



A STUDY ON FINANCIAL MANAGEMENT IN HIGHER EDUCATION IN INDIA

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ABSTRACT

The purpose of this article is to examine the current funding pattern for higher education in India and to discuss the appropriateness and feasibility of several alternative funding strategies. In India, higher education is mostly sponsored by the government. However, because higher education benefits not just society as a whole, but also individuals in particular, and because it attracts the relatively more privileged segments of society, there is a case can be made for moving the financial burden from the social to the individual sphere. Given resource restrictions and equality considerations, it is claimed that funding higher education primarily through general tax money may not be a desirable approach in the long run. As a result, some alternative policy options are addressed, such as public funding of higher education, student loans, graduate tax, student fees, and the role of the private sector. It is maintained that, among the options, a discriminating pricing mechanism would be more efficient and equitable. While the government must continue to carry a major share of the cost of higher education due to socioeconomic and political realities, attempts should be made to develop a funding model that incorporates a variety of techniques rather than relying on a single one. It is also argued that fee and subsidy strategies should differentiate across different layers and types of higher education.

KEYWORDS: Finance, Higher Education, India, Fund.

INTRODUCTION:

There is growing concern among major users of accounting information about the current state of financial management of higher educational institutions, particularly with regard to financing and pricing higher education, as well as current accounting standards and gaps in practises in universities and colleges. As a result, several attempts are made to analyse the current situation, modes, alternative techniques, and patterns of higher education financing in India. There are other attempts to assess the acceptability and feasibility of various alternative funding strategies. As a result, it is necessary to develop an overview of approaches to and trends in the Indian higher educational system in general, as well as to highlight various issues in the financial management of higher education in India, particularly in terms of financing, pricing, Accounting Standards, and Gaps in Practices in Universities and Colleges.

Higher education in India is primarily a government-funded sector, with the government receiving funding from and through various tax collections. As a result, stakeholders have every right to ensure proper and smooth financial management of and discipline in the Indian higher education system, and critically analyses recent initiatives and steps taken to revive proper and smooth financial management of and discipline in the Indian higher education system. It is critical to offer the structure and specifics of the design, development, and execution of, as well as the system in place, to ensure that the Indian higher educational policy objectives are met.

There is a logic for transferring the financial burden from the societal domain to the individual domain because higher education benefits not only society as a whole, but also individuals particularly, and because it attracts substantially more privileged sectors of society. Given resource restrictions and equality considerations, it is claimed that funding higher education primarily through general tax money may not be a desirable approach in the long run. As a result, some alternative policy options are addressed, such as public funding of higher education, student loans, graduate tax, student fees, and the role of the private sector. It is maintained that, among the options, a discriminating pricing mechanism would be more efficient and equitable. While the government must continue to carry a major share of the cost of higher education due to socioeconomic and political realities, attempts should be made to develop a funding model that incorporates a variety of techniques rather than relying on a single one. It is also argued that fee and subsidy strategies should differentiate across different layers and types of higher education.

Role and Development of Higher Educational Institutions:

Higher education is a critical tool for growth and transformation. The role of higher education is defined in the National Policy on Education (1986) as a critical factor for survival, with the significant responsibility of preparing excellent citizens and leaders for many walks of life. Universities and colleges have an important role in social transformation, country building, and scientific progress.

In the previous 60 years, India has constructed a gigantic educational system that has produced a significant body of highly skilled academicians with scientific

and technological capabilities, as well as rich humanist, philosophical, and creative ideas. India is the world's largest democracy and also possesses the world's largest educational system. At the time of India's independence, there were barely 20 universities and around 500 colleges. In 2010, there were 611 universities and university-level institutions, as well as 31,324 colleges and universities (UGC, 2011). In February 2014, India had 706 universities and university-level institutions, as well as 35539 colleges (University News, 2014).

Unaided private institutions now account for slightly less than two-thirds of all institutions, up from 40 percent a decade ago. Unaided private institutions accounted for 42.6 percent of total institutions in 2001, 61.8 percent in 2007, and 63.9 percent in 2012. The number of commercial institutions expanded faster than the number of government institutions between 2007 and 2012. Since 1995, state private institutions have grown at a rate of 33.8 percent each year. With the help of the government, a number of private Higher Educational Institutions (HEIs) have lately been founded.

