CHAPTER - VII

UNIVERSITY FINANCES,
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In the last chapter financial problems of Dr. Babasaheb Ambedkar Marathwada University have been studied, particularly how best the financial resources are raised and spend to increase the soundness of Dr. Babasaheb Ambedkar Marathwada University.

It is needless to say that the financial discipline is to be maintained. This chapter relates to measures to be adopted for controlling the finances of the University. The two important control measures are studied i.e.

(A) Rules and Regulations of Accounts code of Dr. Babasaheb Ambedkar Marathwada University and
(B) University Budget of Dr. Babasaheb Ambedkar Marathwada University.

ROLE AND CONTRIBUTIONS OF ACCOUNTS CODE :

(A) Rules and Regulations of Accounts Code :

The role of accounts code is to give a broad outline of the system of accounts of the University transactions and their audit. The code contains the rules and instructions alongwith the forms of financial estimates broadly on the lines as prescribed by the University Grant Commission and by the State Government.
The code is to be inconsistent with the provisions of the Act, statutes and ordinances framed thereunder has been critically reviewed and the rules in the code are modified accordingly so as to be consistence with the Act.

The code plays an important role while keeping the proper accounting in view, the code proves sample in operation and easy to interpret and understand in its application.

Every officer incurring or authorising expenditure should be guided by high standards of financial propriety. Every officer should also enforce financial order and strict economy at every step and see that all relevant financial rules and regulations are observed by his own office and by subordinate disbursing officers.

The Accounts code is mainly derived from the procedure and practice that have been in prevalence in the University from its inception. At the same time, this practice and procedure is suitably amended, supplemented and modified as per the practice in other universities.

The Technological advances, particularly in economic field it became easier for computing, analysing, data compiling, storing and retrieving, programmed decision making, information processing and so on. These developments demand an adaptiveness and flexibility in the management practices to keep in step with the changing needs of the times and to avail of intelligently the new tools at hand.
Objectives of Financial Code

The provisions of the code aim at providing the necessary tools and appropriate procedures for facilitating and enabling the proper and consistent functioning of the various authorities and other decision making functionaries in the University administration. Ultimately, the test of sound financial management is the orchestrated, coherent, and efficient functioning of the system. The essential precondition for any improvement in this sphere is the laying down of clear and precise parameters and procedures for decision making which are in the knowledge of or easily accessible to any functionary in the system for reference and compliance. The code is thus a document of communication and is addressed to functionaries at all levels in the system. It, therefore, sometimes would seem to err on the side of details rather than of brevity; it may prefer to state the obvious rather than take something for taken as granted; it may appear more comprehensive in coverage of subjects and typical situations in its attempt to facilitate a wide application. In all this, the key-note of the code is its objective of enabling efficient financial management and control and public accountability. To serve this goal, the code keeps in view a number of principal objectives as given below:

(i) To ensure optimum and judicious utilisation of the available resources of the University.

(ii) To make an application of University funds in a prudent, wise and economical manner.
(iii) To maintain properly devised basic financial record-keeping.
(iv) To establish 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, proper and updated accounts.
(v) To provide tools for critical analysis, evaluation and appraisal of performance of all University services, including a variety of auxiliary services.
(vi) To apply tools and procedures as laid down therein for regular and coordinated review of schemes and projects.
(vii) To undertake periodical management of reporting (basically, reports) to the management council from time to time.

The concept of financial accountability is tending to assume more significance and wide dimensions with the substantial application of public resources for education on the one hand; and a growing conscious opinion that expenditure on education is to be seen as an investment in human capital. The basic principles of financial management and public accountability have to be reinterpreted and realised as it were, in the modern context of a changing role of university.

**General Principles and Rules Governing the Accounts Code:**

The Financial management of University is basically governed by Accounts Code. The Marathwada University established under the Act, 1958 and the rules were framed as the
Marathwada University Accounts Code 1970 under Section 20(IX) of the Act.

Further the Accounts code was revised as Marathwada University Accounts Code 1980, as per section 24(1) of the Marathwada University Act, 1974. The Accounts Code is based on the General Principles and Rules enumerated as under:

1. Save as otherwise provided in the Act or in the code, the Management Council shall bring every item of receipt and expenditure under its control and see that no expenditure or liability - is incurred without previous sanction.

2. Every office or Head of the Department of the University shall exercise the same vigilance in respect of expenditure incurred in connection with transaction of University business as a person of ordinary prudence would exercise in spending his own money.

3. Every authority and officer of the University on whom powers of financial sanction including financial delegation has been made as per Appendix-I of the Account code shall not exceed the said powers of sanction.

4. No money should be drawn from the Bank unless it is required for immediate disbursement.

5. Money indisputably payable should never be left unpaid, and money paid should under no circumstances be left out of accounts a day longer than is absolutely necessary. It is no economy to postpone inevitable payments.
6. No Head of the Department / Head of the section / officer shall without prior sanction incur liability in excess of the amount provided in the budget-under the respective heads of account.

7. It is not sufficient that an officer's account should be correct to his own satisfaction. An officer has to satisfy not only himself but also the audit, that a claim which has been accepted is valid, that voucher is a complete proof of payment which it supports and that the account is correct in all respects.

8. It is necessary that all accounts should be so kept and the details so fully recorded, as to afford the requisite means for satisfying any enquiry that may be made in the particulars of any case.

9. It is further essential that the records of payment, measurements and transactions in general must be so clear, explicit and self contained as to be citable as satisfactory and convincing evidence of facts, if so required, in a court of Law.

10. All transactions involving the giving and taking of cash, stores, other properties, rights, privileges and concessions which have monetary values, should be brought to account at once under proper head. All corrections and alterations affecting accounts of the receipt and expenditure either the words or in figures should be attested by the officer-in-charge
by his full signature with dates. Every University official is personally responsible for the money which passes through his hands and for the proper record of receipts and payments in the prescribed account as well as for the correctness of the accounts in every respect.

11. The private cash or accounts of the members of the departments shall not be mixed up with the University cash or accounts under any circumstances.

12. The direct appropriation of departmental receipts towards departmental expenditure is strictly prohibited.

13. The officer or head of the Department who sign or countersigns a certificate is personally responsible for the fact so certified. The fact that, a certificate is printed already is no justification for one's signing it as it is, unless it represents true facts of the case and is entirely endorseable by him as correct. If in its printed form it does not represent the facts, it is his duty to make any necessary amendment before affixing his signature.

