

UGC FUNDING OF CENTRAL UNIVERSITIES IN INDIA

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ABSTRACT

Education sector is the sector which has direct impact on society for its growth and development as it is considered as a source of the physical, mental, and intellectual development of human being (Dillon 2012). Education can contribute more towards the progress of any nation if it is properly financed so this study focuses on allocation of funds to Central Universities by UGC to know the growth rate in funding to central universities. Data from UGC annual reports for the period of 2007-08 to 2015-16 comprising of 41 central universities in planned and 25 in non-planned allocations has been collected for this purpose. Both types of data related to planned and non-planned grants by UGC to central universities are considered to know the growth rate. The data so collected has been analyzed with the help of suitable tools of analysis. Percentages, graphs and diagrams have been used for analysis of the study. CAGR (Compound Annual Growth Rate) has been used to examine the growth of funds by using log linear regression model. Findings reveal that there is significant growth rate in plan grants as well as no plan grants by UGC to the central universities. Plan funds and non-planned are having compound annual growth rate of 14.68% and 12.64% respectively. Findings suggest that growth rate in Planned and Non Planned allocation grants is significant.

KEYWORDS

Grants, Central Universities, Planned, Non-Planned

INTRODUCTION

Education is considered as imperative tool for the progress of any economy and that can be possible if education is adequately funded by government. Education spending and economic growth are having two way relationships (Chandra, Jamia, 2010). Thereby education financing should be the top priority but many countries expenditure on education is said to be an investment for the country but it is unfortunate that it is negligible. At present educational institutes are facing shortage of resources and lack in utilizing the resources. It is not the problem of one country, many countries is facing the problems of resource crunch for education. (Weidman, 1995). Resources are also not fully utilized; only 34% resources are utilized by education institutes (Afonso, Santos, 2004). It became an another problem when the responsibility of two is done by only one as in case of India, where the responsibility to finance the education is of central government as well as of state government but 80% funds are provided by state government (Tilak, 2008).

Financing of education is always been a matter of discussion in India. There are lots of hurdles in this way. In earlier time when private players are not there in education sector, at that time education is financed by government itself. For this government has to maintain huge reserves for education, but now a day private sector is involved in this sector too, they charge hefty fee from students and provide services, which become a matter of discussion that government should raise their standard to meet the quality in government's institutes, that can happen if government provide timely and appropriate funds to educational institutes in order to provide educational services

In India there are 4 kinds of universities namely Central universities, State Universities, Deemed Universities and Private Universities. Private Universities are those universities which can give degrees but UGC not allow it to establish and run off campus colleges. Deemed universities are given status of autonomy u/s 3 of UGC act 1956. State universities are those which are established by passing an act in Legislative Assembly and run by state government of respective state.

CENTRAL UNIVERSITIES:

Central universities are established by central government by passing an act in Parliament. Union government provides grants to Central Universities. Among all central Universities, University of

Allahabad is oldest one. There are 47 central universities in different states according to the UGC list as on 29/06/2017.

State	No. of central Universities
Andhra Pradesh	0
Arunachal Pradesh	1
Assam	2
Bihar	3
Chandigarh	0
Delhi	5
Goa	0
Gujarat	1
Haryana	1
Himachal Pradesh	1
Jammu and Kashmir	2
Jharkhand	1
Karnataka	1
Kerala	1
Madhya Pradesh	2
Maharashtra	1
Manipur	2
Meghalaya	1
Mizoram	1
Nagaland	1
Odisha	1
Puducherry	1
Punjab	1
Rajasthan	1
Sikkim	1
Tamil Nadu	2
Telangana	3
Tripura	1
Uttar Pradesh	6

Uttrakhand	1
West Bengal	1
Total	47

Source: List of Central Universities by UGC

UGC provides two types of grants to central universities namely Planned and Non Planned grants. Planned grants are for improvement in infrastructure as well as to increase the excellence in certain areas. General Plan Development Grant to Universities is being made available on the basis of the outlays determined and communicated to the Universities. Generally planned grants are given to central university for the purpose of enhancing access, ensuring equity, imparting relevant education, improving quality and excellence, making their University administration more effective, providing more Faculty Improvement programmes, enhancing facilities for students, augmenting research facilities and other plans of the University. Basically planned grants are used for construction of the new buildings or to restructuring old buildings, purchasing new books, conferences, workshops for research purpose. Planned grants are given to those universities who meet the requirement given by UGC in terms of infrastructure, staff, books, journals. Non-planned are given for maintenance purpose.

LITERATURE REVIEW:

Extensive studies are available on financing of education; few of them are described here.

