

CHAPTER-I

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CHAPTER-I

Introduction :

"A University like all other human institutions is not outside but inside the general social fabric of a given era. It is an expression of the age, as well as influence operating upon both present and future."

- Abraham Flexner

The reminder is perhaps even more necessary today than when it was written. Never were there so many people wanting to reform the university as now, and it is by no means clear that all of them realize that, when all is said and done, what finally decides the shape and functions of a university is the pressure of social needs and desires.

A University is very unique kind of institution, it is very much different than other institutions like, business and so financial management of university is different than that of business institution so lets first know what word 'University' means and what are its functions before considering the actual topic for the study and i.e. "A Study of Financial Management of Shivaji University."

It is difficult to precisely define the word 'University'. It is derived from the word 'Universitas'. The word 'Universitas', originally applicable to any corporate body, became appropriated to the learned corporations. The essential features of a university is that it is incorporated by the sovereign power. Thus, University can be defined as 'a learned corporate body with a common seal and perpetual succession.'

In India universities can be incorporated either by an Act of Parliament or of a State Legislature. The Act incorporating a University is nothing but a written constitution of University.

Before the constitution of free India came in force in 1950, there was no law which prohibited any private individual or a body from establishing a University. Thus, universities were free to confer degrees and diplomas. However, government was not bound to recognize, such degrees. After the enactment of the University Grants Commission (U.G.C.) Act 1956 the existing procedure was streamlined and the privately established universities were prohibited and from conferring degrees. According to Section 22 of the U.G.C. Act, 1956, "the right of conferring or granting degree shall be exercised only by a University established or incorporated by
 / or under a Central Act, Provincial Act or a State Act or an institution deemed to be university under Section 3 or an institution specially empowered by Act of Parliament to confer or grant degrees."

The Act, Ordinance and Statutes provide a written information on various aspects of university functioning, university bodies, officers and their powers. Every university draws up its own Statutes, Ordinance and frames Regulations in order to carry out the objectives stated in the University Act. No university can operate and function effectively in the absence of such Statutes, Ordinance and Regulations.

Structure of a University :

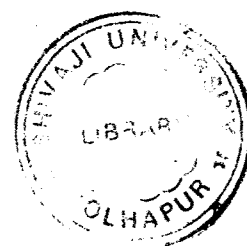
The University is generally constituted by a Chancellor, a body of graduates and students. The Government of a university is usually provided by the creation of Council or Senate, which acts as Executive

and has an initiative in such and has an initiative legislation as the university is empowered to carry out. In India, the Parliament of a State legislature is empowered to do so. Most of the university Acts in India provide for a court known as Senate. It provides for another body called Syndicate also known as Executive Council. The universities in India usually have a large Senate as the official governing body and a smaller Syndicate. Although the Chancellor is the nominal head of the university, the Vice-Chancellor is the principal executive officer. The general control and regulations of instruction and education is vested in the Academic Council.

The functions of a university :

The university rests on the assumption that there should be somewhere in the state, an organisation the purpose of which is to think most profoundly about the most important intellectual issues. Its purpose is to illuminate the whole educational system and the speculative and practical issues and confront speculative thinkers and men of action. It is a community that thinks.

Every university should be a highly specialized institution whose business is to be a centre of independent thought concerned with clarification and reinterpretation of basic ideas. It is not allowed to be cluttered up with other jobs; because those would disrupt or at least confuse it. Would the University Grants Commission accept this one purpose as significant justification for according university rank to an institution.



The university is not the hired agent of a monied system. The function of the university is very high. It is almost holy. It ought to serve as a forum for the people, through which the people may know freely what is going on all over the world. The university is but the servant of human intellect and its ministry is for good or evil, according to the charter of those who direct it. The university is a mill that grinds all that is put into its hopper. Fill the hopper with poisoned grain and it will grind it to meal, but there is death in the bread. Care should be taken that the art of imparting education to the students, aspiring for towering ambition should be encouraged and that it should be easy and safe for any student to communicate his thoughts to the public for the service of our country.

