

Jandhyala B.G. Tilak

**UGC CONFERENCE
OF
VICE-CHANCELLORS, 1992**

**THEME
FINANCING OF HIGHER EDUCATION**

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UGC CONFERENCE OF VICE-CHANCELLORS, 1992
ON
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PREFACE

Higher Education in India is facing a serious financial crisis. No amount of window dressing can hide the fact that because of this unprecedented financial crisis, no worthwhile development programme can be undertaken. We have, therefore, to make efforts to generate resources for the development of higher education.

This theme paper has been prepared to give a realistic picture of the finances of the Indian universities. We earnestly hope that the broad spectrum of issues presented in the **Theme Paper** will throw some light on the urgency and alternate strategy for raising resources for education in order to sustain the volume and quality of educational infrastructure in the country.

For the development of this **Theme Document**, the Commission appointed a **committee** consisting of :

1. Professor S. Bhattacharya, Vice-Chancellor, Visva Bharati, Santiniketan.
2. Dr. K. Jaya Shanker, Vice-Chancellor, Kakatiya University.
3. Dr. Om Nagpal, Chairman, M.P. Uchha Shiksha Ayog, Bhopal.
4. Shri M.R. Kolhatkar, Adviser (Education), Planning Commission, New Delhi.
5. Dr. J.B.G. Tilak, Senior Fellow, National Institute of Educational Planning & Administration, New Delhi.

6. Rev. Fr. Dr. I. Joseph Jacob, Secretary, Loyola College, Madras.
7. Dr. M.M. Ansari, Joint Director, Association of Indian Universities, New Delhi.
8. Dr. Mukhtar Singh, Principal, Agra College, Agra.

This is not a Policy Document of the UGC. Its purpose is to generate discussion for evolving a strategy for raising resources for higher education..

I thank all members of the committee for their contributions. I am appreciative of the hard work put in by my colleagues, Dr.P.B. Tripathy and Dr.M.D.. Twari, in preparing the final version of this document.



Professor G. Ram Reddy

Chairman

University Grants Commission

POINTS FOR DISCUSSIONS:

- (i) Over the years the universities' dependence on Government funds is rapidly increasing
- (ii) The extent of resource mobilisation by the university sector from non-governmental sources is extremely low.
- (iii) Universities with large number of affiliated colleges or with departments of Correspondence Courses have income generated out of the examination fees and student fees;
- (iv) The share of income from the tuition fees & others has generally declined;
- (v) The flows to the State sector institution of the University system are effectively reducing.

I

**AN OVER-VIEW OF THE HIGHER EDUCA-
TION SYSTEM**

AN OVER-VIEW OF THE HIGHER EDUCATION SYSTEM

INTRODUCTION

The traditional oriental system of higher education in our country through the medium of Sanskrit, Persian or Arabic, was replaced by the Western model towards the beginning of 19th Century with the establishment of English schools and colleges. The first three universities in India were established in the three port cities of Bombay, Calcutta and Madras in 1857, obviously as these were the main centres of activities and entry points in British- India.

When India attained independence (1947), there were 25 universities and about 700 colleges with a total enrolment of about 1.06 lakhs. Although this enrolment was inadequate and small compared to the population in the cohort age group, it provided high quality education of an internationally comparable standard.

With the advent of independence it was realised that the quality of education which was being imparted in universities and colleges was not suited for providing the right kind of trained and qualified manpower which the country needed for its rapidly industrialising and developing economy. Therefore, earnest efforts were made to bring about changes in the educational system by introducing various innovations. It was also realised that the educational system needed expansion to provide manpower to various productive and socio-economic sectors of the society for building a self-reliant India.

Our five year Plans started in the year 1950-51 and higher education formed a part of this plan. This had two major implications i.e. the role of state

government became more important and the role of private investment became less important for growth and development as well as sustenance of the higher education. Until 1976, when education was made a concurrent subject for both Centre and the States by the 42nd amendment to the Constitution of India, the state government was responsible for structuring and funding education, while the responsibility of coordination and maintenance of standards of higher education was vested with the Central Government. After education became a "concurrent subject" the role of the Central Government in allocating resources to educational institutions assumed greater significance.

After independence the aspiration of people to have access to higher education greatly increased. This was mainly due to two factors i.e. demographic and social. A steady growth in population at the rate of 2.5 per cent per annum had its unavoidable effect on demand for access to higher education. Secondly, before independence higher education was accessible only to the children of the upper class society. Therefore, there was a strong demand from the deprived section of the society for access to higher education as this was perceived to enhance their economic and social status.

Thus, began a phase of expansion of universities and colleges in the country to meet the increasing demand for equity and equality to have access to higher education.

GROWTH OF EDUCATIONAL INSTITUTIONS

The Table 1 gives the growth of higher education institutions in the country after Independence.

TABLE 1

Year	No. of Universities (including Deemed Univs)	No. of Colleges
1947-48	25	700
1950-51	30	750
1960-61	49	1537
1965-66	73	2572
1970-71	93	3604
1975-76	111	4508
1980-81	123	4722
1985-86	149	5723
1990-91	177	7121

From the above table it will be seen that during the decade 1950-51 to 1960-61, the increase in the number of universities and colleges was not much. The real growth in the number of institutions took place during the decade 1960-61 to 1970-71, during which the number of universities nearly doubled and that of the colleges was increased by about two and a half times. Thereafter, the rate of growth took place at a slower pace during the period 1970-71 to 1980-81 during which 30 new universities and about 1100 colleges were established. However, during the period 1980-81 to 1990-91 again there was an upsurge in establishment of new universities and colleges. As many as 54 new universities were established during the period and the number of colleges increased by 3517.

GROWTH IN ENROLMENT SINCE 1960-61 to 1990-91

In reality 1960-61 could be taken as the base year for showing the progress of higher education in the post-independent era. It is not that the enrolment was static during the period 1950-51 to 1960-61. Taking the higher educa-

tion as a whole increase was from 2.63 lakh in 1950-51 to 6.45 lakh in 1960-61.

The enrolment for the period 1950-51 to 1990-91 is given in Table 2.

TABLE 2
HIGHER EDUCATION ENROLMENTS (1950-1990)

Year	Total Enrolment	Men	Women	% of Women
1950-51	263,000	234,070	28,930	10.1
1960-61	645,000	535,000	109,000	16.9
1965-66	1,094,000	895,000	200,000	18.3
1970-71	1,953,640	1,522,818	4,030,822	22.1
1975-76	2,426,109	1,830,947	595,162	24.5
1980-81	2,752,437	2,003,912	748,525	27.2
1985-86	3,570,897	2,512,285	1,058,612	29.6
1990-91	4,425,247	2,988,660	1,436,887	32.5

Source UGC Annual Reports.

