

Chapter 4

An analysis of Revenue structure of The M.S. University of Baroda

Section I

4.01 Introduction

In the recent times, there has been remarkable growth in the number of aspirants for higher education, but there is also an inadequacy of resources for providing this education (Tilak J.B.G., 2003). Higher education in India appears to be experiencing this dilemma, leading to inefficiency, distributive inequity and the financial crisis. (Panchamukhi, P.R., 1975) Therefore, the crisis of finance or resource constraints is formidable, precipitating and more seriously accentuating other forms of crisis. This financial squeeze in Indian higher education is not an exception, but is a part of a global phenomenon. Lack of financial resources has bedevilled higher education systems everywhere, both in developed and developing countries. Along with its attendant consequences, this fiscal exigency has been posing a serious threat to the survival of the system of higher education in India (Jena, S.L. 1983).

Funding sources and methods and the conditions attached to their availability significantly influence the working of the system. The functioning of the university system therefore, requires funds and consequently the nature and the extent of its availability, and its management become key factors (Singh A and Sharma A.D., 1981).

This chapter contains an analysis of the various sources of finance in The M.S. University of Baroda during 1980-81 to 2006-07. The chapter is divided into three Sections. Section 1 deals with the revenue structure and major heads of the university. Section two deals with contribution of fees to university revenue and section three deals with share of receipts by university's own activities and conclusions.

4.02 University Revenue Structure and Major Heads

In literature, higher education has been considered as a 'quasi-public good'. Accordingly, the public good nature of higher education warrants that the state should play an active role in the financing of higher education (NIEPA, 2005). The support for education comes from both the sources - public as well as private. The magnitude of support from respective source is dependent upon a number of variables. As in the case of other universities, the income of The M.S. University of Baroda is mainly generated by the university through internal resources. The other sources of income include the government and U.G.C. that are the external sources.

The internal sources include:

1. Fees from students
2. Income from the University's own activity that includes income from:
 - a. Halls of residence
 - b. Buildings, land and other properties
 - c. The University Health Centre
 - d. Auxiliary services and
 - e. Miscellaneous items.

External sources include grants from the state government and UGC.

In this section, an attempt has been made to analyse the structure, magnitude and behavioural trends of individual components of the internal sources of the University and also the extent of dependence of the University on external sources, primarily on support from the State Government.

Finances were not a serious problem during the first decade of The M.S. University's existence. Troubles surfaced in the early sixties in the course of its expansion and development. The financial crunch assumed a cancerous character during the 1970s, posing a formidable threat to the continuance of existing programs of the University, and its future prospects. These financial problems may have been the result of certain lacunae in two important variables. The first is a flawed resource structure and its mechanics of financing and resource

mobilization. The second is the inefficient and suboptimal resource deployment and utilization (S.L. Jena, 1983).

Before examining the nature of expenditure incurred for the development and maintenance of The University after 1980s and onwards, it is important to know the various sources of income of the university and also whether their maintenance (non-plan) as well as development needs are looked after by the University grant Commission (U.G.C) or not.

Table 4.01
Trends in Income of the M.S. University of Baroda (1980-81 to 2006-07)
Rs. In Lakhs

Year	Internal sources	Share of Internal income in the total income (in %)	External Sources	Share of External Income in the total Income (in %)	Total Income (Non-Plan Revenue)	Growth Rates	Growth Index	% increase over the years
1980-81	127.4	32	265.30	68	392.7	...	100
1981-82	143.79	31	325.24	69	469.03	19.44	119.44	19.44
1982-83	147.43	30	351.79	70	499.22	6.44	127.13	6.44
1983-84	155.36	27	416.70	73	572.06	14.59	145.67	14.59
1984-85	146.74	22	525.01	78	671.75	17.43	171.06	17.43
1985-86	109.1	16	594.42	84	703.52	4.73	179.15	4.73
1986-87	143.6	18	665.67	82	809.28	15.03	206.08	15.03
1987-88	125.05	13	820.65	87	945.7	16.86	240.82	16.86
1988-89	137.33	13	947.44	87	1084.77	14.71	276.23	14.71
1989-90	139.3	9	1348.00	91	1487.3	37.11	378.74	37.11
1990-91	175.13	10	1535.65	90	1710.78	15.03	435.65	15.03
1991-92	188.3	11	1485.01	89	1673.32	-2.19	426.11	-2.19
1992-93	219.87	13	1496.15	87	1716.02	2.55	436.98	2.55
1993-94	248.41	12	1837.66	88	2086.07	21.56	531.21	21.56
1994-95	222.22	10	1993.77	90	2215.98	6.23	564.29	6.23
1995-96	281.96	10	2488.71	90	2770.67	25.03	705.54	25.03
1996-97	301.82	10	2687.41	90	2989.23	7.89	761.20	7.89
1997-98	319.02	10	2758.58	90	3077.61	2.96	783.71	2.96
1998-99	321.07	8	3586.03	92	3907.1	26.95	994.93	26.95
1999-00	339.61	8	4154.03	92	4493.64	15.01	1144.29	15.01
2000-01	302.47	5	5972.22	95	6274.69	39.63	1597.83	39.63
2001-02	337.66	6	4936.63	94	5274.29	-15.94	1343.08	-15.94
2002-03	260.79	5	4822.80	95	5083.59	-3.62	1294.52	-3.62
2003-04	283.98	5	5060.55	95	5344.53	5.13	1360.97	5.13
2004-05	306.41	6	5076.72	94	5383.13	0.72	1370.80	0.72
2005-06	357.17	6	5320.29	94	5677.46	5.47	1445.75	5.47
2006-07(RE)	395.12	5	6853.81	95	7248.92	27.68	1845.92	27.68