When knaves fallout, honest men get their goods; when evil doors dispute, we come at the truth. One good school master is of more use than a hundred priests. The greatness of university consists in saying what is true and in acting according to the public opinion. A university is the measure of knowledge and the business of the understanding. A university is a mission, our ideal, our soul and our banner which will lead us to victory. As an ambassador, a university should produce an honestman, sent to go abroad for the good of his country. All who have mediated on the art of governing students have been convinced that the fate of our Indian universities depends on the education of youth. Educated youth are as much superior to uneducated youth as the living are to the dead. A university makes a student easy to lead, but difficult to drive; easy to govern, but impossible to enslave. Since all have the same needs and same faculties, let there be one University education for all, one food for all.



A university is not preparation for degree, it is life itself, a social process and a growth. In India, there is a clamouring for universal education which is the most corroding and disintegrating poison that liberalism has ever invented for its own destruction. Many people believe that the faith of university education rests on the proposition that man is a political animal, that participation in political decisions is necessary to his fulfilment and happiness that all men can and must be sufficiently educated and informed to take part in making these decisions, that protection against arbitrary power though indispensable, is sufficient to make either free individuals or a free society that such a society must make positive provisions for its development into a community learning together. A university education is the education which gives a man a clear, conscious view of his own opinions and judgements, a truth in developing them, an eloquence in expressing them, and a force in urging them. A university teaches a student to see things as they are to go right to the point, to disentangle a skein of thought to detect what is sophistical and to discard what is irrelevant....Religion, morality and knowledge being necessary to good university and the happiness of mankind, schools, colleges and universities and the means of education shall forever be encouraged.

In the 19th century the problem of education was that university was dead in the 20th century the problem is that the quality of student is dead. A university has now become a mere machine for producing graduates, engineers, doctors etc. As for the just and noble idea, the prosperity of a country depends, not on the abundance of its revenues,

nor on the strength of its fortification nor on the beauty of its public buildings; but it consists in the number of its cultivated citizens, in its men of education, enlightenment and character. A university education is the leading of human souls to what is best, and makes what is best out of them; and these two objects are always attainable together and by the same means. The training which makes men happiest in themselves also makes them most serviceable to others. University education does not mean teaching students what they do not know. It means teaching them to behave as they do not behave. It is not teaching the youth the shapes of letters and the tricks of numbers and leaving them to turn their arithmetic to roguery and their literature to lust. It means, on the contrary, training them into perfect exercise and kingly continence of their bodies and souls. It is a painful, continual and difficult work to be done by kindness, by watching, by warning, by precept and by praise, but above all by example.

An ancient sentence about education says it is the education worthy of a free man and the converse is equally ancient: the free man is the one who is worthy of an education. Both sentences remain true, the only difficulty being to know how many men are capable of freedom. The purpose of university's function is not happiness. It is not social integration or political system. Its purpose is at once the discipline of the mind for its own sake, these ends are to be achieved through the mastery of fundamental subjects which cluster around language and number the two instruments by which man knows himself and understands this relation to the world.

Some of the universities in India have become absolutely barren, our social life has become completely paralyzed. These are some of the glaring consequences of the anti-social temper of some students and illegal political ideologies. The highest function of a university is to enrich human knowledge and endow human genius with the utmost creative potentiality while its noblest aim is to make man's social life better without these aims and objectives, no search for truth is possible, no discovery of truth is useful, progress is checked and India no longer marches forward toward the nobler life which the future holds for students. The abuse dies in a day, but the denial slays the life of the people and entombs the hope of the race.