Shiv Nadar University (2011), Azim Premji University (2011), Jaypee University of Engineering & Technology (2010), Dr. K.N. Modi University (2010), O.P. Jindal Global University (2009) are few examples of HEIs (FICCI, 2012). When India gained independence, there were 0.1 million students enrolled in universities and colleges, with 18.5 million in universities and colleges and 3.3 million in diploma-granting institutions in 2012-13. In 2012, unaided private sector enrollment amounted for over 60% of total enrollment, nearly doubling the share of total enrollment of 33% in 2001. The percentage of overall enrolment in unaided private higher education institutions was 32.9 percent in 2001, 54.2 percent in 2007, and 58.9 percent in 2012. Enrollment in private colleges expanded faster than enrollment in government institutions between 2007 and 2012. The yearly growth rate of enrolment in private colleges was 11.2 percent, while in government institutions it was 7.2 percent (FICCI, 2012).

While enrolment in India's higher education institutions grew at a 7.4% annual rate between 2001 and 2009, the country's growth lagged behind that of China and Brazil, but was ahead of that of the United States and Russia. India's GER lags behind that of industrialised countries like the United States, Switzerland, Japan, and the United Kingdom, as well as developing countries like China, Brazil, Malaysia, and the Philippines (FICCI, 2012).

While higher education enrolment has increased sixfold in the last 30 years, faculty strength has increased only fourfold, resulting in a faculty shortage and high student-teacher ratios. In 2011, Chinese academics published five times as many research articles as Indian academics. India's relative citation impact is half that of the rest of the world (FICCI, 2012).

On stated quality measures, NAAC had evaluated 62 percent of universities and 90 percent of colleges as average (B) or below average (C) as of March 2012. Only two Indian higher education companies were listed among the top 500 worldwide universities in the QS World University Rankings 2011-12. India is ranked bottom in the U21 rankings of national higher education systems among the 48 nations assessed (FICCI, 2012).

India's educational system is in a critical situation and is difficult to change. It is on the verge of becoming obsolete. Despite the fact that various commissions have filed findings and many famous individuals have propounded strategies for revitalising the system since Independence, there has always been a large gap between the plan and the implementation, leaving the system stranded on the roadways. This enormous system of higher education needs that action be done on a regular basis to review its performance, conduct academic audits, and provide an assessment and accrediting system.

There is widespread agreement that India's higher education system is in disarray. The general perception among laypeople is that standards are worsening and that the knowledge and skills taught by our educational institutions are mostly irrelevant to society's demands. The system's failure to deliver the goods has been attributed to a number of maladies, including its colonial roots, a failure to control unplanned expansion, a perennial lack of funds, an inflexible academic structure with an antiquated examination system, resistance to change from all of its constituents, activism on campuses, a highly politicised and bureaucratized management system, and pressure from the media. However, the truth is that the quality of education supplied by Indian academic institutions varies greatly. The culture of higher education institutions is determined by the interaction between accountability and autonomy. Different patterns emerge when the two are balanced. In the end, the quality of higher education is determined by the institutions that provide it.

Financial Management of Universities and College:

Higher education in India has been mostly funded by the government since independence, with social institutions gradually withdrawing. Because the government is unable to make major investments in higher education, private initiatives are required. While mobilising private resources, it is important to remember that higher education is inextricably linked to socioeconomic growth, and no government can afford to let it languish due to a lack of funds. The state government, the UGC, and other funding bodies all contribute to higher education.

We are all aware of our finite resources. As a result, good financial management at universities, colleges, and other higher education institutions is required.

Financing Higher Education in India:

Following independence, the government funded the majority of higher education in India, with social institutions gradually withdrawing. The government's participation has continuously increased from 49% in 1950-1951 to approximately 90% presently. The government spends approximately 3.7 percent of GNP on education, with a proportion of approximately 0.8 percent on higher education. Among the several sectors of education, higher education had the biggest share, at 25%, during the Fourth Five Year Plan (1969-74). It stayed steady at 22% during the Fifth and Sixth Five-Year Plans, but fell to 8% in the Eighth Five-Year Plan (1992-97). By the end of the Ninth Five Year Plan, it had reached 6% of GNP (1997-2002). However, the proportion of adults with a higher degree is unlikely to increase. Governments at the national and state levels are increasingly hesitant to support higher education.

It is widely known that India's education sector suffers from a severe resource shortfall. Economic changes and the attendant fiscal discipline measures have exacerbated the situation. Official sources, on the other hand, assert that great progress has been made in financing education. In India, there have been significant changes in the level of funding for higher education and the emphasis assigned to various areas within it over the last sixty years. The early planners mostly overlooked higher education. The empirical analysis demonstrates that numerous recommendations, as well as Five Year Plans and Policy statements, advocate for and highlight increasing the share of plan expenses allocated to higher education. However, policy formulation and execution are not necessarily synonymous. Actual education expenditures have fallen considerably short of these targets. These recommendations constantly underscore the significance of increased education investment and the role of all levels of government in financing it.

