

**THE FINANCING OF HIGHER EDUCATION
IN INDIA**

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R. R. KALE MEMORIAL LECTURE, 1994

**GOKHALE INSTITUTE OF
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His appointment as Vice-President, Commonwealth of Learning in 1989 was an important milestone, as during this period interaction between Open Learning Institutes across the Commonwealth increased tremendously. He has a Number of books and publications to his credit ranging through themes such as Panchayati Raj, Public Administration and Higher Education.

The most important recognition of his work in the area of Open Learning was the conferment of the Honorary Degree, Doctor of the University, by the Open University, U.K. Presenting Prof. Reddy for the degree the citation read as follows "What more can I say about this remarkable man? Quietly spoken, modest and kindly he has achieved so much for the things that the Open University stands for."

FINANCING OF HIGHER EDUCATION IN INDIA

**THE KALE MEMORIAL LECTURE DELIVERED AT
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PROFESSOR G. RAM REDDY

I deem it a great honour to deliver the Kale Memorial Lecture this year and I am grateful to Professor D. C. Wadhwa, Director of the Gokhale Institute of Politics & Economics for inviting me to deliver the lecture. First of all, I wish to congratulate the management, staff, faculty and the students of this Institute on its becoming a deemed to be university. Gokhale Institute is a very well-known social science institute in the country and very distinguished social scientists have been associated with it. I know several of them - in particular three - Professor V.M. Dandekar, Professor Rath and Professor D.C. Wadhwa. The Institution stands for quality both in teaching and research and it is in recognition of this quality it has been granted a deemed-to-be university status in the country. I am sure, the founders, several of whom are no more, would feel satisfied that their sapling has attained the status of a deemed-to-be university.

In today's lecture, I would like to discuss an important aspect of higher education in India i.e., their financing.

In recent years, universities all over the world have been facing financial crisis and Indian universities are no exception to this. Among the serious problems which the chief executives of Indian

universities face, the financial problem has become a formidable one. It has taken a very serious turn; several institutions are on the verge of collapse. Dilapidated buildings, empty laboratories, sub-standard library facilities are the common features of the university campuses - it is not an inspiring sight.

The Indian university system has expanded enormously but it is not accompanied by commensurate financial allocations either by central or state governments. The theme has been discussed several times and sometime ago the University Grants Commission had appointed a national level committee to go into the financing of central universities, deemed to be universities and Delhi colleges¹. At the state levels, hardly any attempt has been made to examine the problem in a serious way - it has indeed been a neglected topic.

In this talk, I propose to deal with three aspects of the theme:

- a) Is there a financial problem? If so, what is the nature of the problem?
- b) Why has the problem arisen? and
- c) Can anything be done about it?

Let us take up the first issue - Is there a financial problem? If so, what is the nature of the problem? All those working in the university system would, without exception, agree that there is a financial crisis in most universities. In a sense one might ask what is so new about the problem? Universities have always complained of inadequacy of resources and at no time universities

1. University Grants Commission, UGC Funding of Institutions of Higher Education, Report of Justice Dr. K. Punneya Committee, 1992-93, New Delhi.

have received as much financial support as they wanted or needed. While this is true, there is a substantial difference in the feeling of inadequacy of resources in the past and the present day crisis. In the former situation, it is a case of development - universities wanted to develop and strengthen their departments and take up new programmes and they felt that resources were not adequate. But the present day problem is concerned with the meeting of basic needs in the universities such as payment of salaries to staff, buying of books for libraries, buying of chemicals for practicals, maintenance of hostels etc. Several universities are now unable to attend to these basic problems. What is more, very little money is available for research.

A glance at the current financial position of the universities is revealing. A study conducted by the Association of Indian Universities on the finances of the universities reveals that a number of them are having deficits². Tables 1 and 2 show the nature and extent of deficit which several universities are facing (Also see tables 1 and 2 in appendix).

