased at on uniform rate.

6.2. Salaries of teaching and non teaching staff accounted for the major share of the maintenance expenditure of the university. Total maintenance expenditure has increased by 154 percent while the expenditure on salaries has increased by 166 percent during the ten years from 1993-94 to 2002-03.
6.3. The share of salaries paid from the total maintenance expenditure increased from 51 percent in 1993-94 to 62 percent in the year 2002-03 of which 38 percent is on teaching staff and 24 percent is on non-teaching staff.

6.4. Expenditure on examinations varied from 21 percent in the total maintenance expenditure in the year 1993-94 to 12 percent in the year 2002-03. However the increase in expenditure on examination has been only 53 percent. The slow growth of expenditure on examination has been due to delinking of engineering and medical examinations from the Karnatak University due to creation of independent engineering and medical universities in the state. Further the university has discontinued the payment of examination remuneration to the teaching staff of university and college teachers. This factor too has influenced the lower rate of increase in the expenditure an examination.

6.5. The income from examination fees has increased by hundred percent while expenditure on examination has increased by only 53 percent during 1993-94 to 2002-03.

6.6. Expenditure on Library is both current and capital expenditure. Growth of expenditure on library is only 47 percent compared to the growth of total maintenance expenditure, which has been 154 percent. The share of expenditure on library in maintenance expenditure has
declined from 4.42 percent in 1993-94 to 2.67 percent in the year 2002-03.

6.7. More than half of total expenditure of library is utilised for payment of salary of the library staff which varied from 48.51 percent in 1997-98 to 63.58 percent in 2000-01. Hence the amount spent on books and periodicals is less than 50 percent.

6.8. Expenditure on students belonging to scheduled castes and scheduled Tribes has been very meager. It varied between 1.02 percent in 1993-94 to 2.03 percent in 2002-03. However compared to the expenditure on the welfare of SC/ST students in 1993 the increase in expenditure in 2002-03 has been 400 percent.

6.9. Expenditure on hostels, health centre and employment guidance provided to students amounted to half percent of total maintenance expenditure during the 10 years from 1993-94 to 2002-03. The expenditure has increased by 35 percent during this period.

6.10. Expenditure on sports incurred by the university is less than 1 percent during the 10 years covered by the study. The absolute amount declined from Rs. 13,751,130 in 1993-94 to Rs. 12,713,291 in the year 2002-03. This is in spite of the fact that there is an increase in the annual maintenance expenditure by 154 percent.
6.11. Publications and Prasaranga is another important area of university functioning. Expenditure on this sector provides opportunities for researcher and faculty to publish their research and other works. Prasaranga wing organises special lectures book exhibitions and sales etc. The expenditure on this important section has been scantly and meagre. The actual expenditure is less than 1 per cent although the ten years study period from 1993-94 to 2002-03.

6.12. The expenditure on all the three components mentioned above constitute 80 to 90 percent of the total annual maintenance expenditure. The remaining 10 to 20 percent is utilised for general administrative components like electricity, postages, maintenance of office buildings, furniture, equipment, printing, watch and ward, payment of TA and DA to members of the different bodies of the university, pension to retired employees and other expenses etc.

6.13. The university has been incurring expenditure on student's welfare activities. The expenditure constituted less than half percent of the total maintenance expenditure during the 10 years from 1993-94 to 2002-03.

6.14. Per capita expenditure is an indicator of the public or social cost of providing higher education through the university. The ultimate burden is borne by the taxpayers in general. The computation of per capita expenditure is fraught with practical
difficulties since some services provided by the administration have a common cost. Hence the researcher has based his computation on the basis of the number of PG students at the university campus and the actual maintenance expenditure incurred on specific areas viz., salary to teaching staff, library expenditure, students welfare activities, employment and guidance, sports and hostel.

6.15. The per capita expenditure on students has increased from Rs.18590.15 in 1993-94 to Rs.56356.84 in 2002-03. It amounts to three times increase during the ten years period.

6.16. It is found that about 16 percent of the total expenditure of the university is incurred on constituent colleges, primary school and the high school. The expenditure on the P.G. centres of the university has been 2 to 3 percent.