The government is unable to provide significant funding for higher education. Private initiatives become important, and society, and particularly industry, will need to take a larger role in higher education. Industry should step forward to finance and build organisations that are tailored to its particular needs. It is hoped that a decision on the Private Universities Bill, which is currently before Parliament, will be made quickly.

While it is necessary to mobilise resources from private sources, it should not be forgotten that higher education is inextricably linked to socioeconomic development, and no government can afford to allow it to languish for lack of funds. In this context, the Punniyaya Committee of the UGC's (1994) suggestion is worth emphasising: State or government funding must continue to be an essential component. The Government/State must continue to bear the primary responsibility for paying the Universities' necessary maintenance and development needs.

We are all aware that our resources are finite. We are also cognizant of the reality that higher education and research require significant investments and that, in the present day, improving and maintaining the highest standards of teaching and research require extremely substantial contributions. As a result, the demands on

the few resources available to us are numerous. Fortunately, in higher education, we have already developed a sizable infrastructure that, with minimal additional inputs, may be used more effectively and purposefully. Additionally, we should recognise that advances to our higher education system are not always the result of additional funding. Perhaps what we require is a bold and inventive approach to innovation, experimentation, and the initiation of a process of reforming our entire system of higher education.

Accounting Standards in Higher Educational Institutions:

To be sure, accounting is a college or university's language; it communicates the state of an institution's financial management, whether the institution is performing well or not, given that the institutions are financed by the government, the UGC, industries, business houses, donors, and the general public. What is necessary is thorough disclosure of accounting procedures and standards.

Over the last three decades, accounting bodies from all over the world have launched and persuaded the establishment of accounting standards. In India, the ICAR-established Accounting Standard Board is responsible for developing accounting standards for various organisations in general and for businesses and industries in particular.

It is vital to comprehend the primary users and their requirements in the context of educational institutions. A set of accounting information standards and communication guidelines is contingent upon an analysis of who the primary users of accounting information are and why they require such information. The stakeholders listed below have an absolute right to obtain accounting information.

Accounting Practices in Educational Institutions:

There are defiantly gaps in accounting practices in mainly educational institutions, universities and colleges. It is unfortunate to state that there is no transparency in financial management and accounting practices in educational institutions. It is also unfortunate that there is no mechanism to detect such gaps, misappropriation of funds and changes in utilization of funds.

Setting Accounting Standards for Education Institutions:

The primary goal of establishing an accounting standard is to ensure consistency and comparability in financial reporting and in the data provided by educational institutions. When supplying information to the aforementioned seven groups of users, an accounting system should adhere to standards for accounting information. Information quality is determined by standards. That's why accounting data usability must be guaranteed. In spite of the fact that accounting theory and standards are intertwined, accounting theory focuses on accounting system features, whereas the goal of accounting standards is to improve the quality of accounting information.

Standards may be set by the government, university, or the administration of educational institutions if the Institute of Chartered Accountants of India (ICAI) accounting standards are lacking. It is widely accepted accounting rules (GAAP) that govern accounting for financial reporting purposes. There could be several ways to go about this. An implicit or explicit conceptual framework is required for the determination of certification of current significant practise, i.e. case by case as a distillation of previous experience.

Responsibilities of Government Auditor and Internal Auditor:

It is frequently observed that these two entities discharge their responsibilities without regard for predetermined accounting rules. The entire process of auditing educational institutions' accounting and financial management is handled very lightly. Control over the efficient use of scarce resources is frequently diffused.

Thus, it is past time to clarify the function and responsibilities of educational institution auditors, as well as accounting standards and practises.

Without a doubt, the interests of all of the aforementioned educational institution users must be protected. Internal auditing must be conducted with care and diligence; management control must be flawless and effective. Misappropriation, fraud, and misrepresentation must be identified and stopped at the onset. Audits must determine whether educational institutions have adhered rigorously to accounting standards.

CONCLUSION:

The aforementioned concerns and problems relating to financing pricing, accounting standards, and gaps in practises in universities and colleges are all part of the financial management of higher education institutions. In today's rapidly changing socioeconomic environment, the higher education system will face increased pressure to expand, necessitating effective pricing of higher education in order to offer comprehensive funding to universities and colleges. At the same time, the use of finance and finances must adhere to the established terms and conditions, rules, and laws. Accounting standards must be widely acknowledged in practise, and legislative obligations should be enhanced and ensured in cooperation with professional and regulatory authorities such as the ICAI, UGC, and NAAC, among others. Gaps in practise should be identified and addressed as soon as possible in order to protect the interests of those who fund higher education. The effectiveness of the information system should be ensured

in order to satisfy the above-mentioned accounting information users.

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