



## BUDGET OF KUVEMPU UNIVERSITY- A TREND ANALYSIS

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### Abstract

In the field of higher education, universities are entrusted with the responsibility of building human assets by inducting knowledge and skills necessary for active and effective participation of the people in the country's development. Kuvempu University is a young affiliating University in Karnataka. Established in 1987, it is a University with a distinctive academic profile, blending in itself commitment to rural ethos and a modern spirit. It covers disciplines such as humanities, basic and social sciences and caters to the higher educational requirements of rural population who cannot afford Professional and general higher education in private institutions. Kuvempu University is mainly dependent on the state government for its financial requirements and possesses limited avenues to attract alternate resources. Finances are absolutely necessary for any improvement, even to maintain the existing system and inadequate funding affects the quantity as well as quality of education. In this context, the present research article assumes importance by analyzing the Budget of Kuvempu University and offering suggestions to the University for improving the overall financial management aspects. As Financial management is not an isolated issue but is linked to the quality of education being offered. Hence, the suggestions address financial issues, systems improvement, and academic matters.

**Key Terms:** Higher Education, Financial Resources, Expenditure Pattern and Fee Structure.

### Introduction

Finances are absolutely necessary for any improvement, even to maintain the existing system; and inadequate funding affects the quantity as well as quality of education from the public authority. Government – both state and central have been devolving money for education over the decades with primary education sector being given more importance. As like the other states, Karnataka government has also been spending considerable money on education – comprising of primary, secondary and higher education to provide better educational facilities to both rural and urban section of the society. Having spent such a large chunk of money on education sector by the state government, the basic question that would arise is that how the allocation of fiscal resources is being made on education sector? What are the sub sectors in which the expenditure is being made under education sector? and so on.

On higher education front, a task force<sup>1</sup> which was basically set up in 2004 to shape higher education by consolidating gains made in the past and addressing challenges of further in Karnataka, acknowledged that higher education is crucial for economic and social development of any country. The level of participation in higher education is indicative of the aspiration of the people for improving the quality of life. It is also crucial for national development since the skills, creativity, research and development through higher education contribute to national prosperity [Task Report, 2004]. Yet, it is a known fact that infrastructure is very much essential to achieve in any sector [like education, public health, roads etc.] development and thus allocation of fiscal resources becomes critical aspect. In this regard, the task force had made a detailed study on the grand in aid policy to the higher education and recommended several measures on the same.

The Higher Education Vision 2020<sup>2</sup> task force explain the need for a future vision of higher education in Karnataka and how to achieve the goals set up for improving the higher education. A perceptive plan for future development addressing the contemporary higher education system in Karnataka has been laid down in the vision document. Accordingly, a diagnostic assessment was carried out where in the vital issues were identified and probable solutions were provided. Furthermore, the vision 2020 on higher education focussed on governance, finances, academic and intellectual environment; strategic initiatives; student admission and progression; niche areas for academic development, research and publications, networking and clustering of institutions, industry and education interface community and stakeholder linkages.

A considerable quantum of studies has indeed been taken up on budget analysis of fiscal devolution towards primary and secondary education in India as well as Karnataka. However, not many study research have been carried into fiscal analysis of higher education – with special reference to university finance. Nevertheless, realising the need for some assessment on

<sup>1</sup> Report on Task Force on Higher Education, GoK, September 2004

<sup>2</sup> Report on Higher Education Vision 2020, GoK, December 2012



university finances, Karnataka government in the year 2011 under the aegis of Karnataka Knowledge Commission [aka Karnataka Jnana Aayoga] entrusted a study<sup>3</sup>. The primary objective was to analyze the financial resources of the eleven Karnataka State Universities and to suggest measures for improving overall financial management. The research team believe that funding education is an investment in building up of human assets and the state support is inevitable. The challenging task before the universities is widening the access of higher education and providing qualitative education. In this context, this study assumes importance in analyzing financial resources, expenditure pattern, cost and fee structure of state universities, and offers recommendations to both the state government and to universities for improving the overall financial management of primary, secondary and higher education – the state universities.

