

## **A Evaluative Study of the Income Resources in Punjabi University Patiala**

**Anjaly Kumar**

MBBGRGC Girls College of Education Mansowal, District Hoshiarpur, Punjab, India

### **Abstract**

The present study aimed to access how the universities of Punjab manage their financial resources. The investigator used the historical and descriptive survey method to serve the purpose of the study. The data regarding income of Punjabi University, Patiala from 2001-02 to 2017-18 was collected. Primary and secondary sources were used for collecting the data related to the research problem. The findings were: The share of income from own resources of total income has increased between 2001-02 and 2017-18. The grants from state government have decreased in the universities of Punjab during 2001-02 to 2017-18. The growth of income of Punjabi University has decreased than the growth of expenditure on constant prices.

### **INTRODUCTION**

Education is the significant instrument of empowerment of individual society and nation. It is an accepted fact that one of the most important factors of economic growth and source of holistic development of society is education. Education For All (EFA) is a basic human right at the heart of development. Education contributes to the socio - economic development of the individuals by the way of endowing them with the means of improving their knowledge, skill, capacity and capability for work. Thus, it is quite obvious that education brings tremendous benefits to individual, household and society. It is due to all the aforesaid reasons that education has not only been recognized as the most important investment in the production of human capital, but is also being considered increasingly as an important means or instrument for improving a nation's economic and social welfare (Dhesi, 1979). Empirical studies have also conclusively established that the countries which invested heavily in education realized higher growth rates than those which neglected it (Barro et. al, 1995; Barro, 2001).

Education needs more attention in under-developed countries like India but they lack resources to finance the higher education. In recent times, several major announcements were made for developing the poor state of higher education in India. The most notable contribution in higher education is the recommendation of National Knowledge commission and Yashpal committee which finally resulted into NCHER i.e. National Commission for Higher Education and Research. The preamble of the NCHER Bill lay down two objectives. First, 'to provide for the determination, co-ordination, maintenance of standards in and promotion of higher education and research', and secondly to 'promote the autonomy of higher educational institutions for the free pursuit of knowledge and innovation and for facilitating access, inclusion and opportunities to all. The main focus of the above commissions and committees is to ensure that no body is denied of education due to economic backwardness and poverty. Therefore in these countries finances as well as financial management become significant concerns.

Financial management in educational institutions has more significance as it helps in proper allocation of resources, institutional planning and providing grant in aid. Financial management is the operational activity of an organization that is responsible for obtaining and effectively utilizing the funds necessary for efficient operations” (Juneja 2009). So the goal of financial management is proper utilization of resources, which is some times considered to be maximization of profit or minimization of cost. Due to the increased competitions, scarcity of funds and demand for quality education, universities have to become efficient in use of their financial resources. Through the financial management of education at all levels has significance, the expenditure analysis of university has greater importance where large amount of educational budget is being spent on relatively smaller number of students.

Due to the various factors like increase in population, improvement in economic standards, urbanization, social and cultural conscious and unemployment after the secondary education ,demand for higher education has increased .Therefore, to meet the increasing demand for higher education there is growing pressure on institutions of higher education to become more efficient in use of funds. If we try to trace the reasons for the problem of lack of relevance in higher education, definitely we find that it is due to insufficient use of funds. Financing higher education, therefore, has emerged as the most significant policy instrument and concern.

### **Objectives of the Study:**

The main objective of the study has been to study the main income sources from 2001-02 to 2017-18. To study the growth of income on constant prices of from 2001-02 to 2017-18. To study the Plan - wise growth of income on constant prices of Punjabi University Patiala. To study the component - wise growth of income on constant prices from 2001-02 to 2017-18. To study the trend in expenditure from 2001-02 to 2011-12.

### **Methodology:**

The data regarding income of Punjab i.e. Punjabi University, Patiala from 2001-02 to 2017-18 was collected from the official records of accounts section and from different university publications like budget estimates, annual reports, annual diaries etc. The present study was used longitudinal method, for analysis for income. Primary source and secondary sources are used for collecting the data. Historical method and descriptive method of research of using both quantitative and qualitative approaches is used in the present study. The data regarding income was analyzed from 2001-02 to 2017-18 . The data collected was analyzed to see the trend in various components of income. Statistical tools like percentages and index number was used for analysis.