6.17. Developmental expenditure of the university has indicated a trend of fluctuations during the 10 years period from 1993-94 to 2002-03. It varied from a minimum of Rs.1022650 in 1994-95 to a maximum of Rs.33774687 in 1999-2000 during the decade covered by the study. The expenditure increased by 81.18 percent in 1999-2000 over the previous year. This is the maximum growth registered by the developmental expenditure.

6.18. The total amount of development expenditure was less than the total developmental income during the five years of the decade covered by the study i.e. 1993-94, 1994-95, 1995-96,
1996-97, 1998-99, 2002-03. However, the developmental expenditure was more than the development income during 1997-98, 1999-2000, 2000-01, and 2001-02.

6.19. UGC and other special Funds are utilised for specific purposes like purchase of equipments, books and journals, fellowships, faculty improvement programme for teachers research projects, research associateships, CSIR scholarships etc.

6.20. The receipts and expenditure of UGC and other special funds have indicated a trend of fluctuations during the 10 years from 1993-94 to 2002-03. The total annual receipts varied between a minimum of Rs.2466140 in 1993-94 and a maximum of Rs.62470674 in 2002-03. The expenditure of UGC and other funds were more than the receipts in the years 1994-95, 1996-97, 1998-99, 1999-2000 and 2002-03.

6.21. The growth of receipts and expenditure of endowments and donations indicates a trend of fluctuations from year to year. There is no uniformity of growth of expenditure.

The amount of income from this source varied from a minimum of Rs. 1424905 in 1993-94 to a maximum of Rs.7963028 in the year 2002-03. The total expenditure of these receipts varied from a minimum of Rs.203870 in 1994-95 and a maximum of Rs. 5868282 in 2002-03.
Suggestions

1. The university's efforts in augmenting its internal resources for maintenance expenditure have not been adequate. Hence there is need for increasing the share of student in the sources of funds for the university by increasing the student fees in consultation with student bodies and their parents associations. Cost per student is very high. The costlier the course the higher the subsidy. There should be a cost related fee structure rather than cost based fee structure in public universities. The gap between what a student pays and what is spent on him should not be so wide. The resistance to hike in the fee structure comes from the students, parents and elected representatives. It is estimated that 80 percent of the university completers belonged to the top 20 percent income earners. Hence most of the students from higher income classes take advantage of the low rates of the fee. The university should try to recover at least 20 percent of annual recurring expenditure from the students in view of the rising cost of higher education and the meagre fund allocation by the government.

Collection of fees can also be augmented by encouraging foreign students to come to the university particularly from the neighbouring developing countries.
2. It is desirable that fees should have some relationship with the costs. It is found that costs have been escalating fees have remained more or less stationary. There is need for enhancement of examination fees too. The university has not revised examination fees much in recent years. The collection of examination fees has been meagre. Hence there is a good reason for increasing the examination. The fees could be raised upto 30 percent for development purposes. This would imply that if one examinee has to pay 30 rupees more (Rs. 130 instead of Rs. 100) and 100,000 students apply for appearing in the examination an additional Rs. 30,00,000 can be realised.

3. Miscellaneous fees could also be enhanced to contribute substantially to the university finances. Such fees relate to affiliation applications from colleges, recognition of educational institutions, permission to commence post graduate centres, recognition of teachers as Ph.D guides, registration fees for graduates and post graduates, rechecking and reassessment of answer books, no objection certificates, eligibility certificates, as well as statement of marks, migration certificates, degree certificates and convocation fees etc. University can levy processing fees in all such cases. The university can also levy campus development fees on all students. Hike in some of these existing fees and levying new ones may help the university in collecting a few lakhs of additional income.
4. The internal resources of income could also be strengthened through improving earnings from auxiliary services. The earnings from publications, rental income from hostel fees, guest house fees, earnings from printing press etc. Presently the university is earning about 15 percent of the total maintenance income per year. There is need and scope for enhancing earnings from these services.

5. The university can charge capitation fees for admissions to postgraduate courses. Already there is the system of admissions to some seats in PG departments on payment basis. This could be further strengthened by enhancing the payment amount. The university should try to attract donations and endowments to encourage donors. Income tax inducements should be provided for the doners at liberal terms. Even naming of the new and existing building and infrastructure facilities in the name of donors and their agencies can help in generating some income.