14. Every person employed in the University should realise fully and clearly that he will be held personally responsible on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other University employee to the extent to which it may be shown that he contributed to the loss by his own act or omission.
15. No officer of the University shall be authorised to pass his own expenditure except as otherwise provided. In such cases, the bills shall be countersigned by the competent officer higher in rank than the persons concerned.

16. The accounts and the financial records of the University shall be maintained in the forms and registers prescribed hereunder. It shall be the responsibility of the Registrar or the Head of section or officer, as the case may be, to ensure that these records are maintained properly and correctly and that they are up-to-date.

17. (i) No addition or alteration in or modification of any register or form prescribed in the code or introduction of any new form shall be made without the previous approval of the vice-chancellor.

(ii) For administrative convenience, however, such registers as may be subsidiary to the account books prescribed in the code may be maintained but such registers will not be recognised as account books prescribed under the code.

18. The accounts of the University shall be maintained separately for each accounting year.

19. All books of accounts and registers shall be properly bound. No account shall be prepared on loose sheets or in loosely bound volumes.
20. The pages of all account books / stock registers and such other registers shall be serially numbered and a certificate of count pages shall be recorded, by the Head of Department / section or officer authorised in this behalf.

21. Every correction or alteration in accounts, stock register etc. shall be made neatly in red ink (a single line being drawn through the original entry to be corrected and attested by the dated initials of the Head of the Department / section or authorised officer. All corrections and alterations in bills and vouchers shall be similarly attested by the officer drawing the bill or person preferring the claim, while these in the pay orders shall be similarly attested by the officer drawing the bill or person preferring the claim. While these in the pay orders shall be similarly attested by the officer signing them. Erasures shall be absolutely forbidden and no document with an erasure shall be accepted.

**Salient features of financial code:**

(a) The Acts, statutes, ordinances, regulations etc. of Dr. Babasaheb Ambedkar Marathwada University show that there are variations in the Administrative and organisational setup, nomenclatures of designations and functions of its Authorities / officers, allocation of work amongst departments, use of technical terms etc.
Marathwada University, at the first instance had framed under section 20(ix) of the Marathwada University Act, 1958 (for the accounts in 1970) which introduced the manual of accounts code to the accounts section and other existing departments of the University. The code contains the rules and instructions for using other suitable forms for undertaking the financial and accounting work of the University, have been introduced.

The financial code appropriate to and consistent with the Act, statutes, ordinances, regulations, etc. governing the University and conditions attached to the grants received by it.

(b) At a number of places in the code and schedule of delegation of financial powers, the extent of financial delegation has been suggested. Such quantitative statements are based on the position mained, based on the procedure and practice that has been in vogue in the University in the last decade earlier to 1970. The Bombay Financial Rules also were taken into consideration and there have been an endeavour to follow certain fundamental principles, specially, with a view to see that all money received is promptly paid into the bank and there is no direct appropriation of Departmental receipts towards the Departmental expenditure. Secondary, it has been provided that the collection of arrears is pursued strictly. Moreover, preauditing of accounts and conducting spot audit,
which is absolutely necessary, is provided for periodical stock verification and checking of stock with accounts, is insisted upon.

(c) As provided in the code, various monetary figures mentioned therein, e.g. quantum of security deposit, delegation of financial powers, etc.

(d) The position regard to the grant of advances to the University staff on personal account of various types are given in the accounts code and are admissible in the University.

(e) The financial code include the appropriate forms. Code provides a list of important forms which should ordinarily be a part of the financial code and also given a standard format of these forms.

Role of Financial Management in University Administration:

The University's whatever else it may be, is not about making profits. Nevertheless, in its management, the objectives of making the most of its resources remains paramount. All time education is a stretching process, a process of reaching the limits and of giving beyond, and the culture of a University's management has essentially to faster this process. This calls above all for systems and arrangements by which the faculty and the students, the main resources of a University, are able to develop their fullest potential and contribute to the university's goal in the areas of generation and transmission of knowledge, through research,
training and extension. Finance has to serve as a major instrument in promoting such systems.

**Principal Goals of Financial Management**

**I. Adequacy of funds and its Liquidity:**

The first major goal of financial management is to ensure adequacy of funds and its liquidity. Living in an age of inflation, growing needs of inadequate budget, all of us are painfully aware of the damage done by extremely inadequate budgets. Economy is an important principle of financial management and a traditional view of economy is to spend the least, not to spend more than what the occasion demands. Budget formulation occupies a major task of finance.

**II. Rules and Procedures of Financial Management:**

A second major goal is to amend rules and procedures. There is need that simplification and rationalisation of rules and procedures, and on the other hand for better understanding and enforcement.

**III. Accounting and Treasury Functions:**

The third major areas of financial management relates to accounting and treasury functions. Recording and analyzing information and data of a financial nature, ensuing prompt and correct payments, ensuing liquidity, i.e. ready availability of cash as and when required. Proper custody and verification of stores etc. may appear very mundane but are very essential parts of sound financial management.
Related Reforms:

This should include as a minimum package programme or performance budgeting, decentralised financial information system and delegation of financial and administrative powers to departments or other responsible centres. Essentially performance budgeting shifts our attention from "inputs" to "outputs" and is, therefore termed an output budgeting. Traditionally budgets are prepared in terms of inputs. How much needed in terms of personnel, travel, other expenses, etc. But performance budgeting asks what tasks and objectives are expected to be achieved in a given period, and through what programmes and activities? The activities can then be costed in terms of needed inputs, etc., and this could be done irrespective of whether the intended performance can be measured or not. The main advantage of preparing a budget on this basis would be that the budget would no longer be a black bore of numbers, but hopefully would be an intelligible and interesting document.

While on the subject of inadequacy of resources, it is necessary to refer to the University's function as a mobiliser of resources. The Kothari Commission had pointed out how Government's share of University expenditure has been steadily going up and the share of fees, donations, etc. has been correspondingly coming down.
Optimal use of Resources:

Another function of finance that does not get the attention it deserves, as part of the management function, is the optimal use of the resources of the University.

Simplification and Rationalisation of Rules and Procedures:

Most of the rules with which finance is concerned relate to sanction of expenditure, purchase and work procedures, personal claims, travel and entertainment. Some universities follow the government rules in this regard, which may not be appropriate, and in some cases may be outdated. It would be in the interest of the University to manualise their own self contained rules and procedures. Besides eliminating ambiguities and inconsistencies, the opportunity can be taken to have a set of simple rules where logic and rationale are self-evident and which are derived from the experience of the University community.

The essence of all financial transactions in a public institution is propriety. Propriety in the Indian context implies two major principles.

(a) Not to use public funds to advance one's own interests or the interest of friends and relatives.