### **Kuvempu University: A Brief Profile**

Kuvempu University was established in 1987, with 51 Post-Graduate departments of studies in the faculties of Arts, Science, Commerce, Education and Law. The University has 92 affiliated colleges, three constituent colleges (among three, one is autonomous college) under its jurisdiction spread over 2 districts of Shimoga, and Chikmagalur. It also has outlying regional Post-Graduate centre at Kadur.

### **Review of Literature**

A brief review of few earlier works are made which are relevant to the objectives of the study are presented in the following paragraphs.

**Panchamukhi** in his book, *Financing of Higher Education in India –An Evaluation* (1965) estimated the total cost of education for the period 1950-51 to 1959-60 and pointed out that total cost of education constituted 6.2 per cent of GNP in 1959-60. The study also calculated the various components of private and institutional costs of education, foregone earnings for males and females, village and town pupil separately. The study estimated that foregone earnings constituted major proportion of total factor cost of education. The total cost of education was found to be between 5 per cent and 6.5 per cent of national income in 1960-61.

**Kulkarni**, in his working paper, *Institutional Expenditure: A Student Cost Approach of Andhra Universities*, (1969) estimated the unit cost of education for the period between 1962-1966 at current prices. It showed that the change in pupil-teacher ratio affects the unit cost of education. The decline in pupil-teacher ratio increases the workload of the teachers in turn leads to higher teacher turnover ratio.

**Prakash**, in his thesis, *Cost of Higher Education: An Evaluation of Unit Cost of University Education in Indian universities, Special reference to Andhra University* (1978) developed a detailed methodology for the calculation of the unit cost of education. Moreover, he has developed input-output models of education with an application to the Indian data. He tried to develop the educational deflators by using various inputs and their prices over the time. In the case of education, no separate educational deflators are available and most of the time the consumer price index or income implicit deflators are used. He identified various determinates of cost of education and developed the cost of education function. Among others, the major determinants were the academic costs, particularly the salary level, structure of providing basic instructions, research guidance and supervision. The availability of public resources helps in reduction of educational costs by the process of subsidization of institutional cost of service providers.

**Chalam** in his article *Expenditure on University Education Unit Cost Analysis* (1978), analyzed the cost of education in colleges of Andhra University. The study calculated the institutional and private cost in the colleges and, it was observed that institutional cost per student was almost double in the science faculty as compared to the arts. The comparative study of cost in both faculties has proved that major component of costs in science faculty was related with the common services. In arts, however, the teaching cost was the major component of unit cost. Similarly, private cost of former is less and social cost is more and private expenditure of the students was mostly influenced by socio-economic background of the students.

**Sharma**, in his book ‘*Cost and Efficiency of Indian University System in Delhi; An Comparative Assessment of General and Professional Education in New Delhi*’, (1980) presents the view that, in order to assess the cost and efficiency in Indian university system, made a unit cost study of the universities located in Delhi. The study also compared per unit cost of general and professional courses for the period 1974-75 to 1976-77. Per unit current cost was estimated under the four heads: teaching; student welfare; supporting services; and examination, and the capital cost were classified into four categories:

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<sup>3</sup> This study titled “University Finances – A Study of Karnataka State Universities” was carried by Jaidev. M and Ramesh G of Indian Institute of Management, Bengaluru. For more details, refer <http://cscs.res.in/dataarchive/textfiles/final-report-submitted-to-karnataka-jnana-aayoga-karnataka-knowledge-commission-government-of-karnataka>



buildings; equipments; libraries; and others. The study concluded that operating cost per student in affiliating universities was higher compared to that of residential universities.

