

The UGC: Financing of Higher Education in India

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Abstract

This paper deals with the emerging issues in public financing of higher education. The funding mechanism of the government-funded institutions and the role of the UGC in this regard, an apex and statutory body by an Act of Parliament solely responsible for the disbursement of grants to all the eligible colleges and universities in the country need to be studied. The UGC in India is not merely a grants giving agency but it is also concerned about the coordination and maintenance of standards. It has to shoulder wide-ranging responsibilities in the process of coordination and maintenance of standards, allocation and disbursement of grants. All these responsibilities are now being challenged as the share of private sector grows and the public sector seems to be keen to partner with the private sector, country opens up to the globalising forces and more importantly the government faces fiscal constraint in a federal set-up. 'Value for money', accountability and veering towards competitive funding are the emerging trends world over. Higher education in India needs a huge amount of resources not merely to provide good quality of education but to transform the nation as a whole. The Commission disburses more fund to Central Universities as compare to State Universities. And even within the Central Universities there exist disparities in disbursement of fund. In fact, only some of the reputed Central Universities received a larger share of the funds from the Commission. Higher education in India suffers as the fund is allotted more on maintenance and less on the development expenditure.

Introduction

The establishment of UGC was mooted by the Radhakrishnan Commission or the First Education Commission

(FEC). The Commission considered it necessary to expand the extent of coverage of the higher educational system in India. Universities too were

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in favour of establishing a highest statutory body for coordination and determination of the standards of higher learning. Eventually the UGC was established as an apex and the statutory body on 28th December, 1953 though it 'became a statutory organisation by an Act of Parliament only in 1956'¹. The UGC in India is not merely a grants giving agency but it is also concerned about the coordination and maintenance of standards. It has to shoulder wide-ranging responsibilities in the process of coordination and maintenance of standards, allocation and disbursement of grants.

Since ancient times higher education has occupied an important place in the art of higher learning in India. Universities like Nalanda, Takshshila and Vikramsila attracted not only the students from within the country but also from abroad. However the present system of higher education owes its origin to Lord Macaulay and Sir Charles Wood's Dispatch of 1854. The idea of universities in India was first incorporated by Sir Charles Wood's Dispatch commonly known as the Magna Carta. Through this Wood's Dispatch, the present system of higher education was put in place covering the entire gambit of education from primary school to the university. Three leading universities were established in Mumbai, Kolkata and Chennai in 1857. These universities were modelled after the London University. Subsequently some universities were also established

in different parts of the country like Allahabad, Aligarh and Banaras. In 1924, Government of India organised a conference in Shimla to discuss the issues related to higher education and suggest concrete measures. On the recommendations of this conference, fourteen universities agreed to establish the first All India University organisation in 1924. Subsequently, an Association of Indian Universities (AIU) was set up in 1925 for the promotion of Indian university activities in different spheres. According to Sharma (2006), AIU was established to promote the sharing of information and cooperation in the field of education, culture, sport and allied areas. In the process, the first attempt was also made to formulate a national system of education in 1944. The University Education Commission was set up in 1948 under Dr. S. Radhakrishnan which is known as the First Education Commission (FEC). The Commission recommended that the UGC should be empowered to allocate grants-in-aid from public funds to the universities and the institutions of higher learning. As per the Act, it was vested with the powers and responsibilities for 'the determination and maintenance of the standards in teaching, examination and research'². Accordingly, the Commission has statutory authority of recommending to universities the measures necessary for improvement in education and also advise them to take necessary action in that regard.³

¹ UGC. 2008 *Annual Report 2007-08*, New Delhi, UGC, p.16.

² A.S. DESAI. 1995. *Policies in Higher Education in India*, Association of Indian Universities, New Delhi, p.2.

³UGC. 1991. *Annual Report 1990-91*, University Grants Commission, New Delhi, p.1.

Besides, the UGC will also take the responsibility to look into the financial needs of universities and allocate or disburse funds for development of the infrastructural facilities and other components of the university system. Thus the main function of the UGC is to allocate and distribute the available grants to the different universities.

The organisational set-up of the Commission consists of twelve members. The Commission consists of the Chairperson, Vice-Chairperson and ten other members appointed by the Government of India.⁴ Chairman and the Vice-Chairman are the full-time working members of the Commission while the other members are part-time. Among the ten members of the Commission, the two members represent the Central Government. The four members of the Commission represent the university teachers and the remaining four are appointed from among Vice-chancellors, who are known and reputed educationists.⁵ The secretary is the head of the executive. In formulation, evaluation and monitoring of its programmes, the UGC seeks the help of the subject experts from the universities, colleges, national laboratories and other institutions.

Powers and Functions of the Commission

As mentioned above, the Indian University Grants Commission is established more or less on the British Model of UGC. The main concern of the

British UGC is to assess the financial needs of the universities and also to disburse grants. But between the two models there is a major difference. Indian UGC's prime responsibility is not only the disbursement of funds/grants to the universities but it has to coordinate, prescribe and determine the standards of the higher education. According to Singh (2004), the UGC in India is different from any grant-giving agency in any country of the world. In fact, the UGC in India is vested with two powers at the same time.

In some developed countries like Canada, Australia, USA and Germany the funds are allotted by the federal governments unlike in India. Besides this, the federal governments do not have the powers to set standards. In India, UGC is not only the grant-giving agency but also a policy-making body. The UGC as an apex and statutory body has got the powers to provide grants to all the universities who are eligible to receive these grants. In its formative years, all the universities were not eligible to receive this grant in accordance with the section 12(B) of the Act. It was only in 1974 the Act was amended to provide grants-in-aid to all the universities. It covered all the universities established after the commencement of the UGC Act, 1972 with certain exceptions. No grant is provided either by the Central Government or by the UGC if the university is established after the UGC Amendment Act 1972 unless the Commission declared it fit for receiving

⁴ UGC. 2008. *Annual Report 2007-08*, University Grants Commission', New Delhi, p.16.

⁵ S.R. SHARMA. 2006. *University Grants Commission: Role in Development and Growth of Higher Education*, Mangal Deep Publications, Jaipur, p.38.

such grant.