Source: Various Budgeted Estimates of the University for this chapter and chapters 5 and 6.

Note : Figures computed on the basis of various budget estimates of the University for this Table and all other tables in chapter 4 and 5.

RE: Revised Budgeted Estimates

Table 4.01 exhibits the internal and external sources of the income, their share in the total income and their growth over a period of 27 years. The total Non-plan income of The University shows an increasing trend except during few years of 1991-92, 2001-02 and 2002-03. It has increased from Rs. 392.70 lakhs in 1980-81 to 7248.82 in 2006-07. Index for the year 2006-07 has been up to 1845 with 1980-81 as the base year. However, increase in income is not consistent over the years. The total receipts from the Revenue account of the University have risen from Rs 392.70 lakhs during the year 1980-81 to Rs. 1710 lakhs during the year 1990-91. Further, it increased to Rs 7248 lakhs during 2006-07. The total receipts have increased by more than 18 times in the past 27 years. The total receipts on revenue account have increased at a compounded rate of 16% per annum during the pre-reform period i.e., during 1980-81 to 1990-91 and at a rate of 10 % per annum during the period 1991-92 to 2006-07. This means that during the post reform period, the receipts have increased at a lower rate compared to the pre 1990-91 periods.

The table also shows that the income from internal sources has gone up from Rs. 127.4 lakhs during 1980-81 to Rs. 175.13 lakhs during 1990-91 and further increased to Rs. 395.12 lakhs during 2006-07, this makes an increase of about 3 times during the entire period. The income from internal sources has been on an average 13% during the entire period and ranged between 5% and 32% during 1980-81 to 2006-07. The income from internal sources increased at a compound annual rate of 3% during the pre reform period (1980-81 to 1990-91) and at a rate of 5% per annum during the post reform period. This shows that the income from the internal sources has increased during the 1990s compared to the 1980s.

In the same manner the external sources of income which stood at Rs. 265.30 lakhs during the year 1980-81 went up to Rs. 1535.65 lakhs during the year 1990-91 and then increased up to Rs. 6853.81 lakhs during the year 2006-07. The income from external sources has on an average increased by 87% during the

entire period and ranged between the 68% and 95% during the 1980-81 to 2006-07.

The change is much sharper when one looks at these figures at constant price. The rate of growth which is 19% per annum at current price is much lower at 11% during the pre reform period at 1984-85 prices. During the post reform period the growth in the external source (grants) is only 3% per annum during the post reform period at constant price whereas the same is 11% at current price during the post reform period. Hence, since 1990-91, the revenue from the external sources has grown at a very low rate compared to pre reform period.

4.03 Non-plan Grants for University Maintenance and Development

Education, including higher education, continues to be a state preserve, despite its incorporation in the Concurrent List since 1977. The State Governments shoulder the major responsibility of providing financial support for higher education, barring the central universities and institutions of national importance. These grants can be divided into two broad categories:

1. Non-plan grants for university maintenance and development.
2. Plan-grants for developmental purposes by the U.G.C.

4.04 Heads of Maintenance Grants to the University

The State Government provides maintenance grants to the University under two specific heads:

1. Block or Annual Grants
2. Additional Block Grants

Maintenance grants are provided to meet the normal recurring expenditure on administrative and academic functions of the University. The State Government also provides development grants for developmental schemes on allotment basis. This non-plan grant for the University's maintenance and development forms a large amount and constitutes the bulk of the financial

resources available to the university from the state. Plan grants from the State Government are specific grants of a small amount.

