FINANCE REPORT

INTRODUCTION

Financial management is the strategic process of planning, organizing, directing and controlling an entity's financial resources to achieve its objectives, ensuring efficient operations, mitigating risks and maintaining financial health for both short-term needs and long-term growth. It involves key activities like forecasting needs, mobilization of funds, making investment decisions, managing costs and allocation of funds in a judicious manner.

Existence of every organization, especially organizations like Universities which exists not for making profits but for catering to the needs of the society, depends on its ability to mobilize funds and its judicious utilization. Looking from this perspective, it can rightly be stated that Calicut University so far has been able to maintain its financial stability by ensuring steady growth in its revenue from own resources and also by adopting stringent economic measures to control expenditure. Despite the constraints in hiking fees for various courses and services, University has been able to increase its internal revenue from Rs. 128.75 crore in 2017-18 to Rs. 174.07 crore in F Y 2024-25. However in comparison to the Financial Year 2023-24 there is decrease in internal revenue in F Y 2024-25 to the extent of Rs.14.76 crore. The main reason for the same is the discontinuation of various courses offered under distance education mode due to the opening of Open University in the State and the University is planning to overcome the same by offering various courses through online mode for which permission has already been received to the University from the UGC.

As an affiliating University, committed expenditure (Salary, pension etc)of the University is always very high, but University has been able to provide sufficient funds for its academic and developmental activities by judicious utilization of available funds. Even though sufficient funds are not received from the Government in post- Covid period, University has been able to ensure that none of its academic or developmental activities are affected for want of funds. Even though no funds are received during the past few years under Plan Scheme from UGC and other Central Agencies, an amount of Rs.100 crore has been sanctioned to the University under PM USHA Scheme during the F Y 2024-25 (combined project of the Central and State Government with funding of 60 and 40% respectively) and the utilization of the same is in progress.

Realizing the importance of raising funds for its academic and developmental activities from alumni, other interested persons and organizations by way of voluntary contributions and sponsorships, University has obtained registration U/s 80G of the Income Tax Act where by the donors to the University funds are eligible for getting income tax exemption for such contributions. Further University has also got registration from the Registrar of Companies during the year 2023 for undertaking CSR activities and this entitles the University to receive and utilize funds set apart by various companies under Corporate Social Responsibility Scheme set up by the Central Government for its academic and developmental activities. More than 100 lakh has been received to the University during the last three years as financial assistance for various programs conducted by the University by way of donations and assistance under CSR Scheme. Further with a view to create Department Development Fund, permission has been granted to the University Departments to conduct various short term courses and training programs and the net income generated from such programs can be utilized by the Department concerned for its own developmental activities. Total revenue generated in this regard during the year 2025 comes to Rs.33.53 lakh.

The Act and Statutes of the University of Calicut envisage that the entire funds received in the University are to be routed through the Calicut University Fund(CUF). In order to control the inflow and outflow of funds the University resorts to the Budgetary Control System. At present remittance to the University Fund other than grants from Government and other funding agencies are mainly made through e-payment system which makes anytime anywhere remittance possible. Present system accommodates remittances through debit/credit cards, Net banking and UPI payments of more than 40 banks. In order to minimise hardships of students and general community, in addition to the payments through Net banking mode, e-challan system has also been incorporated to the epayment system which permits cash payments through various branches of State Bank of India, Akshaya Centres, Friends Jana Sevana Kendram and Post Offices under Kerala Circle. Further as part of providing more options to students for making remittances to the University and making possible DCB reconciliation, SBI collect system has been introduced in various departments and centres of the University during the year 2020. More than 40 POS machines has also been installed in various University Departments, Offices, Challan Counter and University Guest House for easy remittance of amounts to the

University Fund by swiping of debit/credit cards and through UPI modes. Due to the efforts taken by the University to promote cash less transactions, more than 95% of the total receipts to the University at present are remitted by utilizing Digital Payment Systems.

University receipts and payments are broadly classified into four parts on the basis of source of funds and payments there from. Part I deals with non-plan funds which includes non-plan grant received from Government of Kerala and self-generated income from examination, academic and other departments. This fund is utilized for the discharge of commitments like salaries, pension, conduct of examination and other recurring administrative and departmental expense.

Non-Plan Funds of the University is reporting surplus for the last few years. As no funds are received from UGC or other central agencies for developmental activities during the past few years and as the State Plan Grant sanctioned are not fully released by the Government due to the financial constraints in post-Covid period, University has been forced to utilize a part of its surplus under Non Plan Segment for various academic and developmental activities. However as Rs.100 crore has been sanctioned to the University during the year under PM USHA Scheme (combined project of the Central and State Government) it is expected that allocation from non plan funds for development activities can be minimised in future.