The UGC's policy on the eligibility for grants, had become restrictive because of the funds constraint and this is likely to be reversed during the Eleventh Five Year Plan (EFYP). As a consequence, few institutions of the higher education received the grants from the UGC or Central Government. In terms of funding the budgetary allocation made by UGC on 'higher education is grossly inadequate and skewed in favour of selected universities and colleges in India'.⁶ It may be noted that some State Colleges and Universities received more grant than the other. According to Bhushan (2008), states like Maharashtra and Tamil Nadu received the maximum plan support of 12 per cent and 11 per cent respectively. Six states like Maharashtra, Tamil Nadu, West Bengal, Uttar Pradesh and Andhra Pradesh received around 47 per cent of the plan resources from the Commission.

But the economically and educationally backward states like Bihar, Chhattisgarh, Jharkhand, Uttaranchal and Rajasthan received abysmally a low amount of plan support from the Commission. Besides, these states are also faced with resource constraint in financing higher education. Owing to this fact, some states have a favourable support from the UGC and received more grants from them. The UGC at present

is funding about 145 universities and 4600 colleges under different schemes apart from funds given to research and teachers.⁷ Therefore, most of the institutions of higher education receive no grants from the Central Government or the UGC because in majority of the cases, they are not affiliated as they are required to conform to the UGC regulation regarding quality. In the recently held Vice-chancellors conference, it was proposed that UGC grants may be given 'without insistence on 12(B) recognition as a pre-condition'.⁸ It may be noted that the states often suffer from the fiscal constraints. The FRBM (Fiscal Responsibility and Budgetary Management) Act arguably restricts the state governments' spending so that the state fiscal deficits remain within the stipulated limit of three per cent of SGDP (State Gross Domestic Product). Subsequently, the states face a problem to meet the demands of access, equity and quality in investment of higher education. Therefore, the UGC is urgently required to address these very issues to support the financial need of the universities in order to supplement inadequacy in the state government fund allocation as well as to ensure coordination, avoid conflicts and regional disparities.

The Commission has the authority to regulate fees structure and prohibit the donations in certain cases. 'No grants shall be given by the central

⁶ PAWAN AGARWAL. 2009. *Indian Higher Education: Envisioning the Future*. Sage Publications, New Delhi. p.131.

⁷ KAVITA, A. SHARMA. 2003. *Fifty Years of University Grants Commission*, UGC, New Delhi. p.45.

⁸ *University and Society (Draft) Proceedings of the Vice-Chancellors' of State and Central Universities*, p.38.

government, the commission, or any other organisation receiving any funds from the central government, to a university which is established after the commencement of UGC Act, 1972, unless the Commission has, after satisfying itself as to such matters as may be prescribed, declared such university to be fit for receiving grant as per 12(B).⁹ The Commission also has the power to make rules, regulations and delegate. But all these rules and regulations have to be made by the parliament.

Since UGC receives funds from the central government, this affects the capability of the Commission to provide the grants to the universities and higher education institutions. Grants consist of both plan and non-plan expenditure to meet the maintenance and development needs of all the universities and colleges that declared fit to receive such grants. But the 'State Universities, Colleges and other institutions of higher education receive support only from the plan grant for development schemes'¹⁰.

Higher education in India exists with lot of heterogeneity. We have the people from different social and economic backgrounds, religions and regions. Consequently, higher education in India is not free from disparities and imbalances. These

problems are still visible among the different regions and religions. The overall Gross Enrolment Ratio (GER) in higher education in India is about 10 per cent, the GER for SC/ST and OBC is only six-seven per cent, compared to 17 per cent for others.¹¹ Further, Duraisamy (2008), stated that the GER in term of religious groups the for Muslims are 5.2 per cent as compared to 10.4 per cent for Hindu, 11.2 per cent for Sikhs and 18.6 per cent for the Christians and other religious groups.

Until now the masses of the population in the country are excluded from higher education on the basis of economic, social, gender and some other factors through discrimination. Due to this fact the higher education in India face major challenges in term of accessibility and equity. This is 'one of the greatest challenges to the system so that it makes higher education more accessible, more relevant and at same time more affordable.'¹² Consequently, the concern of the commission was to promote some of the schemes, so that it helps to overcome those social and economic barriers in higher education.

Further it is observed that there are wide disparities in the assistance provided by the Commission to different types of educational institutions¹³. In fact there are great disparities in allocation of budgetary resources

⁹ R.K. TIWARI. 2009. *Financing Higher Education in India*. Neeraj Publications, New Delhi, p.53.

¹⁰ Op.cit, S.R. Sharma, University Grants Commission: *Role in Development & Growth of Higher Education*, p.21.

¹¹ P.DURAISAMY. 2008. '*Enrolment Forecast of Higher Education for Inclusive Growth in the 11th Five Year plan*', UGC, New Delhi, p.27.

¹² Op. cit, S.R. SHARMA, University Grants Commission: *Role in Development & Growth of Higher Education*, p.21.

¹³ R.B. AGARWAL. 1993. *Financing of Higher Education in India*, Ganga Kaveri Publishing House, Varanasi, p.95.

among the central universities, state universities and colleges. Subsequently the universities and colleges are not equally developed and it varied from region-to-region. Some of the backward places like hill and tribal regions are still left far behind the national level. These institutions lack not only physical infrastructure facilities but also suffer from poor performance of the staff (ibid). The teachers are not well trained or well equipped in the field. It is the responsibility of the UGC to look after these universities and colleges and provide grants and well-trained staff to these institutions. Besides, there also exist young and newly established universities which are yet to be developed firmly. These institutions require special development grant from the Commission which will enable them to introduce innovations in academic programmes.

According to Sharma (2006), UGC operates a scheme of autonomous colleges which enables potential college to design their curriculum, evolve new methods of learning, frame their own rules for admission and prescribe their own course of studies and conduct of examination. The concern of the Commission was to improve the quality of the autonomous colleges by giving them more academic freedom. It has also operated special schemes for the disadvantaged sections of the society. In most of the universities in India ST/SC Cells are functioning to enhance more opportunities to these deprived sections during the time of

admissions, recruitment and provision of residential facilities, etc.

In addition to this, the Commission also organises special coaching class for qualifying the JRF and NET. These measures were intended to address the issues of access and equity. In the present scenario, the number of the students enrolled in higher education has increased but the infrastructure facilities are still in a bad shape. Subsequently the institutions of higher education suffer from both poor quality and excellence. The Commission has been promoting a large number of reforms in classroom teaching, laboratory practices, fieldwork, evaluation methods and other related aspects, which have a bearing on the quality of education.¹⁴ The Commission is also constantly in touch with the Central and State governments for the necessary measures to be taken in order to improve quality of higher education. In the country like India there is an existence of numerous fake universities. To monitor this problem the UGC has special malpractice cells which are responsible to collect and submit the list of fake universities before the Commission for further necessary action.