In a written letter addressed to his Chancellor, the Vice-Chancellor of Patna University says: "So much so that I have to borrow heavily from the bank in order to pay salary to our employees. Payment of outstanding bills for books, journals, apparatus, chemicals etc., have been held up for want of funds for over a year now. Sports, cultural activities and

2. Association of Indian Universities, Financial Deficits in Universities, New Delhi - 1991.

TABLE I

Identification of the Universities Having Deficits for Varying Duration i.e.1984-85 to1988-89

Sl. No	Type of Universities	No Deficit in any year	DURATION OF DEFICIT		
			1 to 2 years	3 to 4 years	All the 5 years
(1)	(2)	(3)	(4)	(5)	(6)
1.	Central Universitie	NIL	Hyderabad, BHU, Visvabharati, JNU.	NEHU, Jamia Millia Islamia, Delhi.	NIL
2.	State Universities	Padmavati-Mahila, Tamil.	Bombay, Poona, Kurukshetra, Mahirishi Dayanand, Himachal Pradesh, Jammu, Gulbarga, Karnataka, Mangalore, Jiwaji, Ravi Shankar, Manipur, Sambalpur, Punjabi, Anna, Bharthiar, Mother Teresa, Rohilkhand, Calcutta, Vidyasagar.	Nagarjuna, Venkateshwara, Dibrugarh, Gujarat, Guj. Ayurveda, South Gujrat, Bangalore, Mysore, Calicut, Cochin, H.S. Gour, Devi Ahilya, Guru Ghasidas, SNTD, Marathwada, GND-Amritsar, Avadh, North-Bengal, Roorkee.	Kakatiya, Patna, M.S. Univ, S. Patel, Kerala, Shivaji, Tilak Maharashtra, Annamalai.
3.	Agricultural Universities	NIL	A.P. Agri., Marathwada Krishi, KonkanKrishi, M. Phule Krishi, Y.S. Horticulture, Uni. of Agri. & Sc., Kerala Agri., Punjab Agri., T.N. Agri., GBP Agri., ND Agri.	Birsa Agri. Rajindra Agri., H.P. Krishi, Orissa Univ. of Agri. & Tech. C.S. Azad Agri.	NIL
4.	Deemed to be Universities	NIL	Gujarat Vidyapith, Gurukul Kangri.	IISc., Thapper Inst. of Eng., BITS., Gandhigram Rural Inst.	Indian School of Mines, Banasthalli Vidyapith.

TABLE-2

Highest and Lowest Range of Deficits During Any One Year for Universities with Chronic Problem of Financial Deficit During (1984-85 to 1988-89)

(Rs. in Lakhs)				
Sl. No.	University*	Highest Amount of Deficit	Lowest Amount of Deficit	
(1)	(2)	(3)	(4)	(5)
1.	Patna University	230	158	
2.	Kerala University	185	74	
3.	M S University	105	55	
4.	Annamalai University	100	2	
5.	Shivaji University	81	38	
6.	Banasthali Vidyapith	41	12	
7.	S P University	27	5	
8.	Tilak maharashtra	13	4	
9.	Indian School of Mines	12	2	
10.	KakatiyaUniversity	10	4	

*On the basis of the magnitude of deficits, the universities have been arranged in descending order.

various important academic activities have been held up for want of adequate resources. Some supplier firms have threatened legal action for settling their bills...."³ Continuing, the Vice-Chancellor says: "The credibility of my university as far as the bank is concerned is already at a very low ebb and Patna University pays an interest of approximately Rs.10,000/- per day against over drafts drawn to pay salaries alone. As a result spending on the library, chemicals and students is going down." Several universities in the country are in the red and their condition is desperate. It is clear that the universities have slowly landed themselves in the difficult financial situation.

"How did you go bankrupt?" Bill asked.

"Two ways," Mike said.

"Gradually and then suddenly."

The Sun Also Rises⁴

We need to examine, why the financial problem has become very serious? There are several factors for this. Most important factor is the expansion of educational institutions.

3. Ibid.

4. See J. Salmi, Perspectives on the Financing of Higher Education, Education and Employment Division, Population and Human Resources Department, The World Bank, 1991.

TABLE 3

Year	No. of Universities (Including Deemed Universities)	No. of Colleges	Enrolment
1947-48	25	700	
1950-51	30	750	2,63,000
1960-61	49	1537	6,45,000
1970-71	93	3604	19,53,640
1980-81	123	4722	27,52,437
1990-91	177	7121	44,25,247
1992-93	187	7958	48,05,000
1993-94	197	8210	50,07,000

As table 3 shows there has been a massive increase in the number of colleges, universities and students and the governments have to spread their limited resources thinly. New universities have been started without providing additional resources and the universities themselves have not generated much on their own.