### **University Income Analysis**

Education is the key to have better society in this 21st century. It helps to improve knowledge and skills of individual and thus of nation and society. Education requires adequate investment but the society at all levels of education whether it is primary, secondary and higher. All these levels and types of education are highly depended upon each other. They act as inputs and outputs for each other in the working of an integrated education system. Further, all the levels and types of education have their own sort of contribution in the process of economic growth, societal development and technological up-gradation. It has been realized that higher

education requires higher investment and it contributes to the society in its growth and development which is the goal of the society. Finance is a powerful tool in the hand of individual to run institutions, organizations and government of modern world. Finance means the stock of money at the time it is wanted which means income of the institutions. The collection of revenue for a given accounting period in any educational institution is called as income. Most universities derive income from a broad range of sources such as knowledge transfer, commercial operations, public-private partnership.

The main source of the university income has been government grants. State government and centre government have been giving grants to the universities for its development and maintenance. At present State and Centre governments are facing severe financial crunch. Moreover school education is a priority area for government as compared to higher education level. Therefore, the grants from the government cannot be taken for granted for university education and the universities have to find out alternative sources of income for their survival.

The second source is the universities own income. This income is from examination fee, registration fee, tuition fee, library fee, endowment fund etc. After 1991, with liberalization and globalization, foreign universities/ colleges have started entering in the field of education in India. They are attracting many students to their institution in India and else where because they offer courses, which are in demand in the international market. These universities/ institutions are attracting those students who have higher capability to pay. In India though the percentage of rich people is low yet in absolute terms it is a big number. There is a double pressure on Indian universities (a) to improve quality of education and start new courses to compete with foreign universities and (b) to raise their own resources as the share of government grants is declining. The UGC in tenth plan profile has desired that university should generate income at least equal to twenty-five percent of the budgetary provision. The UGC has stressed that "higher education sector would be encouraged to generate at least twenty-five percent of the budgetary provision for each of the university by:

- Developing a different fee structure based on the economic capacity of the students/parents.
- Promoting profit making outreach activities useful for industry and society in general.
- Generating finances through India Abroad and export of higher education.

UGC would provide matching grant on one to one basis for funds generated through innovative with a condition to convert total funds into development- corpus."

Keeping in the view the importance of finances, the income analysis of the universities has been done from 2001-02 to 2017-18. The data was collected from the university libraries and account section of the universities and compiled plan wise from ninth to eleventh plan, year wise, to see how the share of different sources of income has changed during these years? What is the trend in the source of income of the universities? Whether the universities has been in a position to raise their own resources and reduce dependence upon other agencies like State Government, Centre Government, Donations and Grants by UGC etc.

## Analysis of Share of Different Sources of Income

The source wise share of income on current prices from 2001-02 to 2017-18 of Punjabi University, Patiala is shown in table 1.1. The main source of the university income has been government grants and universities own income. Table 1.1 shows that the total income of Punjabi University, Patiala in 2001-02 was 4.22 percent which has been increased by 17.81 in 2017-18. The data shows that the total income of Punjabi University, Patiala has been increased by 13.59 percent during this period.

The main source of the university income has been government grants and universities own income. Now, the main foremost of the educational institutional income are institution's own income in the form of tuition fee, examination fee, registration fee, investment's interest (received) and miscellaneous income from the sale of prospectus, university publications and conduct of entrance exam etc. The primary source of external income are the state government grants, central government grants, UGC grants and donations/charities etc.

### 1.1.1 University's Own Income

The share of university's own income to total income excluding opening balance of Punjabi University, Patiala was 50.73 percent in 2001-02 which has been increased by 76.72 percent in 2017-18. It is good achievement that the share of Punjabi University, Patiala's own income has gone up during this period which shows a great contribution, While the punnayya Committee Report (1992-93) recommends that the resources generated by the universities should constitute at least 15 percent of the total recurring expenditure at the end of the first five years and at least 25 percent at the end of ten years.

SR.No.	HEAD OF INCOME	2001-02		2017-18	
		Income	%	Income	%
1	Examination fee	1261.5	22.49	9550.67	23.18
2	Migration/ Registration fee	95.66	1.71	1863.93	4.52
3	Tution fee	712.9	12.71	8764.83	21.27
4	Loan & Advances	8.08	0.14	8211.74	19.93
5	Miscllances	767.11	13.68	3221.59	7.82
6	Maintenance Grants				
A	Punjab Government	2544.96	45.39	8946.39	21.71
B	Center Government	172.79	3.09	26.91	0.06

7	Development grants by UGC, Donations & Other bodies	.....	.....	292.39	0.71
8	Schemes & Scholarships	44.23	0.79	332.15	0.8
9	Total	5607.23	100	41210.6	100

### Examination Fee

Examination fee is an important source of universities. Punjabi University, Patiala got a big share in its own income from examination fee during 2001-02 to 2017-18. Its share of income from examination fee in universities own income was 22.49 percent in 2001-02 which has been increased by 23.18 percent in 2017-18. The above analysis shows that the share of examination fee of Punjabi University, Patiala has been increased by 0.69 percent during 2001-02 to 2017-18.