**Sharma**, in his book *A Study on Major sources of funding of university education in India*, (1992) gives the state-wise detailed analysis of recurring and nonrecurring expenditure of the central, deemed and state universities of higher general institutions from the period 1982-85. The study reveals the income pattern, budgeting, accounting and finances of the university level institutions in India. And, he suggested following recommendations: (i) the universities should be given financial autonomy; (ii), the heads of departments should be delegated adequate financial powers; and (iii) the universities must prepare an accounts for themselves.

**Dutt** in his thesis *Cost of Financing Higher Education in Haryana ;A Critical Evaluation* (1995), analyzed the cost of education of 12 colleges affiliated to the Delhi University for the period 1976-77 and 1987-88. It was found that educational expenditure as a proportion to income has risen from 1.26 per cent in 1950-51 to 3.30 per cent in 1992-93, but in total plan outlay, it declined from 7.8 per cent in the First Five Year Plan (1951-56) to 4.5 per cent during the Sixth Five Year Plan (1980-85), while the plan-wise expenditure on the university education rose from 9 per cent in the First Five Year Plan to 19 per cent in Sixth Five Year Plan (1980-85).

**Colclough, Christopheer** (1996), *Education and the Market: Which parts of the Neoliberal Solution are Correct?* In his book discussed the cost of medical education in a self financing college, without any government subsidy, was about 2.25 lakh per annum. Similarly, the average cost of medical education at the Manipal Academy of Higher Education, for the year 1993-94 to 1996-97, was about 1.60 lakh per annum for the post-graduate degrees and diplomas.

**Jha**, in his Ph.D. thesis, *Higher Education Financing: Administrative Behaviour of Patna University*, (1974) studying the financial behaviour of the Patna University concluded that government grants is the main source of finance. The study also noted that in 1964-65, the state government itself had faced a deficit of funds due to the lack weak tax collections. This situation reduced the flow of funds to the coffers of university. The study also highlighted failure of the finance committee to function properly due to the lack of financial rules.

**Subrahmanyam** in his book *“Modern Banking in India”* (1982), studied the financing pattern of the Andhra University and found that its major sources of income (60 per cent) were the internal sources. However, across the non-academic income sources, major contributors were the press, publications, and interest on corpus fund. Further, on the expenditure side, major proportion of funds was consumed by the teaching departments (40 per cent to 69 per cent).

**Maureen Woodhall**, in his working paper, *‘student loans as a mean of financing Higher Education lesson from International Experience’* (1983) opined that the student loans are feasible in developing countries and suggested that the Student loans should be flexible, and can be used to provide incentives for particular groups of students. He illustrates it as significant source of financing for higher education, and argued for cost reduction as it is mainly meant for weaker section.

**Mridula**, in her Ph.D. thesis, *‘A Study on Expenditure of financing UGC Grants in India’* (1985), analyzed the sources of financing universities' maintenance grants. The study based on a large number of state universities found that the main source of financing and maintenance expenditure was the UGC's grants and the majority of these grants were in the form of the block grants.

**Mathew**, in her book *‘Financing Higher Education’* (1991), , analyzed, in detail, the source of funds of private colleges in Kerala for the period 1972-86. The analysis was made on the basis of sample data collected from 25 arts and science colleges spread over the state. The study found that, among the institutional sources of finance, grants from the state constituted more than 90 per cent. However, of the non-institutional sources of finance, donations emerged as the most important component of finance of private colleges in Kerala. The study called for strengthening of the finances of colleges in the private sector.

**Jadhya B.G Tilak** in his book *“Student loan in financing Higher Education in India, Student Loans in Developing Countries”* (1992), described the details of the student loan scheme prescribed in India, its strengths and weaknesses, and also suggested some marginal improvements for the betterment of educational loans .

**Tilak and Varghese** in their article,, *‘Reforms in financing Higher Education in India,Higher Education policy’*, (1992) studied the student loan scheme in India and considered some of its problems. They made a detailed comparison between loan and other alternatives methods of funding higher education in India.