From the available data, it may be seen that during 1960-61 the annual growth rate of enrolment was 13.5 per cent. This trend continued upto 1970-71. An annual compound growth rate of 13.4 per cent has been observed during sixties. The period 1970-71 to 1975-76 showed a growth rate of 4.4 per cent and it came down to 3.9 per cent in the period 1975-76 to 1981-82. From 1981-82 the student enrolment increased by over 5%

average each year upto 1985-86. However, the annual growth of student enrolment from 1986-87 till date has been between 4.1% to 4.2% each year. It is estimated that if this rate of growth continues, the total enrolment at the end of 1995 should be around 60 lakh students.

Another notable feature which can be seen from the preceding table is that the share of women which was 10.11 of the total enrolment in higher education during 1950-51 has been progressively on the rise and at present womens' share is about one third in the total enrolment.

FACULTYWISE BREAK-UP OF ENROLMENT

The percentage of enrolment in different faculties is given in Table 3 below.

TABLE 3
Facultywise Enrolment
(Percentage to the Total Enrolment)

Year	Arts	Science	Comm	Engg. Tech.	Med.	Edn.	Ag.	Others	Law	V.Sc.
1960-61	44.90	30.00	10.20	3.60	2.70	1.50	1.30	3.00	2.30	0.50
1965-66	40.90	32.80	9.60	4.90	4.10	1.90	2.90	0.50	2.20	0.40
1970-71	44.30	31.70	11.50	3.00	3.30	1.80	1.40	0.40	2.30	0.20
1975-76	44.50	19.20	17.10	3.90	4.30	3.10	1.20	0.40	5.80	0.20
1980-81	40.60	19.40	20.20	4.70	4.00	2.50	1.50	0.60	6.30	0.20
1985-86	40.40	19.60	21.90	4.90	3.40	2.30	1.10	0.80	5.30	0.30
1990-91	40.40	19.60	21.90	4.90	3.40	2.30	1.10	0.80	5.30	0.30

The faculty-wise enrolment after 1960-61 has undergone changes mainly in distribution of students between science and commerce. From 1960-61 to 1970-71 the share of science subjects was between 30 to 33 per cent and thereafter it has started to decline. Between 1975-76 till date it has remained almost static, the total share being 19.20 to 19.60 per cent. The share of commerce faculty to the total enrolment has increased significantly over the last 30 years from a total share of 10.2 per cent in 1960-61 it has now gone up to 21.9 per cent. The shift is essentially from science to commerce faculty. The other feature is there was an upward trend in the enrolment of Law faculty from 1960-61 to 1980-81 and thereafter it has shown marginal decline but remained static during the last 6 years. The share of Engineering, Medicine and Agriculture remained almost at the same level over the last 30 years. This is a clear indication that the emphasis is to obtain degree with soft subjects.

The preceding table showed the over-all distribution pattern of students between different faculties. In so far as enrolment of women in different faculties is concerned, it is seen that their share in faculty of Education is the highest (53.4%), followed by Arts (44%), certificate and diploma courses (39.4%), Medical Sciences (32.3%). The lowest share is in subjects like Engineering and Technology and Agricultural Sciences (7.8%). A typical sample of the faculty-wise enrolment for the year 1990-91 and the enrolment and percentage of women students is given in Table 4.

TABLE 4**HIGHER EDUCATION ENROLMENT BY FACULTY (1990-91) :
Enrolment and Percentage of Women Students**

Faculty	Total	Women	Percent of Women against Total
1. Science	869,119	289,417	33.3
2. Engineering/ Technology	216,837	17,130	7.9
3. Arts/Humanities	1,789,480	784,360	44.0
4. Commerce/ Business Admn.	969,882	201,735	20.8
5. Medicine	150,458	48,598	32.3
6. Law	234,538	23,454	10.0
7. Education	99,613	53,193	53.4
8. Agriculture	46,908	3,377	7.2
9. Veterinary Science	11,063	907	8.2
10. Other	37,349	14,716	39.4
Total :	4,425,247	1,436,887	32.5

Source : UGC. Annual Report 1990-91.

This is a clear indication that general attitude of women is to go either for teaching profession or to practise medicine as well as to obtain suitable job with certificates/diplomas.

ENROLMENT BY LEVEL

Level-wise distribution of students is given below (Table 5).

TABLE 5
Distribution of Levelwise Enrolment in Higher Education
(1950-51 to 1990-91)

(Enrolment in 000)

Year	Unergraduate*		Postgraduate		Research		Certificate/ Diploma	
	Enrol- ment	% to total	Enrol- ment	% to total	Enro- ment	% to total	Enro- ment	% to total
1965-66	944*	54.6	100	5.3	5	0.5	14	1.3
1970-71	1746*	58.2	161	5.4	13	0.40	33	1.1
1975-76	2147	88.5	220	9.1	18	0.70	41	1.7
1980-81	2401	87.2	273	9.9	32	1.20	45	1.7
1985-86	3179	88.2	338	9.4	40	1.10	48	1.3
1990-91	3899	88.1	420	9.5	49	1.10	58	1.3

* Does not include P.U,P.P. and Intermediate which accounts for about 35% of total enrolment. (This explains the difference between Table 2 and Table 5).

From the above it may be seen that out of the total enrolment, the share at undergraduate level is about 88 per cent and has remained almost constant over last 30 years. The enrolment at the Postgraduate level was 5.3 per cent during 1965-66. Thereafter it increased marginally and during the period 1975-76 till date remained around 9.5 per cent with marginal variations. The most notable feature is that the enrolment in research which was only 0.5 per cent of the total enrolment in 1965-66 started increasing from 1975-76 and has remained steady between 1.1 to 1.2 per cent between 1985-86 to 1990-91.

ENROLMENT OF SC/ST

After independence a number of measures have been taken to encourage SC/ST students to avail of higher education facilities. However, in spite of encouragement and incentives the percentage of SC/ST enrolment has not substantially increased. Data is available for the period 1964-65 to 1977-78 which is given in Table 6.

TABLE 6
Percentage of SC/ST Enrolment to Total Enrolment

Year	All Education	General	Professional
1964-65	10.8	5.5	4.3
1965-66	10.9	N.A.	N.A.
1970-71	10.6	6.1	5.5
1975-76	11.4	7.9	6.0
1976-77	11.8	7.3	6.5
1977-78	12.6	7.7	6.8

N.A. = Not Available.

From this it can be seen that within a span of 12 years the percentage of SC/ST students in higher education as a whole has increased from 10.8 to 12.6. However, in professional stream due to reservation policy the share

for the same period has increased to 6.8 per cent in 1977-78 as against 4.3 per cent in 1964-65.