TABLE 4**Educational Expenditure by Source****(per centage)**

Years	Govt. Funds	Local Body Funds	Univ. 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	08.4	100
1970-71	76.2	03.6	1.4	12.9	05.9	100
1980-81	81.7	04.7	1.4	08.2	04.0	100
1982-84	81.5	05.6	1.6	07.5	03.8	100

In 1950-51 several institutions of higher education had income from diverse sources while the government remained the major source. As table 6 reveals, over a period of time, dependence on government has increased.

It is clear from the Table-4 that dependence on government sources has increased from 57.1 to 81.5%. The data is not up-to-date.

TABLE 5
SOURCES OF INCOME (1991-92)
(IN PERCENTAGES)*

University	Government		UGC	Fees	Endow- ments	Others	Total
	Central	State					
AMU	-	0.05	93.30	5.91	-	0.74	100.0
BHU	0.49	0.03	91.60	0.62	0.08	7.18	100.0
Delhi	-	-	88.68	9.88	0.62	0.82	100.0
JNU	-	-	95.75	0.59	-	3.66	100.0
Jamla	-	-	94.90	4.24	-	0.86	100.0
Hyderabad	-	-	94.82	2.03	-	3.15	100.0
Pondicherry	-	-	90.05	9.66	-	0.29	100.0
Visva Bharati	-	0.04	97.60	0.56	-	1.80	100.0

***Source : From the data supplied by Universities -
The Punnayya Committee.**

A look at the data of seven central universities in Table-5 reveals that their dependence on the UGC ranges from 89 to 98%. Similarly, fees as a source of income has decreased from about 20% in 1950-51 to about 7.5% in 1983-84 (Table-4). In the case of the central universities the fees as a source of income is negligible - it varies from 10% to less than 1% (Table-5).

Thus it is clear that the dependence of the universities - central and state - on the government/U.G.C. has increased and their own income has declined sharply. At a time when there are

several competing demands for government funds, higher education is pushed to the back burner and if the latter does not have adequate sources of income of its own, crisis becomes serious and the pinch is felt in all its activities.

Public expenditure on higher education in India is among the lowest. The following tables bring this out very clearly:

TABLE 6
Public Expenditure on Higher Education
(in US \$)

Country	Year	Per Pupil
Australia	1987	7418
Canada	1988	6914
China	1988	747
Ghana	1987	2408
India	1987	307
Kenya	1987	2341
Pakistan	1987	440
United Kingdom	1987	5868
U.S.A.	1986	9340

The picture is very clear from Table 6 that compared with what the developed countries are spending on higher education, and per pupil, the Indian expenditure is very low. Even countries like Kenya and China seem to be spending more than India.

Source: Based on Statistical Year Book (Paris, UNESCO, 1990. See J.B.G.Tilak, Trends in Cost and financing of Hr.Edn.: tentative comparison between developed and developing countries, Higher Education Review, Vol.25, No.3, Summit,1993.

TABLE 7**Expenditure on higher education as percent of total expenditure on education.**

Country	Year	Per cent
USA	1987	40.2
AUSTRALIA	1987	30.7
CANADA	1989	29.1
JAPAN	1988	22.5
U.K.	1988	18.9
CHINA	1989	18.6
PAKISTAN	1987	18.2
INDIA	1987	17.0
KENYA	1988	14.5

Contrary to the general belief that India spends too much on its higher education, we find that its share in education, compared with other countries, is really not very high - the USA and Australia spend about 40 and 31 per cent of their education budget on higher education.

Source: Based on Statistical Year Book (Paris: UNESCO, 1990; 1991), See J.B.G.Tilak.

TABLE 8**Share of total education sector and
higher education in GNP.**

Country	Year	Total Edn.	Higher Edn.
KENYA	1987	7.1	0.8
CANADA	1988	7.1	1.9
USA	1986	6.8	2.7
AUSTRALIA	1987	5.5	1.6
JAPAN	1987	4.9	1.1
U.K.	1987	5.0	0.9
CHINA	1988	2.4	0.4
PAKISTAN	1987	3.1	0.4
INDIA	1987	3.3	0.6

**Source: Statistical Year Book (Paris,
UNESCO, 1990 - See J.B.G. Tilak.**

Table 8 shows that the share of higher education in percentage terms in GNP is very low in India.