6. Alumni association of past pupils would help in obtaining funds from different agencies with whom they are associated in industry or government. Such an approach requires a proper marketing strategy. A strong alumni is a best way of financing increased needs of the institute. The university should keep an account of its pupils and continuous interaction and programmed approach with them can definitely make the alumni to provide the financial assistance.
7. The university should participate in community life so that the community may identify with it. Preparing the ground for community contribution the university authorities might approach the reputed and rich religious trusts, the charitable organisations, the corporate entities, the NRIS of these regions and the like with projects viable, socially relevent and interesting enough to engage their attention. Even the peoples representatives like MLA, MPS concerned could contribute to the development of the universities out of their grants. The media could also be used to project the university for charitable purposes.

8. The university can let its auditorium and other assembly halls for local national and international fairs and exhibitions for cultural activities for literary conferences for symposia as well as seminars and community gatherings or celebrations. Another innovative method of raising funds for the university is through sale of old questionpaper sets, provision of solved answers for such old questions paper, sale of student dairies and calenders photo-album of important events, photos of important buildings and scenic places of the surroundings of the university greeting cards etc. These sources though small can be useful for raising regular funds.

9. The university can encourage its academia to undertake consultancy of their services and can share the fees. This of
course demands higher quality work of the level expected of by the industry sector. The faculty of science, commerce and management in collaboration with other related faculties could render consultancy services and earn a good fees income to them and to the university.

The university should take up project related work of industrial and other business units. University should provide all the motivation and infrastructural facilities for teaching staff and involve in active research work. A working arrangement can be agreed upon between the academic and the university regarding the sharing of project fees. Projects sponsored by UGC, ICSSR, etc could also help the university in augmenting its resources.

10. University should take steps to start self financing courses for augmenting its finances. It should offer such courses as Computer Application, Information Technology, Biotechnology Management, E Commerce and Tele communications etc. The AICTE permission to start such courses is not necessary. These courses have good employment potential and hence there is a good scope to attract students to these courses. The university has the advantages of the existing buildings, infrastructure and other facilities for starting these courses.

11. Financial resources of the university should be properly utilised. Wastages should be avoided. Manipulation and misdirection of funds should be avoided. Large number of meetings, committees
result in wasteful expenditure. There is need for curtailing delays in file movement and lethargic decision making. Administrative procedures should be streamlined. In order to achieve cost reduction and delays it is necessary to introduce modern cost management tools like inventory management, Activity Based costing, Economic order Quantity, Levels of Inventory Analysis of Turnover Ratios etc. These would help in the use of resources in proper manner. Just-in-time philosophy of buying various quantities can save lot of expenditure of inventory and material management.

12. Government budgetary support is necessary for the universities in general due to the massive economic backwardness prevalent in the country. The students are unable to pay the cost based fee. The Government assistance covers the salary component of the institutions. Hence these institutions do not have adequate and regular inflows from other sources to procure and process the requisite infrastructure to impart quality education. It is the state's responsibility to fund higher education as state universities are totally managed by them. However faced with the financial crisis 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.
Although the overall government contribution has been increasing throughout the plan period it has not kept pace with the rapid rise in enrolment and escalation in prices. Inadequate financial resources leads to poor infrastructure and physical facilities, on investment in research and development having adverse impact on the quality and efficiency of the higher education system.

13 The strategy to financing of the higher education at the micro level involves the development of a perspective plan for the university. Such a plan will eliminate adhoc decision and implementation of peacemeal plans which hinders continuous growth strategies.

14 Given the constraints in the Government funding for higher education several reforms are needed. There is an imperative need for better allocation of resources so that the efficiency of government spending can be improved. Probably the norm to be considered is the unit cost of education. At the institutional level mobilization of resources from various non-government sources is another strategy.

15 The university could raise some supplementary income by way of utilising vast stretch of land running into a few hundred acres by way of some commercial plantations which do not involve much of maintenance expenditure. It is mentioned that approximately 50 years ago Stanford University in America
transferred acres of its surplus land to some high tech companies in order to meet deficit. Unlike Stanford University the Karnatak University could not transfer its land. But it could give thought to the imaginative use of this surplus land as an alternative source of revenue to get rid of the paucity of funds. Undertaking of plantation on the unused land, while keeping in view its perspective planning would serve this purpose. Some years ago coconut plantation on a piece of land was organised and a good number of coconut plants were grown. However the plants could not be maintained well during summer due to lack of proper watering. Thus it is desirable to utilise the unused land productively by planting such plantation crops like coconut, teak wood, sapota, gava etc which do not involve replantation for a good number of years with minimum arrangements for watering during summer. Such plantations could yield a good revenue for decades and help augment the university's income.