TEACHING STAFF IN HIGHER EDUCATION SYSTEM

Commensurate with the expansion in the enrolment in higher education the number of teaching staff in the universities and colleges has increased considerably over the last three decades the details of which are given in Table 7 and Table 8.

TABLE 7
No. of Teaching Staff In Univs. & Univ. Colleges

Year	Professor	Reader	Lecturer	Demonstrator	Total
1965-66	1273 (8.9)	2115 (14.8)	9710 (68.0)	1193 (8.3)	13291 (100)
1970-71	2139 (9.9)	3324 (15.4)	14389 (66.5)	1767 (8.2)	21619 (100)
1975-76	2996 (9.5)	5484 (17.3)	20658 (65.3)	2486 (7.9)	31624 (100)
1980-81	4123 (10.3)	7900 (19.8)	25758 (64.4)	2183 (5.5)	39964 (100)
1985-86	6501 (13.1)	13279 (26.8)	27789 (56.1)	1992 (4.0)	49561 (100)
1990-91	7509 (12.8)	15369 (26.2)	33437 (57.0)	2346 (4.0)	58661 (100)

Figures in brackets indicate percentage

TABLE 8
No. of Teaching Staff in Affiliated Colleges

Year	Senior	Lecturer	Tutor/Demonstrator	Total
1965-66	10211 (14.5)	50837 (72.2)	9337 (13.3)	70385 (100)
1970-71	13185 (12.3)	80468 (75.0)	13604 (12.7)	107257 (100)
1975-76	16513 (12.1)	106243 (78.1)	13243 (9.8)	135999 (100)
1980-81	15559 (9.9)	134019 (85.0)	8100 (5.1)	157718 (100)
1985-86	26413 (14.7)	145728 (80.9)	7934 (4.4)	180075 (100)
1990-91	28421 (13.9)	167047 (81.7)	8996 (4.4)	204446 (100)

Figures in brackets indicate percentage.

Lastly, it may be pointed out that higher education is imparted by colleges and universities through their own teaching departments. As per the data available during the year 1990-91 the enrolment in university departments and their constituent colleges was 7,32,444, which constitutes 16.6 per cent of the total enrolment for the year and the remaining 83.4% was in affiliated colleges, which accounted for an enrolment of 36,92,803. Thus affiliated colleges play a key role in providing higher education.

II

FUNDING OF HIGHER EDUCATION

II

FUNDING OF HIGHER EDUCATION

In a country like ours where resources are limited, a great deal of caution should be exercised in allocating resources among various productive activities so as to yield maximum returns on investments. Deployment of resources for the promotion of education is generally treated as investment as its beneficiaries contribute towards socio-cultural development and economic growth. Higher education is increasingly being recognised as an important component of Human Resource Development, though wide variations exist in the actualisation of this concept. Further, the purpose of higher education has also undergone a perceptible change. Besides accommodating traditional aspects of contribution to and dissemination of advanced knowledge, the aspect of contribution of higher education to social and economic development also has been well recognised. The government which formulates education policy and prepares necessary perspective plans has also the responsibility of funding higher education.

While making allocation for the educational sector a number of parameters are taken into consideration, viz., public and private use of current resources, public expenditure on social welfare programmes including those relating to the promotion of economic growth and the required provision for such services as education, health, national defence. Again within the broad provision for education the quantum of allocations for various sub-sectors of education like primary, secondary, vocational, general and technical education have to be borne in mind keeping the manpower requirements, national priorities and resource position in view.

The main thrusts of the five year plans which started in 1950- 51 are to eliminate poverty, provision of basic need to people like food, clothing and

shelter, access to medical facilities for all and universalisation of primary education. While formulating plans, the main aim has been to create conditions for self-sustaining growth in terms of both the capacity to finance development oriented schemes and development of relevant technology so as to ensure progressive improvements in efficiency of various factors of production. In the realisation of these objectives, almost all plans have suffered from shortfalls in real terms. As a sequel to this there are cuts in the plan out-lays which distorted both priority areas of development as well as the appropriate linkages between different sectors of economy. This in turn has also its adverse effect on education sector which heavily depends on Government for financing. It may not be an over emphasis to state that of all socio-economic sectors, education has not been given due priority due to the misconception that this is a residual sector.

As regards deployment of resources on various developmental and non-developmental programmes, the data reveal that the share of non-developmental expenditure has substantially declined from 68.8 percent in 1950-51 to 49.2 percent in 1988-89, whereas the corresponding share of development expenditure has increased from 28.7 percent to 48.5 percent over the respective years. The share of other expenditure has however, remained around 2.5 percent or so over the last three and half decades.

The break-up of expenditure between Centre and States indicate that while the Centre spends more on non-developmental activities, the States incur a relatively high proportion of expenditure on development activities. However, the Centre is making a positive attempt to increase its share on development expenditure as evidenced from the fact that it has increased from 9.4 per cent in 1950-51 to 36.9 per cent in 1988-89.

In this context it is worth pointing out that of the total development expenditure the share of education has come down from 7.6% in the first plan to 3.5% in the VII Plan.

While the educational expenditure of the central Government has declined from 8.3 per cent of the total expenditure in 1950-51 to 3.2 per cent in 1988-89, the corresponding share of the States has increased from 15.5 per cent to 21.9 per cent in the respective years. Though education being in the concurrent list is the joint responsibility of Centre and State, the effort of Centre for promoting education has declined.

EXISTING SYSTEM OF FINANCING GENERAL HIGHER EDUCATION

There are five different categories of higher education institutions, i.e.

- Central universities, which are established through Acts of the Parliament
- Institutions of National Importance - established by Central Government
- State universities - established through State legislation
- Institutions Deemed to be universities- recognised under Section 19 of the UGC Act, 1956.
- Colleges.

Central universities are set up by Acts of Parliament, certain Institutions called "Deemed to be universities" are given such status under provisions in section 19 of the UGC Act, 1956 and State universities by Acts of State legislatures, Colleges are generally established by voluntary or private organisations or State Government. University Grants Commission gives grants from the funds allocated by the Central Govt. to Central universities and some institutions deemed to be universities both for their plan and non-plan requirements. For State universities and colleges which are recognised under section 12B of the UGC Act, UGC provides only developmental grants and grants for specific schemes. The maintenance grants are met by the State Governments and from different kinds of income generated by such institutions.

The table 9 given below indicates educational expenditure by source.

Table 9
Educational Expenditure by Source

(per centage)

Year	Govt. Funds	Local- Body Funds	Univ. Fees Funds	Fees	Endowment & other Sources	Total
1950-51	57.1	10.9	-	20.4	11.6	100
1960-61	68.0	06.5	-	17.1	8.4	100
1970-71	76.2	3.6	1.4	12.9	5.9	100
1980-81	81.7	4.7	1.4	8.2	4.0	100
1983-84	81.5	5.6	1.6	7.5	3.8	100

From the above table it is obvious that during the last three decades the share of Govt. expenditure has increased considerably (by 24.4%) and the expenditure out of local bodies has been reduced by 5.3 per cent. The expenditure from out of fees has been reduced by about 13 per cent. This is a clear indication that due to static fee structure over the last 30 years the dependence on Government for meeting the expenditure on higher-education has increased substantially.