TABLE 9**Percentage of Plan expenditure on higher education in education.**

Plan	Expenditure (Percentage)
1st	9%
2nd	18%
3rd	15%
1966-69 (Plan holiday)	24%
4th	25%
5th	22%
6th	22%
7th	16%
8th	8%

**Source: P.N. Tyagi, Education for all,
A Graphic Presentation, 1993.**

That there is a sharp fall in the percentage of plan expenditure on higher education is very evident from Table 9 - at one time it was as high as 25% in the IVth Plan and in the present plan, it appears, it will be as low as 8%.

It is evident from these tables that higher education is not receiving the attention it deserves, nor have the institutions themselves done much to improve the situation.

Rising costs of materials have further contributed to the misery of universities. During the last five decades costs of all materials - books, consumables and others - have increased several times. This has up-set the budgets of almost all the universities. As the AIU study points out: "Lack of enough cushion for rise in

TABLE-10

**UNIVERSITY WISE EXPENDITURE (INCLUDING ON STAFF/STUDENT
REFERENCE YEAR 1967-68)**

University	Teaching Staff	Student	Total Expenditure	Expense Teach. Staff	Expense N.Teach.Staff	Other Expenditure	% Expenditure on T.Staff	% Expenditure on N.T.Staff	% Expenditure on Others	Cont./Student (in Rs.)
Aligarh	1143	12661	3157	948	1254	958	29.93	39.72	38.33	24933
Allagappa	93	547	155	62	19	74	40.00	12.26	47.74	28336
Aravati	21	628	143	4	41	98	2.80	28.67	68.53	22771
Anna	483	4896	857	320	251	276	37.34	30.46	32.21	17584
Bangalore	456	6923	880	321	191	288	40.13	23.80	36.00	11556
Berhampur	127	1087	330	51	107	172	15.45	32.42	52.12	32771
Bhavnagar	48	878	192	42	37	93	21.88	29.69	48.44	21868
Bombay	266	6427	1265	287	436	542	22.69	34.47	42.85	19683
Buru Nanak	296	1936	952	284	333	335	29.83	34.98	35.19	40174
H.B. Saur	238	2907	861	174	177	510	20.21	20.56	59.23	14576
Jammu	180	1527	444	120	194	130	27.03	43.67	29.28	29077
Karnatak	364	2902	1043	450	301	284	43.91	28.86	27.23	35928
Kerala	217	5370	963	128	479	356	13.29	49.74	36.97	28576
Kurukshetra	253	2597	1092	237	395	460	21.70	36.17	42.12	42849
Madras	382	2199	742	168	297	317	22.64	34.64	42.72	33743
Manipur	163	3729	264	95	48	121	35.95	18.18	45.83	17826
Marathwada	170	1065	312	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	2868	476	112	176	188	23.53	36.97	39.50	23817
Osmania	1015	11923	2951	1138	793	620	44.61	31.09	24.30	21396
Pondichery	115	823	216	52	54	110	24.07	25.00	50.93	26245
Pune	295	4531	963	121	217	525	12.56	22.53	64.90	21234
Punjab	695	4400	2935	769	930	736	37.79	26.84	36.17	46258
Sardar Patel	149	2038	362	170	81	111	46.96	22.38	30.66	17763
Shivaji	136	2365	148	4	41	103	2.70	27.78	69.39	6258
Vikram	114	1222	350	86	134	130	24.57	38.29	37.14	28642
		117177	28981	8862	10034	10883	799.46	934.01	1286.34	880144
Average		4841	979	278	346	375	26.19	32.21	41.60	27591

* Includes PG Students of Colleges.

prices is another factor which distorts the requirements of universities".⁵

In almost all the universities, salaries of staff form the largest part of university budget- expenditure on staff is very high.

