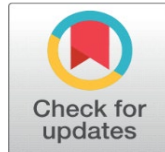
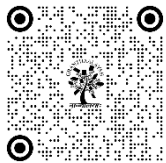


PLANNING AND CONTROLLING STATE AND CENTRAL GOVERNMENT GRANTS IN SELECTED STATE UNIVERSITIES OF GUJARAT: A FINANCIAL MANAGEMENT PERSPECTIVE

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ABSTRACT

Higher education in Gujarat, India, has experienced significant growth driven by strategic government initiatives, robust infrastructure, and a focus on quality and innovation. This study examines the allocation and utilization of state and central government grants among selected state universities in Gujarat, highlighting the critical role of financial management in ensuring the effective use of these funds. Using secondary data from five prominent public universities over five years (2018–19 to 2022–23), the research employs ANOVA tests to identify significant differences in grant ratios relative to total income across universities. Results reveal statistically significant variations in both state and central government grant allocations, indicating non-uniform distribution among the institutions. The study underscores the importance of structured financial planning, robust monitoring, compliance mechanisms, and accountability frameworks to optimize fund utilization. Finally, the research proposes a strategic approach to planning and controlling government grants, emphasizing budget prioritization, real-time tracking, capacity building, transparency, and risk management, to enhance the sustainability and impact of higher education financing in Gujarat.

Keywords: Higher Education, State Government Grant, Central Government Grant, Financial Management

1. INTRODUCTION

Higher education in India has undergone significant growth and transformation over the past few decades, emerging as a critical driver for socio-economic development and knowledge advancement. India's diverse educational ecosystem comprises thousands of universities and colleges, offering a wide range of academic and professional programs. Among the various states, Gujarat stands out as a prominent hub for higher education due to its strategic initiatives, robust infrastructure, and emphasis on quality and innovation.

Gujarat has invested considerably in expanding its higher education sector to meet the demands of a rapidly growing population and a dynamic economy. The state is home to a number of prestigious universities and technical institutes that contribute to research, skill development, and employment generation. Gujarat's government has also implemented progressive policies aimed at enhancing accessibility, promoting industry-academia collaboration, and fostering an entrepreneurial mindset among students.

The development of higher education in Gujarat reflects the broader national priorities of improving educational outcomes, increasing enrollment rates, and aligning academic programs with industry needs. With its focus on innovation, inclusivity, and quality assurance, Gujarat continues to play a pivotal role in shaping India's higher education landscape, preparing a skilled workforce that supports both regional and national development goals.

2. LITERATURE REVIEW

Many scholars and administrators have studied Budgetary Provisions and Actual Expenditure of Higher Education with different angles. A brief survey of the selected studies and their salient findings are made in the following paragraphs to serve as a background for the present study.

(Chattopadhyay, 2020) Analysed the present funding pattern of Indian universities and elaborated extensively on various ways by which the universities are generating revenue. After a thorough analysis, the author came to the conclusion that public funding is the best option for achieving the three objectives of efficiency, equity and excellence in higher education.

(Kumar et al., 2020) examined financial sustainability in higher education, highlighting the importance of diversifying revenue streams and managing costs. The study found that universities adopting strategic financial planning and public-private partnerships enhanced financial sustainability.

(Singh et al., 2020) investigated revenue diversification strategies in higher education, emphasizing the role of tuition fees, research grants, and entrepreneurial activities. The study revealed that universities adopting revenue diversification strategies improved financial stability.

(Agarwal & Singh, 2023) discussed the types of grants available to central universities in India, focusing on development (plan) and maintenance (non-plan) grants. It explores how the University Grants Commission (UGC) allocates these funds, detailing the budget planning process and the differences between funding for central and state universities. The paper provides insights into how financial resources impact the growth and development of higher education institutions.

(Borthakur et al., 2023) analysed government spending on higher education in India, with a focus on the allocation of central government grants. It discusses how these funds influence access, growth, and the quality of education across various institutions, including central and state universities.

3. RESEARCH GAP

While many studies discuss the importance and allocation of government grants, there is limited research on their actual utilisation at the institutional level. the present research attempts to study allocation and utilization of Funds and to suggest an appropriate strategy that helps plan and control the proper use of available funds.

4. OBJECTIVES OF THE STUDY

- To study the role of financial management in universities.
- To analyze the grants received from the state government by selected state universities of Gujarat.
- To analyze the grants received from the central government by selected state universities of Gujarat.
- To suggest an appropriate strategy for improvement of financial performance of selected state universities of Gujarat.

5. RESEARCH METHODOLOGY

This study employs a convenience sampling method to select five public universities in Gujarat: Hemchandracharya North Gujarat University (Patan), Veer Narmad South Gujarat University (Surat), Saurashtra University (Rajkot), Gujarat University (Ahmedabad), and Sardar Patel University (Vallabh Vidyanagar). The selection was based on their public status and similar academic focus in fields such as Arts, Commerce, Science, and Engineering. Secondary data was collected from the annual reports of these universities for the period 2018-19 to 2022-23. The data was organized in

tabular form, and an ANOVA test was conducted to determine whether statistically significant differences existed among the universities.

Role of Financial Management in Higher Education:

Financial management plays a crucial role in the effective functioning and sustainability of higher education institutions. It involves planning, organizing, directing, and controlling the financial activities to ensure optimal use of resources while supporting the institution's academic and strategic goals.

Resource Allocation and Budgeting: Financial management helps universities allocate limited resources efficiently across various departments and programs. It ensures that funds are directed towards priority areas such as infrastructure development, faculty salaries, research, and student services, aligning spending with institutional objectives.