The State Government provides two types of maintenance grants for the University, under the Revenue Account: Block Grant or Annual Grant, Additional Block Grant. Based on the income and expenditure of the last three preceding years, Block Grant is fixed for a period of three years.

The fixation of block maintenance grants appears to be provisional and amenable to the pressures exerted by the University from time to time. The grants appear to have evolved under continual pressure from the University on the Government for more funds and the State Government's inability to meet all these demands. In the process, the University's expectations regarding the quantum of State Grants have remained unfulfilled through the years (Panchamukhi, 1977).

The Additional Block Grant is a committed responsibility of the State Government, and comprises of an extensive variety of items. This includes expenditures on development schemes such as revision of salary scales suggested by the U.G.C. Under different plan periods, House Rent Allowance as declared by the State Government from time to time, and increased Dearness Allowance. These cases get U.G.C. assistance after the expiry of the Plan period and as a condition of the plan grants (Jena S.L.1983).

Table 4.02
Major heads of receipts (as percentage of total receipts)

Year	Grants	Fees	Hostel	Occupation of Buildings	Health Service	Auxiliary Service	Miscellaneous Receipts
1980-81	67.56	24.52	2.24	1.33	0.01	3.37	0.97
1981-82	69.34	23.40	2.01	1.26	0.01	3.18	0.80
1982-83	70.47	22.23	1.87	1.16	0.01	3.24	1.02
1983-84	72.84	20.14	1.69	1.10	0.01	3.40	0.82
1984-85	78.16	15.71	1.39	0.96	0.01	3.26	0.53
1985-86	84.49	8.50	0.82	0.90	0.01	2.78	2.51
1986-87	82.26	10.78	1.06	0.77	0.01	2.71	2.42
1987-88	86.78	8.76	0.81	0.68	0.00	2.28	0.69
1988-89	87.34	8.44	0.84	0.46	0.01	2.29	0.63
1989-90(RE)	90.63	6.58	0.60	0.36	0.00	1.55	0.26
1990-91(RE)	89.76	7.41	0.52	0.32	0.00	1.69	0.30
1991-92	88.75	6.58	0.56	0.33	0.01	3.30	0.48
1992-93	87.19	8.29	0.55	0.38	0.01	3.08	0.51
1993-94	88.09	7.19	0.44	0.34	Nil	3.00	0.94
1994-95	89.97	6.47	0.39	0.31	Nil	2.23	0.63
1995-96	89.82	6.88	0.23	0.25	Nil	2.27	0.56
1996-97	89.90	6.59	0.43	0.25	Nil	2.44	0.38
1997-98	89.63	7.11	0.29	0.26	Nil	2.26	0.45
1998-99	91.78	5.88	0.26	0.21	Nil	1.63	0.24
1999-00	92.44	5.03	0.22	0.33	Nil	1.76	0.22
2000-01	95.18	3.33	0.09	0.20	Nil	1.10	0.10
2001-02	93.60	4.24	0.16	0.27	Nil	1.50	0.23
2002-03	94.87	2.87	0.29	0.26	Nil	1.46	0.25
2003-04	94.69	3.30	0.17	0.31	Nil	1.29	0.24
2004-05	94.31	3.93	0.21	0.24	Nil	1.07	0.24
2005-06	93.71	4.23	0.21	0.33	Nil	1.26	0.26
2006-07(RE)	94.55	3.77	0.16	0.27	Nil	1.02	0.23

Note: Computed on the basis of University Budgeted Estimates.

RE: Revised Budgeted Estimates

Based on data presented in the table (table 4.02) the following conclusions have been drawn, and observations made in relation to the sources, their degree, and relative scale and growth trends.

In terms of the overall revenue of the University, there has been a sizeable growth during the last 27 years. Compared to others heads, grants have the highest share in the total receipt with an increase of about 25 times during the entire

period. Share of grant to total receipt has also been fluctuating during the period of 27 years. It has been the lowest at 67.56% and the highest at 95.18% during the period 1980-81 to 2006-07. On an average the share of grant in total receipt remained at 86.97%. On the other hand, the share of fees, both tuition and hostel fee has been declining continuously over the years. Share of tuition fee which was 24.52% in 1980-81 declined to as low as 6.58% during 1989-90. Though, this has been fluctuating but a trend is towards decline. During 2002-03 it was lowest at 2.87%. This has marginally increased since then. Similarly, the contribution of the hostel fee has also declined over the years. The other heads of revenue i.e., occupation of building, health services, auxiliary services have witnessed a decline. Auxiliary services include University Press, Stationary Unit and Publication sales Unit. Health services are one head which has discontinued after 1992-93. The university services were chargeable till 1992-93 but since then the charges on these have been completely abolished. Hence, the contribution of this head is nil since 1993-94. Miscellaneous receipts that include office equipments, Repairs and dead stock, etc, increased marginally during the decade of 1980s, presently the receipts from these services are also declining.