There is good deal of internal inefficiency in the expenditure incurred by the universities. Salary component is very high because the teacher-student ratio is low in several univesities, e.g. in AMU it is 1:9, BHU 1:10, JNU 1:10, Hyderabad 1:8, Visva Bharati 1:9.⁶ Similarly, the ratio between teaching and non-teaching staff is also very high in the universities in the country. The following cases illustrate the point :

AMU	1:4
BHU	1:5
JNU	1:3
Hyderabad	1:5
Visva Bharati	1:5

It is true there are no norms about the teaching and non-teaching ratio but that should not lead to such high proportion of non-teaching staff. Engineering institutions generally need more non-teaching staff but there are institutions in this country with a very modest non-teaching staff. The best example is that of Birla Institute of Technology, Pilani, where the teaching, non-teaching staff ratio is 1:0.9. And because of this low ratio the institution has not suffered - infact, it is one of our centres of excellence in the country. What is happening in the public sector undertakings is happening in the Indian universities.

5. Financial Deficits In Universities, Op.cit., p.33.

6. See Report of the Punnayya Committee, 1992-93.

Let me now come to the third issue: Can something be done about it? There are many who feel that not much can be done and it is the duty of the state to support higher education. There is no doubt that the state has to support higher education in a substantial way. Education is not like a manufacturing industry where it could generate its own resources; it is not possible for higher education to be self-supporting in financing their institutions. Very few, institutions of higher education in the world, are financially self-supporting. Even the private universities which have been started in some countries are looking to the state for help. As Jennie Brookman writes in the recent issue of the Times Higher Education Supplement: "Germany's only private university has been rescued from financial crisis by the State Education System after facing a D.M. 5 Million (2 Million Pounds) deficit for 1994-95".⁷ The university received a licence in 1983 on the grounds that it would not receive State funding. It has been financed solely by gifts from industries, foundations and individuals.

Self-financing is therefore ruled out. The state needs to support higher education in the interest of the society; it would be suicidal to the country if higher education is weakened. As the Punnayya Committee points out:⁸ "The Committee unequivocally reiterates that the state funding must continue to be an essential and mandatory requirement to support higher education. It is the perception of the Committee that state must continue to accept the major responsibility for funding the essential maintenance and development requirements of the universities".

7. Times Higher Education Supplement, October 14, 1994.

8. op.cit.

However, what universities need to do is to raise some resources on their own which will help them in maintaining their institutions properly. Very often a question is raised whether universities can generate resources on their own. This is a very valid question because many academics and the chief executives of universities feel that education being a social sector, it is difficult for them to raise resources on their own. This attitude was alright so long as the State was fully supporting higher education and the latter was being given total protection. It appears that the situation is changing not only in India but all over the world. Take the case of African universities, one of the studies sponsored by the Association of African Universities has this to say: "The economic crisis effecting most of Africa has had a particularly damaging affect on higher education in the region. The universities, depending pre-dominantly on government subventions, are faced with the situation in which the grants which governments are able to make available to them are dwindling in real terms from year to year. While at the same time there are increasing and competing demands for services of the institutions".⁹

Every where universities have been asked to raise resources so that their dependence on the government is reduced and the conditions of their institutions do not deteriorate. If we look at the general picture, we find that the higher education institutions obtain funds from nine main sources.¹⁰

a) Government grants to institutions;

9. Association of African Universities, Study of Cost Effectiveness and Efficiency in African Universities, May 1991.

10. Grant Harman, Possibilities of Additional funding, in Grant Harman and M. Selim (eds), Funding for Hr. Education in Asia & the Pacific, UNESCO Principal Regional Office for Asia and the Pacific, Bangkok, 1991, p.85.

- b) Government grants and allowances or loans to students;**
- c) Students fees and charges;**
- d) Contracts for research, courses & consulting;**
- e) Earnings from intellectual's propriety;**
- f) Commercial activities;**
- g) Investment of funds;**
- h) Borrowing of funds; and**
- i) Gifts and endowments.**