Expenditure pattern in the higher education Sector

Over the last 10 years, no detailed analysis has been made about various types of expenditure incurred by the universities and the Colleges. The universities are required to furnish the returns of income and expenditure to the UGC along with other details like staff strength and student enrolment in

different departments in a specified proforma every year. Unfortunately these information are received after long delay and many universities do not furnish this information. From the available data as furnished by the universities a random data of 29 universities including that of 5 Central universities have been collected and some of the basic items of recurring expenditure have been considered. The details of which are given in Table 10.

From the available data it is seen that on an average, the salary of teaching and non-teaching staff constitutes about 58 per cent of the total expenditure. But it varies considerably from one university to another. In some universities the salary component is as high as 70% and there are universities where the same is as low as 40 per cent. This reveals that the staffing pattern in relation to student strength is not uniform in all universities.

The second interesting feature is that the average expenditure on salaries for non-teaching staff is higher compared to that of the teaching staff though the salary scales of teachers are considerably high compared to non-teaching staff. This reveals that the non-teaching employees are more in number in the universities than the teaching staff. In fact, in universities like Banaras, Berhampur, Nagpur, Pune, the expenditure on salary of non-teaching staff is almost double that of the teaching staff. Excepting few universities like Allagapa, Bangalore, Karnatak, Manipur, Osmania, Pondicherry, Panjab, Sardar Patel (8 out of 29) in all other universities the non-teaching staff salary component is higher compared to that of the teaching staff.

The same table also shows the annual recurring expenditure for students averages to Rs. 27,590 per annum and there is considerable variation between the universities. In some universities it is as low as Rs. 6,000 p.a. per student whereas at the other end it is as high as Rs. 85,000 p.a. per student. There is a growing misconception that the annual recurring expenditure per student per annum is considerably high in Central universities compared to state universities. But the available data shows that in some state universities like Guru Nanak Dev, Karnataka, Kurukshetra, Panjab the

**University wise expenditure (Recurring)
on staff / student
(Reference year 1989-90)**

University	Teaching Staff	Students	Total Expenditure (in Rs. lacs)	Expense Teach Staff (in Rs. lacs)	Expense N.Teach Staff (in Rs. lacs)	Other Expenditure (in Rs. lacs)	% Expenditure on T.staff	% Expenditure on N.T.staff	% Expenditure on Others	Cost/student (in Rs.)
Aligarh	1145	12661	3157	945	1254	958	29.93	39.72	30.35	24935
Allagappa	93	547	155	62	19	74	40.00	12.26	47.74	20330
Amravati	21	628	143	4	41	98	2.80	28.67	68.53	22771
Anna	403	4896	857	320	261	276	37.34	30.46	32.21	17904
Banaras	1302	12207	4558	834	1766	1958	18.30	38.75	42.95	37330
Bangalore	456	8923	800	321	191	288	40.13	23.88	36.00	11556
Berhampur	127	1007	330	51	107	172	15.45	32.42	52.12	32771
Bhavnagar	48	878	192	42	57	93	21.88	29.69	48.44	21000
Bombay	266	8427	1265	287	436	542	22.69	34.47	42.85	19883
Delhi	939	* 12790	2015	546	859	610	27.10	42.63	30.27	15754
Guru Nanak	296	1936	952	284	333	335	29.63	34.98	35.19	49174
H S Gaur	238	5907	861	174	177	510	20.21	20.56	59.23	14576
Jammu	180	1527	444	120	194	130	27.03	43.69	29.28	29877
Karnatak	364	2903	1043	458	301	284	43.91	26.06	27.23	35920
Kerala	217	3370	963	129	479	355	13.29	49.79	36.97	29279
Kurukshetra	253	2597	1092	237	395	460	21.70	36.17	42.12	42049
Madras	382	2199	742	168	257	317	22.64	34.64	42.72	33743
Manipal	163	1481	264	95	48	121	35.98	18.16	45.83	17828
Marathwada	170	2129	512	76	218	218	14.84	42.58	42.58	24849
Nagpur	197	3729	631	145	285	201	22.98	45.17	31.85	16921
NEHU	238	1065	904	313	330	261	34.62	36.58	28.87	84883
North Bengal	486	2068	476	112	176	188	23.53	36.97	39.50	23017
Osmania	1015	11923	2551	1138	793	620	44.81	31.89	24.38	21386
Pondichery	115	823	216	52	54	110	24.07	25.00	50.93	26245
Pune	295	4531	963	121	217	625	12.56	22.53	64.90	21254
Punjab	695	4400	2035	769	530	736	37.79	26.04	36.17	46250
Sardar Patel	149	2038	362	170	81	111	46.96	22.38	30.66	17763
Shivaji	156	2365	148	4	41	103	2.70	27.70	69.59	6258
Vikram	114	1222	350	86	134	130	24.57	38.28	37.14	28842
		117177	28981	8062	10034	10885	759.46	934.01	1206.54	888144
Avg		4041	999	278	348	375	78.19	32.21	41.68	27591

* Includes PG Students of College.

recurring expenditure per student is much higher than some Central universities.

The data shown in Table 11 gives valuable information regarding student-teacher ratio, teaching to non-teaching staff ratio in universities chosen randomly.

This data clearly reveals that there is a wide variation between the ratio of students to teachers, the ratio of teaching staff to non-teaching staff the variation is marginal. As far as student to teacher ratio is concerned the variation is from a ratio of 2 student per teacher to as high as 25 student per teacher. But these are the extreme cases. Generally, in majority of the universities the student : teacher ratio is found to be of the order of 1:6 to 1:11. The proportion of non-teaching staff is about 3 to 4 times that of the teaching staff in most of the universities and this explains the total increase of salary component of non-teaching staff compared to the teaching staff. Here again the proportion of staff per student and the non-teaching employees per staff between central universities and state universities compares favourably.

Funding to universities by University Grants Commission

The first turning point in the higher education system in our country after independence came with the enactment of University Grants Commission Act, 1956 leading to the establishment of UGC as an autonomous apex body of the university system as a whole.