The most capital advantage an enlightened university can enjoy is the liberty of discussing every subject which can fall within the compass of the human mind while this remains, functions of the university the university will flourish. The mutual confidence between the university and students can be maintained only by an open mind and a brave reliance upon free discussions which is to a great people what winds are to oceans and malarial regions, which waft away the elements of disease and bring elements of health. The functions of a university stand indeed on holy ground when the universities approach the sublime company of those who, through the ages, have striven to secure, not only for themselves but for all kind, the right of unfettered utterance on every theme. If the universities are found worthy to tread in their foot steps and to bear the humble part in this great work, where education is concerned, it is the right, or rather duty, of the state to protect with its laws the prior right of families to the Indian education of their offspring. As a

consequence, it is the duty of our country to respect the supernatural rights of the university students. The people must be taught to read. Perfect education of the university is affected only when the mind is permitted to form, to express, and to employ its own convictions of truth on all subjects, as it chooses. The essence of education lies not in the means, but in the ends, violence has been for thousands of years a reactionary factor. The deadliest enemies of our universities are not the foreign foes; they always dwell within their own borders. We think the enemy is here before us.....we think the enemy is simple selfishness and compulsive greed.....we think the enemies of the university education are old as time and evil as hell and that he has been here with us from the beginning. Every man who comes to education is entitled to the protection of Indian law, whatever oppression he may therefore, have suffered and whatever may be the colour of his skin.

For the edification of university education, all students have an equal right to the free development of their faculties; they have an equal right to the impartial protection of our country and our universities; but it is true to enjoy an equal amount of goods. Children are principally the creatures of example - whatever surroundings adults do, they will do. If they see us attempting to govern each other they will imitate the same barbarism. If we habitually admit the right of sovereignty in each other and in them, they will become equally respectful of our rights and of each other's. All these propositions are probably self evident, yet not one of them is practicable under the present mixture of the interests and responsibilities between adults and between parents and children. To solve the problem of education, children must be surrounded with equality

and must be equitably treated and each and everyone, parents or child, must be understood to be an individual and must have his or her individual rights equitably respected. Every university has a great power to think and to express thought that is a power to do so that there would be a more balanced, a more equal, even and equitable system of human education around the university campus.

The united voice of all universities cannot lend the smallest foundation to falsehood. It is a melancholy truth that a suppression of education could not more completely deprive the nation of the benefits, than is done by its abandoned prostitution of education. A university is the instinct of all great souls.

University education is always the strongest argument. Its ethical truth is as exact and peremptory as physical truth. The most striking contradiction of the functions of our universities is the fundamental reverence for its truth & ennobling qualities for moral catharsis which we profess and thorough going disregard for it which we practice. There are students who perish when their eyes are opened. A university gains more even by errors of one who with due study and preparation, thinks for himself than by the perfect opinions of those who only held them because they do not suffer themselves to think. All functions, in true sense of the term of university are to be saved and nothing else is unsaved and a student who keeps back its truth or withholds the crystal depth of its quality from other students, from motives of experience is either a coward or a criminal or both.

In India, where the students are really free and through their great unions, indemedinated by any outside force or any dictator within, can take their proper place in the society and where the dignity and security of the students should be guranteed by their strength and fortified by the safe-guards of law. Preparation for education is a constant stimulus to the progress of a university. A university is to student what maternity is to a women.

1) Organization of finance department :

The internal organisation structure of a university in India was inherited from the first three presidency universities i.e. Calcutta, Bombay and Madras. Generally Indian university Acts prescribes the powers and functions of a university and creates authorities (internal structures) in order to discharge the powers and duties conferred on the university. The university also creates additional authorities through the mechanism of statutes with reasons or without reason in the interest of efficient management. The Model Act Committee had not formulated "Model Act" ----"but has given considerable thought and attention to the formulation of general principles that should govern the formulation of the principal "authorities" of university and which may be thought of as the core of an Act." Authorities created by University Acts may differ from State to State. In Maharashtra State the number of authorities listed in the University Act are nine, whereas in Karnataka, they are six only. According to the Andhra Pradesh Universities Act,1991 the authorities are -

- i) Board of Management;
- ii) Academic Senate;
- iii) Faculties;
- iv) Board of Studies and
- v) Such other bodies the statutes may declare to be authorities of the universities.