(b) Not to incur excessive or needless expenditure. Expenditure on many celebrations, conferences, etc. may for instance, be on an excessive scale.
Behavioural Aspect of Financial Management:

Finance as a supporting function could contribute to overall University functioning by promoting a climate of satisfaction. However, as a control function and one which has to ensure certain norms and principles, the staff in the finance department often comes in conflict with faculty and other departments. Some of these conflicts could be traced to simple delays or over centralisation of financial arrangements or to narrow interpretation of rules. The code attempts to provide concrete suggestions for avoiding such delays, for clearing bottlenecks for expeditions transaction of business, the spirit in which the rules and regulations are to be applied and the manner of pursuance of its observations by the finance and Accounts Department.

It is obvious that no code can be final and it should be continuously modified in the light of experience. The process of improvement in financial management is a continuing one.

Functions of Financial Management in Universities:

The main functions of financial management in the University are to:

* Protect University finances against fraud and other improper use;
* manage the University's cash reserves prudently;
* produce financial indicators that assist planning and the effective general management of the University;
* ensure that resources are allocated and used efficiently in accordance with the objectives of the university;
* establish resource allocation mechanisms that encourage individuals and departments to generate income for the University.

1. **Protection of University finances:**

   Of all the functions, this is the basic control function; it is the most traditional and by far the most widespread role of University finance officials. All the other activities are, at least to some extent, dependent on this task being satisfactorily performed. It can often present some irritation to academic and students who do not always see why cash payments need two or more signatures. As management information systems and auditing improve so that financial irregularities can more easily be detected, the regulations can become less onerous.

2. **Management of cash reserves:**

   Management of the University's cash reserves, depends largely on the overall legal framework within which the University operates.

   In countries where universities have no financial autonomy, and no cash reserves, obviously the function does not exist. However, as more and more countries move in the direction of decentralisation and devolved budgets, this function becomes a very important one.
In countries with a well-developed banking system, properly managed cash reserves can generate a significant income for the University. Another aspect of this function that is of growing importance is the management of the institution's income generating enterprises. Bookshops, guest-house, printing services, conference leitings, sports facilities, consultancy services, intellectual property rights and many other services all generate income, costs and cash balances that need to be properly managed in the interests of the University.

3. Production of financial indicators:

The third function, generation of useful performance indicators, is of growing importance. Modern management systems are voracious users of information and a large proportion of the information needed concerns the use directly of financial resources.

4. Allocation of resources:

The fourth function, ensuring that resources are allocated and used efficiently in accordance with the objectives of the University, is one of the key activities in a self-managed institution. It is the function that has grown most in importance during the past ten years in many countries. There has been a shift from line by line input oriente budgets, in which universities have very little discretion over how they use their resources, to output or
performance oriented programme budgets, in which universities can use their funds more or less as they wish in order to produce the agreed output. This shift has produced a great need for financial managers who can devise budgets and accountability procedures to ensure that institutional objectives and output targets are met, that agreed budgets are not exceeded and that all individuals and groups are encouraged to act in ways that are consistent with the interests of the University as a whole.

5. Encouraging income generation:

The previous function with that of encouraging individuals and subsidiary grounds in the University to generate income on behalf of the University as a whole and to reward them for doing so.

Broadly there are two ways in which individuals can be rewarded for undertaking activities that produce extra income. One is to treat such work as part of the normal work programme of the University and to enable consultancy work, to count as a criterion in applications for promotion or senior posts; the other is to allow individuals to retain a part of the income that is generated, either for themselves individually, or for the department or centre in which the individual has a specific interest.
RECEIPTS

All moneys received on behalf of University as dues or for deposit remittance or otherwise shall be brought under the receipt of the University, without delay, in accordance with such general rules prescribed under the accounts code. Normally the receipt to the University are by way of fees in connection with examinations, Eligibility fees, Registration and tuition fee, convocation fee, other fee etc.

a) Subject to such general or specific instructions and modifications as may be issued in this behalf by the management council, it is the duty of the Heads of the Departments / sections and the officers of the University as shown in the separate appendix to see that the dues of the University are correctly and promptly assessed, collected and deposited into University accounts under the proper head.

b) All moneys received on behalf of the University by any officer or servant of the University must be credited to the University accounts without delay. The University accounts may be maintained with such banks as may be authorised by the Management Council.

c) Moneys received without proper authority to the credit of the University account and which do not relate to or form part of the approved receipt of the University or when the particulars are not available, shall be credited under suspense account, temporarily.
d) Receipts will ordinarily be released in legal coin or currency notes only. Cheques payable on demand including cross cheques and demand drafts may be accepted at the discretion of the finance officer. Until, however a cheque has been cleared, the University will not admit that a payment has been made, and consequently final receipts will not be granted until realisation of cash value of such cheques. Provisional receipt will also carry the enforcement "subject to realisation from the Bank concerned" cheques will not be accepted at the counters in payment of dues by the students or suppliers or contractors.

e) An officer or employee of the University receiving money must give the remitter a receipt in the prescribed form. The officer or employee should satisfy himself at the time of signing the receipt that amount has been entered in the cash book.

Not more than one receipt book should ordinarily be brought into use at a time for each category of receipts.

f) All receipts granted for the money received shall be signed by the cashier or Assistant to the cashier or such other person authorised by the Accounts Officer or by Finance Officer.

g) The receipt books will be supplied with foils in triplicate. The duplicate and triplicate copies shall be made out with copying pencil by using carbon paper or double-side variety.
The original copy shall be given to the payer, first carbon copy shall be sent to the concerned Department / section and triplicate carbon copy shall be retained as office copy.

h) All the Blank Books will be machine numbered and will contain book number as well as serial number of the receipt.

(i) An account of all the receipt books shall be maintained.
(ii) Money received shall be deposited in the bank.
(iii) The money will be kept in a strong chest.

NORMS OF FINANCING AGENCIES / BODIES

Every financial agency is having its own Rules and Regulations for release of grants for schemes or projects.

The basic principle of grant is that it is to be utilised for the purpose for which it is sanctioned.

Agencies Granting Financial Assistance:
A) University Grants Commission (UGC), New Delhi.
B) Government of India.
C) Government of Maharashtra.
D) Other agencies.

A) University Grants Commission's Plan and Non-Plan Financial Assistance to Universities:

The commission provides general development assistance to central universities, Deemed Universities (both plan and non-plan) and state universities within the framework of norms
and broad outlays specified by the UGC by inviting proposals at the end of every plan period. Item-wise allocations are made by an expert committee constituted for this purpose.