An Indian higher education system is also assessed and accredited by a body called the NAAC (National Assessment and Accreditation Committee) which was established in 1994. The main concern of the body was to assess and accredit colleges and universities within a specific time frame. Number of

¹⁴ Op. cit, S.R.SHARMA. University Grants Commission: *Role in Development & Growth of Higher Education*. p.31.

colleges and universities were assessed and accredited. NAAC in India was set up through voluntary initiative but it has worked under the supervision and purview of the UGC. To some extent, NAAC also works autonomously. The UGC also nominates a number of persons who sit on the various NAAC bodies.¹⁵ In the case of general education courses in India, the development grants provided to the colleges and universities are largely given by the UGC. The UGC normally sends the review committees in order to review and ascertain the financial needs, standards of teaching, examination and research after consultation with the university. In case of the State Universities, it is the government who send the review committees for the inspection rather than the UGC. UGC provides a small amount of grants to the State Universities and Colleges. Consequently, the major portion of the grants flows from the State Governments itself.

In fact, only the central universities and central government institutions of higher learning are funded by the UGC. The other institutions are either funded by other ministries, agencies of Central Government, State Government and trusts. Higher education in India is also funded either through 'entrepreneurial activities'¹⁶ or donations. Besides this, we have the bodies like AICTE for

financing, coordination or management of technical educations. A number of higher education institutions in India are also funded through private sources.

UGC-funding Mechanisms

In a developing country like India, higher education needs a huge amount of funds because of the rapid growth in demand and building up of quality infrastructure. Till today, the funds for universities are always in a shortage. Consequently, the resource for universities and higher education in India is in crisis. However 'a higher education requires a large amount of funds not only to provide good knowledge but also to give country great architects of society'.¹⁷ Considering this, Governments provide a direct financial assistance to both the universities and colleges. The other main reason for the public support towards higher education was its positive externalities. Perhaps, the positive externalities can be either monetary or non-monetary benefits that accrue to the society. And in view of the positive externalities and inclusive expansion of higher education, the government has continued to provide subsidies to universities and higher education. In fact, the UGC funding is revisited; the funding approaches are either influenced through political, social and economic factors. And in funding of

¹⁵ AMRIK SINGH. 2004. *Fifty Years of Higher Education in India: The Role of the University Grants Commission*, Sage Publications, New Delhi, p.124.

¹⁶ Entrepreneurial activities includes various forms of franchising, licensing, sponsorship and partnering with the third parties, technology transfer, business incubator, research parks, testing services, executive education, venture capital investment and investment in real estate and so on.

¹⁷ Op.cit,R.K TIWARI. *Financing Higher Education in India*, p.57.

higher education, the Government has its own objective functions essentially based on 'egalitarian approach'¹⁸ to overcome shortages of labour supply and a steering philosophy or in other word, a market driven system.

Funding of higher education in some of the countries follows a pattern related to 'inputs funding'.¹⁹ And it is through the input funding that constructs a relationship between costs and efficiency. The cost here has parameters which includes like student-teacher ratio, staff-student ratio and space allocation, etc.²⁰ However, an input funding still remains a problem particularly in the case of quality as it puts the institutions under pressure. An input funding also affected the innovation and diversification, hence research is likely to suffer.²¹ And in contrast to this we also has an 'output funding'.²² In fact, institutions are rewarded for their output and the number of graduates and post-graduates they have in their institutions. But still the issues of quality could not be solved. The third type is the negotiated funding where most of the countries follow this methods including India. Funding is also based on extent of the availability of funds, requirements, negotiating skills of the institutions

and its political influence. Finally we have a student funding where the institutions are free to fix the fees and the state funds students, thereby their tuition and living costs are met.

(i) Planned, Input-based Funding through Providers

A planned, input-based funding through providers is a centralised or regulated system of funding. In other words, it is a negotiated funding. In fact, this mechanism seems to be more of traditional in funding where the budgetary authority allocates funds to the institutions on the basis of their planned activities and proposals. The budgetary authority sanctions and allocates the funds based on this criterion. Allocations of the budget are always dependent on the previous budget allocations. Perhaps, there is a specific budget items on allocation of the budget. Hence a planned, input-based funding through providers is based on 'line item based'.²³

(ii) Performance-based Funding of Providers

Though the performance-based funding of providers also comes under the centralised or regulated system of funding but the fund is allocated on the outputs base. Therefore under this

¹⁸ For instance an equal subsidy is to be provided to all students in all the programmes.

¹⁹ A financial means available to institutions to cover distinct costs such as staff salaries, material means, building maintenance costs, and investment.

²⁰ Justice K. PUNNAYYA Committee. 1992-93. 'UGC Funding of Institutions of Higher Education.' New Delhi, UGC Publications.

²¹ *ibid.*

²² A funding arrangement where institutional budgets are tied to specific teaching and research outcomes of the institutions activities.

²³ It shows the different expenditure items as separate lines of the budget and it is determined by referring to norms with respect to indicators such as unit cost or capacity (e.g., funded number of students).

mechanism, funds are allocated based on the performance of the institutions. Under this mechanism universities or institutions of higher learning have to compete with one another to attract more funds from the funding agency. According to Chattopadhyay 2009, a reputed institution attracts more funds in a scenario of competitive funding, more endowments from the reputed alumni as they come forward to donate and form a network, which enable those institutions to offer more scholarships and lower fees to attract good students. Therefore, the best educators and the learners are attracted to this institution; consequently the best minds in the country cling to the best institutions. Hence, the top institutions continue to remain the same and the mediocre institutions at the middle and not so good ones are at the bottom (ibid, p.55).

(iii) Purpose-specific Purchasing from Providers

Perhaps, this is also one of the funding mechanisms. It is a market-oriented system. Funds for the research work are awarded through the research councils. According to Jongbloed (2007), higher education institutions are invited to submit a tender for a given supply of graduates or research activities. And the tenders are selected by the funding agency which become that most price competitive (ibid, p.124). This creates the higher education institutions to compete with one another for education, training

and research and produce high skill manpower and meet the needs of the society. And the funds for the research work are awarded through the research councils. A contract is signed between the two agents, an institution and funding agency. And in the contract, the institution agrees to produce a number of graduates and research output and supply a number of labour forces to the market and strengthen the innovative capacity of the country.