Thus there is a tremendous flexibility for the universities to create authorities as and when necessary for the management of universities.

The Three-tier System of Authority :

The three-tier authority system which has been in existence since the inception of the university education are, the Senate, the Syndicate/Executive Council and the Academic Council. These three authorities are the real governing bodies of the universities. But the functions of these bodies are overlapping and there is some confusion and therefore there is some difficulty in making university laws. The significant feature of university management is that policies are formulated through democratic process the implemented through executive process. Thus, the Syndicate/Executive Council/Board of Management executes the decisions of all authorities inclusive of the Senate and the Academic Council. The Vice-Chancellor is the Principal Executive/Chief Executive and he shall give effect to the decisions of the Senate the Executive Council and the Academic Council.

The Senate is the oldest governing body of a university. The peculiar characteristic of this body is its composition. The size and

composition of the Senate may differ from university to university. Various committees from time to time suggested the desirable size and ideal composition on the basis of the type of the university. The University Education Commission suggested a maximum of 120 members for the teaching and affiliating universities. It also suggested maintenance of balance in the Senate's composition in the following words. "There should be a two-fold kind of balance (a) between academic and non-academic members; (b) between university representatives, affiliated colleges representatives and external members." Thus it should consist of internal and external of fifty and fifty basis. The CMU (Committee on Management of Universities) says that the size of the Senate should be a maximum of 100 members in affiliating universities and it should consist of nominated/ex-officio members. In other words there should not be elected members in the Senate/Court. Currently in most of the universities, the Senate is composed of ex-officio, nominated elected, selected members etc. The Kothari Commission suggested "that the Acts of universities should only provide for the total membership of the Court or the Senate while its detailed composition may be provided in the statutes. This will enable the universities to change the composition of the court in the light of experience and requirements without going through elaborate legislative procedures."

Generally the Senate meets in two sessions in a year as one is budget session and the other is general session. The duration of each session is one day/half day depending on university convention.

In some universities the Senate still enjoys the status of supreme governing body but in others it is no more a supreme governing body. Why it is called a supreme governing body ? "At one time when there was no Academic Council it was usual to describe the court as supreme governing body." It had also the power of electing the Vice-Chancellor and the Registrar. According to the original Andhra University Act, 1926 'the Vice-Chancellor shall be a whole-time officer of the University and shall be elected by the Senate.' Similar was the case of the Registrar. Now the power of choosing the Vice-Chancellor/Registrar by the Senate is taken away in almost all the universities in India. The Senate has the power of electing members from among themselves to the Syndicate/Executive Council. The electoral power differs from university to university.

Next to electoral power, the important power of the Senate is the power of making statutes subject to such condition as are prescribed by or under the Act.

The senate has the power of consideration and passing resolutions on the annual accounts, audit reports, budget and annual reports. According to the Karnataka Universities Act 1976, "the senate shall have the power to review, from time to time the policies of the university and to suggest measures for the improvement and development of the university and to consider the annual accounts and audit reports of the university."

The most important function of the senate is the approval of annual accounts, audit report and budget as placed by the Executive Council. According to Universities Acts of Maharashtra State "The senate shall be the principal authority for all financial estimates and budgetary appropriations". The executive authority i.e. the Executive Council/Syndicate is responsible for the management of finance, it presents the accounts and audit report together with explanations for the questions raised by the auditors to the Senate and it will justify and defend its decisions. The university accounts in general are audited by the Local Fund Examiners of the State, this practice has been criticised by expert committees because audit by this agency by the State has involved considerable delays thus defeating the very object of audit. It is necessary to increase the pace of audit work so that many financial irregularities are brought to light within a reasonable time. Some universities have adopted the method of continuous audit for the purpose of locating irregularities and setting them right.