Through the name UGC was borrowed from the U. K., the objectives of UGC in India is quite different from that of the U.K. The most important feature is that unlike UGC* of U. K. , the UGC of our country is not concerned with grants alone, under the constitution of India, the legislative powers of the

* (Since replaced by Universities Funding Council (UFC))

Table 11

Ratio of Student to Teacher & Teacher to Non-teaching staff 1990-91

University	Student Enrol- ment Total	Teaching Staff Total	N-Teaching Staff Total	Student to Teacher	Teacher to Non-Teacher
ASSAM					
Gauhati	3076	351	1306	1:9	1:4
ARUNACHAL					
Arunachal	87	36	98	1:2	1:3
ANDHRA PRADESH					
Kakatiya	2451	235	481	1:10	1:2
Osmania	11782	1168	N.A.	1:10	N.A.
S.V. University	3085	603	1768	1:5	1:3
Sri Krishna- devanya	1600	186	472	1:9	1:3
Sri Padmavati Mahila	541	107	179	1:5	1:2
BIHAR					
Nalanda Open	120	10	23		
Patna	813	828	N.A.	1:1	N.A.
GOA					
Goa	1031	127	284	1:8	1:2
Gujarat					
MS Univ.of Baroda	22697	885	1952	1:25	2:2
Sardar Patel	576	193	317	1:3	1:2
Bhavnagar	949	64	52	1:15	1:1
HARYANA					
Kurukshtra	2501	453	1688	1:6	1:4
M.D. Univ.	3180	463	1755	1:7	1:4
HIMACHAL					
Himachal	2638	303	1067	1:9	1:4
JAMMU & KASHMIR					
Jammu	3208	238	823	1:13	1:4
KARNATAKA					
Bangalore	7686	488	1711	1:16	1:4
Karnatak	2886	311	182	1:9	N.A.
Mangalore	753	114	239	1:6	1:2
KERALA					
Kerala	3371	N.A.	N.A.	N.A.	N.A.
M.P.					
Devi Ahilya	811	N.A.	605	N.A.	N.A.
Ravi Shankar	1679	93	434	1:18	1:5
Vikram	999	142	981	1:7	1:7

MAHARASHTRA					
Amravati	614	15	380	1:40	N.A.
Bombay	6654	367	609	1:18	1:2
Nagpur	N.A.	354	1165	1:7	1:3
North					
Maharashtra	294	15	105	1:20	1:7
Poona	2367		1200	N.A.	N.A.
Shivaji	1799	192	798	1:9	1:4
MANIPUR					
Manipur	1415	174	362	1:8	1:2
PUNJAB					
Panjab	9640	766	3042	1:13	1:4
RAJASTHAN					
Ajmer	30450	18	282	N.A.	N.A.
Mohanlal Sukhadia	3002	235	282	1:13	1:1
TAMILNADU					
Bharathidasan	507	81	262	1:6	1:3
Madurai	1073	270	979	1:4	1:4
TRIPURA					
Tripura	563	50	118	1:11	1:2
U.P.					
Gorakhpur	12151	341	780	1:35	1:2
Kumaon	4464	261	127	1:17	1:2
Roorkee	2934	521	1542	1:6	1:3
WEST BENGAL					
Calcutta	11008	661	2698	1:16	1:4
North Bengal	1924	179	561	1:11	1:3
Rabindra Bharati	7585	138	355	1:54	1:3
CENTRAL UNIVERSITIES					
Hyderabad	1628	279	1186	1:6	1:4
NEHU	2382	382	1355	1:6	1:4
A.M.U.	N.A.	1167	5855	1:11	1:5
Visva-Bharati	2828	381	1733		
Delhi	12845	741	1140	1:17	1:2
Jamia Millia	6390	346	606		
B.H.U.	8312	2255	N.A.	1:4	N.A.
J.N.U.	3566	457	1180	1:8	1:3
Pondicherry	539	123	486	1:4	1:4

This data has been supplied by different universities in response to a letter to Vice-Chancellor by the Chairman, UGC.

State had been distributed between the Union List, the State List and the concurrent list. Though until the 42nd Amendment to the Constitution in 1976, education including technical education, medical education and general education, was on the State list, the Government in the Centre played important role for promotion and development of higher education. The universities that had already been instituted as Central universities such as Banaras Hindu University, Aligarh Muslim University were funded through the University Grants Commission both for their development and maintenance. Accordingly, as per the precedent established, any new Central university which is set up receive both developmental and maintenance grant from UGC. Further as enshrined in the constitution, the Centre was made responsible for Coordination and determination of standards in institutions of higher education. Thus, the UGC was expected to be Parliaments' watchdog body for the entire gamut of higher education system. This gave the UGC not only greater power but also higher responsibilities compared to its British counterpart.

UGC is providing funds from the Consolidated Fund of India through the Ministry of Human Resource Development, Department of Education. The total funds available to the Commission is given under two heads i.e. non-plan grant and Plan grant.

The non-plan grant is made available essentially to meet the maintenance grant of (a) 9 Central universities (excluding IGNOU, which is directly funded by the Govt.)(b) 10 Institutions Deemed to be universities and Colleges located in Delhi, payment of scholarships (partly) and to meet the establishment cost of UGC.

The total Non-plan grant received during the Sixth and Seventh Plan period and the distribution of the same is given in Table 12.

TABLE 12
Distribution Pattern of Non-Plan Grant of UGC

Plan	Total Exp.	Grant to Central Univ	Grant to Deemed Univ	Grant to Colleges	Continuing Schemes
		(Rupees in Crores)			
VI Plan	388	228 (59)	46 (12)	83 (21)	30 (8)
VII Plan	845	494 (58)	111 (13)	175 (21)	65 (8)

Figures in brackets indicate percentage

The amount of Non Plan grant provided to different central universities during the last 3 years is given in Table 13.

TABLE 13

**Position Regarding Payment Of Non-plan Grant To
universities During Last 3 Years And Recurring
cost On Students In Central Universities**

Sl No.	Name of Univ.	Non-Plan Grants Paid (Rs. in lakhs)			
		1988-89	89-90	90-91	Average
1.	Aligarh Muslim	2830.30	2971.90	3397.50	3066.60
2.	Banaras Hindu	3437.60	3617.10	4157.80	3737.10
3.	Delhi	2066.50	2015.50	2537.20	2206.40
4.	Hyderabad	523.50	616.90	685.80	608.70
5.	Jawaharlal Nehru	1098.70	1209.40	1320.70	1209.60
6.	NEHU	844.50	894.90	986.40	908.60
7.	Visva Bharati	800.40	845.20	961.80	869.10
8.	Pondicherry	11.50	7.20	290.65	103.10
9.	Jamia Millia	30.00	528.80	775.00	444.60

It has been seen that the recurring expenditure per student per annum in central universities is not very different from that of the State universities with comparable student and staff strength. As stated earlier for the universities as general, the amount of non-plan grant paid to the central universities for any particular year is more than 12-15% of the preceding year which is inescapable as the expenditure on salaries and allowances increase by more

than 7-10% and the rest is due to increasing cost of consumables, stationery and other charges. This annual inflatory trend is also noticed in the grant-in-aid pattern to the state universities.