(iv) Demand-driven, Input-based Funding through Clients

The demand-driven input-based funding through clients is the last stage of the funding mechanism for higher education. Under this mechanism 'a voucher systems' ²⁴ is one of the alternative method in financing of higher education. A voucher system provides a student more freedom of exercising his/her own choice. This programme attracts more students to the institutions and receives more funds from the funding agency. And this system of funding creates more incentives and competition among the institutions. According to Teixeira et al. (2004) a voucher system entails flow of government funding directly to students and from them to the institutions which would create, arguably, more competition between the institutions and would lead to a proper utilisation of resources. Therefore, universities and other higher education institutions have to compete with one another in terms of 'the quality of their teaching

²⁴ It is only one of the options that was brought forward for funding of higher education. It promotes greater competition among providers of a good or service by providing public support indirectly to the consumers rather than directly to providers.

and their supply of courses'.²⁵ This programme attracts more students to the institutions and receives more funds from the funding agency. The voucher system creates a competition between the two, i. e. agent's supply side (institutions) and demand side (students). 'Students compete for limited supports and only the best students get the voucher likewise to compete for the students, institutions have to respond the students and labour demands'.²⁶

According to Cheung (2004), the rationale and functions of the voucher systems are stated below; (1) Consumer based choice, which refers to a freedom of choice of institutes and shift of focus from institutes-centred to student-centred; (2) Personal advancement, which is on the belief that people want to shape their own destinies, such a decision can stimulate interest, participation, enthusiasm and dedication; (3) Promotion of competition, based on marketing sense, under competition only the good and strong players can stay, so it can be further deduced that competitions provide institute with incentives to improve quality and to introduce dynamic innovation while at the same time costs can be reduced; (4) Last but not the least the voucher system provides equal opportunity,

which envisages that disadvantaged students will not be discriminated.

Perhaps, the core idea of the voucher system is that the students have the choice of their own freedom to what institutions to be attended and programme. Universities and higher institutions have to compete with one another for students. Hence a competition exists between the two sides, the demand and supply sides.²⁷ A voucher system provides a student-centred funding methods rather than the direct transfer of public funds from government to higher education institutes (ibid, p.55).

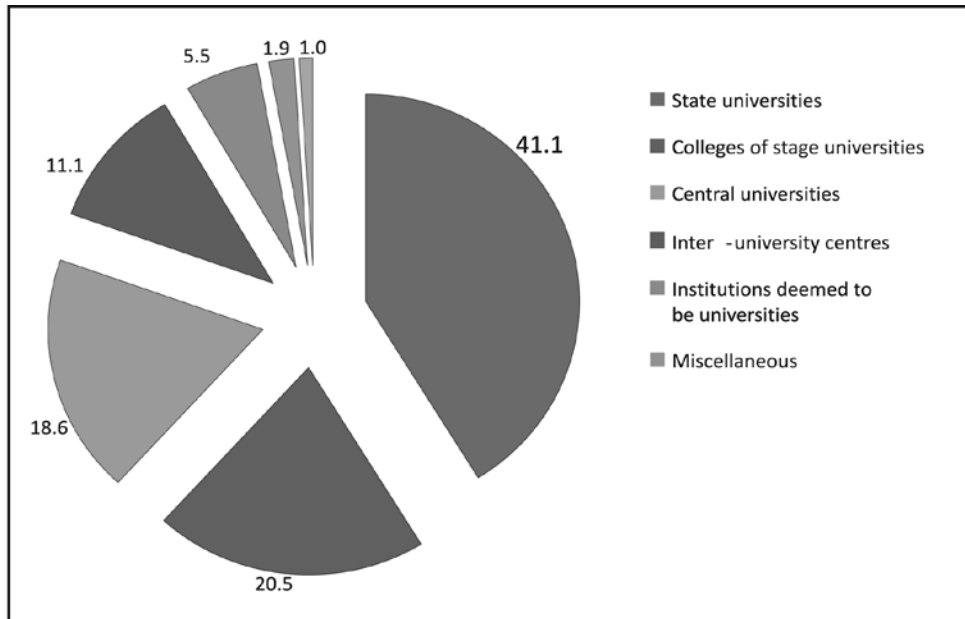
Now, let us examine the relative share of the grants under the plan and non-plan composition of the UGC budget under two different phases. A phase from 1993-94 to 2005-06 was placed under the first phase. And the phase from 2006-07 to 2008-09 was placed under the second phase. Perhaps, there exist wide disparities in allocation of the plan and non-plan grants between Central and State Universities and colleges. During the first phase, the State Universities received a larger share of the plan grant from the UGC budget. However, the mode of funding continued to remain till the second phase. The relative share of the plan grants composition is given in the Figure 1.

²⁵ BEN JONGBLOED. 2007. 'Creating Public-Private Dynamics in Higher Education Funding: A Discussion of Three Options, p.125.

²⁶ BRYAN CHEUNG. 2004. 'Adoption of the Voucher system in government funded universities: Perspectives of higher education students and workers of Hong Kong', Delhi Business Review, Vol. 5, No. 1, p.56.

²⁷ The concept and nature of competition it is argued is not similar to the text-book description.

Figure 1: Percentage of Plan Grants on Various Compositions (Rupees. in Crores) 1993-94



Source: UGC (1994) Annual Report 1993-94, New Delhi.

It is clear from Figure 1, that the major share of the plan grant was released to state universities with 41.1 per cent. But the relative share of the central Universities was worked out to be 18.6 per cent. Similarly, the relative share of the Deemed Universities was 5.5 per cent during the same year. In fact, this shows that the UGC funding of higher education in India is inadequate and skewed in favour of the selected colleges and universities.²⁸ Besides, the UGC policy on eligibility for grants becomes restrictive as a consequence of resources constraint (ibid). Due to this policy most of the

colleges and universities in the country are left out from the UGC grants.