16 There is a heavy subsidisation of university education. Though education is a social responsibility it is necessary to restrict the level to which it needs to be subsidized. The liberal subsidy of about 90 percent makes higher education cheap and easily available to upper and middle income groups. During the mid sixties a survey conducted by the NCERT (1971) showed that 80 percent of university and High school completers were from the
top 20 percent of income groups. A similar study conducted by UGC during 1970s showed that 70 percent of the university students came from top 20 percent of income groups on the other hand 70 percent of the Government revenue came from indirect taxes which was paid by all citizens of which 60 percent were living in poverty. The heavy subsidisation of university education (about 90 percent) by the government means that university education is acting as a 'via-media' to transfer scarce resources from the poor to the rich.

17 It is found that the amount of fees has been kept frozen and low in higher education in order to democratize it and equalize opportunities to benefit from it. Due to monopolization of seats by the well to do the major part of the subsidy is going to those who do not need it, there is need for reducing this element of subsidy going in favour of the rich.

18 The expenditure pattern of the universities needs proper review since 60 to 70 percent of non-plan expenditure in the universities is claimed by salary bills of teaching and non teaching staff. Moreover 75 percent of the total salary amount is shared by non teaching staff. On an average there are 3 non teaching employees for one teacher. The amount left for developmental activities is only about 15 percent of the total non-plan budget. Thus the universities as well as the state governments and the UGC should try to formulate proper
guidelines for streamlining the expenditure pattern and rationalise the same.

19 The UGC's policies towards the funding of the universities needs to be changed since there is a wide gap between the funds given to central universities and state universities. At present 19 central universities and institutions of National Importance claim about 71 percent of the total annual budget of the UGC and only 29 percent is available to all the state universities and affiliated colleges.

20 The suggestion to follow a "differential fee system" is worth consideration by the universities. This method of fee structure relates to higher fees from students who are of poor quality and lower fees for those who are of reasonably good quality. Such differential fee structure should be complemented by a better scholarship and stipend programme. This would lead to improvement in the equality of opportunity in education without affecting the standards of education.

21 There is need for adopting a policy of performance based funding system. In view of the resource crunch public funded enterprises such as universities should be answerable to taxpayers who provide funds. Cost effectiveness can not be achieved without assessment of performance in relation to set objectives. Financial assistance to universities should be based on vigorous assessment of their performance. The present...
"Covering the deficit" approach of university funding discourages savings economy or generation of internal funds. Since institutional performance is not considered in determining grants the quality and standard of education are deteriorating. The setting up of NAAC 1994 is a good step in this direction. NAAC should recommend increases or cuts in the grants of the universities every year on the basis of performance assessment.

22 The state governments should consider the imposition of a graduate tax which is on education specific tax, on those who use educated manpower. Most of the people's higher education is government funded but private employers use the educated manpower by not paying any thing to the government. The tax rate should be determined based on the cost at that particular level and reduction level of the employee.

23 University should introduce some degree of cost-consciousness in the system which can be done by introducing unit cost system of funding. The modern cost management tools like 'just-in-time Inventory Management', the "Activity-Based Costing", economic order quantities and levels of inventory, analysis of turnover ratios etc can be employed to use in proper manner the available resources. These tools could help in saving a lot of expenditures of inventory and materials management in the institutions of higher education like universities.
24 It is advisable to plan joint venture like alliances between the existing institutions. A policy of permitting foreign direct investment by these institutions can absolve them of their much maligned poor financial position Academic sharing in the form of movements has already been employed in certain universities in India in selected areas with foreign universities.

25 The financing of higher education is a complex issue. It should approach in a holistic manner and in its entirety. The issue should be viewed from the angle of value addition. Expenditure on education is justifiable as long as the benefits are more than the expenditure. However the expenditure is easier to measure than the benefits. The issue is to be linked to the overall strategy of economic development and growth.