The objective of the developmental assistance is to improve the infrastructure and basic facilities in the universities so as to achieve at least threshold level. This is most important programme as this has direct bearing on the quality of education in the universities. Briefly the items which are covered under this programme are:

* Staff—both teaching and non-teaching,
* Equipment for laboratories, office equipment and teaching aids.
* Books and journals.
* Buildings
* Campus development
* Health centre.
* Student Amenities.
* SC/ST cell.
* College Development Council.
* Visiting professor interdisciplinary Activities.
* Jubilee grants.
* Un-assigned grant for meeting expenses on seminar / symposia, book publishing / writing, travel grant to attend national / international conferences by teachers and for minor research projects.
The University Grant Commission (UGC) Act, 1956 empowers the commission to allocate and disburse grants to central universities and institution deemed to be universities for their maintenance and development and for any other general and specific purpose.

A) **UGC's grants for various schemes:**

The following are the grants released by UGC to universities.

- Plan and Non-plan Grants.
- Financial Assistance for Research.
- Unassigned grants.
- Teacher's Fellowships.
- Refresher and Orientation Courses to teachers through Academic Staff College.
- SAP for Economics and Zoology Departments.
- Major Research Project.
- Centre for Gandhian Studies.
- Computer Training Course for Teachers.
- Programme of Adult and Continuing.
- Establishment and Special Cell for Scheduled Castes and Scheduled Tribes.
- Visiting Professors / Fellowships.
- NET/SET Examination Centre.
- Direct Award for Senior / Junior Research Fellowships.
- Career Award Scheme.
- Grants for Computer Facilities for Board of College and University Development.
- Travel Grants - Financial Assistance to Teachers for attending international conferences
- UGC Grants for Association of Common Wealth University, London for visit of Vice-Chancellor.

B) Government of India's Grants:

Government of India is releasing grants for following schemes:
- Government of India Scholarships.
- G.O.I. Scholarships for Other State Students.
- Grants for Pre-IAS Coaching Centre for SC/ST/OBC students.
- Major Research Project to Teachers through Department of Science and Technology (DST).
- National Service Scheme.

C) Government of Maharashtra's Grants:

Government of Maharashtra is releasing grants for following schemes:
- Teaching and Non-teaching Staff Salary Grants.
- Development Grants.
- Financial Assistance to Teachers for Attending International Conference/Seminar.
- Grants for Setting up new Department.
- National merit Scholarships and Other Scholarships.
- Medical Reimbursement to Employee.
- Matching Grants for Buildings.
- Priyadarshini Womens Hostel.
- Aids Awareness Amongst the Students.
- Campus Development.

D) Grants of Other Agencies:

Some other agencies are releasing grants for following schemes:

- Donation for Trophy.
- Donation for inter-collegiate - Ashwamedh Wrestler Winner.
- Prize for inter-collegiate - Kabaddi winner.

Governing Rules for releasing the Grants:

1. The grants are subject to the adjustment on the basis of utilisation certificate in the prescribed proforma submitted by the University.

2. The University shall maintain proper accounts of the expenditure out of the Grants which shall be utilised only on approved items of expenditure.

3. The utilisation certificate to the effect that the Grants has been utilised for the purpose for which it has been sanctioned shall be furnished to the University Grant Commission as early as possible after the close of the current financial year.

4. The assets acquired wholly or substantially out of UGC's grant shall not be disposed or encumbered or utilised for the purpose
other than those for which the grant was given. Without proper sanction of the UGC and should, at any time the University ceased to function, such assets shall revert to the UGC.

5. A Register of Assets, acquired wholly or substantially out of the Grant shall be maintained by the University in the prescribed form.

6. The University shall follow strictly all the instructions issued by the Government of India from time to time with regard to reservation of posts for scheduled castes and Scheduled Tribes.

7. The University shall fully implement to official language policy of Union Government and comply with the Official Language Act, 1963 and Official Language (Use for official purposes of the union) Rules, 1976 etc.

8. Assistance from the Commission to teachers working in an institution approved under section 2(F) and 12(B) of the UGC Act will be available for Major Research projects to University.

9. The effective date of implementation of the project may be any date between the approval of the project and the receipt of first instalment by the Institution.

10. The grant sanctioned will be paid in such instalments as may be needed for meeting expenditure likely to be incurred during the period.
11. Re-appropriation of funds from one approved item to another is not permissible without the prior approval of the commission.

12. Any grant remaining unutilised on the completion of the scheme will be refunded to the Commission through a demand draft in favour of the secretary, University Grants Commission, New Delhi.

13. The Books once purchased with the commission's assistance may be retained by the principal investigator.

14. The equipment grant may be used to procure equipment as approved by the Commission. However, in certain special case, if there is need to change specification of the equipment, this could be done with the prior concurrence of the Commission.

15. The Commission will have the right to transfer any equipment of the value of Rs. 1,00,000/- or more purchased by the University out of the funds approved by the Commission to any other institution, if it feels that the same is not being utilised in the institution.

16. Suitable hostel type accommodation may be provided for project-associate failing which they are eligible for HRA as per rules of the University. Project Associate who have been provided accommodation in a hostel recognised / maintained by the institution may be reimbursed to the hostel fees.
17. The admissible contingency grant may be utilised on spares for apparatus, typing, stationary, postage, telephone computation and printing of questionnaire needed in connection with the approved scheme with the approval of the Registrar.

18. The contingency grant is not intended for meeting expenditure on furniture etc., items normally provided the University and payment of examination fees.

19. The apparatus and other non-consumable articles purchased out of the contingency grant will become the property of the University.

20. The host institute will be provided additional grant to the tune of 10% of the approved recurring grant (Except travel and field work) as overhead costs.

21. All interests earned by the University on investment of funds, sanctioned and paid by the University Grant Commission will be treated as an additional grant and should be shown as such in the accounts of the University. Also, the amount of such interest earned should be reported once a year to the University Grants Commission for approval which is to be treated as an additional grant for the purpose.

22. Extension beyond stipulated period is not encouraged by the commission.
23. Monitoring and evaluation workshop for projects which have completed at least one year and a half year of their implementation will be organised from time to time.

24. Diversion of funds from non-recurring head i.e. equipment to recurring head like Manpower, Consumable etc. is not allowed. However, any reallocation / reappropriation of grants under different heads requires prior approval of Department of Science and Technology.

25. The Grant shall not be utilised for construction of any building unless specific provision is made for this purpose in the sanction order.

26. All the assets acquired from the grant will be the property of Government of India and should not be disposed off or encumbered or utilised for purpose other than those for which the grant had been sanctioned, without the prior sanction of the Department of Science and Technology.