Of the nine sources categories (a) and (b) - government grants to institutions; and government grants and allowances or loans to students - are substantial sources of funding higher education in India. Category (c) Students fees and charges - are negligible, for income from them is not much. Students fees in India is probably the lowest in the world and the universities and governments hesitate to raise the fees for fear of agitations. While it is not possible to raise it substantially, university authorities need to explain to the students about the desirability of a modest increase. In the case of poor students, the government has to help them with fellowships and loans. But category (c) - students fees and charges can generate funds for those universities which have foreign students on their rolls. All over the world, foreign students are charged a differential fees and there is no reason why the Indian universities should not have a similar policy. It is understandable that the nation subsidises the education of Indian students but it is difficult to appreciate why foreign students should receive such high subvention from the state. Categories (d) and (e) Contracts for research, courses & consulting, and Earnings from intellectual's propriety - do get some funds for

those universities which are active in research and consulting but this again is not an important source for several Indian universities. Categories (f) and (g) - Commercial activities, and Investment of funds have not yielded much money for the universities. Category (h) - Borrowing of funds - is possible but borrowed funds have to be repaid and that is a problem for many universities. Category (i) - Gifts and endowments - is a source worth exploring. There has been a tradition in this country for philanthropists and other bodies to give gifts and endowments. In fact, some universities used to receive generous endowments in the past. In recent years, this as a source of income has dwindled as is clear from Table 6. But in some countries it generates substantial amount of money.¹¹

The Indian universities have not explored alumni who could be an important source of fund raising. In several countries, universities do approach their former students and have found that they have contributed generously. Older universities in India have their alumni all over the world and if proper approach is made there would not be much difficulty in tapping the source. There are instances in this country where endowments have been created by the alumni and other institutions. To name only a few,

11. It is believed that in recent years major private research universities in the United States have been receiving substantial financial support from outside. Universities like - Berkaly, UCLA & Michigan are notable examples. By 1985, the public universities combined were attracting 1/3 of total gifts to higher education. See Grant Harman, - Strategies to Increase Cost-effective & efficiency and attract additional financial support, in Grant Harman and M.Selim (eds) -Ibid.

the University of Bombay has recently received an amount of Rs.1 crore to help for their Chemical Technology Department. Similarly, Osmania University was given an endowment of Rs.3 crores by the then Nizam of Hyderabad. More recently, the Nagarjuna University has received an endowment of Rs.20 lakhs for starting a postgraduate department. Thus it should not be difficult for the universities to receive gifts and endowments from non-governmental sources.

All these years, there was no incentive for universities to raise funds from non-governmental sources, for whatever money they had generated was being deducted from the grants given by the government to them. No wonder the chief executives of the universities did not make much efforts in this direction because it would not benefit them.

Keeping this obstacle in mind, the Govt. of India has recently decided that whatever money the universities and education institutions raise on their own would not be deducted from the grants given to them. This is now the national policy and the UGC has not only implemented it for the institutions which receive maintenance grants from it but also communicated this to all the universities and state govts. in the country. Some state govts. like the Govt. of Punjab have already initiated action on this reform. It is hoped that this reform would be introduced by all the states. Yet another reform introduced by the Govt. of India needs to be noted in this context. Sometime ago, the Finance Minister had announced that the contributions to universities and research organisations would be given 100% tax exemption; in

fact, it would be 125% in the case of contributions to science and technology.

"Hitherto to our institutions of higher learning have been almost entirely dependent on Government funds. As Government funds are limited we must find ways of funding these institutions from industry. This will also bring them closer to industry and more responsive to its needs. I, therefore, propose to raise the income tax deduction given to contributions to approved universities, institutes of technology, institutes of management and equivalent institutions from 50 per cent at present to 100 per cent."

With these incentives, the higher education institutions could generate some sources on their own and improve conditions in their institutions.

In addition to raising resources there is a need to look at internal efficiency and effectiveness in the institutions of higher education in the country. All universities need to raise the question whether economies are possible in their institutions. Is it possible to have greater efficiency? The Punnayya Committee has suggested certain areas for improving internal efficiency of the universities. Elsewhere in the world, lot of serious work has been done on the subject and it will help us a great deal if we take a look at the possible strategies. They are : (i) Development of appropriate management information and data system; (ii) Cost analysis; (iii) approaches to budgeting; (iv) comparative studies of costs and expenditure; (v) system and institutional effort; (vi) strategic planning; and (vii) several incentives and structures¹².

12. For a detailed discussion see Grant Harman, Achievement of Increased cost efficiency in Grant Harman and M. Selim - Ibid.

