

**UGC FUNDING
OF
INSTITUTIONS OF HIGHER EDUCATION**

**Report of
Justice Dr. K. Punnayya Committee -- 1992-93**



University Grants Commission

New Delhi

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IX

INCOME GENERATION BY UNIVERSITIES AND UTILISATION

BACKGROUND

9.1. The Committee notes that the income generated by the universities on their own, at present, constitutes a negligible portion of its total income. The statement given below conveys the actual position.

Table IX.1							
SOURCES OF INCOME (1991-92) (IN PERCENTAGES)*							
University	Government		UGC	Fees	Endow- ments	Others	Total
	Central	State					
Aligarh	-	0.05	93.30	5.91	-	0.74	100.0
B.H.U.	0.49	0.03	91.60	0.62	0.08	7.18	100.0
Delhi	-	-	88.68	9.88	0.62	0.82	100.0
J.N.U.	-	-	95.75	0.59	-	3.66	100.0
Jamia	-	-	94.90	4.24	-	0.86	100.0
Hyderabad	-	-	94.82	2.03	-	3.15	100.0
Pondicherry	-	-	90.05	9.66	-	0.29	100.0
Visva Bharati	-	0.04	97.60	0.56	-	1.80	100.0

***Source:** From the data supplied by Universities

9.2. While UGC provides overwhelming support to the universities, income from fees and other sources is very limited. The Committee is of the view that while government /UGC may continue to be the major funding agency, the universities must generate internal resources which should be sizeable in course of time.

FEEES AND SUBSIDIES

9.3. As there has been no increase in the fees for decades, income from fees has now become an insignificant part of the total income as well as expenditure of the universities. There is also a historical background to this issue. The universities are regarded in India largely as noble and charitable ventures, as an essential part of the welfare programme, with little concern for cost effectiveness and income generation. Consequently, over a period of time, universities are regarded as cost free activities. Most of university services are provided free and in many cases even the costs are not recovered. The beneficiaries, apart from the students include a wide variety of users including the public. They have also view the universities in this light.

9.4. A statement of fees charged is given below which is self explanatory.

Table-IX.2

RATES OF TUITION FEE CHARGED (RUPEES PER ANNUM)

	Diploma/ Certificate	Undergraduate	Postgraduate	M.Phil	Research
Allgarh					
Arts/Science/ Commerce/Edn./ Law/Fine Arts.	110	132 (except Law) 165 (Law)	165 176	220	
Banaras					
Arts	120	120	140	125	125
Science	400	120	140		
Law			125		
Fine Arts			150		
J.N.U.					
All Subjects	120	216	216	240	240
Jamia					
All Subjects	144	180	240	300 for 240 Education/ Fine Arts	
Hyderabad					
All subjects	200	N.A.	200	250	250
Pondichery					
Arts/Commerce	N.A.	N.A.	500	300	300
Science	N.A.	500	N.A.	500	500

Table IX.3		
RATES OF FEES CHARGED (RS.PER ANNUM) - ARTS COURSES		
Levels/Items	B.H.U.	J.N.U.
	Arts	Arts
Diploma/Certificate		
Tuition	120	120
Examination	32	
Sports	12	11
Library	3	6
Others	13	37
Undergraduate		
Tuition	120	216
Examination	40	
Sports	12	11
Library	3	6
Others	13	29
Postgraduate		
Tuition	140	216
Examination	32	-
Sports	12	11
Library	3	6
Others	13	2
M.Phil		
Tuition	125	240
Examination	40	25
Sports	12	11
Library	3	6
Others	13	29
Research (Ph.D)		
Tuition	125	240
Examination	220	100
Sports	8	11
Library	3	6
Others	31	29

9.5. The fees for prospectus, admission, magazine, examination and such other activities hardly recover their costs. The fees for library, laboratories, games and similar other activities have been designed in a manner that they are not self-supportive or support the activities in any significant manner. The hostels have been subsidised to an extent that even charges on consumables like electricity and water are not recovered. We are informed that while electricity charges are going up, there is no monitoring of its use in most of the universities. The consumers are not identified nor billed, where necessary. Electrical appliances including heaters, often unauthorised, are in extensive use but electricity utilised to operate these are not paid for by a large number of consumers. The municipal services extended to the universities are also not paid for. There are many other aspects of university activities where subsidy have been built in, which has made permanent inroads into the budgets of universities. Universities, in many cases, are in a position to let out their facilities and services and generate income and they can design and operate courses of studies to mobilise additional resources. But, over a period of time, the need to generate their own income seems to have lost its emphasis.