But on the contrary, the non-plan grant disburses more to the central Universities during the same year. And this mode of funding continued to remain till 2005-06. Therefore, the relative share of the non-plan expenditure on central Universities was 65.7 per cent. But the state universities received a share of 0.8 percent in the same year. Therefore, this indicates that larger amount of the maintenance expenditure was disbursed to the Central Universities. According to Agarwal (2009) most of

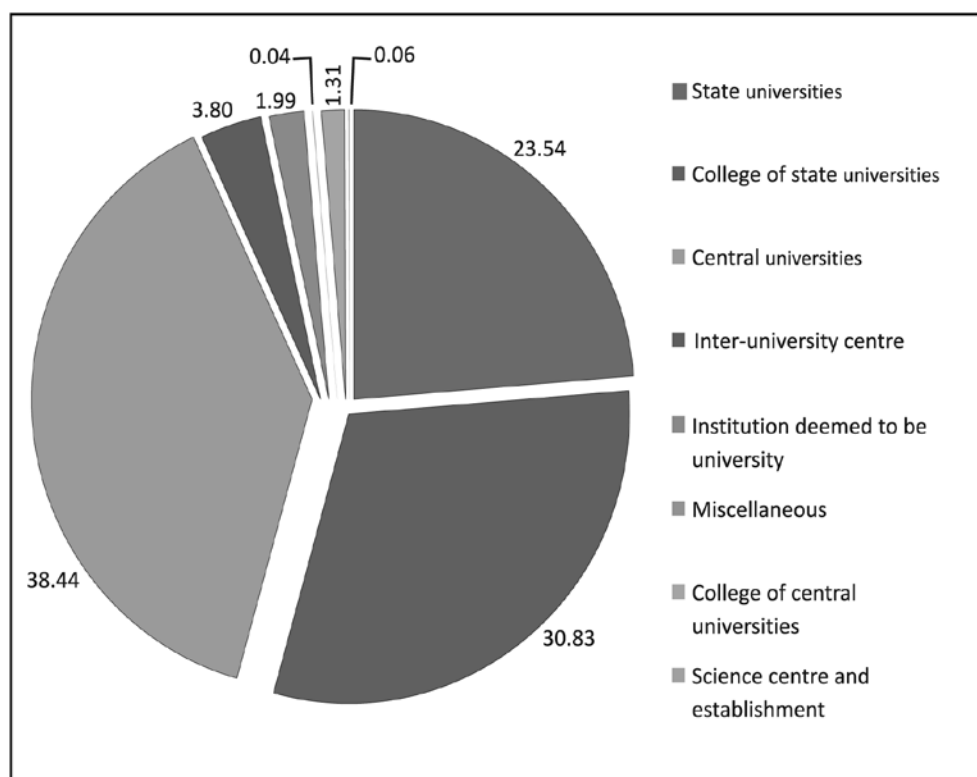
²⁸ Op.cit, Pawan Agarwal, 'Indian Higher Education: Envisioning the Future', New Delhi, Sage Publications, p.131.

the public funding for higher education is institution-based. Consequently, a better Central Universities received a larger share of the budget from the commission.

But there was a U-turn of the plan grant released on central and state universities in 2006-07. The plan grants accrued more to the Central Universities as against the State Universities. The UGC budget (consisting both plan and non-plan) expenditure begins to disburse more on the central Universities from this

second phase onward. Therefore, the relative share of both plan and non-plan expenditure for the state universities was worked out to be 23.5 and 0.6 per cent respectively in 2006-07. Similarly, the relative share of the plan and non-plan expenditure for the central universities was 38.4 and 61.0 per cent respectively. But the relative share of the plan grants on science centre and establishment was abysmally low with 0.04 per cent. The percentage of the plan grants expenditure on various compositions of the budget is given below.

Figure 2: Percentage of Plan Grants on Various Compositions (Rupees in Crores) 2006-07

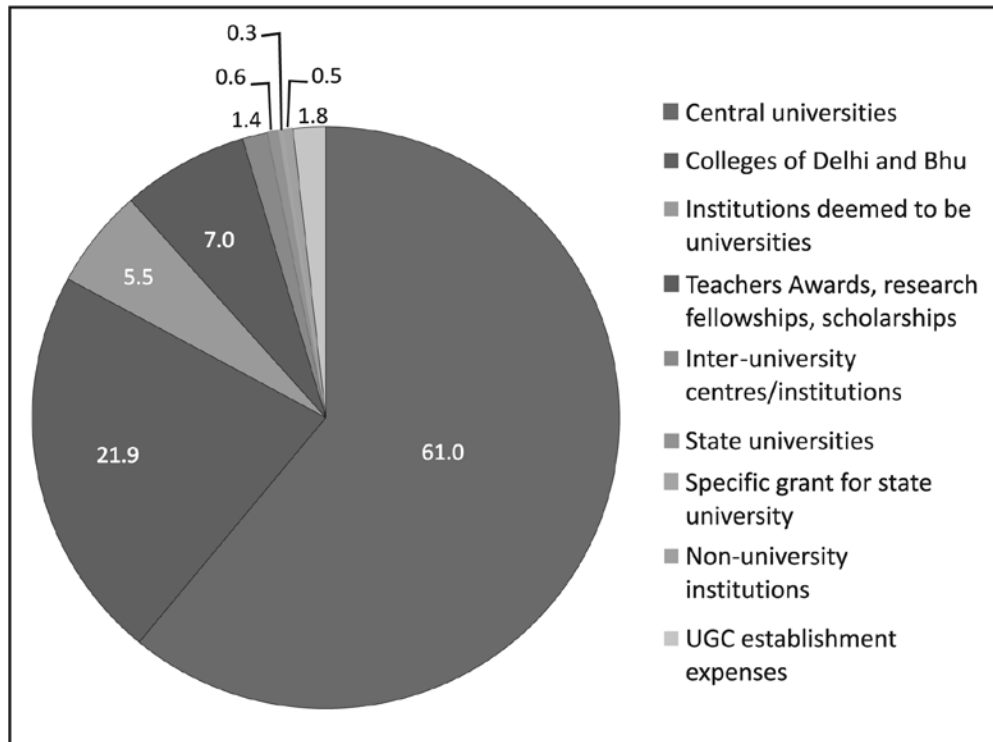


Source: UGC. (2007) *Annual Report 2006-07*, New Delhi.

Similarly if we examine the UGC budget on non-plan grants under the different composition, the major portion of the funds was disbursed to the Central Universities. Hence, under the non-plan grant the Central Universities constitute a proportion of 61 per cent. The colleges of Delhi Universities and BHU constitute a proportion of 21.9 per cent similarly the State Universities constitute a very small amount of 0.6 per cent respectively. No doubt, the Central Universities is the major recipient of both plan and non-plan grants since the second phase.