Plan funds received from the UGC, RUSA/PMUSHA and from the Government of Kerala and receipts from the self-financing courses/centers are the main items of Part II plan receipts. Plan funds received from the Government of Kerala and the UGC are used only for the specific purposes for which they are sanctioned. In order to exercise efficient control over expenditure side, this part is divided in to four; Part- II-A UGC assisted plan expenditure, Part-II-B State assisted plan expenditure, Part-II-C expenditure related to Self-financing courses/centers and Part-II- D Expenditure under RUSA/PM USHA Scheme.

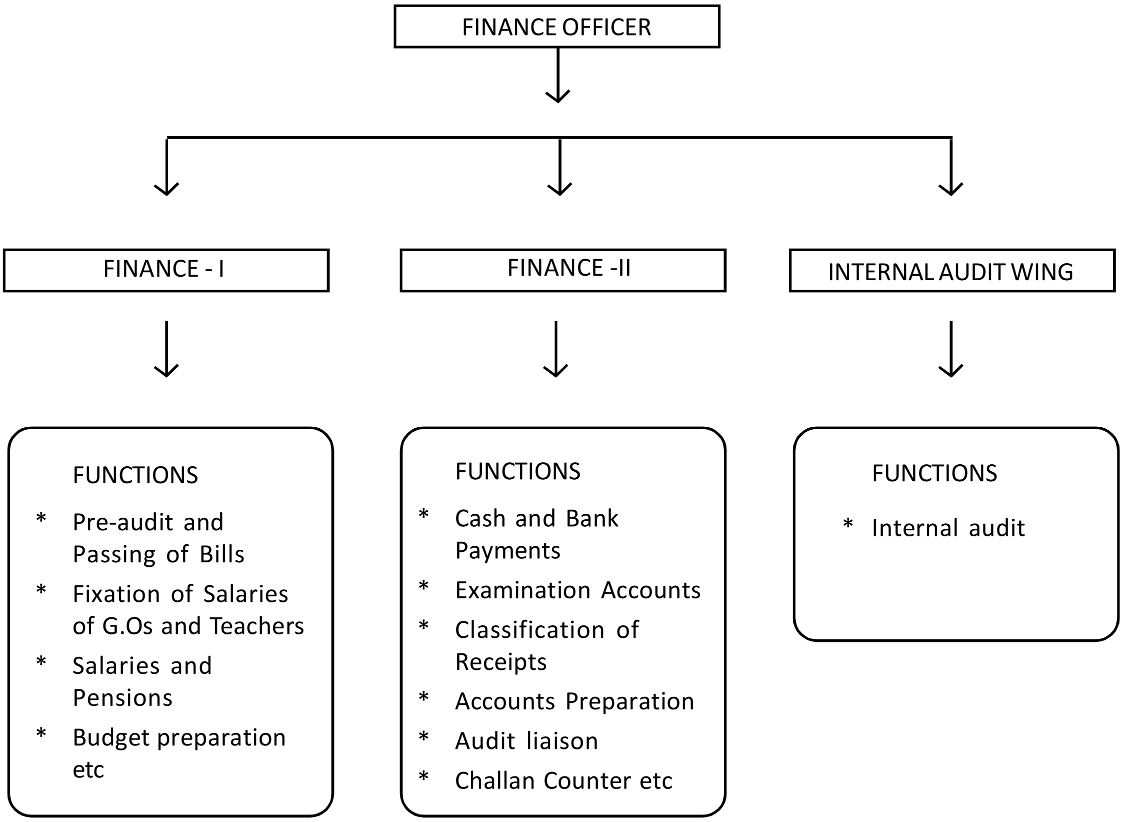
Part III deals with the earmarked funds received from various funding agencies towards fellowships, scholarships and research projects. These funds are used only for the specific purposes for which they are sanctioned. Utilization of these funds is strictly in accordance with the Rules and Regulations stipulated by funding agencies.

Receipts and payments under Part IV debts, deposits and advances, though neither University receipts nor University expenditure but temporary appropriation of University funds, are included in the annual financial statements for disclosing the overall financial position of the University.