GENERATION OF INCOME

9.6. One of the major deterrent, universities encounter in their efforts to generate income is the practice that any earnings so mobilised is adjusted against payable maintenance grants. This also retards universities' measures to effect savings. Resources saved are also adjusted against the maintenance grants, thus robbing these efforts of any impact. The Committee strongly recommends that universities must be allowed to retain additional earnings and savings raised by their own efforts and these should not be adjusted against their maintenance grants. The income so generated may be kept in a separate fund and utilised by the universities for furtherance of the objectives of the universities. By savings, the Committee imply resources economised by efficient management. UGC should also develop a mechanism of providing an appropriate incentive grant in the nature of a matching grant to encourage universities to explore and mobilise additional resources.

9.7. The Committee recognises that income generation programmes are essentially an internal exercise of the universities. These need to be designed

and operated to suit university's circumstances and environment. However, the Committee would like to broadly identify the possible sources for generating additional income. These are illustrative and not exhaustive.

REVISION OF FEES

9.8. *Tuition Fees:* Tuition fees have not been revised for a very long time in spite of the costs of all services going up. Tuition fees may be revised upwards with immediate effect and may be periodically adjusted, keeping in view the rate of inflation. A mechanism must also be evolved by universities whereby these fees are regularly and periodically adjusted to the rise in the costs. The revised fees should be made applicable to the new entrants to a course of study. The revision of fees must be related in a meaningful manner to the recurring cost of the course of study and employment opportunities offered by the course, that is, that the tuition fees will be different within an university for different courses of study.

9.9. *Other Fees:* The universities must also review all other fee structures. Fees for admission, examination etc. must be so charged as to recover the recurring costs on the operations. Fees for library, laboratory, sports and similar other facilities must be revised upwards to recover a significant part of the recurring cost.

9.10. *Hostel and Mess fees:* These are not only heavily subsidised but some of the items of subsidy, such as use of electricity, water, etc. are often not even quantified. These fees should be revised with immediate effect to meet all the actual recurring costs and in due course of time part of the capital cost as well. *The Committee recognises that this is a sensitive issue and recommends that the student community should be involved in the discussions to raise resources where their interests are affected.*

9.11. *Municipal, Civil and other Services:* The universities must review all their municipal, civil and other services extended to individual members of the university in their personal capacity and charge appropriately to recover costs. These may include cost of transport, phone, postage and stationery, typing, computing, photocopying, etc.

STUDENT SUPPORT

9.12. There is a genuine apprehension that raising of fees and removal of subsidies may result in denial of access to sections of students who are not in a position to meet the increased rates. We are separately proposing development of a student support system. We would also recommend that the income derived from the enhancement of fees may be utilised to augment fellowship and scholarship programmes for ensuring access to weaker sections.

OTHER SOURCES OF INCOME

9.13. The universities may initiate measures to rent out their facilities such as auditoria, class rooms, computer services, playgrounds, guest houses, hostels, lawns, messes, etc. This should be done judiciously and without any detriment to the academic interest and atmosphere of the institution.

9.14. Universities should encourage individual departments to design programmes and short-term courses of study, etc. to generate resources without any adverse impact on their main academic activities. These units should be allowed to retain a substantial portion of the income so earned for supporting their main academic activities.

9.15. The universities may accept endowments, contributions, large investments, etc. to support and promote their academic activities and infrastructural development.