Table 4.03
Range of various heads of receipts as % of total receipts during the year
1980-81 to 2006-07

Values	Grants	Fees	Hostel	Occupation of Buildings & Land	Health Service	Auxiliary Service	Miscellaneous Receipts
Minimum	67.56	2.87	0.09	0.20	0.00	1.02	0.10
Maximum	95.18	24.52	2.24	1.33	0.01	3.40	2.51
Average	86.97	8.97	0.69	0.51	0.00	2.24	0.63

As is shown in the table (table 4.03), the share of government grant was as high as 95.18% where as share of tuition fee has been as low as 2.87%. This shows that the share of State Grant to the University has been increasing. So, the financial burden of the Government in its grants to the University has continuously increased due to an unprecedented “numerical explosion,” against a background of acute resources scarcity.

If we go by public expenditure on education, it declined from 0.46 percent of GNP in 1990-91 to 0.34 percent in 2004-05(B. E.) (Ved Prakash, 2007) and per pupil public expenditure on higher education in real terms shows negative growth rate of 1.5 percent annually during 1990-91 to 2002-03. This shows that there is a trend towards under investment in higher education. This is also reflected in the declining share of grants in the income of the universities.

Prolonged under-investment in education by the state during the initial years of economic planning under one guise or the other and recently in the name of structural adjustment programme has proved very costly. The government has to be very cautious in devising financing scheme leading not only to faster economic growth but also socially inclusive growth for education to play the role of an equalizer when education, mainly higher education, has become internationally traded commodity (Shah K.R., 2008).

According to the UNESCO report (UNESCO, 2007) households bear only 14 percent of the costs for university education as against 28 percent of the costs of primary and secondary education. At the same time it is equally true that education is fast ceasing to be a 'public good' or 'collective good' (Shah K.R., 2008). If this in any case is an indication of rise in private rates of return, then there lies the argument in favour of rise in fees for those who can afford to pay. There is a justification for the proposed hike in tuition fees (increasing cost recovery) when viewed in the context of increasing private rates of return to higher (general) education as the beneficiaries are individuals. However, this pattern of the private rates of return reflects social benefit content also in the form of rapid economic growth and consequent buoyancy in tax revenue. At least this suggests laying down of reasonable '*floor*' if not ceiling, for the proportion of state budget to be allocated to education. The future expansion of tertiary education in all probability will be as per the dictate of the business world, nationally and internationally, amount to a greater involvement of the industry (corporate sector) and households (private individuals) together with the state. The trio have to devise a funding mechanism, if that is the major problem for its slow and qualitatively poor growth, serving the larger interests of the society. Education policy has to be so worked out that it turns out to be in tune with the long term goal of sustainable rapid and inclusive economic growth (Shah K.R., 2008).

4.05 Contributions of Heads of Grants

Table 4.04
Range of block grant as % of total grant and total receipts
(1980-81 to 2006-07)

Heads	Average	Minimum	Maximum
Block Grant from State Govt. in Total Grant	73.45	49.62	96.35
Block Grant in Total Receipts	63.77	44.54	88.43
Additional Grant in Total Grant	25.99	3.65	50.38
Additional Grant in Total Receipts	22.67	3.35	45.22

The contributions of the block Grants to total grant over a period of 27 years shows that the share of block grant is on an average 73.45% highest at 96.35% and the lowest being 49.62%. Block grant as proportion of total receipts over a period of 27 years constitute on an average 63.77%. The block grant during the period 1980-81 to 1990-91 increased at a compound annual rate of growth of 14% per annum and at the rate of 12% per annum during 1991-92 to 2006-07.

On examining the contribution of the Additional Grants to total grant over a period of 27 years, the share of additional Grant is on an average 25.99 %. The highest is at 50.38% and the lowest at 3.65%. Similarly, the share of block grant is on an average 22.67%. The highest is at 45.22% and the lowest at 3.35%. These two major heads constitute the major ratios among the revenue sources. The compounded rate of growth of additional grant during the 1980-81 to 1990-91 has been 19% per annum and 9% per annum during 1991-92 to 2006-07. This means that both the additional grant and the block grant have witnessed a decline during the post reform period.

The compound annual growth rates, the magnitude of block grants inclusive of additional grants and its fluctuations are crucial to the financial position of the University. Therefore, the Block Grant merits a close examination in relation to the deficit expenditures.