The major works assigned to Finance wing in this University are as under:-

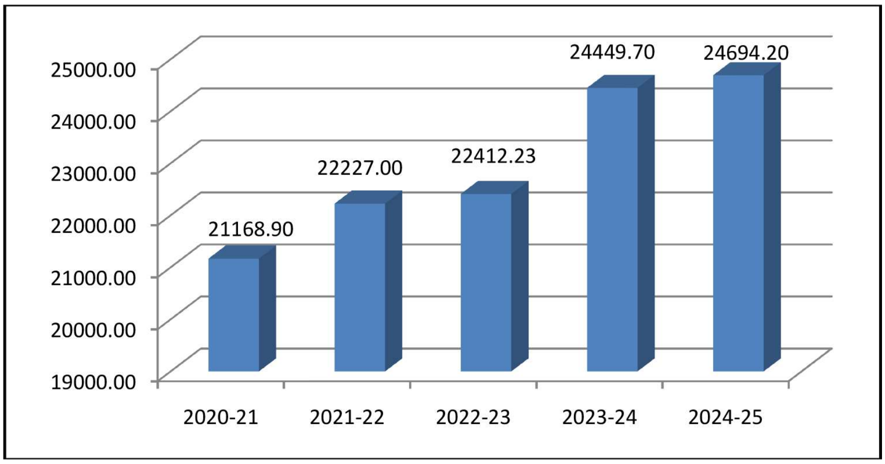
1. Receive, classify and account the funds that are remitted to the CUF
2. Make payment of various bills for expenditure including salaries, pensions and other remuneration bills, contingent bills etc after due pre-audit.
3. Managing funds and investments.
4. Preparation of budgets and annual accounts
5. Fixing salaries of teachers and other gazetted officers of the University and maintaining service records of these employees.
6. Liaisoning with various external audit departments and
7. Internal Audit.

ORGANISATIONAL STRUCTURE

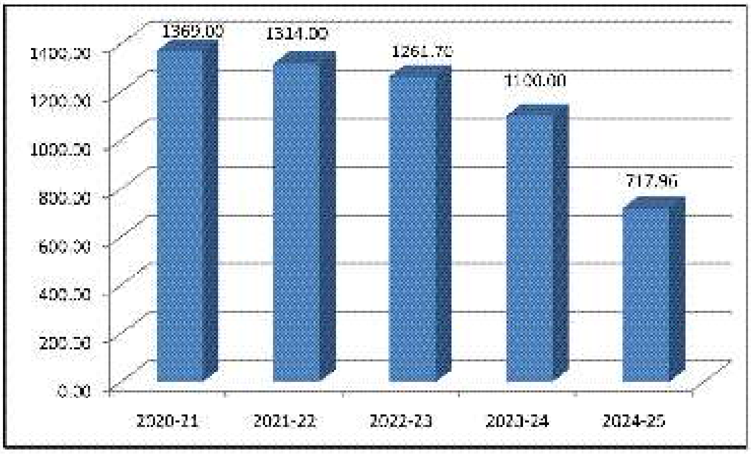


Overview of last five years Financials(Rs in Lakhs)