27. After completion / termination of the project, the Government of India will be free to sell or otherwise dispose off the assets, which are the property of the Government. The Institute shall render to the Government necessary facilities for arranging the sale of these assets. The Government of India also has the discretion to gift the assets to the institution or transfer them to any other institute if it is considered appropriate and justified.
28. The Comptroller and Auditor General of India, at his discretion, shall have the right of access to the books of accounts of the Institute maintained in respect of the grants received from the Government of India.

[B] UNIVERSITY BUDGET:

Budget is one of the basic management device used for planning and controlling in any organisation. The University budget should, therefore, be useful to the vice-chancellor and the Management Council in accomplishing their basic tasks of planning, co-ordinating and effectively controlling all the activities and programmes of the University, its departments and sections.

The term budget refers to the statement showing estimates of income and expenditure for the ensuing year. The constitution of India uses the term 'Annual Financial Statement' in relation to the budgets of Central and State Governments. The University Act (s) use the term 'Annual Financial Estimates' in that context.

The Maharashtra Universities Act, 1994 does not specify any format for the budget. Even the purposes for which the budget is to be prepared are not explicitly mentioned in the Acts. By implication section 20(5) clause (c) indicates that the limits fixed by the University for recurring and non-recurring expenditure for a year are not exceeded, and that all allocations are expended for the purposes for which they are granted or allotted.
Need for Preparation of Budget:

It is very important that the estimates of the annual receipts and expenditure of the University should be framed, as accurately as possible, and submitted to the proper authority. Due care must be taken by all concerned to exhibit in their estimates a correct account of receipts and expenditure.

It is incorrect budgetting to omit or postpone charges that are invitable and it is worse to provide, for receipts and expenditure that are not definitely expected. The budget estimates are for ensuing year. The draft budget is prepared on the basis of information received from various departments and sections of the University in the form of departmental estimates. The skeleton forms for the purpose are supplied by Accounts Section to each Head of the Department / section. The forms contain separate columns for:

1. Major and sub-heads and detailed heads of estimates.
2. Actuals of previous one year.
3. Budget estimates for the current year, and
4. Current years actuals for eight months.
5. Revised Estimates for current year, and

The aim should be to achieve as close as approximation to the actuals as possible.
Objectives of Budget:

The annual financial estimates known as ‘Budget’, present under different heads the estimated receipts and expenditure of the University in respect of a financial year before the expenditure of that year. The budget specifies the objects for the limits upto which expenditure may be legally incurred during the course of financial year. Its object is to exercise financial control over approved items of income and expenditure – in other words, it is an instrument of financial control.

Types of Budgets and Formats

(i) Line Item Budget:

In practice, the University budget has been of the conventional line item type. It emphasises only the financial aspects without high-lighting the purposes to be accomplished. It is suitable for checking or regulating expenditure. It does not inter-relate financial allocations with physical targets or achievements and is not, therefore, useful for programme management. It further appears to weaken the cost-consciousness of the spending agencies. Moreover, the budget format, now in use, does not provide adequate information and inspite of the explanatory notes, some universities are furnishing, does not lend itself to easy understanding.
Nevertheless, the budget types and classifications used are, generally, on the lines of these still in use by the Central and State Governments. The Central and State Governments have, of late, introduced several supplementary budgetary devices such as, the annual economic reviews, Finance Minister's speeches, and specially, the performance budgets of various ministries and departments. Some similar devices may have to be added to the University budget to make it more informative and an effective tool for programme management.

The University budgets are, generally, prepared in the format suggested by the University Grants Commission in the early seventies. Over the past few years, the heads of the accounts have undergone many changes and the universities have adopted the budget heads found suitable for their purpose.

The form in which the information is displayed in the printed budget also differs from University to University. The columns for the actual receipt or expenditure for the last year, the budgeted figures for the current year, the revised budget estimates for the current year, and the budget estimates for the ensuing year are common. Some universities display figures for the completed part of the current year and the estimate for the remaining portion of the current year in support, of the figures of revised estimates for the current year SNDT Women's University publishes figures of actuals for the period from April to October and estimates from
November to the end of the current year. Dr. Babasaheb Ambedkar Marathwada University displays the figures of income and expenditure upto the end of November. Mumbai University shows the figures of actuals upto 30th September. Nagpur and S.N.D.T. Womens University shows a separate column for the budget estimates for the last year, side by side with the actuals for the last year. Shivaji University and Poona University restrict the format to only four columns of actuals of last year, budget for current year, revised estimates for the current year and the estimates for the ensuing year. Explanatory notes are not printed side by side with the provisions in any University budget.

While it is necessary to take into consideration the actual figures of income and expenditure for a part of the year before arriving at the revised estimates, it is a matter for consideration whether it is necessary to print them in the budget. Due to the commencement of the University Academic year in June, the income and expenditure of the first half of the year are not proportionate to the completed part of the year and hence the figures do not represent any trends and are of not much use in framing the budget. The budget format should have four columns and the two columns now used for displaying actuals for part of the year and the estimates for the balance of the year may be deleted from the printed budget. This should apply to both sides of income and expenditure. The space saved can be used for giving short
explanatory notes against the provision itself. That will make the budget more intelligible to the layman. The explanations need not be very detailed e.g. in respect of examination fees the number of candidates likely to appear for the examination or in respect of tuition fees, the number of students admitted would be sufficient. Similarly in respect of maintenance of vehicles, the number of vehicles would be sufficient to explain the provision. Since the budget is a document which comes under consideration of Management Councillors and senate members, not all of whom can be expected to possess expertise in reading financial documents, such explanations would be much helpful. Besides this, they would be a step in the right direction with a possibility of the universities soon preparing their preformance budgets.

(ii) Salary Items Budget:

From the year 1981, the pattern of assistance by state Government to the Non-Agricultural University has undergone a change and in place of Block grant and other grants for Dearness allowance, House rent allowance etc., the entire salary of the approved staff is now being reimbursed by the State Government in the form of salary grant. There is a ban on certain new posts. Without prior sanction of the State Government as embodied in section 8 of the Maharashtra Universities Act, 1994 ; the posts are not filled in.
The ideal situation, therefore would be to prepare a separate balanced budget in respect of salaries covering the approved staff in the University and to display it as an independent part of the budget. This part would not have any effect on the total financial position of the University, provided the salary grant due in a particular year is received from the State Government during the same year. In actual practice, a portion of the salary grant is always withheld to be released after the salary expenditure is certified by the statutory auditor of the University and the grant payable is assessed by the Administrative officer (Higher Education Grants), of the region concerned. Even then separate, budgetting would display the amount of salary grant to be received from the State Government from time to time. Separate budgetting of salary expenditure on approved and unapproved posts will be presenting prominently the expenditure incurred by the universities on unapproved staff and ultimately engage the attention of the University authorities on cutting down the expenditure to the barest minimum.