The post of Finance Officer is a statutory post in all the universities but the mode of appointment differs from university to university. According to Karnataka State Universities Act 1976 "the Finance Officer shall be a whole time officer of the university appointed by the Chancellor or from among the officers of the control or State Governments having experience in audit, accounting and financial administration. He shall be on deputation to the university for such a period and on such terms and conditions as may be determined by the Chancellor." In most of the universities the appointing authority of the Financial Officer is

the Executive Council (Maharashtra, Andhra Pradesh, Bihar etc.) and not the Chancellor. One unanimity in all the universities is that the Finance Officer should be drawn from the State/Central Government having knowledge of accounts and audit and he should be under the general control of the Registrar. The Bihar State Universities Act 1976 (as amended in 1981) created a post of 'Financial Adviser' who shall be appointed by the Chancellor. The Financial Adviser shall work under the administrative control of the Vice-Chancellor and Financial Officers shall work directly under the control of the financial adviser. "It shall be the responsibility of the Registrar to mention specifically at the time of placing such a proposal before the Syndicate that the concurrence of the Financial Adviser has been obtained or that he has not concurred the proposal."

Currently the Finance Officer is a lower grade superior officer working under the control of the Registrar. He cannot act independently in tendering his expert advice contrary to the wishes of the Registrar and the Vice-Chancellor. The status of Finance Officer/Adviser should be equal to that of the Registrar. Every file should be routed to the Vice-Chancellor through the Registrar was the concept of the nineteenth century when the Vice-Chancellor's post was honorary/part time. The Finance Officer/Advisory should be under the direct control of the Vice-Chancellor.

In most of the universities the duration of the session of the Seate is normally one day. It cannot make critical and conscructive comments on the accounts and audit report in short span of time. In the uiversities of Maharashtra State a statutory committee is being

constituted known as "University Accounts Committee". The committee shall scrutinise the annual accounts to satisfy itself that the moneys shown as having been disbursed were properly available for the purposes for which they were spent and that the expenditure incurred was in accordance with the law at that time in force. The committee shall submit its report to the senate from time to time and suggest any actions to be taken thereon regarding any lapses or irregularities which come to its notice and thereupon, the Senate shall take such action as it thinks necessary. Such a committee report will be helpful to the senate to pass constructive resolutions on the accounts of a university. It is desirable to constitute 'University Accounts Committee' in every university for the proper financial accountability of the Executive Council to the Senate.

Organization Chart :

The use of organisationcharts is now fairly widespread. The purpose is to show at a glance the managerial structure of the whole or part of an institution. Rectangles or circles are used and these are joined by horizontal and vertical lines. The apex denotes the top position and the horizontal lines below reports to those above. However, once a chart is drafted to cover the lower level departments the seniority may not be always be clearcut.

2) Sources and Application of Funds :

In every society, some form of organisation or association is found which does not have the objective of making profit. Their main objective may be social, educational or charitable and they take the form of clubs, societies or charitable bodies and so on. Many Government

activities fall into this category, such as hospitals, schools and colleges etc. Their main objectives are to provide service to the members or beneficiaries. The main idea is to spend the funds of the organisation in such a fashion that provides maximum benefits to the members.

University Finance has two facts, the availability of resources and the utilisation of available resources. In this chapter we have analysed various sources of the university income and also the items of expenditure and their relative importance in the university budgets.

The data compiled and analysed for the university finance may be classified as follows :

- i) Annual accounts for the year 1986-87 to 1991-92.
- ii) Financial Estimates for the year 1987-88 to 1991-92.
- iii) Annual report

Pattern and Sources of Income :

In this section we analyse the various sources of funds and their relative importance in financing Shivaji University.