**Sharma**, in his Ph.D. thesis 'A Study on Major sources of funding of university education in India' (1992), illustrated the major sources of funding of university education in India. These sources are the central government, the state governments, the University Grants Commission (UGC), the Indian Council of Agriculture Research (ICAR) and other public and private agencies. The funds are in the form of grants-in-aid, development assistance from the UGC and ICAR, fees and funds, income from moveable and immovable property, and sale of university publications and farm produce. The endowment funds were the sources of finance of university institutions.

**Swaminathan Committee**, in his report 'Report of the High Power Committee for Mobilisation of Additional Resources for Technical Education' (AICTE, 1994), looked into the possibilities of resource mobilization in the case of technical education, essentially through cost-recovery modes either from students or from elsewhere.

### Statement of the problem and Need of the Study

Historically, the financial burden of education was borne by both State and Central Government. But, the amount of expenditure spent on Higher education sector by the Government has been reducing over the years which has created a huge investment gap. This reduction in public expenditure has forced the higher educational institutions to increase the cost per student in the form of hike in tuition fees. Thus, financial aspects relating to cost of higher education has attracted researchers' and academicians attention. Keeping this in view the present paper attempts to evaluate the Budget of Kuvempu university which meets the higher educational needs of rural and economically backward group of students.

### Objectives of the Study

- To analyse the estimated and actual receipts of Kuvempu University
- To access the deficits of receipts in Kuvempu University
- To understand the growth of expenditure in Kuvempu University
- To suggest effective method of financial management and
- To suggest ways of improving academic aspects connected to finance.

### Sources of Data

The Research work is mainly based on secondary data. For gathering secondary data, books of accounts and financial records of the University are made use of. For further details connected to the financial aspects related to the research subjects, other published articles, books, journals and available reports are also referred and necessary information are gathered by the researcher.

### Methodology

The data and information gathered through the survey and reference are used extensively in this research work. The method of analysis followed for this study is purely analytical. With the help of available data, collected costs are analyzed. A number of statistical tools such as statistical tables, averages, percentages, diagrams, charts, measures of central tendency like arithmetic mean, graphs etc. are used for analysis of the data and to establish cause and effect relationship.

### Scope of the Study

The data gathered is extensively used in preparing this paper. The scope of the study covers the Kuvempu University over a period of five years from 2005-06 to 2009-10.

### Limitations of the Study

The study is subjected to few limitations as listed below:

- Except Kuvempu University's, no other University is considered for study purpose
- The study is based on the available data and
- The period under study is only for five years.

### Budget Analysis of Kuvempu University

#### A. Plan Receipt

The total plan receipt is received primarily from two sources. First, the money received from the state government [conventionally referred as development grant] and second is the grant received from UGC. From accounting perspective, the money received under **UGC major head of account** is further classified into three minor heads of accounts viz., *UGC grants, GoI grants, Other grants, Foreign grants and Special grants for Kannada Language Development*. To begin with, the total receipt (inclusion of all three sub heads of accounts) with both estimates and actual receipt under *plan head of account* is depicted in Table 1.



**Table 1: Total estimated and actual receipts – Plan receipts**

Year	Estimates (budgeted) of Plan receipts (Rs in Crore)	Actual Plan receipts (Rs in Crore)	% of Deficit/Excess receipts received as against the estimates
2005-06	5.00	5.50	9.09
2006-07	5.00	4.09	-22.25
2007-08	11.38	8.46	-34.52
2008-09	11.28	10.69	-5.52
2009-10	16.79	10.90	-54.04
CAGR	27.44	14.66	
AAR	43.89	27.38	