It would, therefore, be advantageous to separate the salary part of the budget so as to show at one place the salary expenditure on approved and non-approved staff and the grants receivable on salary account from the Government and other funding agencies.
Instead of giving details of grades, pay, dearness allowance, house rent allowance, compensatory allowance etc. the details of posts which are not approved for salary grant would show with prominence the number of posts financed from University's own funds and the extent of the financial burden of such posts on the University.

(iii) Informative type budget:

The accounts follow the budget classification. For that purpose the budget should provide classification in such details as may have to be displayed in the account books of the University. From the point of financial control, the process of classification can be made so elaborate as to give any information from the books of accounts of the University.

Looking to the total size of the University budget, it can be said that a separate budget head should be provided whenever the income and expenditure under that head is likely to exceed one lakh of rupees. For other items of income and expenditure where the total is likely to be less than that amount, the universities should be free to choose the budget heads on the basis of their experience about the information required by various persons and authorities from time to time. In order to avoid multiplicity of budget heads it is necessary that whenever there is an occasion to add a new budget head, the Finance and Accounts Committee of the University should discuss the advisability of opening such a head.
Budget Authorities:

The annual statement of accounts and the financial estimates (budget) of the University, prepared by the Finance and Accounts Officer shall be laid before the Finance and Accounts Committee for consideration and recommendation, and for submission thereafter to the Management Council under section 75(2) of the Maharashtra Universities Act, 1994.

The Management Council will present the budget estimates as received from the Finance and Accounts Committee with the modifications, if any under section 28 of the said Act, to senate for its approval.

The senate is the principal authority for all financial estimates and budgetary appropriations under section 25(1) of the Act.

Budget formulation thus occupies a major task of finance. Once the mission, goals and activities are defined for an year or for a larger period, they must be "costed" realistically, and requisite funds are not forthcoming, the programme and activities must be pruned or even dropped.

Part of the problem of inadequacy of funds arises from a certain lack of discipline and procedures of financial and budgetary control. Thus new courses are instituted or new activities are undertaken or existing activities are expanded although there is no corresponding provision in the budget, sometimes using powers
of reappropriation, but very often without examining financial and budgetary implications. Very often such proposals are "Put through" several committees of universities under various pressures and the question of finance is either overlooked or deliberately ignored. Dr. Babasaheb Ambedkar Marathwada University has a system of watching the progress of actual expenditure against the budget provision, so that at any point of time it becomes easy to obtain accurate information on the availability of funds or of progress of expenditure in relation to the budgets.

**Budget - as a Control Measure:**

Budget is a tool to control the financial discipline in the University. It comprises expected grants and receipts for various schemes to be implemented and its expected expenditure in a particular year.

Budget exercises control as shown below:

1. No expenditure shall be incurred by the Department / sections concerned in excess of the limits fixed and items not provided in the budget.

2. A budget provision is intended to cover all the charges, including the liabilities of past years, to be paid during a financial year or to be adjusted in the accounts of the year. Budget restrict to utilise the provision during the year only and hence any unspent balance lapses and shall not be available for utilization in the following year.
(3) Budget is a parameter where all items are provided under proper heads.

(4) A provision made for a particular item of expenditure is a deadline for to incur the expenditure. This can be watched by maintaining a classified register of expenditure in prescribed form. At the end of each month totals of each head shall be taken and tallied, with the expenditure as exhibited in the classified register of payment maintained.

In order to make the budget as an instrument to control the expenditure it is provided in Maharashtra Universities Act, 1994 that the financial estimate (budget) of the University, prepared by the Finance and Accounts Officer shall be laid before the Finance and Account Committee for consideration and recommendation and for submission thereafter to the Management Council for such action as it thinks fit.

The budget shall be prepared in the following three distinct parts

(i) maintenance;

(ii) development and

(iii) independent project or scheme or collaborative programmes grants;

Moreover, the Finance and Accounts Committee shall recommend to the Management Council the limits for the total recurring and non-recurring expenditure for the year, based
on the income and resources of the University, including proceeds of loans for productive work.

(5) The accounts follow the budget classification. For that purpose the budget should provide for classification in such details as may have to be displayed in the account books of the University. From the point of financial control, the process of classification can be made so elaborate as to give any information from the account books of the University. To quote an example, the Dr. Babasaheb Ambedkar Marathwada University budget has made a provision on T.A. to the Committees. It has been the experience that selection Committees appointed for selection of teaching staff consume a lot of this provision as members, coming from long distances generally travel by air. Since no separate head of account is provided for T.A. to the selection committees, the University has to face criticism for the larger amount spent on T.A. to various committees. It is thus essential to provide a separate budget head for the selection committees with a view to avoid such criticism and also to give out the information on expenditure from the account books themselves.

Reappropriation, Supplementary Grants and Regularisation of Excess Expenditure:

The provisions incorporated in the Budget estimates specify the limits to the amounts of expenditure which can be
incurred on the services or items specified. Within the overall limits it may not always be possible to conform exactly to the amounts allotted under the subordinate heads and there may be saving available under some sub-heads while under other there may be excesses. It is possible to meet the latter by utilising the former with the formal order of the authority authorised in this regard. This procedure is known as reappropriation.

The budget estimates as approved by the senate of the University is the real authority for sanction of budgetted income and expenditure from the University fund and any modification therein should normally be made only with senate's concurrence. This is not practicable as the University senate does not meet very often and modifications are, in practice, made with the concurrence of the Management Council and are submitted to senate afterwards for ex-post-facto sanction.

The proposals for reappropriation i.e. reduction of budget grant under the one or more budget heads and for increasing the allocation under other heads of account are received by the Finance and Accounts Officer who examines them and submits them for consideration by the Finance and Accounts Committee and the Management Council. If there is no time to wait till these bodies meet, the vice-chancellor by invoking the provision of section 14(7) of the Maharashtra Universities Act, 1994 can approve the reappropriation. The powers of reappropriation from one sub-
head or detailed head to another such sub-head and detailed head within the same major head is delegated to the vice-chancellor on the following conditions:

(i) that such reappropriation is not from recurring head to non-recurring head or vice-versa.

(ii) that the reappropriation is not meant to utilise the amount by creating new head in the financial estimates.

A few supplementary grants are also approved in the same manner but most of them are incorporated in the revised budget when annual financial statement for the next year is prepared.