The important sources of income of Shivaji University are grants and fees. Government grants are by far the most important sources of Shivaji University. University receive both maintenance and development grants from Central Government directly or through the U.G.C. The central Government also provides grants to the State universities. But in the case of the latter, the grants are provided mainly for development purposes and also for specific purposes from time to time. Central Government also gives to the State universities grants for some specific maintenance

Items such as sharing in salary of teaching staff. The State Government and the local bodies provide block maintenance grants to meet the recurring expenditure to the universities established under the Act of State legislatures. The State Government also provide developmental grants to the State universities either fully or on matching basis. Mostly, developmental grants by the State Governments to the State universities are not provided on a item by item basis. These grants are provided in lumpsum for the plan period, after assessing the financial needs of the university and after taking into account the share of the U.G.C.

Fees constitutes the second important source of income for the universities. The university charges tuition fees, examination fees, fee for affiliation of colleges etc.

Among other sources of income are : buildings, land and other property, publications, auxilliary services, donotions, endowments and other miscellaneous items.

Some of the major income sources are as follows :

- i) Salary Grant.
- ii) Grants for development of campus : Government of Maharashtra does not pay grant on development of campus regularly.
- iii) Fees from students academic.
- iv) Examination and other fees.
- v) Vocational Courses e.g. University has started B.Ed. Postal Course which is of one and half year's duration.

- vi) Other receipts like -
 - a) Interest on short term deposits and current accounts.
 - b) Hotels.
 - c) Receipts from building rent and other services
 - d) Sale of publications
 - e) Health services
 - f) University Auxilliary Services etc.
- vii) Donations

Quality of higher education, among other things, depends upon the individual institutions allocating resources at their disposal efficiently and economically, as well as the economies of scale to be realised, etc. In a situation of resource constraint and high cost of the provision of higher education, the efficiency objective assumes considerable weightage. There is a continuing need to discover the benefits of different lines of action, and see that the resources flow to appropriate channels. Universities/Colleges and other institutions will have to devise adequate academic and administrative procedure for the appropriate and institutional aids. The institutions could also show more dynamism with regard to the functioning of their auxiliary enterprises and convert them into sources of funds.

We will see all the sources and their analysis and interpretation in detail in Chapter Number 4.

Pattern of Application of Expenditure :

Expenditure of university can be divided mainly into two parts namely - Recurring expenditure and Non-recurring expenditure.

Recurring expenditure is one which occurs again and again say every financial year.

While non-recurring expenditure is one which is not of a recurring nature i.e. it does not occur again and again.

Following are the important recurring expenditures of Shivaji University.

- 1) Expenditure on teaching and research guiding staff.
- 2) Administrative and other staff.
- 3) Apparatus.
- 4) Chemicals and consumable stores.
- 5) Furniture.
- 6) Scholarship and stipend.
- 7) Library maintenance
- 8) Games and Sports.
- 9) Conduct of examinations.
- 10) Hostels
- 11) Building maintenance and other things.

Non-recurring Expenditures :

- 1) Expenditure on capital formation in building construction.
- 2) Equipment
- 3) Development projects and other items.

The purpose of analysis of expenditure is to understand the process of resource allocation. This will help not only in understanding

the relative priorities within the system but also effectiveness of resources allocation from the point of view of attaining the overall goals of the university system.

The question of how well the higher educational expenditures are being apportioned between different 'objects' or 'items' from the point of qualitative improvement is no doubt very important in the above context and needs to find a place in the agenda of discussions among planners and policy makers. An analysis of the shares of different items of expenditure in total (recurring) expenditure on higher education (for which data are available in Education in India, Ministry of HRD, Govt. of India) reveals that expenditures on 'non-teaching' and other unspecified items have been growing rapidly, thus leading to less expenditure on teaching/academic staff, equipment and appliances, libraries, laboratories etc. or in other words, on real academic activities or qualitative aspects of higher education. The allocation for the latter items has naturally to be relatively high, but it is showing a tendency to decline. It is found that in many universities more than 50 percent of expenditure on 'salary account' is due to non-teaching (administrative) staff. In the case of professional categories of higher education, which have acquired an important position in the country, the share of expenditure on equipment and appliances, laboratories, etc. has fallen quite significantly over the years. With the resource crunch that is being witnessed in recent years, higher educational institutions have been forced to cut expenditure on many items, but the axe has fallen mainly on programmes that have high academic value - and in the case of universities, especially on research

activities. Considering the age and present scale of the enterprise of education, the level of its investment in serious and sustained research and development is shockingly low.