Plan Grant of UGC and its utilisation

The Commission received a grant-in-aid of Rs.575 crores from the Government of India in the Ministry of Human Resource Development, Department of Education during VII Plan period for meeting its general Plan requirements as against a proposed outlay of Rs.13,00 crores. The total expenditure during the period was Rs.578.80 crores. The additional expenditure of Rs.3.80 crores was met out of the interests and recoveries, etc.

The Commission has grouped its Plan schemes (excluding Engineering and Technology) under five major sectors and the sector-wise expenditure of grants is as under during VIth Plan period:

	Total	For Univ	For Colleges	Non-Univ.	Establishment
		(Rs. in lakhs)		Inst.	
Sector A	3,127.65	2,763.34	364.31	-	0.02
Sector B	36,615.01	22,392.07	14,108.30	-	114.60
Sector C	16,764.72	13,880.92	1,519.72	-	364.20
Sector D	1,575.87	1,389.06	136.38	-	504.33
Sector E	796.94	5.60	508.90	39.22	243.22
Total:	57,880.19	40,430.99	16,637.61	39.22	772.37

Major Schemes covered under the Sectors are as under :

Sector A

Adult/Continuing Education, Womens Studies, Population Education, Restructuring of Courses.

Sector B

General development of universities/colleges; schemes for enhancing the corporate life in campus and orientation/training of teachers.

Sector C

Promote Research through schemes like Special Assistance Programme to departments, individual support to researchers through schemes like Major/Minor Project and provision of a variety of fellowships and awards to talented scholars, provision of computers, establishment of Inter University Centres; and selective support to highly developed departments for achieving excellence in teaching and research through COSIST scheme.

Sector D

Mass Communication, continuing education, programmes for SC/ST and weaker sections of the society.

Sector E

Autonomous Colleges, UGC's own establishment.

Since during 7th Five Year Plan fund was Rs.575 crores. The average annual plan size comes to Rs.115 crores. As against this, during 2 years after 7th Plan Commission received a Plan grant of Rs.123 crores during 1990-91 and Rs.138 crores during 1991-92.

An analysis of the distribution of 7th Plan grants between different categories of institution (or purpose) is as under :

Grants paid to Univs	Grants paid to Colleges	Exp. on Plan Establishment	Grant paid to non-univ institutions	Total
(Rupees in Lakhs)				
40,430.99	16,637.61	772.37	39.22	57,880.19
(70.0)	(28.7)	(1.3)	-	(100)

(Figures within brackets show percentage)

Analysis of Grants paid to Universitis (7th Plan)

(i) Distribution between universities/institutions (7th Plan)

There are three categories of the universities in the country, i.e. central universities, state universities and institutions deemed to be universities. During each Plan period grants are provided (to such of the universities/deemed universities which are declared fit for receiving central assistance in terms of Section 12 (b) of the UGC Act) for their general development

as well as for specific schemes. The overall position of grants paid to above three categories of institutions is as under :

Type of Univs	No.	Amount of Total Grant Paid during 7th Plan (Rs. in lakhs)	Percentage
Central	9(excl. IGNOU)	12,672.76	31.0
State	94**	23,393.89	58.0
Deemed Univs.	17	3,777.03	9.5
Non Univ.Inst. (IUC from 89-90)		587.31	1.5
Total		40,430.99	100.0

** Agricultural/Technical Universities which are not eligible to receive institutional grants are not included as such universities get small funds varying between 3 lakhs to few thousands for individual projects/schemes.

(ii) **Itemwise distribution of Grants**

For the general development of universities as well as for specific schemes, the Commission provides grants for 5 major components i.e. provision of additional staff in specialised areas, buildings (including that for class rooms, laboratories, hostels, libraries and staff quarters), equipment, books and journals and for miscellaneous items of expenditure like contingencies, unassigned grant, fellowships for research scholars and to meet the TA/DA

of visiting faculties, honorarium to adult educators, substitute teachers salaries under Faculty Improvement Programme.

The distribution of the total 7th Plan grant spent by the university sector between the above 5 major items is as under :

Item	Amount of Exp. (7th Plan) (Rs. in lakhs)	Percentage
Staff Salaries	3,570.44	8.8
Building	6,651.52	16.5
Equipment	14,631.71	36.2
Books & Journals	3,179.96	7.8
Scholarship/ fellowship, travel grant and Misc. Exp.	12,397.36	30.7
Total :	40,430.99	100.0

From the above, it will be seen that the Commission provides a substantial amount for purchase of equipment including computers with a view to modernise the laboratories and to remove obsolete equipment. Since many research equipment are imported from abroad, the cost of these is always related to the exchange rate and during the VII Plan due to steep escalation in Yen and dollar (US) value against Rupees, the cost of equipment increased significantly. The miscellaneous grant appears high as this includes many

items as stated above. The lowest amount of grant is provided for Books and Journals, which explains the poor condition of libraries in the country.

The consolidated position of Plan grant paid to eligible universities in different states is given in Table 14.

From Table 14 it may be seen that during the 7th Plan period the Commission has provided plan grants for general development and for specific developmental schemes to 96 universities (excluding universities which are not eligible to receive institutional development grants). The statewise details of such grants paid to universities during the 7th Plan period and the number of universities located in each state is also given in the Table.

From the above table it would be seen that all India average per university works out to Rs.2.44 crores. The States which received assistance above the national average are :

Punjab, West Bengal, Maharashtra, Karnatak, Gujarat, Rajasthan, Manipur, Haryana, Tamil Nadu, Andhra Pradesh

The States which are close to national average are :

Jammu & Kashmir, Himachal Pradesh, Orissa, Kerala.

The States which are below national average are :

Bihar, U.P., Assam, M.P.

The quantum of assistance given to Goa is comparatively less as the university was declared fit to receive grants at the middle of the 7th Plan period. Similar is also the situation with Tripura.