According to Karup and Thatte (1991), there is an undeniable resource crunch in the higher education sector, and this has affected the quality as well as the quantity of higher education. The stability of the University's finances and its progress depend upon the trends in State Government financing of the university system. This is true for The M.S. University also, which gets its main funding from the Government, and in the absence of any alternative sources of funds, any fluctuation in the flow of State Grants will not get compensated, and are likely to impair the development of the university. "Public Universities throughout the world and particularly in developing countries are under financially leaving aside situations where the university system is expanding; constrained government budgets may lead to a general under funding of public universities (Karup and

Thatte, 1991). According to the authors, this situation may arise for a number of reasons. Two of which are:

1. Additional government funding may not be available to enable universities to maintain enrolment levels and quality in the face of rising unit cost.
2. Across the board cuts in overall government expenditure, including higher education, exerting pressure on the public university to seek alternative funding.

Section II

Contribution of Fees to University Revenue

4.06 Fees from Students

This section examines the role of students' fees and contributions as an income variable. These fees and contributions are an internal source of finance for higher education in The M.S. University. In fact, fees constitute the second major internal source of income. An attempt has also been made to examine particularly the structures and components dealing with fees, the trends related to fees and contribution of this head to total income of the University.

Fees are like prices or charges paid, in return for services rendered or for instruction and other facilities provided to the students, whereas donations do not necessarily have the expectation of returns. (Panchamukhi P.R. 1977) it is both a "merit" good and a "mixed" good and has to be financed by tax-resources as well as fee-resources. Fees generate income to maintain university enrolments and output or quality, in response to rising public university unit cost.

Table 4.05
Growth of Fees (Base Year 1986-87=100)

Year	Total male Enrolment AGR	Total Female Enrolment AGR	Total Student Enrolment AGR	Total Fees AGR (current price)	Fees at Constant Price AGR
1980-81
1981-82	27.68	21.20	25.87	14.00	...
1982-83	2.31	0.40	1.80	1.10	...
1983-84	-21.92	-2.81	-16.87	3.82	...
1984-85	-5.37	5.54	-2.00	-8.38	...
1985-86	14.86	20.20	16.64	-43.36	...
1986-87	-6.17	12.37	0.20	45.85	...
1987-88	-5.77	-2.19	-4.40	-5.03	-13.32
1988-89	-1.18	13.76	4.70	10.53	2.40
1989-90(RE)	6.93	7.51	7.18	6.94	0.30
1990-1(RE)	4.12	0.90	2.74	29.51	16.64
1991-92	18.29	19.57	18.83	-13.16	-23.60
1992-93	6.67	12.82	9.28	29.14	17.00
1993-94	-11.36	-6.03	-9.02	5.48	-1.36
1994-95	6.70	5.43	6.12	-4.40	-12.87
1995-96	-6.84	9.69	0.58	32.92	21.63
1996-97	10.82	-9.96	0.64	3.30	-5.46
1997-98	-2.37	5.34	1.01	11.21	4.21
1998-99	0.70	-0.98	-0.07	4.94	-5.96
1999-00	5.20	7.15	6.08	-1.66	-5.86
2000-01	4.32	3.05	3.74	-7.59	-12.33
2001-02	-9.57	-6.62	-8.23	7.11	1.89
2002-03	3.41	12.45	7.59	-34.83	-37.25
2003-04	-5.94	-5.95	-5.95	20.92	16.60
2004-05	5.31	3.73	4.55	19.96	15.56
2005-06	-0.59	6.47	2.80	13.73	8.75
2006-07(RE)	15.55	1.79	8.71	13.83	6.81

Note : RE: Revised Budgeted Estimates
.... Not Available

4.07 Types of Fees

There are three types of fees classified on the basis of the University's expenditure on students. These are:

1. Academic Fees
2. Examination Fees and
3. Other Fees & Development charges.

Academic Fees comprises of Tuition Fees, Application Fees, Library Fees, and other miscellaneous receipts from students. Charges for conducting examinations are included in examination fees. Charges for transfer certificates, eligibility certificates, study related certificates, and other study related charges constitute other fees. Of late, university has introduced development charges along with the tuition fee. Undoubtedly, next to grants received from the State Government, fees from students form an important source of revenue for the University.