Ensuring Financial Stability: By managing income from diverse sources—such as tuition fees, government grants, donations, and endowments—financial management maintains the institution's financial health. It helps build reserves, manage debts, and plan for future financial needs, thereby ensuring operational continuity even during economic uncertainties.

Supporting Strategic Planning: Sound financial practices enable long-term planning, allowing institutions to invest in new programs, research initiatives, and capital projects. Effective financial management provides the foundation for achieving growth, innovation, and academic excellence.

Accountability and Compliance: Higher education institutions are often subject to regulations and funding requirements from government bodies and donors. Financial management ensures transparency, proper record-keeping, and compliance with these regulations, fostering trust among stakeholders and securing ongoing funding.

Cost Control and Efficiency: Through regular monitoring and auditing, financial management helps identify inefficiencies and implement cost-saving measures without compromising educational quality. This contributes to sustainable financial practices and affordability for students.

Enhancing Institutional Reputation: Proper financial stewardship enhances the credibility and reputation of educational institutions, attracting better faculty, students, and partnerships. It also ensures that resources are used ethically and responsibly, strengthening public confidence.

Hypotheses for in grant received from State government to Total Income Ratio:

H_0 There is no significant difference in grant received from State government to Total Income Ratio among the selected state Universities of Gujarat.

H_1 There is a significant difference in grant received from State government to Total Income Ratio among the selected state Universities of Gujarat.

Table: 1 Results of the ANOVA Test for State Government Grant Received by the Selected State Universities of Gujarat

Source of Variation	Sum of Squares (SS)	Degrees of Freedom (df)	Mean Square (MS)	F-statistic	p-value
Between Groups	1171.45	4.00	292.86	24.01	0.00
Within Groups	122.47	20.00	6.12		
Total	1293.92	24.00			

Interpretation:

As per the table 1, ANOVA analysis reveals that there is a significant difference in the grants received from the state government to Total Income Ratio by selected state universities in Gujarat. The F-value is 24.01 with a p-value of 0.00, which is less than the significance level of 0.05, leading to the rejection of the null hypothesis. This suggests that the variations in the grants received by different universities are statistically significant. Thus, the data supports the conclusion that the state grant allocations are not uniform across the selected universities in Gujarat.

Hypotheses for in grant received from central government to Total Income Ratio:

H_0 There is no significant difference in grant received from central government to Total Income Ratio among the selected state Universities of Gujarat.

H_1 There is a significant difference in grant received from central government to Total Income Ratio among the selected state Universities of Gujarat.

Table: 2 Results of the ANOVA Test for Central Government Grant Received by the Selected State Universities of Gujarat

Source of Variation	Sum of Squares (SS)	Degrees of Freedom (df)	Mean Square (MS)	F-statistic	p-value
Between Groups	66.32	4.00	16.58	23.59	0.00
Within Groups	14.06	20.00	0.70		
Total	80.38	24.00			

Interpretation:

As per the table 2, ANOVA analysis reveals that there is a significant difference in the grants received from the Central government to Total Income Ratio by selected state universities in Gujarat. The F-value is 23.59 with a p-value of 0.00, which is less than the significance level of 0.05, leading to the rejection of the null hypothesis. This suggests that the variations in the grants received by different universities are statistically significant. Thus, the data supports the conclusion that the Central grant allocations are not uniform across the selected universities in Gujarat.

6. SUGGESTIONS

For Planning and Controlling the Use of State and Central Government Grants:

1. Establish Clear Financial Planning and Budgeting Processes

Annual Budget Preparation: Develop detailed, realistic budgets for grant utilization aligned with institutional goals and government requirements.

Priority Setting: Prioritize funding areas such as infrastructure, research, faculty development, and student support to ensure grants are used effectively.

Multi-Year Financial Planning: Incorporate medium- to long-term plans to forecast future resource needs and ensure sustainability.

2. Implement Robust Monitoring and Reporting Systems

Regular Financial Reporting: Require periodic (quarterly/bi-annual) reports on grant utilization with detailed expenditure tracking.

Performance Metrics: Use KPIs related to fund usage, project progress, and impact to monitor effectiveness.

Real-Time Tracking: Employ financial management software for transparent and up-to-date fund monitoring.

3. Strengthen Internal Controls and Compliance Mechanisms

Internal Audit Committees: Conduct regular audits to verify fund utilization as per guidelines and identify discrepancies early.

Segregation of Duties: Assign separate roles for fund approval, disbursement, and accounting to minimize misuse.

Compliance Checks: Ensure adherence to government regulations, audit recommendations, and grant conditions.

4. Capacity Building and Training

Financial Management Training: Train administrative and finance staff on budgeting, accounting standards, and compliance requirements.

Grant Management Workshops: Conduct workshops on efficient use of grants, reporting procedures, and risk management.

5. Establish Accountability and Transparency

Stakeholder Engagement: Involve governing bodies, faculty, and external auditors in oversight to ensure transparency.

Public Disclosure: Share grant usage reports with stakeholders and, where appropriate, the public to build trust.

6. Risk Management and Contingency Planning

Identify Risks: Anticipate challenges such as delayed disbursement, cost overruns, or regulatory changes.

Mitigation Plans: Develop contingency funds and corrective action plans to address unforeseen financial issues.

7. LIMITATIONS OF THE STUDY

Data covers a limited period (2018-19 to 2022-23), restricting long-term analysis.

Focuses only on grant amounts as a percentage of total income, ignoring other financial factors.

External economic or policy impacts during the study period are not considered.

CONFLICT OF INTERESTS

None.

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