Source: Budget Estimates documents of Kuvempu University

As it is observed from the above that during 2005-06 and 2006-07, the actual receipt was Rs 5.50 crore and Rs 4.09 crore. Interestingly, in 2005-06 the university had received about nine percent higher than that was budgeted. An increase in actual receipts was seen from 2007-08 onwards with Rs 8.46 crore to Rs 10.69 crore in 2008-09. On the deficit of receipt front, although the shortfall was 35 percent between estimates and the actual receipts during 2007-08, it declined to about five percent in 2008-09. However, although the total receipt during 2009-10 [Rs 10.90 crore] was almost equivalent to the previous, it saw about 54 percent deficit in comparison to the estimates or budgeted in that year. This shows that for the decision making authority on fiscal devolution at state level, the *estimates* of budget prepared by universities would not be a benchmark in deciding the actual allocation of money. Instead, they would just add a single digit percentage on the previous year's released money and arriving at a particular figure.

Focussing on the devolution of fund under UGC head of account to Kuvempu University, Interestingly, there was about 1.85 percent increase in receipts as compared to the estimates during the year with Rs 3.78 crore was received from UGC which perhaps seem to be a good kitty. There was a decline in receipt of UGC grant next couple of years to Rs 3.14 crore in 2006-07 and then to Rs 2.66 crore in 2007-08. On the deficit side, there was shortfall of about 15 percent between estimates and actual receipt. This was further widened during 2008-09 with a shortfall of more than 100 percent as against the estimates despite receiving Rs 4.32 crore. However, a severe decline in UGC grant to Kuvempu University is observed in 2010-11. The primary reason was the non receipt of 11<sup>th</sup> Plan development grant<sup>4</sup>. In totality, a negative average growth rate of 1.7 % in allocation of UGC grants is seen with respect to Kuvempu University.

GoI grant forms the third resources of fiscal resources under plan receipt of the university budget. Although the share of this grant is considerably small as compared to state and UGC grants, yet this money is utilized mainly for academic research projects to be taken by the faculty. Accordingly, expect for the year 2008-09 where it crossed one crore – Rs 1.07 was received by the university and the rest of the years saw less a crore being allocated under this head of account. The allocation of this grant was less during 2006-07 and 2007-08 with about Rs 45 lakh and Rs 38 lakh as compared to 2005-06. However, a substantial growth of more than 150 percent increase in GoI grant to Kuvempu University was noticed with again a small decline in next couple of years from 9 % to 20 % in 2009-10 and 2010-11. As like the State government grant, the central government grants to university is on a decline mode which perhaps might have an adverse effect on quality academic research works.

With increase in number of research project ever year, the lesser allocation in future might force the university either to restrict the number of project proposals or provide a small proportion to each of the project. On the other, to balance the fiscal gap of GoI grant based projects, the University could utilize the money from UGC grants and allocate some fiscal resources to this head of accounts [in case of any provision under University Act.

<sup>4</sup>The annual accounts of year 2011-12 indicates that Moreover, the opening balance as on 1<sup>st</sup> April 2010 had about Rs 8.74 crore unspent money indicating that less money was able to spend in the year 2009-10. Perhaps this might have led for non receipt of anticipated grant from UGC for the year 2010-11.





**Table 2: Year-on-Year (Y-o-Y) growth and % of Deficit receipts received as against the estimates of receipts - Kuvempu University**

Year	Plan receipt						Non Plan Receipt					
	UGC grants		(GoI) grant		Other Receipts		State Grant		Admission, Affiliation & Distance Education		Other Receipts	
	YoY (%)	B	YoY (%)	B	YoY (%)	B	YoY (%)	B	YoY (%)	B	YoY (%)	B
2005-06	-	+ 1.85	-	+ 25.68	-	47.92	-	-	-	-	-	-
2006-07	-16.93	- 14.65	-39.19	- 86.67	-100.	- 100.0	15.72	+ 9.29	78.4	-	-	-
2007-08	-15.29	- 104.14	-15.56	- 171.05	-	-233.33	- 4.74	+ 0.00	38.9	-	-	-
2008-09	62.41	- 40.28	181.58	- 37.38	66.67	-331.25	14.59	+ 8.34	35.4	-	-	-
2009-10	50.23	- 17.26	-9.35	- 142.27	-6.67	-285.71	0.70	+ 0.00	- 0.70	-	-	-