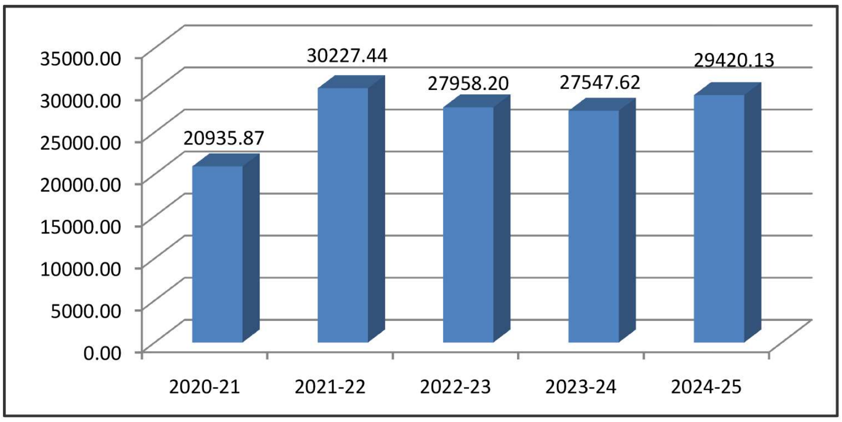
1. State Non Plan Grant



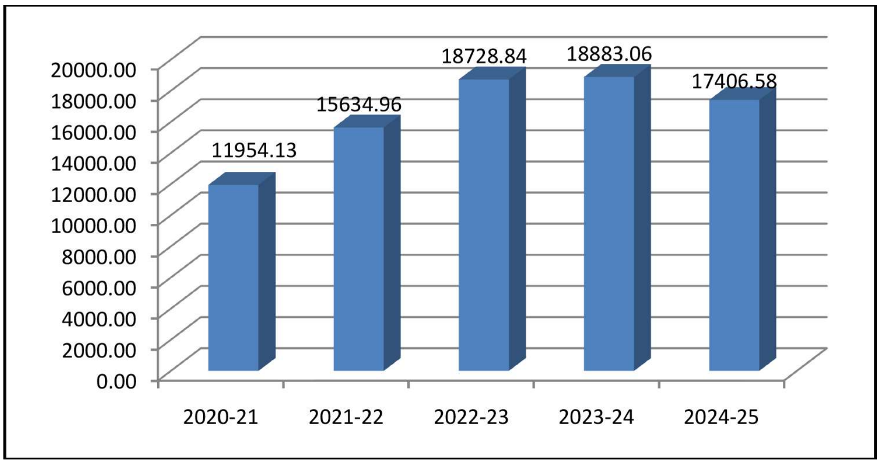
2. State Plan Grant



3. Non Plan Salary and Pension Expenditure



4. Income from internal



KEY FINANCIAL FIGURES FOR THE YEAR 2024-25 RECEIPTS

Receipts

- State Non Plan Grant for the year — Rs.24,694.20 lakh
- Grant under PM USHA Scheme (Sanctioned) — Rs.10,000.00 lakh
- State Plan Grant for the year (Sanctioned) — Rs.1,452.76 lakh
- Income from internal Sources — Rs.17,406.58lakh

Payments

- Salary (Non Plan) — Rs.17,095.55 lakh
- Pension & DCRG — Rs.12,324.58 lakh
- Examination Expenses — Rs.4,468.84 lakh
- Development &Modernization — Rs.1,172.81 lakh
- Scholarships/Research Projects — Rs.1,101.82 lakh

FINANCIAL RESULTS OF THE YEAR 2024-25

Financial Year 2024-25 ends with a closing balance of Rs.52,158.21 lakh including unutilized balance in plan and earmarked funds. Total receipt to the University Fund is Rs.50,189.87 lakh and total payment from the University Fund is Rs.47,531.11 lakh.

ABSTRACT OF PART WISE RECEIPTS

Sl.No.	Particulars	2024-25	2023-24
1	Part I Non Plan	389,65,89,860	393,49,31,653
2	Part II Plan Funds	41,72,08,518	57,88,18,049
3	Part III Earmarked Funds	11,55,55,688	5,11,30,065
4	Part IV Debts, Deposits and Advances	58,96,33,340	59,20,90,654
	TOTAL	501,89,87,406	515,69,70,421

ABSTRACT OF PART WISE PAYMENTS

Sl.No.	Particulars	2024-25	2023-24
1	Part I Non Plan	366,39,16,669	355,55,24,092
2	Part II Plan Funds	41,18,62,157	56,58,07,363
3	Part III Earmarked Funds	8,25,39,333	6,25,22,651
4	Part IV Debts, Deposits and Advances	59,47,93,489	59,32,32,613
	TOTAL	475,31,11,648	477,70,86,719

Non plan grant received from the Govt of Kerala is 63.37% of the Non Plan funds of the University. 38.89% of the total receipts (other than receipts under Part IV Debts, Deposits and Advances) are internal generation from various fees including receipts from cost based programs. Salaries and pension alone contribute to 64.71% of the total expenditure. The non-plan grant received from state government is not adequate to meet committed expenditure on account of salary and pension. University is thus compelled to use funds from own sources also for making good the deficit occurred in this regard.

All economic measures proposed by the Government from time to time are implemented in the university to tide over the paucity of funds. Still there is a considerable gap between the actual non-plan expenditure and grant in aid sanctioned by the Government. To an extent the short fall is made up with the income augmented internally. Further, to reduce the non-plan expenditure, curtailment of 50% on all Budget heads except that of committed items like salary, pension, electricity, telephone charges, scholarships etc. are imposed. Requests for excess provision under different heads are strictly controlled and discouraged. The non-plan funds of the University have reported a surplus of Rs.23.27 crore during the F Y 2024-25. This is without considering the liability on account of salary, pension and DCRG arrears. The non-plan grant received from State Government for the year 2024-25 is Rs.246.94 crore and the total non-plan expenditure for the year is Rs.366.39 crore. The deficit is made good from income generated internally. Despite the constraints in hiking fees for services etc, University has been able to increase its income from internal sources on a steady basis during the past. However in comparison to the Financial Year 2023-24 there is decrease in internal revenue in F Y 2024-25 to the extent of Rs.14.76 crore. The main reason for the same is the discontinuation of various courses offered under distance education mode due to the opening of Open University in the State and the University is planning to overcome the same by offering various courses through online mode for which permission has already been received to the University from the UGC.