The second phase (2006-07) was the beginning of the Eleventh Five Year Plan and the end of the Tenth Five Year Plan. The plan was given a well-deserved policy in development of higher education in India. According to Vice Chancellor Conference on higher education (2011), there is around a ninefold increase in the Eleventh FYP allocation as compared to the Tenth FYP grants to higher education. There are 376 universities in India during this period including 229 State Universities, 20 Central Universities, 109 Deemed Universities,

Figure 3: Percentage of Non-plan Grants on Various Compositions (Rupees in Crores) 2006-07



Source: UGC. (2007) *Annual Report 2006-07*, UGC, New Delhi.

13 Institute of National Importance and five institutions established under State legislature (UGC, Annual Report, 2006-07). Under the Section 12(B) of the UGC Act, out of 229 State Universities, 160 are eligible to receive the grants from the central assistance and three institutes that established under the state legislature are eligible to receive the grant from the UGC. Likewise the enrolment of the students on various courses in different level of higher education also increased from 110.28 lakh to 116.13 lakh in 2006-07. The strength of the faculty member in both the universities and colleges registered an increased from 4.88 lakh to 5.05 lakh during the same year. And number of the women colleges also increases from 1195 to 2166 since 1996-97 to 2006-07. Accordingly the enrolment of the women students in higher education has increased from 10 per cent to 40.55 per cent since independence to 2006-07 (ibid).

We had already mentioned in the above discussion that the UGC grant consists of both plan and non-plan expenditure that accrued to the Central Universities. Out of 20 Central Universities in India, 18 Central Universities received plan grant assistance from the UGC.²⁹ And the plan assistance was disbursed to 18 Central Universities under the various 'scheme and programme.'³⁰ The UGC

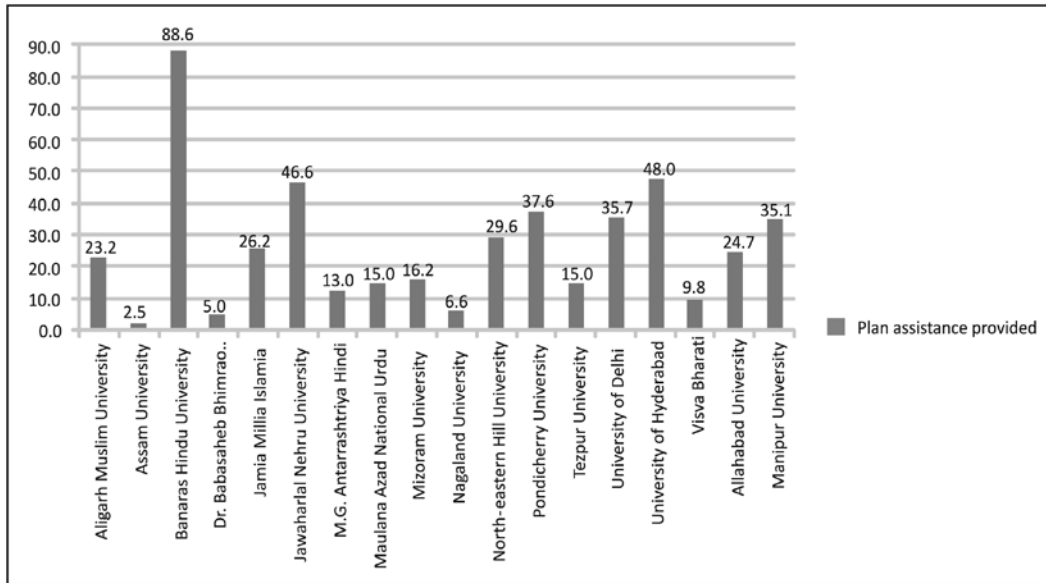
disbursed a plan grant of ₹.480.59 crore to 18 Central Universities. But under the non-plan assistance, the UGC disbursed a grant for meeting both the recurring and non-recurring expenditure. And during 2006-07, the UGC released maintenance grants of ₹.992.32 crore in meeting the assistance of 18 Central Universities. And under the plan grant assistance, BHU received the highest funds from the Commission and least amount of grant was accrued to University of Assam (Figure 4).

Similarly, let us examine non-plan grant for the various Central Universities during the same period (Figure 5). Under the non-plan assistance, BHU received the major portion of the grants from the Commission. The least amount of grant was disbursed to M.G. Antarrashtriya Hindi Vishwavidyalaya in the same year. And during the same period, the Commission also disburse a maintenance grant of ₹.22.71 crore to the University College of Medical Sciences under Delhi University. And in the same academic year (2006-07) the UGC provided a development grant of ₹.294.25 crores to 136 State eligible Universities. Besides, the Commission also released a grant of ₹.178.58 lakh to 14 State Universities as Jubilee grants for completing anniversaries of 25, 50, 75, 100 and 150 years.

²⁹ UGC. 2007. *Annual Report 2006-07*, New Delhi, UGC, p.49.

³⁰ The grant is utilized for modernizing teaching, research and administration as also for the extension and for carrying out research activities and to meet the changing needs of the universities to respond appropriately to the demands of the society. It is also meant for meeting the assistance of central universities under sub head such as staff, building, equipment, books and, books and journals and campus development etc.

**Figure 4: Plan Grant Assistance Provided to Central Universities
(Rupees. in Crores) 2006-07**



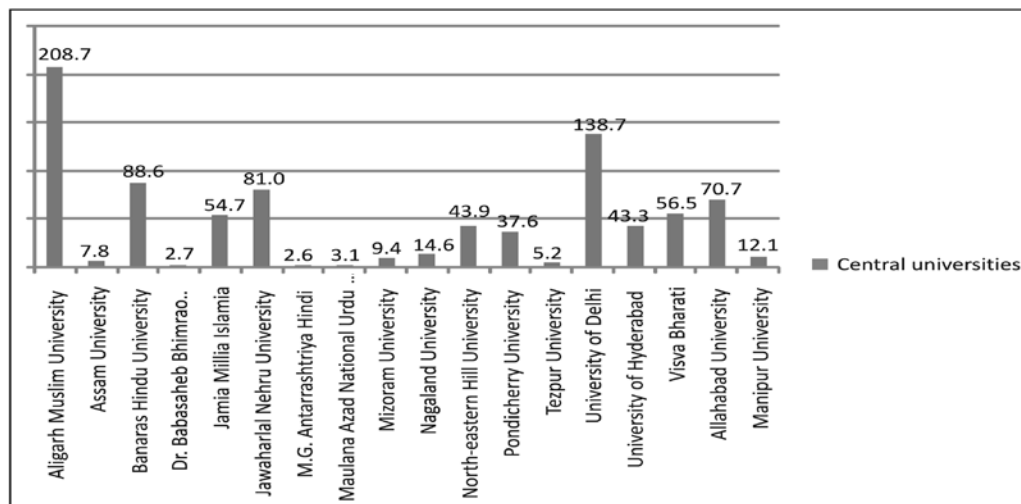
Source: UGC. 2007. *Annual Report 2006-07*, UGC, New Delhi.