9.16. The universities should take concrete steps to seek support for research programmes and offer constancy services to a wide spectrum of sponsors, including departments of central and state governments, public and private sectors, industries and other bodies. These project proposals should always incorporate specific allocations for reimbursement for staff, facilities and infrastructure support. This must be used to strengthen the basic infrastructure of the universities.

CONSULTATIVE MECHANISMS

9.17. The universities may constitute appropriate consultative mechanisms within the system to plan and operationalise measures for mobilising resources. This must be viewed as an effort by the institution and its members as a whole and not a function of the management alone and hence should include representatives of faculty students, alumni, and non-teaching staff.

9.18. The UGC may constitute in consultation with the Government appropriate organisational mechanism to facilitate this and must extend full support to the universities. Universities which initiate and implement these measures must be given not only support and encouragement but positive incentives in the form of supporting grants, etc.

PROPORTION OF INCOME TO EXPENDITURE

9.19. The Committee recommends that the resources generated by the universities should constitute at least 15% of the total recurring expenditure at the end of the first five years and at least 25% at the end of ten years. Universities may draw up specific plans and modalities for this purpose.

ALUMNI ASSOCIATION

9.20. Each university should take the initiative to organise and set up an effective Alumni Association with a view to mobilising resources from all over the country and abroad. An Advisory Body consisting of the well wishers of the university may be set up to pursue action in this regard.

ROLE OF UGC

9.21. The Committee would like to point out that Section 12 A of the UGC Act, 1956 empowers UGC to prescribe fees and indicate the scale of fees also. This power has never been exercised. Discussions with Vice-Chancellors, and other authorities showed that they are receptive to these proposals. However, keeping in view the background and responses in the past towards

efforts to raise fees, they have indicated that the initiative and approval should come from UGC and higher authorities. We recommend that UGC may in consultation with Central Government and universities initiate action in this matter urgently. UGC should also under the statutory authority vested in it, advise the universities to take appropriate action.

ROLE OF UNIVERSITIES

9.22. We have indicated in our recommendations the extent to which resources raised by the universities must cover expenditure incurred by the institutions. We have also indicated the period of time over which this may be done. However, we expect each university to prepare specific modalities and plan for this purpose. *We would recommend that UGC must have a machinery to closely monitor and review the developments in this regard.* We are also aware that all the universities may not have appropriate arrangements to mobilise resources by seeking support for research programme and offering consultancy services. UGC may like to, with the support of the governmental agencies, advise the various State and Central Government agencies to utilise the services of the central universities in this regard. We have already recommended universities to set up an organisational mechanism to pursue action in this direction and UGC to monitor this development closely. The channels of raising resources suggested by us are only initial measures. It is possible that various other alternative measures of generating income can be designed and implemented. UGC may like to set up a group to pursue this matter.

SEPARATE FUND

9.23. In continuation of our suggestion that the fund generated additionally by the universities may be maintained as a separate fund and that universities may use this fund in furtherance of their objectives, we recommend that UGC may in consultation with the universities identify the crucial areas where these funds may be used. There are common services of the universities which form the basis of support for research and teaching activities of universities, such as the library, laboratories and workshops. We suggest that specific proportion of this income generated should

supplement resources sanctioned to these services. The Committee is not in favour of these funds being used to make up any short fall of the normal requirement of these activities which is the responsibility of the normal funding mechanism. These resources may be used to develop these services to a higher standard.

CORPUS

9.24. A portion of additionally generated fund may be kept aside for building up a corpus fund. The interest from the corpus may be utilised to support the activities of the university. The incentive grant may also be credited to the corpus fund. The proportion of the earning which may be credited to the corpus may be laid down by UGC in consultation with universities. This would not bar the universities to allocate larger proportion to the corpus on their own. The proportion of incentive grant to be credited to the corpus fund may also be earmarked. Apart from maintenance and development grants, UGC may provide corpus fund grant which may help institutions to build the corpus into a sizeable fund.

9.25. We would like to clarify that these resources as far as possible be used to build up the assets but recurring items of expenditure should not be covered by these resources particularly staff appointments. The income may be used to build up the basic academic infrastructure apart from providing support to needy students.

UDF