YoY – Year-on-Year Growth, B - % of Deficit or Excess money received as against the estimates

**Table 3: Year-on-Year (Y-o-Y) growth in expenditure - Kuvempu University**

Year	Plan Expenditure				Non Plan expenditure					
	Develop mental Plan works	Pay and allowance	Others	Total	Academic Expenditure	Administrative Expenditure	Student Support Services	Examination Expenditure	Distance Education	Total
2005-06	-	-	-	-	-	-	-	-	-	-
2006-07	39.07	57.45	-32.65	29.42	925.93	110.33	363.89	43.79	68.35	130.23
2007-08	73.94	-6.76	-100.0	52.84	159.93	75.72	-50.30	8.41	-14.40	54.87
2008-09	57.41	-27.54	-	76.50	24.44	19.16	126.51	7.34	44.63	25.14
2009-10	29.29		-90.33	10.31	- 4.13	13.11	20.21	20.90	37.64	10.83

Source: Budget Estimates documents of Kuvempu University.

Finally, the fourth source is in the form of University's internal resources – that is accumulated through individual donors and bank interest earned on deposits and publication division of the university called as Prasanga is involved in publication of text books, other books and monographs and it contributes surplus revenue. As most of the sources are internally generated, one would expect that estimates seem to be reasonably close to the actual receipt. In essence, the gap between estimates and actual would be narrow. However, it is observed from Table-2 that the short fall in comparison between estimates and actual receipts under 'Others' category is more than 100 percent. Thus, it is evident that estimates are not calculated in accordance to anticipated internal fiscal resources. Hence, it is essential for the University to be more pragmatic in arriving at budget estimates. The last of classified group of plan receipt is funds received from abroad. Kuvempu University has been able to attract in getting about Rs 15 lakh during 2009-10.

As like the plan receipts, the fiscal resource transferred from the state government to Universities in the form of block grant is basically utilized towards construction of buildings, repair and maintenance of buildings, purchase of equipments etc. Again, block grant forms a considerable share of non plan receipts to Universities. Accordingly, Kuvempu University has received a sum of Rs 13.49 in 2005-06 crore and further received Rs 15.61 crore in fiscal year (2006-07) with an Year-on-Year growth of about 15 percent. On the contrary, a decline of 5 % as compared to previous year with a sum of Rs 14.87 crore of total non-plan receipt during 2007-08. Further, it is clearly indicative of the fact there is a consecutive increase of block grant during 2008-09 and 2009-10 to Rs 17.04 crore and Rs 17.16 crore to Kuvempu University. The year-on-year growth during 2008-09 was 15 percent and about one percent in 2009-10. This trend indicates that block grants are being arrived at by



looking at previous year releases and making a small percentage increase for the current year. Perhaps, the money is not allocated estimates of the University and rather would fix the money arbitrarily.

Second source of non plan receipt is in the form of University's internal resources – that is accumulated through admission, affiliation fees. According to the analysis provided by Prof. Jaidev, et.,al [2011] regarding the affiliation fees of Kuvempu University which is a significant source of income and leaves a large surplus for the University. The affiliation fees generates approximately 87 % surplus of Kuvempu University. The expenses related to affiliation are inspection charges, DA, TA and honorarium for inspection teams. Likewise, among four kinds of fiscal resources of fees, *Distance Education* has earned better revenue as compared to other sources for Kuvempu University. A manifold increase in this type of resources began in 2007-08 with University obtaining Rs 16.29 crore and almost similar revenue of Rs 16.02 crore in 2008-09.