Receipt from own sources of the University has reported an increase of 99.26% during the last ten years. The Government has also increased the non-plan grant sanctioned to the University for the year 2024-25 in comparison to the grant sanctioned for the year 2023-24. But the same is not sufficient to meet the increase in salary and pension expenditure. Salary and pension expenditure has been considerably increased in F Y 2024-25 due to release of pay and pension revision arrears, retirement of large number of employees from the University Service etc. While the increase in non plan salary and pension expenditure during the F Y year 2024-25 comes to Rs.18.99 crore increase in Non Plan Grant is Rs.2.45 crore only.

Due to stringent economic measures imposed over non plan expenditure, University has been able to limit the increase in Non-Plan Expenditure in the F Y 2024-25 to 2.56% in comparison to F Y 2023-24. This is without considering the liability on account of salary, pension and DCRG arrears. Government has not released last 5 installments of DA which comes to approximately 13%. If the Government decided to release the same, non plan salary and pension expenditure will further increase considerably and it will not be possible for the University to overcome the situation without sufficient financial assistance from the Government.

One of the main problems that will affect the financial position of the University adversely in the near future is the alarming increase in the pension bills. Expenditure on account of Pension and DCRG has reported 119.52% increase during the last ten years. The total expenditure towards pension, DCRG and other pensionary benefits for the year 2024-25 comes to Rs.123.25 crore. As the number of retirees from the University Service in the upcoming years is large and as many of them are Higher Officers drawing salary at higher scales, the situation will become worse in the near future itself and University will find it difficult to meet this commitment without sufficient additional financial assistance from the Government. Even though contributory pension system has been introduced in the University, it will take a long time to derive benefits from the same. At present University is incurring additional expenditure to the tune of around 5 crore towards NPS contribution.

Income from Internal sources

Despite the constraints in hiking fees for services etc, University has been able to increase its income from internal sources on a steady basis during the past. The percentage growth in income generated from internal sources during the last ten years is 201.33%. The total income from internal sources has been increased from 8,645.59 lakh in F Y 2014-15 to 17,406.58 lakh in the F Y 2024-25. Around 85% of the balance fund at present is kept in short term and long term fixed deposits account with a view to earn interest. Total interest income under non plan segment for the year comes to Rs.2,653.05 lakhs. With the introduction of new Universities the revenue from internal sources may get decreased in future and the same may adversely affect the financial position of the University to a large extend.

CONCLUSION

The fact that Non Plan Funds of the University is reporting surplus during the F Y 2024-25 and that University has sufficient liquid funds to manage unforeseen expenditures and urgent commitments, the same does not give any assurance about the financial stability of the University in future. In fact there are many factors that may affect the financial position of the University adversely in the very near future itself.

In the past, University has been able to increase its revenue from internal sources on a steady basis but due to the starting of new Universities the same cannot be expected in future. As only courses which are not offered by the Open University alone can be conducted by other Universities in the state under distance education mode, direct income from School of Distance Education of the University has been decreased by 10.80 crore in the F Y 2024-25 in comparison to F Y 2022-23. Further the same will also affect revenue from other sources such as examination fee, fee for degree certificates and various other certificates etc. Anticipated total revenue loss in this regard to the University is approximately Rs.25 crore.

Large amount is due for payment towards pay and pension revision arrears. Further at present approximately 13% of the DA is in default. If the government agrees to release the same, rupees 20 to 25 crore will be required for this purpose.

As the plan grant sanctioned is not fully released by the Government due to severe economic recession and as no plan grants are available from Central Government Agencies such as UGC, RUSA etc, University has been forced to set aside large amounts from its own sources for various developmental activities to ensure sufficient infrastructure facilities for academic and research purposes. As the University has received sanction for a grant of Rs.10,000/- lakhs under Prime Ministers Uchathar Abhiyan Scheme during the current financial year, it is expected that requirement for providing funds for developmental activities from own funds will be reduced considerably in future.

The financial stability of the University in future can be assured only if stringent economic measures are adopted to minimize the revenue expenditure to the maximum extent possible and by finding new resources for income generation. To attract more students, University has to focus on introducing various courses in emerging technologies in a cost effective manner.