Author`s Name	Year of study	Objectives	Country	Sample size	Research Findings
Tilak	1991	To know the growth in expenditure of education by family and government and to know the relationship between	India	Data of government and family expenditure from 1960-61 to 1984-85	It is found that family expenditure on education is fairly large. Expenditure by family and government on education is positively related, but if talk about percentage of GNP then the expenditure not found to be satisfactory

		family and government expenditure on education.			
Parkash	2007	To know the trends in financing higher education	India	Data of period 1981-2001	Expenditure on education increased by 4.13 times. Central government share in financing education is on 25% which increased by 5%. Another finding of study is that there decreasing trend in financing higher education as well as technical education.
Joshi	2007	To examine the financing of higher education by private sector and its implications for India.	Philippines	Private institutions for higher education in Philippines	Private educational institutes depend on tuition fee for revenues but they have good strategy that they manage to reduce the government spending on education. Study suggested that country like India should also implement the same strategy to reduce the burden of government.
Ahmed	2008	To analyze and compare the finances of central universities	India	DU, JNU and Jamia Millia Islam	Study found that there was remarkable increase in the funding of central universities in India during study period. Study also found that the UGC provided remarkable financial support to the central universities of Delhi but the requirements of funds increased every year due to increase in students enrollment. The author suggested that a need to develop information and communication technologies (ICT) in university administration so that expenses of non-academic activities is reduced and efficiency is increased

Erins and Erina	2015	To evaluate the financing system and scope of improvement in higher education system in Latvia.	Latvia	Education institutes of Latvia	Study reveals that state is facing problem of shortage of funds but this problem should not lead to reduced basic funds for higher education. Study suggested in order to improvement in existing model of financing, the stress should be given on increasing performance efficiency by appointing specialist in education field.
Aristovnik	2013	To examine the efficiency in utilizing expenditure on education EU states	Europe	EU states	Study reveals that efficiency in utilizing resource for education is significantly differ among EU states. Hungary, Estonia & Slovenia set benchmark for utilizing funds for education among all states.
Tilak	2015	To explore the trends of financing higher education in different parts of world	India	Data of different nations.	Study reveals that there is decrease in public expenditure on education that's why other sources such as education loan, non-government resources, privatization and internationalization are becoming popular for education financing. But in the end study concluded that best way to finance higher education is financing by government from its tax and non-tax revenues
Goksu and Goksu	2015	To compare higher education financing in	Turkey	Data related to different countries	Study explored that most of the countries spend more than 1.5% of their GDP while in some countries like Canada, Korea and United States, this

		different countries.			rate exceed 2.5%. There are some countries like Hungary, Italy and U.K ,in which education expenditure is less than 1.5%
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Literature suggested that there are studies on expenditure on education but very few of them focus on grants given by higher authority to the central universities. So, present study is done to cover the aspects of providing grants to central universities.

NEED AND OBJECTIVE:

Education is pillar for the society. Economy grows if education grows and that can happen if educational institutes receive appropriate funds from the government. The present study attempts to know the growth rate in plan and non-plan grants provided by UGC to central universities. The study will help to know whether there are sufficient funds are allocated by UGC to central universities or not. The study is comprises of two objectives that are

1. To know the growth rate in Plan funds allocation by UGC to central universities of India.
2. To know the growth rate in non-Plan funds allocation by UGC to central universities of India.

RESEARCH METHODOLOGY:

Secondary data has been collected for the purpose to know the growth rates of plan and non-planned funds allocation. The data has been collected from the annual reports of UGC. There are 47 central universities in different states according to the UGC list as on 29/06/2017. But UGC provided planned grants to only 41 central universities out of which 6 Universities namely (i) Central Agricultural University, Imphal, Manipur (ii) Indira Gandhi National Open University, New Delhi (iii) Indian Maritime University, Chennai (iv) South Asian University, New Delhi (v) Nalanda University, Bihar and (vi) Rajiv Gandhi National Aviation University, Uttar Pradesh are not funded by the UGC and 25 universities for non-planned allocation is available. The study period has been taken form 2007-08 to 2015-16. The data so collected has been analyzed with the help of suitable tools of analysis. Percentages, graphs and diagrams have been used for analysis of the study. CAGR (Compound Annual Growth Rate) has been used to examine the growth of funds by using log linear regression model.

FINDINGS OF STUDY:

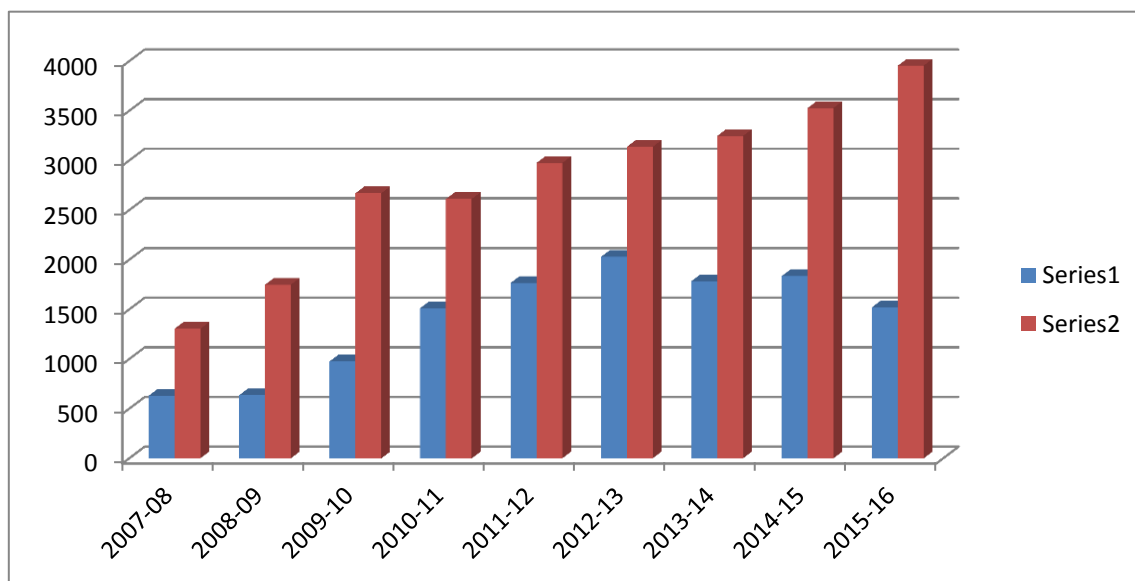
Study comprises of 9 years data related to planned and non-planned grants allocation by UGC to Central universities. Data is collected for 41 central universities for planned allocation and 25 for non-planned universities Table 1 relates with the plan and non-planned funds allocation

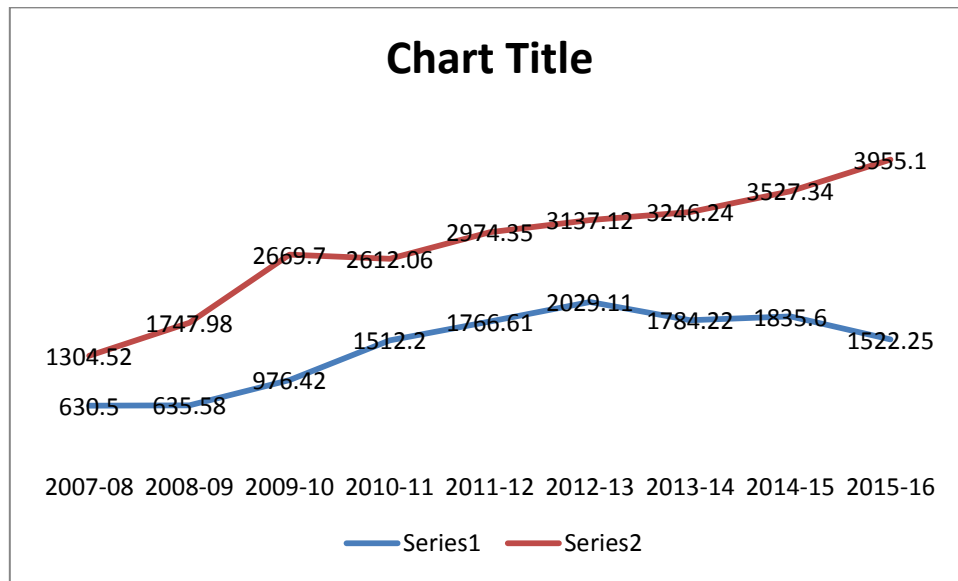
Table-1

Year	Planed Grants (Amount in Crores)	Non Planned Grants (Amount in Crores)
2007	630.50	1304.52
2008	635.58	1747.98
2009	976.42	2669.70
2010	1512.20	2612.06
2011	1766.61	2974.35
2012	2029.11	3137.12
2013	1784.22	3246.24
2014	1835.60	3527.34
2015	1522.25	3955.10
CAGR	14.68%	12.64%

Source: UGC annual reports.

Graph 1 represents planned and non-planned grants received by central Universities





- Series 1 denotes planned grants.
- Series 2 denotes Non Planned grants.

Compound annual growth rate of planned and non-planned grants has been computed by using log linear regression model. Findings reveal that for planned grants CAGR is found to be significant at 0.01% ($0.007 < 0.01$) level of significance and CAGR is found to be 14.68%, and same with the case of non-planned grants CAGR is found to be significant at 0.01% ($0.000 < 0.01$) level of significance and CAGR is found to be 12.64%.

CONCLUSION AND RECOMMENDATIONS:

Expansion of education is mainly depends on how education institutes like universities grow and that can be possible if universities receive adequate funds from higher authorities. The budgetary allocations on university education by the central government have been continuously increasing during study period but the rate of increase not necessarily kept pace with total expenditure. Study concludes that UGC is providing two types of grants to Central Universities that are Planned and Non Planned. Planned grants are growing at significant compound annual growth rate of 14.68% while non-planned funds are growing at significant Compound annual growth rate of 12.64%. Beside granting funds there is need of effectively utilizing funds because education sector is facing financial crunch. For increasing excellence in education, not only the regular funding is required even there is need to utilize it in an efficient manner. To improve education financing, need to focus on increasing efficiency, equity and improved budget planning, transparency and accountability innovations.

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