Table 4.06
Range of Tuition Fees, Exam Fees, Other Fees to total fees

Fees	Average	Minimum	Maximum
Tuition Fees	6.94	2.12	20.19
Exam Fees	1.65	0.00	3.32
Other Fees	0.42	0.05	1.10
Total Fees	9.00	2.87	24.61

Fees from students increased more than three folds during the time period of last two and half decades. The table 4.06 shows that the total fee income, inclusive of all types of fees, has increased considerably in the period 1980-81 to 2006-07. It was Rs. 96.28 lakhs during the year 1980-81 which increased to Rs. 110.95 lakhs during the year 1990-91. Further, it increased to Rs. 273.63 lakhs during 2006-07. However, during this entire period, contribution of fee decreased in the years of 1985-86, 1991-92 and 2002-03. This can be due to increase in the number of female students compared to males during these years as female students are exempted from paying tuition fees. The data shows that during 1984-

85 to 1985-86, proportion of female students has grown on an average at a rate of 5 to 20%. But during the following year of 1986-87, the rate of growth of female students decreased by 8%. This can also be during the year 2002-03 whereby female enrolment grew by 12.45% and the rate of growth of fees declined.

In the year, 2003-04, rate of growth of female enrolment declined from 12.45% in 2002-03 to -5.95%, while the growth of total fees was 20.92%. Interestingly, during 2005-06 and 2006-07, there has been an increase in fees at a rate of 13% per annum, though enrolment of male students went up from 0.59% per annum to 15.55 % per annum, and female enrolment up to 8.71% from 2.80 %. Therefore, it is difficult to infer any relationship between the growth of students and fee.

However, when one looks at the contribution of fee at constant prices, the scenario is quite different. During the pre reform period, the rate of growth of fee has been 7.1% per annum but during the post reform period the rate of growth of fee has been negative at -0.44% per annum.

Looking at the long term trends, during the pre reform period from 1980-81 to 1990-91 the rate of growth of fees (CAGR) has been 3% per annum. This has increased to 6% per annum in the post reform period. During the entire period of 1980-81 to 2006-07, the highest share of total fees was percent 25 in total receipts.

During the period 1987-88 to 2006-07, considering this growth in fee at current and constant price; fees actually witnessed a decline of -5.03% per annum during the entire decade whereas at constant price the decline was much sharper at -13.32% per annum at constant price. Hence, the contribution of fee shows a very significant decline during the entire period. What is pertinent to know is that there is a negative correlation ship between the enrolment of students and student fee; though the value of Karl Pearson's correlation not being very high (-0.42)

The decline in the contribution of fees in the revenue of the University is a warning signal for the University to take an alert action in finding alternative

sources of income, e.g. from self-financing courses in different departments of the university.

Table 4.07
Per Student Total Fees and Tuition Fees at Current Price and Constant Price
(1984-85=100)

Year	Per Student Total Fees (CURR.P)	Constant Price	Per Student Tuition Fees (CURR.P)	Per Student Tuition Fees Constant Price
1986-87	370	321	264	230
1987-88	367	291	254	201
1988-89	388	285	283	208
1989-90(RE)	387	267	276	190
1990-91(RE)	487	303	380	236
1991-92	356	195	263	144
1992-93	421	208	294	145
1993-94	488	226	350	162
1994-95	440	186	312	132
1995-96	581	224	365	141
1996-97	596	211	359	127
1997-98	657	217	423	140
1998-99	690	205	440	130
1999-00	639	182	395	112
2000-01	569	153	363	98
2001-02	664	170	387	99
2002-03	402	99	364	90
2003-04	517	123	506	120
2004-05	594	136	586	134
2005-06	657	144	649	142
2006-07(RE)	688	142	667	137

Note: RE : Revised Budgeted Estimates

4.08 Fees per Student

At this juncture it is not out of place to study 'per student fees' over the years. In the first year of the University's establishment, the 'per student fees' was Rs 207, which increased to Rs 688 during the 2006-07. The trend in 'per student

fees' has been fluctuating. During the entire period 1980-81 and 2006-07, the 'per student fees' has been on an average Rs 507.

It is also interesting to note that the scenario changes completely when one looks at these figures at constant price. There has been an increasing trend in per student total fees from 370 during the year 1980-81 to 688 during the year 2006-07 at current prices. Whereas, at constant price, it has declined from Rs. 321 in 1986-87 to 142 in 2006-07. At current price the rate of growth of fee (CAGR) per student is 3.15% per annum. On the other hand, at constant price the same is negative being -4.02 %. In per student tuition fees also, there is a decreasing trend, as constant price is -2.54.

The contrasting trend is seen in per student tuition fees when one looks at this at current and constant price. In current price, per student Tuition Fees had increased from 264 to 667 during the entire period from 1986-87 to 2006-07. While at constant price, per student Tuition Fees had decreased from 230 to 137 during the same period. This gives enough reasons to evaluate the tuition fee structure from time to time.