### Registration / Migration Fee

Another source of own income is registration / migration fee. The table 1.1 shows that the share of income from registration / migration fee of Punjabi University, Patiala, in 2001-02 was 1.71 percent, which had increased by 4.52 percent in 2017-18. The data shows that in year 2017-18 the share of income from registration / migration fee of Panjabi University, Patiala had increased by 2.81 percent to the income from registration / migration fee in year 2001-02 as concluded from above study.

### Tuition Fee:

The main source of university's own income has been tuition fee. The table 1.1 shows that the share of tuition fee to total income of Punjabi University, Patiala was 12.71 percent during 2001-02, which had increased by 21.27 percent during 2017-18. It shows that the share of tuition fee to total income of Punjabi University, Patiala has been increased by 8.56 percent between 2001-02 to 2017-18.

### Loan and Advancement

The table 4.1 shows that the share of loan and advancement to total income of Punjabi University, Patiala was 0.14 percent during 2001-02, but in 2011-12 the share of loan and advancement had increased by 19.93 percent. It shows that the share of loan and advancement of Punjabi university, Patiala has been increased by 19.79 percent during this period.

### Miscellaneous Income

Miscellaneous income is also integral part of university's own income. It has included sale of prospectus, syllabus, electricity bills, telephone charges, bus passes etc. The table 1.1 shows that the share of miscellaneous income of Panjabi University, Patiala during 2001-02 was 13.37 percent which had decreased during 2017-18 by 7.82 percent. The data shows that the share of miscellaneous income of Panjabi

University, Patiala in year 2017-18 had decreased by 5.55 percent in comparison to the share of miscellaneous income of Panjabi University, Patiala in year 2001-02.

### **1.1.2 Maintenance Grants:**

The another source of university's income is grants. The share of grants in financing the university had declined in Punjabi University, Patiala. The data shows that the share of grants of Punjabi University, Patiala was 49.27 percent in 2001-02 which had decreased by 23.28 percent in 2017-18.

### **Maintenance grants From Punjab Government**

The main source of university income has been state government grants. The share of government in financing the universities has been declined. The table 1.1 shows that the share of maintenance grants of Punjabi University Patiala from Punjab government to the total income was 45.39 percent during 2001-02 which has been decreased by 21.71 percent during 2017-18. In year 2017-18 the share of Punjab government grants of Punjabi University, Patiala has been decreased by 23.68 percent to the share of government in financing the universities in year 2001-02.

### **Maintenance Grants from Central Government /Special Grants By UGC**

Another source of grants is maintenance grants from Central Government / U.T. Chandigarh/ Special Grants By UGC . In Punjabi University, Patiala the share of maintenance grants from Central Government / Special Grants By UGC was 3.08 percent during 2001-02 which has been decreased by 0.06 percent during 2017-18.

The data shows that the share of maintenance grants from Central Government / Special Grants By UGC of Punjabi University, Patiala has been increased by 3.02 percent in the year 2011-12 than that of year 2001-02.

### **Developmental Grants by U.G.C., Donations and Other Bodies**

U.G.C., Donations and other agencies given grants for development schemes, translation work, printing of research books etc. All these grants are known as revenue from grants. In Punjabi University, Patiala the share of developmental grants by U.G.C., Donations and Other Bodies has not been received frequently.

### **Grants from Schemes and Scholarships**

The share of grants from schemes and scholarships of Punjabi University, Patiala to the total income was 0.79 percent in 2001-02 but in 2017-18 it has been increased by only 0.01 percent i.e. 0.80 percent. The above analysis shows that the share of grants from schemes and scholarships of Punjabi University, Patiala has been increased by 0.01 percent in the year 2011-12 than that of year 2001-02.

## **1.2 Analysis of Growth of Income on constant prices**

The growth of income on current prices from 2001-02 to 2017-18 is shown in table 1.2. The analysis of table 1.2 shows Punjabi University, Patiala's income on

current prices was Rs. 5607.22 during 2001-02 which rose to Rs. 41210.6 during 2017-18 which has increased by 634.96 percent and the average annual growth rate has been 37.35 percent, but this does not give the real picture as the increase in income is not only due to the income growth but also due to the price rise. Therefore the money income on current prices was converted into income on constant prices with the help of price index number for urban workers with base 2011-12. After conversion the income on constant prices of Punjabi University, Patiala during 2001-02 was Rs. 7097.75 which rose to Rs. 36795.18 during 2017-18 and the increase during the period under study 418.41 percent and per average annual percentage increase was 24.61 percent.