It is the present situation of expenditure done in universities in India in general. But what is the expenditure and how it is allotted in case of Shivaji University, we will see in detail in Chapter No. 4.

3) Budgetary Control System :

Comprehensive budgetary control procedures provides invaluable aid for scientific management. Budgeting provides a powerful tool to the management for the efficient performance on its functions viz. formulating plans, co-ordinating activities and controlling operations.

Budgetary control is defined as the establishment of budgets relating the responsibilities of executives to the requirements of a policy and the continuous comparison of actual with budgeted results, either to secure by individual action the objective of that policy or to provide a basis for its revision. It follows that a budgetary control system secures control over performances and related costs in different parts of an institution.

- i) by establishing budgets
- ii) by comparing actual attainments against the budgets
- iii) taking corrective action and remedial measures or revision of the budgets if necessary.

The budget put the plan in concrete form and the follow-up action to see that the plan is adhered to (i.e. the actuals do not exceed the budgets) completes the system of control. In other words, while budgeting is the art of planning budgetary control is the act of adhering to the plan.

For the success of a system of budgetary control; it is essential that there should be a sound organisation for budget preparation, budget maintenance, and budget administration. Budgetary control is a concerted action in which a number of individuals take part and it is to be ensured that proper link and close co-ordination exist amongst them when budgets are being set, it is a matter of common prudence that all those who will be responsible for execution and operation of the budgetary system should be taken into confidence. When this is done not only will the spheres of respective responsibilities be clearly understood by each individual but a spirit of co-operation and team work will grow up leading to a high degree of a budget consciousness.

An effective control and proper allocation of finances could be an important instrument to obtain goals of the universities. A thorough and properly directed study of the university budget is, therefore, very necessary for a proper understanding of the university finance system.

The senate has the power of consideration and passing resolutions on the annual accounts, audit reports, budget and annual report. According to the Karnataka Universities Act 1976 "the senate shall have the power to review, from time to time, the policies of the university

and to suggest measures for the improvement and development of the university and to consider the annual accounts and audit reports of the university."

Generally the university budget will be prepared on the basis of anticipated block, special and other grants from the state and self-generating resources. The self-generating resources are tuition and examination fees, affiliation fees, fee charged for consultancy; patent rights, rent from the estate such as buildings, guest houses, income from Press and publications etc. and the self-generating resources do not exceed even twenty five percent of the budget. The accounting system in most of the universities is based on receipts and payments system which does not insist on the preparation of balance sheet. In most of the universities the balance sheet is conspicuously absent.

✓ The Executive Council/Syndicate is not an expert body to prepare a budget for the university. A statutory provision is generally being incorporated for the constitution of 'Finance Committee' and Finance Officer is the ex-officio secretary of the committee. The Committee considers the financial estimates as prepared by the Finance Officer and makes suggestions and recommendations for submission to the Executive Council. The composition and states of the Finance Committee differs from state to state. According to Andhra Pradesh Universities Act, 1991, the Finance Committee is a sub-committee of the Board of Management (Executive Council) whereas according to Karnataka a State Universities Act 1976, the Finance Committee is not a sub-committee of the Syndicate.

Similar is the case with regard to universities of Maharashtra State and the Finance Committee is composed of the nominees of the state, the Academic Council, the Executive Council, Senate besides the Registrar and the Finance Officer. The Vice-Chancellor is the ex-officio Chairman.