Though in absolute terms the magnitude of tuition fees has continued to rise since 1980-81, the share of tuition fees in the total revenue receipts of the University has declined. As mentioned by Jena (Jena S.L., 1983), this may have been due to several factors, including the following:

1. Increase in enrolment of female students in the University.
2. Different scales of Tuition Fees for different courses.
3. Reduced student enrolment in courses with high Tuition Fees.

The educational scenario in India has changed from 2000 onwards, with the advent of globalization, collaborations with foreign universities, and the introduction of new courses at higher educational levels. The dawn of the new millennium has brought a significant amount of new ideas on financing of higher education. Self-financing and private courses have also been increasing, with parents willing to give more fees though this proportion is low presently. These

changing trends may have diverted large number of students to the private sector, with a resultant impact on the ratio of fees in the University's revenue.

Mathew (1991) suggested that for improving the financing of colleges and universities, the fee structure should be revised, and linked to the beneficiary's ability to pay for education. Increase in cost recovery rate through tuition fees can be considered as one of the important source adopted in 1990s in most universities and intuitions of higher education. "Generally it is felt that the levels of fees in higher education in India are very low and that there exists much scope for increase in the fee and for rationalization of the fee structure. This is more so in case of higher technical education. The UGC and AICTE committees recommended that at least 20 percent of the recurring expenditure per student has to be generated through student fees and other sources (Joshi M 1998).

Section III

4.09 Receipts by University's Own Activities

After analyzing the share of fees to total receipts it is interesting to understand the receipts from the University's own activities as they also contribute towards generation of some additional income to the university. The University Act envisages residential accommodation on campus for students engaged in higher education and professional training. This facility is a source of income for the University and is the function of two variables. First, the hostel fees per term as determined by the Syndicate through its resolution and second, the actual number of resident students.

The share of receipt from the hostel fees to the total receipts has not seen noticeable increase during the period 1980-81 to 2006-07. The receipts from hostel fees have been only Rs.8.89 lakhs during the year 1990-91 compared to Rs. 8.79 lakhs during the year 1980-81. During the later years, receipts from hostel fees have been only Rs.11.55 lakhs as of 2006-07. The average contribution of the receipts from hostels to total receipts during the entire period of 27 years is 0.69%

per annum. This has ranged between the lowest at 0.09 % and the highest at 2.24%.

Income from 'Occupation of Land & Buildings' is primarily dependent upon rent from the University quarters, guest houses and other properties possessed by the university. The share of income from 'Occupation of Land & Buildings' in the total receipts during 1991-92 to 2006-07 has increased from Rs.5.40 lakhs to Rs. 19.25 lakhs. Income from this head has been on an average 0.51% and ranging between the lowest 0.20% and the highest at 1.33% during the period of study.

Another head of receipts from M.S. University's own activities has been the Health Centre on the campus since 1962-63 for the benefit of its staff and students. The Centre charged nominal fees for treatment and consultation. This is a welfare measure undertaken by the University; the contribution of this head to the University's internal income has been negligible. In fact, during the initial year, there were nominal charges on the services rendered by the health centre but of late, these have been discontinued.

Another major head is income from Auxiliary Services. The University has a multiplicity of functions including teaching, research, and extension. Their structures, strategies, and programs are designed to achieve definite objectives. Some programs are integral components of the system, contributing to its effective and efficient functioning. These enterprises, in conjunction with the institutional configuration, are grouped together under the general classification of Auxiliary Services.

This head has three enterprises.

1. The University Press
2. The University Stationary Unit
3. The University Publication sales Unit

Receipts from Auxiliary Services increased during 1980-81 to 1990-91 from 13.22 lakhs to 28.85 lakhs. By the year 2006-07 it has doubled and reached

up to 74.05 lakhs. The rate of growth of contribution of auxiliary services during the pre reform period (1980-81 to 1990-91) was 8% per annum. This however, has increased to 12% per annum during the period 1991-92-2006-07. The average ratio of Auxiliary Services has been on an average of 2.24%, higher than all other internal heads of the University's own activities. This has ranged between 2.24% and 1.02% during the 1980-81 to 2006-07.

It can be concluded that so far as the receipts of the University's own activities are concerned, auxiliary Services plays a major role. The rest of the heads need to be improved, if receipts have to go up.