The share of UGC plan grant to central universities is considerably higher than the State universities. This is obvious as central universities do not have any other source to fall back upon for their development. The details of

TABLE 14

**POSITION REGARDING PLAN GRANTS PAID TO STATE
UNIVERSITIES DURING VII PLAN**

State	No. of Univs.	Grants Paid (Rs. in lakhs)					Total	Average Per Univ.
		1985-86	1986-87	1987-88	1988-89	1989-90		
Andhra	9	472.54	361.05	659.71	383.35	393.74	2,268.39	253.04
Assam	2	26.30	57.53	155.35	74.75	339.09	353.02	176.51
Bihar	7	113.35	121.35	256.72	217.41	172.19	881.02	125.27
Gujarat	6	192.96	277.00	432.03	361.83	324.58	1,588.40	264.73
Haryana	2	84.42	33.35	136.23	127.40	132.92	514.32	257.16
H.P.	1	22.04	31.16	35.75	87.50	49.66	236.11	226.11
J & K	2	60.86	86.10	77.78	131.01	115.15	470.90	235.45
Karnataka	5	155.98	133.86	329.06	430.18	326.58	1,375.66	275.13
Kerala	4	187.97	66.62	239.74	316.69	104.08	915.10	228.78
M.P.	9	244.11	263.52	417.13	430.49	393.40	1,748.45	194.29
Maharashtra	7	401.09	495.36	528.84	542.73	311.52	2,279.54	325.65
Manipur	1	34.98	49.95	73.72	32.28	63.27	254.20	254.20
Orissa	3	58.15	127.97	254.85	114.48	110.93	666.38	232.13
Punjab	3	751.92	142.-2	362.97	292.68	202.58	1,152.17	384.06
Rajasthan	4	144.56	165.24	227.10	191.66	286.26	1,014.82	250.71
Tamilnadu	9	370.33	201.92	642.05	555.78	511.64	2,281.72	253.52
Tripura	1					22.42	22.42	22.42
U.P.	14	528.58	378.85	843.24	468.40	335.43	2,554.50	182.46
West Bengal	6	370.28	468.40	522.61	327.95	290.25	1,979.49	329.92
Goa	1			24.35	15.51	14.12	53.98	53.98
Total	96	3620.42	3461.25	6219.23	5102.08	4499.81	23,402.79	243.78 *

* All India per University

development grant paid to central universities during the VII Plan period is given in Table 15.

TABLE 15
Position of Development Grant paid to different
Central Univeratlies during VII Plan Period.

Sl.No.	Univ.	(RS.IN LAKHS)					Total
		1985-86	1986-87	1987-88	1988-89	1989-90	
1.	AMU	166.73	212.01	328.59	98.05	184.17	989.55
2.	BHU	217.87	331.44	302.95	255.34	349.01	1456.61
3.	Delhi	202.32	212.54	258.60	202.92	531.50	1407.88
4.	Hyd.	339.24	181.20	336.32	133.20	203.03	1192.99
5.	JNU	642.87	686.40	861.36	1072.60	615.97	3879.20
6.	NEHU	212.57	207.54	196.18	160.33	205.83	885.45
7.	V.B.	100.39	76.51	124.81	40.34	101.97	444.02
*8.	Jamia	D.U.	D.U.	D.U.	123.40	212.99	336.39
#9.	Pondy	36.00	251.85	422.93	325.27	944.62	1980.67
G.Total:						12,672.67	

* This was given the Central University status during 1988-89. It was Deemed University prior to this

Established in 1985-86.

INCOME OF UNIVERSITIES

The universities mainly depend on fees, resource through consultancy and economising expenditure within the system.

Fees : Though there is not much data available the fee structure of universities, as many as 18 different kinds of fees are charged by the universities. Of these the most important are tuition, examination, laboratory, library and hostel fees.

From the data collected in 1983-84 from 43 universities it was seen that the undergraduate fees for Arts, Science and Commerce vary considerably from university to university. In nine universities, fees less than Rs.120 p.a. was being charged as tuition fees for students at undergraduate level. Twentyfour universities were charging tuition fees ranging from Rs.120 to Rs.180 p.a. 8 universities were charging fees ranging between Rs.200 to Rs.300 p.a. only two universities were charging Rs.350 to 400 p. a. as tuition fees at the undergraduate level. At the postgraduate level, 30 universities were charging between Rs.142 to Rs.180 p.a. while 17 were charging between Rs.300 to Rs.400 per annum as tuition fees.

From the available data it is revealed that the rate of tuition fees charged has almost remain static over nearly last three decades and it constitutes about 1-2 per cent of the recurring expenditure per student per annum.

Examination fees vary for different faculties, from the available data it is seen that the average fees charged for undergraduate and post-graduate level is Rs.55-65 for Arts, Science and Commerce. The laboratory fees is about

Rs.100 at the undergraduate level and Rs.150 at postgraduate level. The library fees charged is a nominal amount ranging between Rs.10-15 p.a. and the room rent for hostel is between Rs.100-120 per annum.

In a recent data (1989-90) collected by the UGC, it is seen that the amount of examination fees collected from students is not significant compared to the annual budget of the University. The difference between the fees collected and the expenditure incurred is not enough as an income source to meet part of the University budget. In fact, in some universities, the expenditure is more than the income. The details for some universities is given in Table 16.

TABLE - 16

Income on Examination fees & Expenditure
for Conducting Examinations.

University	Income from Exam. fees (Rs. in Lakhs)	Expenditure in Examination
Anna	12.00	9.6
* AMU	9.00	48.8
Berhampur	27.5	24.15
**Bangalore	129.00	192.00
**Madras	254.00	156.00
Marathwada	109.00	59.00
Nagpur	203.00	104.00
North Gujarat	11.5	12.8
* NEHU	18.00	22.00
Poona	478.00	289.00
Devi Ahilya	42.00	52.00
* Hyderabad	1.00	5.00
* JNU	0.13	6.24
* Visva Bharati	0.7	6.18
Jammu	37.00	19.00
Panjab	132.00	159.00
* BHU	11.00	39.00
Kurukshetra	85.00	64.00
Karnatak	97.00	119.00
Sardar Patel	10.00	21.00
Bhabnagar	8.00	14.00
**Kerala	303.00	169.00
Shivaji	150.00	51.00
Bombay	268.00	155.00
North Bengal	13.00	22.00
**Vikram	540.00	498.00
* Delhi	134.00	167.00
Allagappqa	03.00	02.00
Osmania	235.00	242.00

* In case of Central Universities, the expenditure on examination is more than the fees collected.

** The universities having larger number of affiliated colleges receiving higher income for the examination fees.

III

POLICY ISSUES

III

POLICY ISSUES

The system of higher education in our country cannot remain insulated from the general financial crunch which the country is facing today. There has been substantial investment in the education sector in the post independence period, from about Rs. 114 crores per annum to about Rs. 15,000 crores. Much of the increase has been neutralised by the inflation. In the case of higher education there has been a significant increase in the overall expenditure over the plans. The effective increase in investment however has been marginal. The Universities therefore have been incapable of providing the threshold level of infrastructural facilities like library, laboratory equipment (particularly replacement of the obsolete ones), chemicals and consumables etc. The expenditure on the man power resource of the university system has caused a constraint on availability of funds for other infrastructure facilities.

There are large variations in the ratio between teaching and non-teaching staff, teacher-student ratio etc. among the universities. Apparently, there are no well defined norms prescribed so far. This has resulted in over-burdening the expenditure profile of the universities with major distortions leaving no funds for other infrastructure facilities.