It is not proposed to discuss these in detail; they are being mentioned to say that scope for internal efficiency exists.

However, Indian Universities can think of introducing reforms with regard to : (a) better utilisation of teaching facilities; (b) better management of physical resources; (c) equipment management; (d) management of research; and (e) use of new technologies etc¹³. They should also look at administrative and other overhead costs. The universities will get rich dividends by way of savings if they examine critically the teaching/student ratio and teaching and non-teaching staff ratio. There is enough fat here - scope exists in these areas for improvement.

These illustrations have been given to indicate possibilities of improvement in financing of higher education. There is no short-cut to it and solutions vary from one university to another. The problems of new universities are different from those of older ones. Similarly, not all departments can raise resources - some can and others cannot.

All over the world, higher education is in deep trouble and each country is trying to find its own solutions. We, in this country, should look at the experiences of other countries - both developed and developing. Governments as well as non-governmental institutions need to support higher education. As L.T.Preston says: "In our increasingly inter- dependent and competitive world, where communications and technological innovations have no boundaries, nations can thrive only with a healthy, literate, well-trained population. Efficiency and investment in education..... must have the highest

13. Ibid.

priority¹⁴. This is a sound advise to governments and non-governmental institutions. Educational institutions also need to put their house in order for there is lot of inefficiency in the system.

To conclude: In this paper an attempt has been made to give a bird's eye view of the financial problems of institutions of higher education in the country. The financial situation has been deteriorating mainly because of the excessive dependence of the educational institutions on the government. The governments have not been providing adequate funds to the universities because of the competing demands of the various sectors in the society. At the same time universities have not made much effort to raise funds on their own so that they could provide adequate funds for developmental activities. In recent years the government has provided incentives for the universities to raise money on their own. In view of these incentives, the universities could make an effort to mobilise non- governmental funds. Further they should also explore ways and means of improving the internal efficiency in their institutions.

14. See J.Salmi, *op.cit.*

APPENDIX-I

**: Distribution of Universities According to the
Number of Year(s) of Deficit in the Five Year
(1984-85 to 1988-89)**

Sl. No.	Univer- sities	No Defi- cit in any year	Deficit for 1 to 2 yrs.	Deficit for 3 to 4 yrs.	Deficit for all the 5 yrs.	Total No. of uni- versities
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1.	Central Universities	NIL	4 (5.0)	3 (3.7)	NIL	7 (8.7)
2.	State Universities	2 (2.5)	20 (25.0)	19 (23.8)	8 (10.0)	49 (61.3)
3.	Agricultural Universities	NIL	10 (12.5)	6 (7.5)	NIL	16 (20.0)
4.	Deemed to be Universities	NIL	2 (2.5)	4 (5.0)	2 (2.5)	8 (10.0)
5.	Total (All Universities)	2 (2.5)	36 (45.0)	32 (40.0)	10 (12.5)	80 (100.0)

Note: Figures in parentheses indicate the percentage to total responding universities i.e. (80).

APPENDIX- I I

**: Identification of Universities Having Highest
and Lowest Deficit/Surplus During the five year Period
(1984-85 - 1988-89)**

Sl. No.	Univer- sities	Deficit/ Surplus	Highest	Lowest
1.	Central	Deficit	Delhi (3.3)	Hyd. (0.8)
		Surplus	JMI (2.7)	Viswabharti (1.9)
2.	State	Deficit	Patna Uni- versity (22.9)	Shri Venkates- wara (0.9)
		Surplus	Jammu Uni- versity (18.8)	Padmavati Mahila Viswavidyalaya (0.2)
3.	Agri- cultural	Deficit	Rajindra Agriculture (11.0)	Kerala Agriculture (0.04)
		Surplus	A.P. Agri- culture (10.0)	C.B. Pant Agri- culture (0.4)
4.	Deemed	Deficit	Banasthali Vidyapith (27.3)	Gujarat Vidyapith (0.10)
		Surplus	Indian Inst. of Science Bangalore (0.8)	Curukul Kangri (0.4) & Birla Inst. of Tech. & Science

Note: Figures within parantheses indicate the proportion of deficit/surplus to the total expenditure for the five years.