The central objective of the Eleventh Plan is expansion of enrolment in higher education with inclusiveness, quality and relevant education and supported by necessary academic reforms in the university and the colleges system. First two years of the Eleventh Plan allocation on the university and higher education was ₹.5,800 crores which touched the peak as compared to the total Tenth Plan expenditure of ₹.4,183 crores in university and higher education. Similarly, the grants released by the Commission was on the peak in 2008-09 with the total allocation of ₹.5879.28 crores as compared to ₹. 2198.56 crores in 2005-06. Hence,

the Eleventh Five Year Plan has marked a visible shift in financing of university and higher education in India.

In 1947, there were only 20 universities and 500 colleges in India. Around 679 new colleges were established alone in this year, therefore the total number of the colleges has increased to 16,885 as compared to 16,206 in 2002-03. On the other hand, the enrolment of the students also increases very significantly. The total number of the student's enrolment on higher education in 2003-04 was 99, 53,506 as against 95, and 16,773 in the previous year.

Figure 5: Non-plan Assistance Provided to Various Central Universities (Rupees in Crores) 2006-07



Source: Annual Report (2006-07) UGC, New Delhi.

The UGC also provided a plan assistance of ₹.24.82 crore to 36 Deemed Universities for meeting the development expenditure; and non-plan assistance to 30 Deemed Universities amounting to ₹.98.14 crore in 2006-07. ₹.98.14 crore was provided to 30 Deemed Universities for meeting the maintenance expenditure during the same period. And an amount of ₹.5.36 crore was provided to 16 young universities under the special development grants to universities. And similarly an amount of ₹.4.03 crore was paid to 25 universities including 20 State Universities and five Deemed Universities situated in the in the backward areas. Besides, a regular special grant, additional plan grant was provided to seven universities including Aligarh Muslim University, BHU, Manipur University, Jamia Millia Islamia, JNU, University of Hyderabad

and Pondicherry University amounting to ₹.82.75 crore in 2006-07 (Annual Report UGC, 2006-07).

And the plan grant of ₹.385.42 crore was provided to 23 State Universities. Similarly, non-plan grants of ₹.330.08 and ₹.3.35 crore are provided to Delhi Colleges and BHU Colleges in 2006-07. And under the autonomy grant all the regional offices of UGC have released a grant of ₹.15.61 crore to the autonomous colleges during the same period (ibid, p.88). And a scheme of development assistance to colleges is also initiated in 2006-2007. In fact, the scheme was to strengthen infrastructure, remove or reduce social disparities and regional imbalances and to provide special remedial coaching class to backward classes.³¹ Accordingly an amount of ₹.472.91 crores is allocated to 4898 colleges during the plan. A total grant

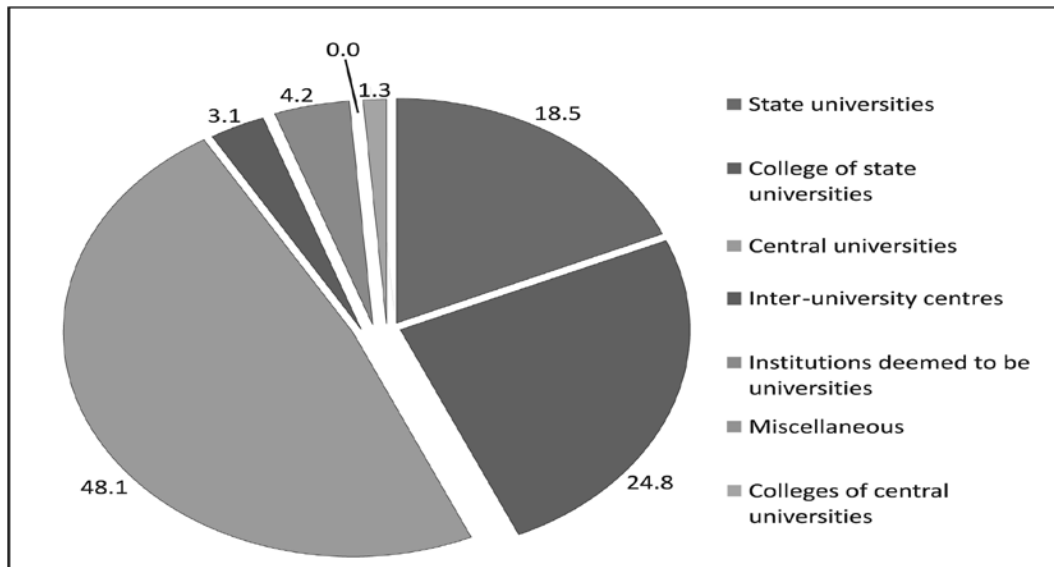
³¹ ibid., p.5.

of ₹.61.81 crore is provided to all 2734 eligible colleges in 2006-2007.³²

The UGC plan and non-plan grants continued to accrue more on the Central Universities in the academic year 2007-08. In the academic year 2007-08, the total number of colleges recognised under the Section 2(f) of the UGC Act, 1956 has been 6,773 as compared to 6,352 in 2006-07 (UGC, Annual Report, 2008). And out of 6773 colleges, 5819 colleges are eligible to receive the assistance from the Commission under the Section 12(B) of the Act, 1956. And out of 242 State Universities, 75 universities and two institutions out of five institutions established through State Legislative Act are not eligible to receive central assistance from the Commission under the Section 12(B) of the UGC Act,

1956. And the 13 State Universities, 11 Deemed universities, five Central Universities and 20 Institutes of National Importance have been included in the UGC list of universities recognised under Section 2(f) and four universities have been declared fit to receive central assistance under Section 12(B) of the Act, 1956 (ibid). And under plan grants the Commission disburses ₹.630.35 crores to 23 Central Universities for various development schemes in 2007-08. Similarly the UGC also disburses an amount of ₹.1304.52 crores under non-plan grants assistance on 21 Central Universities in the same year. The Commission also disburses a plan grant of ₹.572.20 crores to 22 State Universities and plan grant of ₹.55.74 crores and non-plan grants of

Figure 6: Percentage of Plan Grants on Central Universities (Rupees in Crores) 2008-09



Source: UGC. 2009. *Annual Report 2008-09*, UGC, New Delhi.