Most of the universities in India are not accustomed to declare its mission and objectives especially the academic policy, in an explicit manner. The annual report is the performance report for a particular period i.e. one academic year prepared under the direction of the Executive Council. The report provides an account of the academic activities and events that the year has witnessed, the teaching and research activities of various academic department, constituent colleges, post-graduate extension centres, activities of students, statistical information of affiliated colleges, degrees awarded, standards of education, academic excellence etc. The annual report gives the list of achievements rather than its failures such as number of teaching days worked, the number of candidates passed in the National Education Test, etc. Further it does not give what will be its future academic programmes and targets for the next year. The presentation of annual report in the Senate is customary/ritualistic rather than academic accountability. The Senate discusses the report and passes resolutions for necessary action by the Executive Council. On the other hand, the external members (who are not employees of the university) who are representing the society/public do not generally state what they want the universities to do. If there is a review report on annual report by a team expert, then the Senate can understand and

suggest measures for the development and improvement of the university. In many university Acts a statutory provision is made for the constitution of Academic Planning and Evaluation/Monitoring Committee "for the purposes of preparing plans and programmes of development and improvements of the university and in its courses of study, examining and evaluating, from time to time, the progress, achieved in such plans and programme, testing and evolving new methods of teaching and for consultation and exchange of information with similar organisations, other universities and research institutes for any of these purposes." According to Andhra Pradesh University Act 1991, there shall be a 'Planning and Monitoring Board consisting of -

- i) the Vice-Chancellor (Chairman)
- ii) four from among the principals of University and professional colleges, Deans/Chairman of faculties nominated by the Vice-Chancellor;
- iii) two educationists nominated by the Government;
- iv) two nominees of the University Grants Commission.

In Bihar and Maharashtra, the nominees of U.G.C. are not included in the body, whereas in Andhra Pradesh the nominees of U.G.C. also are participating in the academic planning and evaluation. The U.G.C. is the custodian of standards of teaching, research and examinations and it should participate in the academic evaluation of a university. The U.G.C. committee report suggested the creation of statutory body known as "Planning and Monitoring Board" and it should "consists of members drawn from the faculty, the State Government. The State Council of Higher

Education, Colleges etc." Instead of U.G.C. nominees, it suggested the nominees of State Council of Higher Education. The CMU also suggested setting up of 'Academic Audit Committee' which "should go into all aspects of the academic programmes, viz.; teaching, research, extention, curriculum development, examination system etc." It is more a division of work between "planning and Monitoring Board" and "Academic Audit Committee". The Academic Audit work may be entrusted to the Planning and Evaluation body. This body should review the annual report of a university and submit its report to the university. The university, inturn, places the review alongwith the annual report before the Senate.

4) Fixed Assets :

Funds raised are normally used for the investment in various fixed as wel as current assets. Management must invest these funds in these assets in the most judicious manner so as to derive maximum return from them to the organisation. These assets, must, therefore, be acquired, utilised and managed in the most efficient manner possible.

Fixed asset of a university are comprised of land, buildings, roads, plant and machinery, vehicles, expensive tools and other equipments. The cost of such asset is capitalised, keeping in view the basic principles of classification of expenditure into revenue and capital, viz. that expenditure which satisfies one of the following conditions should be capitalised :

- a) It should benefit future periods;
- b) It should increase the serviceable life of the asset;
- c) It should contribute towards increase of the efficiency of productivity of the asset.

The expenditure to be capitalised consists of the cost of acquisition or replacement of the asset includes, besides the cost of purchase price of the asset, freight, customs duties, inspection charges, insurance, taxes, registration fees, brokerage, legal charges, cost of erection and installation, cost of improvements, alterations and additions, and major repairs which satisfy the conditions referred to above.

Investment Decision :

Investment decision is concerned with -

- i) Investing funds in fixed as well as current assets,
- ii) efficient and effective use of the assets so acquired,
- iii) safeguarding them from wear and tear, theft, misappropriation etc.

This decision is important not only from the view point of an organisation in the private sector but also from the view point of an institution like university.

While taking investment decision planning must be done which will consist establishment of a procedure under which alternative schemes are evaluated with reference to certain criteria and the most desirable proposal is selected.