**Aggregate Growth of Income on Constant Prices (In Lakhs)**

	Punjabi University, Patiala			
	Income	Income	Total Percentage	Average Per
	2001-02	2017-18	increase	Annum Percentage Increase
Income on current prices	5607.22	41210.6	634.96	37.35
Income on constant prices	7097.75	36795.18	418.41	24.61

**1.3 Plan- wise Growth of Income on Constant Price**

The data shows that the income on constant prices of Punjabi University, Patiala increased by 17.83 percent per annum from 2001-02 to 2006-07 during ninth plan and 15.25 percent from 2007-08 to 2011-12 during eleventh plan and 11.11 percent during 2012 to 2017-18. The income on constant prices instead of increasing has declined during 2007-08 to 2017-18. The data shows that the growth of income on constant prices of Punjabi University, Patiala has been decreased by 2.58 percent during tenth five year plan to eleventh five year plan and 4.14 percent during 2011-12 to 2017-18. This the matter of great concern for an institution whose income on constant prices has started declining while the expenditure is increasing.

**1.4 Source wise Analysis of Growth of Income on constant prices**

To see which component of income is responsible for the fall in income, component wise analysis of income was made in Table 4.7. The table shows that on constant prices the Punjabi University, Patiala's own income has increased by 683.7

percent between 2001-02 and 2017-18 and the average annual growth has been 40.22 percent per annum. The further analysis shows that the growth of Examination Fee income has been increased by 434.01 percent between 2001-02 and 2017-18 and the average annual growth rate has been 25.53 percent per annum in Punjabi university, Patiala. The data shows that university i.e. Punjabi University, Patiala able to increase Migration and Registration Fee by 1274.37 percent between 2001-02 and 2017-18 and the average annual growth rate has been 74.96 percent per annum. Tuition Fee are the main source of universities own income. The growth of income from Tuition Fee has been increased between 2001-02 and 2017-18 in Punjabi University, Patiala by 767.21 percent and average annual growth rate has been 45.13 percent per annum. The growth of income from University Library has increased by 151.41 percent between 2001-02 and 2017-18 and the average annual growth rate has been 13.76 percent per annum in Punjabi University, Patiala. The growth of income for Loan and Advances has been increased between 2001-02 and 2017-18 by 7157.67 percent in Punjabi University, Patiala and the average annual growth rate of Punjabi University, Patiala has been 421.04 percent per annum. The growth of income from Miscellaneous Receipts has been increased between 2001-02 and 2017-18 in Punjabi University, Patiala by 196.22 percent and average annual growth rate has been 11.54 percent per annum.

The income from maintenance grants on constant prices from the state government, center government/ U.T. Chandigarh and U.G.C of Punjabi University, Patiala on constant prices has increased by 132.95 percent between 2001-02 and 2017-18 and average annual growth rate has been 7.82 percent per annum.

The growth of state government maintenance grant on constant prices has increased in Punjabi University, Patiala by from Rs.3221.47 to Rs.7987.85 between 2001-02 and 2017-18 on constant prices and the average annual increase per annum has been 8.70 percent. Thus the data shows that average per annum growth by state government maintenance grants has been increased in Punjabi University, Patiala. While the Punjabi University, Patiala has been able to increase income from internal resources by 19.45 percent per annum during the same period.

The growth of grants from Center Government/ Special grants by UGC of Punjabi University, Patiala on constant prices has decreased by 87.69 percent between 2001-02 and 2017-18 and average annual growth rate has been 5.16 percent per annum. But in Punjabi University, Patiala the grants from Center Government/ U.T. Chandigarh/ Special grants by UGC has not been received frequently. The grants from center government has been received by Punjabi University, Patiala not in every year. The income from developmental grants by UGC/ Donations/ Other Bodies has not been received frequently by Punjabi University, Patiala.

<b>Source Wise Analysis of Growth on Constant Prices (In Lakhs)</b>						
HEAD OF INCOME	Money Income Year 2001-02	Money Income Year 2017-18	Real Income Year 2001-02	Real Income Year 2017-18	Percentage Change	Average Annum Percentage Change
A. University's own income						