³² ibid.

₹.87.20 crores respectively to Deemed Universities (ibid).

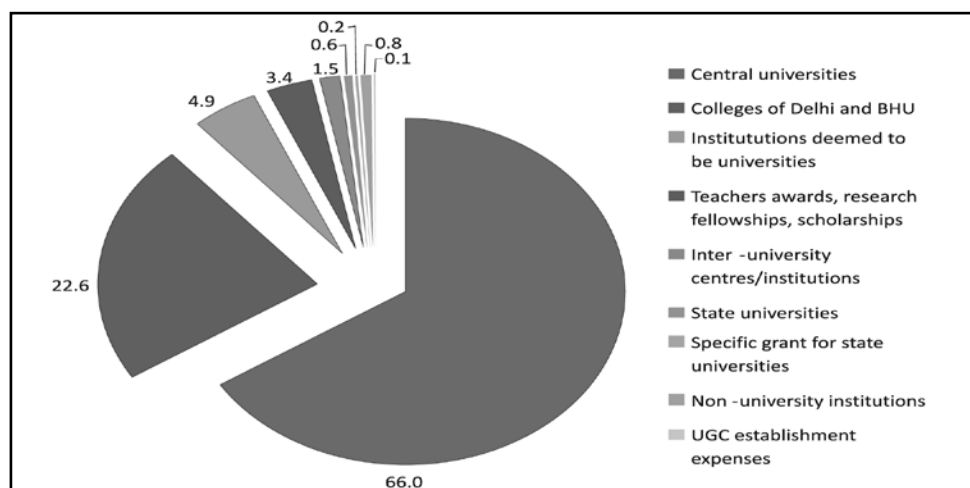
Since the beginning of the Eleventh Plan, the allocations of the resources on university and higher education was given a high priority. Therefore, total expenditure (plan and the non-plan) on university and higher education increased very significantly. The total expenditure (plan and non-plan) also increased to a great extent. The total plan grants exceed the non-plan grant expenditure in 2008-09. Perhaps, the UGC budget began to release more on the Central University under the plan expenditure since the beginning of Eleventh Plan. The relative share of plan grant for the Central Universities claimed was 48.0 per cent and State Universities and Colleges of State Universities got 18.5 per cent and 24.8 per cent respectively in 2008-09. Therefore, this reflects wide disparities of the resource allocation on State and Central Universities.

Similarly, the non-plan expenditure under various budget heads is released to the central universities. The relative share of the non-plan grant under central universities was 66.0 per cent in 2008-09. The Colleges of Delhi and BHU were worked out to be 22.6 per cent. Similarly the State Universities was also worked out to be 0.6 per cent in the same year. Therefore, this indicates that the Central Universities were given more importance in allocation of resources since the beginning of the Eleventh Plan. Hence, Central Universities begin to receive more grants (plan and non-plan) from the Commission.

Conclusion

The UGC in India is an apex and statutory body. The Commission is not only responsible for funding through grant but also for the determination and maintenance of standards of higher education. The UGC disburses grants

Figure 7: Percentage of the Non-plan Grants on Various Compositions (Rupees in Crores) 2008-09



Source: UGC. 2009. Annual Report 2008-09, UGC, New Delhi.

to the State, Deemed and Central Universities. The Central Universities received both plan and non-plan expenditure from the Commission. On the contrary, the State Universities received only plan expenditure from the Commission. Further the number of State Universities is far greater than the Central Universities. Allocation of grants is in favour of the Central Universities. Hence, there is skewed in the distribution of the UGC budget between the State and Central Universities. During the first phase, the State Universities received a larger share of the plan expenditure from the UGC. But the Central Universities received smaller proportion of the UGC budget under the plan head expenditure in this phase.

However the mode of funding universities in India begins to shift in the second phase. Hence, there is a U-turn in allocations of the resources from the UGC. The Central Universities continued to receive a larger share of both plan and non-plan expenditure from the UGC. In fact, the second phase is the beginning of the Eleventh FYP where the government has given a well-deserved priority in development of higher education in India. Consequently, the UGC budget begins to prioritise the Central Universities. And it was from this juncture both the (plan) development and (non-plan) maintenance expenditure were released to the Central Universities. The government has given so much importance to the Central Universities even under the development expenditure; the development expenditure began to grow

more than maintenance expenditure in 2008-09. Nonetheless, even within the Central Universities there exist wide disparities in allocations of funds. The Central University like BHU, JNU and University of Hyderabad received a major share of the grants (plan and non-plan) from the UGC. But on other hand, the Central University like Assam, Nagaland and Ambedkar University received a small amount of plan assistance from the UGC. This reflects that better and reputed Central Universities receive a major portion of the budget from the UGC.

But the mode of funding, the UGC was contemplating the changes the Vice Chancellor meeting recently held in New Delhi, was likely to bring about a share in funding. In fact, the formula base funding seeks to treat the State and Central Universities in terms of funds release because the disbursement would be need base. Therefore, this will lead the Central Universities to explore out an alternative source of funding, like cost recovery system, etc. The public expenditure on higher education is abysmally low but the demand for the higher education in India increases over the years. Hence, the government under different Commissions felt that there is a need for the funds to raise a level of 1 to 1.5 per cent of GDP. In fact, this will not only addressed the issues of equity, accessibility but also a quality. Consequently the government regulation on higher education is considered to be indispensable to address the above issues. The Commission also provided special schemes like Rajiv

Gandhi National Fellowship and Maulana Azad Fellowship to all the economically challenge classes and other backward classes who enrol in research level. Basically, the main

concerned of the government was to raise the GER to 15 per cent by the end of the Eleventh FYP and finally to raise the level of 21 per cent by the end of the Twelfth FYP.

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