Inspite of these precautions, the actual expenditure exceeds the revised grants in many cases and the Accounts Committees of the universities have commented adversely on such unauthorised expenditure. A statement showing the excess expenditure over the budget provision is presented before the Finance and Accounts Committee then to Management Council and then to senate for final approval.

The devices of reappropriation and supplementary demands are necessary with a view to facilitate minor adjustment for smooth running of the universities without reference to the senate, every time the necessity arises. No new expenditure should be incurred by reappropriation of budget grants. Similarly, the reappropriation or supplementary grants should not be used for
restoring a provision which had seen specifically reduced by the senate. Similarly, reappropriation should not be used for diverting earmarked funds for recurring expenses.

It is necessary to have some sort of budgetting discipline in the universities. The issues here are whether:

(i) some restrictions should be imposed on the inclusion of new items of expenditure in the budget;

(ii) some constraints can be imposed on the magnitude of variation between the original and the revised budget and between the revised budget and the actuals;

(iii) the universities should be advised not to have a deficit budget and to have at least a prescribed minimum of surplus at the end of the year; and

(iv) zero based budgetting technique should be introduced in the process of formulation of the budget.

University often appear to be eager to expand their departments and activities in a rather hasty way considering their financial position. If such hasty proposals are considered and implemented during the course of the year the whole exercise of preparation of the budget is likely to prove futile.

University should therefore, make statutes, that no new expenditure, not provided for in the original budget, should be proposed for implementation during the current year. The proposals for new expenditure to be incorporated in the subsequent
year's budget should be submitted very much in advance and in any case before the end of August every year. The proposal should specially bring out the financial implications and the provisions necessary in the budget. The proposal should also give academic/technical details of the scheme so that it can be considered in all its aspects.

It is observed that the budget estimates of the University do not practically show any close approximation to the actuals. The result is that the budget is rarely used as an instrument of financial control. It is true that estimates of income are often conservatively deflated. But the variations of upto 300% reduce the credibility of the estimates. Similarly, large excesses over the originally budgetted expenditure are an indication that either the original estimates are prepared without much careful thought or that no serious effort is made to stick to the budget.

It is therefore, advisable to apply some restrictive limits over which the budget and actuals or the original and revised estimates should not vary. Such limits may have to be adopted by statutes binding all the authorities connected with the budget and expeditious control. Normally, there should not be a variation of more than plus-minus two percent between the budget and the revised estimates and of not more than plus minus two percent in the revised estimates and actuals. These limits are suggested to overall total in order to reduce the reappropriation proposals.
Outstanding liabilities:

What is outstanding liability?

Outstanding liability means the expenses due for payment on the close of financial year.

Universities are presently following Cash Accounting Systems. The actual receipts and the actual expenditure incurred during the financial year are considered in this system of accounting.

Problems of outstanding liabilities:

Universities have so far found it difficult to manage the expenditure within their incomes with the result that at the end of the financial year many claims which are due for payment and for which the budget had clear provisions are deferred to meet some other claims considered for payment as a higher priority. We may refer to these deferred claims as outstanding liabilities.

The claims which are due for payment pertaining to the said financial year are not provided in the accounts as it may result in excess expenditure over the budget provision and sometimes increase in deficit also. As far as cash accounting system is concerned it does not show a correct and true picture of a particular financial year as no outstanding liabilities nor accrued receipts are taken into account while preparation of final accounts.

Some universities have tackled this problem by making provision for such payments by raising debits against the likely
savings from other budget grants. Such a provision for outstanding liabilities has been a regular feature of the accounts of the S.N.D.T., University. Poona University also resorted to this practice a few years ago with the approval of the Management Council, an outstanding suspense account was created by debiting the unutilised budget grants.

Other excess expenditure is reflected in the annual accounts but the expenditure incurred to meet the outstanding liabilities is not so reflected as it goes to reduce the credit given to the outstanding liabilities account without in any way reducing the budget grant available for current payments. The practice of making such a provision in the accounts for meeting the outstanding liabilities can not, therefore, be treated as legally correct and it should be stopped, wherever it is in vogue. The outstanding liabilities emerge as a result of shortage of liquid cash for making payments. This shortage may be give to wrong estimation or non-realisation of income. The creation of outstanding liability in accounts without making corresponding provision in the budget for meeting it is an unhealthy practice.

The only solution to this problem is to allow the current budget provisions to lapse at the close of the year if liquid resources are not available to use them fully and to make suitable provisions in the ensuing budget to take care of such deferred payments.
The universities instead of debiting the budget provisions without making payments as is done while making provision for out-standing liabilities, should make a lump provision under the head ‘provision earmarked for payment of outstanding liabilities’ based on the estimated outstanding liability at the end of the current financial year, in the annual financial estimates of the ensuing year. It further stated that this unallocated provision should be used specially for making out-standing payments of the past year and should not thereafter be used to supplement any current provisions made in the budgets.

Budget document itself comprises of so many figures. Sometime the figures themselves are not intelligible. Therefore it is recommend that budget notes should be an essential component and should form part of the printed document. It should give details of everything which has important bearing on the financial working of the University and leave out small insignificant changes which can be of no serious effect on the University finances.

Deficit Budget:

The University should not prepare Deficit Budget. Inshort Deficit Budget means the expenditure over income. The Budget means the expected income and expected expenditure of a particular year. While preparing budget it is to be ensured that the expected income is going to be received in a financial year. The expenditure items estimated to be booked should not in any
case exceed the expected income of the University. If the universities are preparing the deficit budget, there is no way to receive more than the fixed income or grants from Government to meet the expenses. In practically speaking the budget if shows deficit, no such position arises that all expenditure which was estimated in a year is booked. Hence, the question of meet the deficit does not arise. Some times the deficit budgeting also leads to postponement of the required expenditure. No grants are received to meet the deficit, the practice of preparing deficit budgeting needs to be discontinued.

**Surplus Budget :**

Prudence demands that the expenditure should be kept within the income of the University. The system of salary grants takes care of salary payments at least the approved staff of the University. The research projects and development schemes financed by the funding agencies and the State Government, can also be treated as self-financing even though sometimes there are delays in receipts of funds. The financial position of the University can, therefore, remain sound, if the University endeavour to keep the expenditure on university administration, teaching and examinations within the overall limit of their income. In practice, deficit budgets continue to be prepared, perhaps in the hope that the government would ultimately come forward with a helping hand. University should make statutes not only for balancing the
figures of expenditure and income but also for keeping a prescribed minimum surplus of income over their expenditure. Section 139 of the Maharashtra Zilla Parishad and Panchayat Samities Act, 1961, lays down that no budget estimate of a Zilla Parishad and no reappropriation of budget item shall be approved unless provision is made for such Zilla Parishad having at its credit at the end of the financial year a balance of not less than five thousand rupees or such higher amount as the State Government may, by general or special order, specify in this behalf. The Municipal Corporation Acts also have a similar provision.