Examination fee	1261.5	9550.67	1596.84	8527.38	434.01	25.53
Migration/Registration fee	95.66	1863.93	121.09	1664.22	1274.37	74.96
Tuition fee	712.9	8764.83	902.4	7825.74	767.21	45.13
Loan & Advances	8.08	8211.74	10.23	7331.91	7157.67	699.15
Miscellaneous	767.11	3221.59	971.02	2876.42	196.22	11.54
Total of Part A	2845.25	31612.8	3601.58	28225.7	683.7	40.22
B. Revenue from Grants						
Punjab Government	2544.96	8946.39	3221.47	7987.85	147.96	8.7
Center Government / U.T. Chandigarh	172.79	26.91	218.72	24.03	-87.69	-5.16
Total of Part B	2717.75	8973.3	3439.19	8011.88	132.95	7.82
C.						
Development grants by U.G.C. , Donations & Other Bodies	.....	292.39	.....	261.06	.....	.....
D.						
Schemes & Scholarships	44.23	332.15	55.99	296.56	429.67	25.27

The growth of grants for schemes and scholarships in Punjabi University, Patiala has shown a positive growth rate has been 429.67 percent between 2001-02 to 2011-12 and average annual growth rate has been 25.27 percent per annum which shows the income on constant prices for these purposes has increased. This shows that amount for subsidizing the education of needy and meritorious students have increased and the students will not suffer more in future.

### Summary

Education has always drawn the attention of educationists and economists, because it contributes to economic and social development of the country. realizing the importance of education in general and higher education and universities in particular U.G.C. (2001) in the X plan profile of higher education has stressed that "Education is the key to creating, adapting and spreading knowledge in all disciplines all subjects.

Higher education is a powerful tool to build knowledge for an information - based society. Universities thus have to serve, in 21 century a multiple role, produce new knowledge, acquire capacity to decipher and adapt knowledge produced elsewhere and create an intelligent human power, at all level, through changing teaching and research activities, which would balance both need (quality) and demand (quantity). On the other hand we expect the universities to develop human capital and new knowledge, on the other hand after the eighth plan due to the financial crunch at center and state level and change in priority from higher education to elementary education, the universities are being advised to raise their own resources and to reduce dependence on government.

There has a phenomenon increase in the number of institutions and enrollment at higher education level after independence. As of 2015 India has 45 central universities, 330 State universities, 130 deemed universities, 208 private universities, 5 Institutions established and 50 institutions of national importance and 38000 colleges (UGC, 2012). And the enrollment of the students at the time India attained independence was 0.1 million students which increase in 2012-13 to 18.5 million in universities and colleges and 3.3 million in diploma grating institutions (FICCI, 2012). So, there is a need for the universities to raise their own resources and to make efficient use of them. Therefore, the need for the management of financial resources in the universities has arisen.

The university Punjabi University, Patiala has been able to raise their own income in the total income from 50.73 percent in 2001-02 to 76.72 percent in 2017-18. The main sources of income tapped by the universities is fee. The main suggestion for the universities should get the elasticity of demand calculated in relation to fees before increasing the fee structure. Universities also should study the fee structure of neighboring universities. If a single university will increase the fees, the students will shift to other university.

The universities should increasing the enrollment of the students by raising the student teacher ratio to desired level. The university should develop the correspondence courses departments as the institution as well as private cost in this department is much less than the regular department. But the universities should conduct research to reduce wastage and stagnation in this departments. The universities should increasing the self financed courses so that the dependency over the grants shall decreased.

## References

1. Barro, R.J. (2001) Human Capital and Growth, *American Economic Review*, 91(2): 12-17.
2. Barro, R.J. and X. Sala-I-Martin (1995) *Economic Growth*, McGraw - Hill, New York.
3. FICCI (2012) *Higher Education in India in Twelfth Plan (2012-2017) and Beyond*, FICCI Higher Education Summit 2012, Planning Commission of India.
4. Government of India (1966) *Education and National Development*, Report of Education (Kothari) Commission, 1964-66, Ministry of Education, Government of India, New Delhi.
5. Juneja, C. Mohan (2009) *Accounting for Management and Information Technology*. New Delhi: Kalyani Publication.

6. Shakeel, Ahmad (2010) An Assessment of the Growth and Grants of Higher Education in India, University News, 48(12), 22-28.
7. Tilak, J.B.G. (2004) Public Subsidies in Education in India, Economic and Political Weekly, 39(4): 343 - 359.
8. Tilak, J.B.G. (2008) Financing of Secondary Education in India: Grant - in - Aid Policies and Practices in States, Shipra Publications, New Delhi.
9. UGC (1993) Report of the UGC Committee ( Punnayya, K. Committee) towards UGC Funding of Institutions of Higher Education, New Delhi.
10. UGC (2001) Xth Plan Profile of Higher Education in India, UGC, New Delhi.
11. UGC (2011) XIth Plan Profile of Higher Education in India: Strategies and Schemes for Universities and Colleges, UGC, New Delhi.
12. UNESCO (1995) Policy Paper For Change and Development in Higher Education.