### Expenditures

It is known aspect that non plan expenditure would always be higher than plan expenditures. A substantial quantum of *plan* expenditure has carried out by Kuvempu University from the year 2007-08 where Rs 12.64 crore is spent as against Rs 8.27 crore in 2006-07. On similar lines, the non plan expenditure incurred during 2007-08 was Rs 36.44 crore which was Rs 13 crore higher than non plan expenditure incurred during 2006-07 [Rs 23.53 crore]. Furthermore, the plan expenditure for the year is Rs 24.61 crore and non plan expenditure was Rs 50.54 crore in the year 2009-10. The share of plan expenditure to total expenditure is 31 % [refer fig -5] and the average ratio of plan to non plan expenditure over the study period is 1: 2.

The abstract of Plan Expenditure from budget estimates and annual financial reports of Kuvempu University indicate that the sub heads of accounts that development works consumes higher share under plan expenditure followed by miscellaneous expenses. Similarly, with respect to annual expenditure on works, a considerable investment in 2007-08 with an expenditure on developmental works showing Rs 11.95 crore and it gradually increased for next couple of years with Rs 18.81 crore and Rs 24.32 crore being spent by Kuvempu University. Surprisingly, no figures are shown in expenditure column of budget documents. Expenses towards allowance show an average expense of Rs 50 lakh per year.

On the other, on non plan expenditure of Kuvempu University indicate that a drastic increase in academic expenditure was observed from 2007-08 where in Rs 14.40 crore was spent. Perhaps, the after effects of State pay commission. Similarly, the academic expenditure further increased to Rs 17.92 crore in 2008-09 and to Rs 17.18 crore in 2009-10 with an annual average rate of about 11% over the study period. The second highest expenditure among sub heads of account is the administrative expenditure. Among the other three types of non plan expenditures, expenditure towards conducting annual examination has increased considerably from Rs 3.06 crore to Rs 6.19 crore in 2009-10 which saw one fold increase in four years. Finally, the distance education programme has substantial expenses that increased from Rs 2.97 crore in 2005-06 to Rs 8.52 crore in 2009-10 resulting in a fourfold increase in expenditure. Yet, Kuvempu University had more than fifty percent surplus from distance education.

### Overall Receipts and Expenditure

To summarize this section, the overall <sup>5</sup>receipts and expenditure (inclusive of both plan and non plan) is depicted in Table - 13. The closing balance shows a surplus of Rs 15.74 crore in 2005-06 to Rs 12.47 crore in 2006-07. However, as the utilization of fund increased from meagre 51 % during 2005-06 to 84 % in the year 2007-08 reduced the closing balance to Rs

**Table 4: Total Receipts and Total Expenditure and percentage of utilization of fiscal resources -- Kuvempu University**

Year	Total Receipts (Plan + Non plan)(Rs in Crore)	Total Expenditure (Plan + Non plan)(Rs in Crore)	Balance	% of utilization
2005-06	32.35	16.61	15.74	51.34
2006-07	44.27	31.80	12.47	71.83
2007-08	58.78	49.08	9.70	83.50
2008-09	77.97	67.91	10.06	87.10
2009-10	75.61	75.15	0.46	99.39
<b>Average</b>	<b>57.80</b>	<b>48.11</b>	<b>--</b>	<b>78.63</b>

Source: Budget Estimates documents of Kuvempu University

<sup>5</sup> It should be noted here the figures are taken estimates budget document – which is a consolidated providing the actual transaction of each head and sub heads of accounts. However, there exists some difference when looked at annual accounts document.



9.70 crore. On a good note, about 87 % of fund has been utilized in 2008-09 and about 99% during 2010-11 clearly indicating better utilization of fiscal resource by Kuvempu University. Finally, the distance education programme has substantial expenses that increased from Rs 2.97 crore in 2005-06 to Rs 8.52 crore in 2009-10 resulting in a fourfold increase in expenditure. Yet, Kuvempu University had more than fifty percent surplus from distance education.