This necessitates the need of multi-pronged efforts for the generating resources for higher education through societal participation optimal

utilisation of infrastructure, and taking measures to avoid wasteful expenditures. Some of these issues are briefly discussed below :

Mobilisation of Resources

The main sources of University finances are : Government, Fees, and private contributions. It has already been mentioned that while the government's contribution has been increasing significantly, the contribution from fees and society endowments and donations has declined substantially. It is, therefore, necessary that steps should be taken to mobilise additional resources through fees and community participation in financing educational programmes.

Student Fees

The share of fees in financing higher education has declined steeply over the years. The present fee structure has remained almost static during the post-independence period. This has resulted in in-direct subsidy given indiscriminately to all regardless of evaluating the capacity to pay for education.

The fee policy should be rationalised. Theoretically, there is a very strong case for raising student fees as an important input to the part of cost of education. One of the suggestions that merits serious consideration is to have a differential fee structure depending upon the societal back up. Such a differential fee system would eliminate perverse effects of public subsidisation of higher education costs. It would also provide additional resources.

The differential pricing system should be based on (i) the cost fee disparity (ii) the share of fees (taking into account the net fee, i.e. fee minus scholarships) to the expenditure per student across disciplines and levels (iii) the family income of the student, and (iv) the likely benefits for a given type/kind of education.

It is admitted that there are serious operational difficulties in introducing a differential fee system. It is also difficult to realistically estimate the income levels of the non-salaried people. Present socio-economic situation also poses difficulty in this proposal. In spite of all these factors the system merits a trial if only to establish some semblance of relationship between the costs of education and the contribution that is made through tuition fees.

The foreign students studying in India also enjoy a huge subsidy on education, which India can ill-afford. It has been estimated that India is spending about Rs.20 crores per annum on these students as against which the returns from these students is hardly Rs. one crore (G.D. Sharma in an unpublished paper : Financing of Higher Education - Some Issues). Thus, the extent of subsidy to such students is about Rs.19 crores.

While it is tempting to realise the full costs of education from the foreign students, its international ramifications, particularly the loss of goodwill among the developing countries, whose nationals avail of our educational facilities, will need serious consideration. Further we have been discussing this matter with the Commonwealth against such differential of fee structure as in U.K. for Indian students to restore the student mobility.

Student Loans

An important pre-requisite for raising the student fees is to introduce a scheme of loan scholarships, so that the persons with limited means can take recourse to loans which may be paid after they are employed. The loan scholarship scheme has been in operation in India for the last two decades, but the number of loan scholarships has been stabilised at about 20,000 per annum. This is very inadequate, keeping in view the fact that the total enrolment at the higher education level is in the realm of about 4.5 million. It is necessary that the coverage of the loan scholarships should be increased in order to cover atleast 10% of the student enrolment at the higher education levels.

The loan scholarship scheme has been commended for various reasons like its capacity to generate a revolving fund, its potentiality to avoid wasteful expenditure and that the belief that it would develop self-confidence among the students. It has also been suggested that the students who are 'temporarily poor' while in educational institutions, are 'potentially rich' and they should be made to pay for higher education which they can receive at a very less cost. The loan scheme also involves a number of risk factors. It has been argued, with same justification, that it would retard the education of the disadvantaged sectors, particularly the girls, who would start life with a 'negative dowery'. The scheme also overstresses the linkage between education and employment, particularly in the Indian situation, in which the ever-increasing unemployment and under-employment among the educational persons precludes the possibilities of loan repayments. Further, there are a number of administrative problems in the implementation of the scheme. The credit market in India is not adequately developed to operate a scheme of this nature. Even in Britain with a highly developed system, the banks have refused to operate the loan scheme, which the British Government proposes to introduce in a big way as a substitute for the present grant system. The problem of recovery of loans is also very serious, particularly because the students may not find suitable jobs immediately after they complete their education.

The repayment could be streamlined by linking the payment with a 'graduate tax' or national insurance system or income tax.

Educational Cess

Educational Cess has been in vogue in several states. It is an earmarked levy to be used for a specific purpose. Usually a cess is levied as a fraction of some other tax, like property tax in the urban areas or land revenue in the rural areas.

There is an ample justification for earmarked special taxes. By assigning revenue from specific sources to education, expenditure on education can be increased. Further, the likelihood of diversion of resources from educa-

tion to other sectors is also substantially reduced. It has, however, been suggested that earmarked taxes and cess have a very limited tax base. Hence, revenue from these sources could be supplementary and not a substitute to financing from general tax revenues whose base is very wide. In case of education particularly, the earmarked sources provide a small fraction of the total requirements and education sector has to depend upon allocations from general tax revenues, making the role of earmarked taxes insignificant. Further, low levels of revenues alongwith the huge costs of administration and collection of earmarked taxes make the whole system of earmarked taxes economically inefficient. Further, the costs of administration and collection of earmarked taxes is also a factor to be seriously considered.

Community Contribution

The community contributes to higher education in a variety of ways, viz. household expenditure, fees, loan repayments, voluntary contributions, etc. The share of these contributions has, however, declined considerably. The reasons for declining could include general apathy of the public to contribute for education, and the increasing tendency to depend more and more on the government funds. It is, however, necessary that efforts should be made to mobilise the private contributions through some relief in taxation, persuading the community sectors to set up chairs in the Universities and approaching the private sector liberal financial support.

It is also necessary that the users' industries should pay for the costs of education of the trained manpower employed by them.

University-Industry collaboration

Efforts should be made to bring about University-Industry collaboration in the field of higher education through the industrial houses financing research programmes peculiar to their requirements, encouraging the universities to

provide consultancy services for specific areas of development, and providing facilities for on the job training for the university trained persons, etc.

Modifying the Grant-in-aid Rules

It has often been noted that the universities are not given any credit for additional resources generation. On the contrary, the additional resources are included in their income and, to that extent, the quantum of government grants admissible to them is reduced. This discourages the universities to attempt to generate private resources. It is necessary that the grant-in-aid rules should be suitably modified so that the additional resources do not count towards the income of the universities for obtaining annual grants from the Governments. Such income should be available for development programmes of the Institutes.

Optimal utilisation of resources

Along with taking measures for augmenting financial resources, steps should be taken to efficient utilisation of these resources. In a study of the educational system in Tamil Nadu, Adiseshiah found that somewhere around 20% of the total educational expenditure in the country is wasted in various forms. It is, therefore, recommended that there should be technical, managerial and financial audit of the expenditure.

Economy Measures

Some of the suggestions are given below for avoiding wastage in the educational expenditure:

- (i) So far there is no uniform norm about the ratio between students to teachers. There are universities with as low student teacher ratio as 2 : 1 and the extreme case is 20:1 We need to develop norms in this regard for different subjects and levels of education.