It shows that the work relating to the budget is not considered as a continuous job. In fact, work relating to the budget does not end with its preparation. During the course of the year, several decisions are taken and many of them have some impact on the current and future budget. It is necessary to keep a track of all such decisions throughout the year. Similarly, it is necessary to keep a close watch on the progress of expenditure with reference to the budget grants. At the beginning of the year, it is necessary to look into all the heads of accounts where the actual expenditure has exceeded the grants sanctioned, with a view to regularise such expenditure by obtaining ex-post facts sanctions for such excess. Somewhere in the middle of the year, it is essential to examine all the programmes and items of expenses which are likely to appear for the first time during the ensuing year.
Performance Budget:

University budget, at present -

i) emphasises only the financial aspects;

ii) does not highlight the purposes to be accomplished;

iii) does not interrelate financial allocations with physical targets or achievements;

iv) weakens the cost-consciousness of the spending agencies;

v) does not furnish adequate information; and

vi) is not, therefore, useful for programme management.

University Budget, at present emphasises only financial aspects. However Commission's recommendations and their incorporation in the 1950 Act on Budgeting and Accounting procedures introduced performance budgeting at all levels of Government in the U.S.A. Later the U.N. and its agencies launched a campaign for modernization of the financial systems all over the world. The U.N. brought out a manual for programme and performance budgeting in 1966. In India, the first demand for introduction of performance budgeting was made as early as in 1954. In 1958 the Estimates Committee of Loksabha had suggested its gradual introduction by stages without any serious budgetting dislocation. The Administrative Reforms Commission in its report on Finance, Accounts and Audit 1968, recommended the introduction of performance budgetting in India. As a result, performance budgetting has now been introduced in all
development departments of the Government of India and also those of the Government of Maharashtra.

These performance budgets prepared by various departments are however, presented as additional information documents and do not seem to have, as yet, replaced the traditional budget formats for operational purposes. The Government of India introduced from April 1974, a revised accounting structure to suit the purposes of Management as well as the requirements of financial control and accountability. The revised five-tier classification of accounts has provided facility for monitoring and analysis of expenditure on functions, programmes and activities to assist the management.

The annual performance budget is, in fact, a work plan specifying the programme targets to be achieved by the implementing agency during the financial year. It correlates physical targets to financial allocations. It provides information on:

(i) What is proposed to be done?
(ii) How much of it?
(iii) At what cost? and
(iv) With what results?

The arrangement of information in the performance budget is generally as under:

1. Introduction giving outline of the main purpose of the Department / unit,
2. Details of establishment sanctioned;
3. Overall performance;
4. Programmewise details of budget estimates and

It can thus be seen that side by side with the budget allocations, the performance is also projected. This simultaneous display of budget and performance helps the reader in understanding the proposed activity and the funds provided for it.

Since the information given in the performance budget is displayed in the same manner as in the case of financial budget i.e. the information relates to the three financial years, the completed last year, current year and the ensuing year, the reader can see the past performance and the current performance and can easily see whether the projected performance is practical or otherwise.

The performance budget can also be used by University authorities for the purpose of ascertaining the administrative efficiency with which the activities of any department / unit are carried out and as a tool for improving the performance from year to year by suggesting various measures for improving the efficiency or by removing any difficulties that may be hampering the performance.

The preparation of performance budget at each level in the organisational heirarchy leads to clearer demarcation of
functions and responsibilities at all levels. The involvement of officers at all levels in the formulation of the performance budget motivates them to implement the programme more efficiently. This in turn also provides for better accountability for tasks and targets.

The performance budget is not wholly a financial document even though a reference to budget allocation is made in it. The performance budget should be prepared by each department or division in consultation with the Finance and Account Officer and the Director, Board of College and University Development.

It may be necessary to frame statutes under which the performance budget should be prepared and placed simultaneously with the Annual Financial Statement before the senate.

A performance budget can be useful and lead to the achievement of results with economy and efficiency only if the various levels of management in the University perform and accomplish their tasks. Much would depend upon the strength of purpose of those who have to use the performance budget as a tool. The performance budget can be an effective means for harnessing the energy of every one associated with the university management for improved performance.

In short Budget is an expression of a University's plan in financial form for a period of time in future, it is an estimate of the future needs calculated for a definite period. It anticipates
income for a given period and costs as well as expenses of obtaining this income are set or limited with the idea of earning a desired surplus or as an aid in controlling losses.

The budget system, is both a 'plan' as well as 'control', and therefore it also includes within its broad scope 'Budgetary control' which has been defined by the International Management Institute's Conference on Budgetary Control held at Geneva in 1930 as "an exact and rigorous analysis of the past and the probable and desired future experience with a view to substituting considered intention for opportunism in management". 4 Thus, broadly speaking, it can be said that budget is concerned with policy-making while budgetary control results from the implementation of that policy. However, for some, Budgetary control "is a system of controlling costs which includes the preparation of budgets, coordinating the departments and establishing the responsibilities, comparing actual performance with that budgeted and acting upon results to achieve maximum profitability."

To conclude, the preparation of financial plans and budgets for the University or institution as a whole and for each individual unit constitutes an important management tool:

- for co-ordination
- for control and
- for evaluation.
CONCLUSIONS AND RECOMMENDATIONS:

It is observed that the guidelines of the financing agency differs from one to another but the basic principles for utilisation of grants are the same. It is recommended that money so received as grant from the financing agency are to be used strictly in accordance with the terms and conditions granted for its utilisation by the granting agency. Following may be said as line of action to improve upon the financial management of University finances:

Economy is to spend the least, not to spend more than what the occasion demands. In a country with low per capita income, this principle has a special importance and the tendency to spend excessive sums on furnishings, ceremonial functions, entertainment, etc. must be resisted.

The type of the budget and the classifications used are nevertheless, on the lines of those still in use by the central and State Government. Performance Budget is one of the supplementary budgetary devices introduced both by the central and State Governments, to make up the above mentioned deficiencies and to make it an effective tool for programme management. The issue is that the performance budget should be introduced as a component of the University budget also. University should introduce performance budget converying all of
their activities and programme. The education and finance departments of the State Government may have to set up a joint cell of experts to guide and assist the universities in the introduction of the performance budgets.

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