### **Improvement of the Financial Management**

- As like other universities, there is no substantial increase in annual receipts from the state government over the years. In fact, time series data on receipts even showed a decline in receipt in couple of years sending signal to universities to become self sustained on fiscal front. In order to improve the financial management of higher education – especially the university, the role of finance need to retune and should become like a marketing department of corporate sector. In essence, instead of just being carrying out the role of preparation of budgets and other accounting aspects, they need to take the role bringing funds by making tie ups with industrial strengthen their relationships with industry and corporate sector and raise resources to meet various capital expenditure requirements and also to create a core fund and ensure a good financial health of the university.
- In addition, the recommendation made by KKC with regard to changing the role of finance committed could be thought of by Kuvempu University. The report suggests that finance committee should perform three important functions: partnership, trusteeship and innovation against the current role of just preparation of budgets and other accounting statements. The suggested multidimensional role will make the finance committee more responsible for raising the resources and cost minimization apart from regular functions such as budgeting and accounting. The finance committee has to innovate the new processes and application of technology for cost minimisation.
- From the trend analysis, it was observed the *Distance education* programmes generated a good amount of surplus revenue for Kuvempu University. Yet, as suggested by Prof. Jaidev and et.al in KKC report that Universities can offer such programmes in collaboration with KSOU and IGNOU. This conserves the faculty and physical resources and also facilitates standardization across the course content and evaluation. State universities may market these courses by lending faculty and physical resources. A revenue-sharing model through which state universities will get funds for marketing and providing services may be developed. Kuvempu University may try this experiment on similar lines.
- On expenditure side, there is a need for details on the money spent under GoI grants by Kuvempu University. With no clear classification of nature of expenditure in their annual accounts, it would really difficult to identify for the purpose money is being used. Hence, it is recommend that provide more details on utilization of money so that it would help not only the finance committee to do a better planning on need based allocation of resources to department. A centralized database on financial and student database along with fiscal devolution – both receipts and expenditure and even update the budget details on Kuvempu University website on a regular basis and disclose information related to academic achievements of both students and faculty.
- Lastly, there is a need for higher allocation of fiscal resources to departments and inputs from faculty clearly suggest that in most of times the departments are not involved in budget preparation. This lack of coordination might sometimes result in shortfall for those departments that are really in need additional fiscal resource. It is suggested that finance committee of Kuvempu University should involve faculty in finalizing the budget for next academic year. A necessary amendment regarding the unspent money of any department and power should be given to head of department in utilizing the unspent money to another purpose with an oral consent with the administrative wing of the university. This might help the department in spending on prioritized works.

### **Conclusion**

The Karnataka Knowledge Commission (KKC) report provides an excellent recommendation for universities in order to have self-stained fiscal resources. Hence, most of the conclusions pertaining to Kuvempu University on fiscal resource management would have similar recommendations. In this regard, a few recommendations are as follows:

Firstly, it emerges that Kuvempu University had a fair share of receipts from the state government on par with some of other old universities in the state. Yet, devolution of funds to departments remained uniform over ten year period and for some department there has been decline in expenditure. Hence, there is a necessity for more fiscal devolution to departments and especially those departments carrying out applied research.





As suggested by KKC in its report that Universities have to explore the possibilities of getting grants from UGC, ICSSR and other bodies for more research projects. In a way, it emerged from the analysis that Kuvempu University has been receiving a considerable grant over the years from the UGC. However, there is a need for better utilization of this money and ensure that more experimental research based projects are funded adequately. Nevertheless, there is a need for Kuvempu University to explore the need of better tie ups ICSSR and other bodies for more research projects. Subsequently, the faculty should be encouraged to pursue these projects by providing higher incentives and structuring flexible norms in utilization of project funds.

Another useful and pragmatic recommendation made by KKC is universities should introduce performance-based budgeting. IA term plan (may be five-year) is needed to shift the university towards a goal of centralized performance-based budgeting, including internal standards and external performance measurements for better accountability for success of meeting financial targets. Perhaps, Kuvempu University can also adapt a similar strategy.

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