The Auxiliary Services of a university can run on commercial lines. Against the backdrop of resource scarcity and the emerging emphasis on accountability, it has become imperative to apply commercial principles to the management of university auxiliary services. It is also described as "supplementary business enterprises." If managed efficiently, these can be quite dependable sources of revenue for the universities. (Jena S.L. 1983)

Table 4.08
Per student Receipts of Major heads of the revenue account

Year	Receipts From	Receipts from Fees	Receipts from University's Own Activities	Receipts from Total Revenue
1980-81	1379	501	162	2041
1981-82	1336	451	140	1927
1982-83	1569	495	163	2227
1983-84	2023	559	195	2777
1984-85	2548	512	200	3260
1985-86	2524	254	209	2988
1986-87	2827	370	240	3437
1987-88	3638	367	187	4193
1988-89	4012	388	194	4593
1989-90(RE)	5325	387	164	5876
1990-91(RE)	5905	487	186	6578
1991-92	4805	356	253	5415
1992-93	4604	438	239	5280
1993-94	5981	488	320	6790
1994-95	6115	440	242	6796
1995-96	7775	595	286	8655
1996-97	8206	601	321	9128
1997-98	8274	657	300	9231
1998-99	10763	690	274	11727
1999-00	11753	639	322	12714
2000-01	16288	569	256	17113
2001-02	14671	664	339	15674
2002-03	13321	402	318	14042
2003-04	14862	517	317	15696
2004-05	14344	597	269	15210
2005-06	14754	667	324	15744
2006-07(RE)	17543	700	311	18555

Note : RE: Revised Budgeted Estimates

During the pre reform period, per student receipts have grown at a compounded rate of 12% per annum during the year 1980-81 to 1990-91 and at the rate of 9% per annum during the entire period of 1991-92 to 2006-07. This shows that the per student receipts have grown at a lower rate during the post 1991 period compared to the pre reform period of 1980-81 to 1990-91. The 'per

student receipts' in total revenue has increased 9 times during the period 1980-81 to 2006-07.

During the pre reform period, compound annual growth rate of grant per student been 16% per annum and during the entire period from 1991-92 to 2006-07, the same has grown at a compounded annual rate of 9% per annum. Data shows that during the years 1980-81 to 1987-88, the 'per student grant' steadily increased. Later, during 1991-92 to 1992-93, it decreased. It then increased in 1993-94, reaching Rs.16,000 in 2000-01. In later years, the grant shows a decreasing trend, and finally in 2005-06, it went up to Rs.17000, showing fluctuations in the grant received per student. Much of this can be attributed to the fluctuations in the enrolment of student.

In pre reform CAGR of per student fee during the year 1980-81 to 1990-91 has been 0.22%% and 4% during the 1991-92 onwards i.e. in post reform period. The trend in 'per student fee' shows fluctuations during the years 1985-86 to 2001-02, and no major increase or decrease, till 2001-02. In 2002-03, the 'per student fee' suddenly decreased and went up to Rs. 402. Later it shows an increasing trend. This may also be due to the reason mentioned earlier.

There have not been noticeable variations in per student receipts from the university's own activities. In pre reform CAGR of per student receipts from university's own activities during the year 1980-81 to 1990-91 has been 1% and also 1% during the 1991-92 onwards i.e. in post reform period. In 1981-82, it reached a high of Rs. 481; and later shows a random fluctuation of Rs.154 to 299. Hence, one can conveniently say that the per student grant received, fees and receipts from university's own activities have fluctuated over the years.

4.10 Conclusion

This chapter focussed on the sources of finance of The M.S. University of Baroda. The different revenue sources of the University have been examined with emphasis on the extent of contribution of each *source* and the prevailing trends. There has been certain stability so far as the growth of fees after post reform

period is concerned, while there has been some fluctuation in the grants. In addition, if the influence of price change is eliminated, the government grants and the fees from students show considerable decline. Therefore, there is reason to suspect that the fluctuations in grants must have caused financial strain on the University budgets.

Analysis of the University's revenue shows a perceptible trend of increasing reliance on the State Government for funds. This trend cannot continue indefinitely. Inevitably, the University has to decrease its dependence on state resources. In such a situation, the University has to make optimum utilization of available resources.

What Panchamukhi (1981) observed in the global context of higher education in India appears to be appropriate to The M.S. University of Baroda. He observed, "Higher educational institutions should themselves be held responsible to a large extent for their excessive reliance on the government for funds. For they have not shown the necessary dynamism and initiative in regard to the mobilization of own funds". (Jena S.L.1983) Before introducing alternative sources financing policy makers should weigh the advantages and disadvantages of available policy alternatives. e.g., self financed courses, which are the means by which universities and colleges are able to raise the fees for such courses, careful social and economic analysis of policy alternatives is prerequisite for sound policy reform.

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