CHAPTER I

INTRODUCTION

1. Background of the Study

Nepal is a landlocked country located between the two most populous countries in the world, India and China. The snow-covered Himalaya mountain region to the north features Mount Everest, the highest peak in the world. Nepal's middle hill region is made up of magnificent mountains hills, valleys and lakes. The country's southern region, Terai, is a gigantic plain of alluvial soil consisting of dense forest, national parks, wildlife reserves and conservation areas.

Education, the lifeblood from the time immemorial, has its own role and significances in human life. The race of human civilization is based on the education program launched by the society. Education has been accepted as the primary means of a country's all-round development. Education development and country's overall development are positively and significantly related. The economic development which the highly and newly industrialized countries have exercised is the contribution of education. No doubt, the first and foremost task for country's economic development is the development of education (Adhikaree, 2008). In this contest, the history of higher education development in the country is very short but it has been very fast since the establishment of Democracy in 1950s. Prior to the establishment of the Tribhuvan University (TU), some classes were conducted in Kathmandu under the prescribed courses of Patna University. The University conducted examinations with their own question papers and conferred Degree to succeeded students. The TU was established at Kathmandu in 1959. Since then, the TU has taken the sole responsibility of providing higher education in the country. The implementation of multi-university approach has been gradually reducing the overall responsibility of TU providing higher education in the country. However, the TU is, even at present, producing more than 90 percent of the total output of all Universities operating in the country. Recognizing the growing demand for higher education; the extremely low fees in the

campuses under TU; and various academic and administration problems faced by it, the National Education Commission Report, 1992 stressed the need of establishing new Universities in the light of growing demand and also recommended the establishment of University Grants Commission (UGC) in order to allocate financial resources to these Universities.

Education has, at present, been accepted as one of the major determinants for all round development of a country. The quality of education has to be enhanced to produce able, productive, disciplined and socially responsible citizens, and also to create a workforce capable enough to face the challenges of the 21st century. In addition to that the education must be accessible to all. That's why; the concepts of 'education for all' and 'education for development' have become the popular slogans in the country. Educated human resources can generate employment for them and for others simultaneously and they, consequently, help to reduce the level of poverty in the country. The first slogan is for primary education and the second is for secondary and higher education. The promotion of higher education in a pragmatic way would lead to a sustained and rapid development of a society or a nation. Empirical evidence indicates the high positive correlation between the educational status and the pace of economic development. Higher level education in the field of Engineering is one of the most urgent needs of the nation. Engineering sector plays an important role in the development of the country.

Paschimanchal Campus is a constituent campus of Tribhuvan University. The initiation of the Paschimanchal Campus in Pokhara under the Institute of Engineering, Tribhuvan University can be considered as a revolutionary step towards meeting the demand of technical manpower in the field of Engineering for development of the nation. The Paschimanchal Campus was in Pokhara operational from 1987 with assistance from the World Bank and UNDP/ILO. Initially various trades and technician courses also were offered at this campus along with Diploma courses. At present, it is offering Diploma courses in Civil, Electrical, Electronics, Computer, Automobile & Mechanical Engineering as well as Bachelor's in Civil, Electrical and Electronics & Communication Engineering.

The major challenges of Paschimanchal Campus are to provide Engineering education in the area of national as well as international needs. As Nepal has already joined world trade organization of Paschimanchal Campus graduates in the one hand should be able to address problems of national needs and on the other hand they should be sellable in international market. Engineering education is slightly costlier than other Humanities or Management education. At present the University plays only staff salary and rest of all expenses are contribute the internal source. The government has given priority to lower level education as compared to higher level. As a result Paschimanchal Campus is facing financial problem almost for a decade. The financial crisis is deepening year by year. Around the mid- nineties campus realized that the financial crisis would be much more crucial year by year. It is felt that if such situation goes on continuing it would be almost impossible to sustain campus programs. In the year 1998, Full paying scheme was introduced in Paschimanchal Campus by increasing student's enrollment on the top of its regular intake.

This Campus receives operating grants as well as capital grants from Government of Nepal through T.U. In order to sustain and impart the qualitative higher technical education, it has to raise funds from Full fee & regular students and used the grants effectively. This Campus running is two admission scheme of same academic level. First is the regular admission system that receives operating grants of T.U. Another admission system is Full Paying basis. The various income generating activities of campus are consultancy, training and testing services; income from Full Paying Program. The activities such as consultancy, training and testing services have been not much effective in financial contribution to sustain campus program. The total internal resource is admitting additional students on Full Paying basis, regular students and other student's income. The external source is total grants of T.U. So, this study focuses on the financial performance analysis of Paschimanchal campus.

1.2 Focus of the Study

The assumption underlying financial performance analysis of Paschimanchal Campus is that the most organization has inherent desires to continually improve the

quality of their services and to give better performance in future. To fulfill the aspirants, the institute needs to adopt positive practices to identify the development needs and to bridge the possible gaps on a continuous basis. To get the better result and meet the expectation of the aspirants the institute should be able to evolve in a conductive academic environment. Only a rational financial performance analysis of Paschimanchal Campus can enhance organizational capacity. Therefore, financial performance analysis must be viewed as a dynamic process in an academic institute. Better financial performance is the most important factor in an every organization. Therefore, successful and dynamic organization should measure and evaluate their financial performance in financial term. Successful organization can provide better service and performance to the stakeholders-students, teachers and society as a whole. Therefore, Educational Institute should continuously evaluate their financial performance. So, this study focuses on the financial performance analysis of Paschimanchal Campus, Pokhara.

1.3 Statement of the Problems

There are so many higher educational institutions and campuses under different universities. Most of them are constituent and affiliated campuses of T.U. They receive the grants and financial assistance from Government of Nepal and donors. Most of the campuses are not able to achieve the better academic performance, generate their internal resources and recover the cost. Now the serious question may arise how the campus can operate its functions at the cost recovery approach. Thus, the Paschimanchal Campus made a major breakthrough in cost recovery by admitting additional students on Full paying basis. So, the basic problem of this study is to investigate into the financial performance analysis of Paschimanchal Campus.

Financial analysis and cost recovery rate are key tools to measure the performance of academic institution. It is impossible to achieve the goals without analyzing the cost recovery rate. Therefore, this study has attempted to solve the following specific research questions.

1. What is the revenue trend of Paschimanchal Campus?

2. What is the expenditure pattern of Paschimanchal Campus?
3. What is the overall cost recovery rate of Paschimanchal Campus?

1.4 Objectives of the Study

The general objective of the study is to analyze the financial performance analysis of Paschimanchal Campus. Based on this general objective, the specific objectives of the study are given below.

1. To analyze the revenue trend of Paschimanchal Campus.
2. To analyze the expenditure pattern of Paschimanchal Campus.
3. To analyze the overall cost recovery rate of Paschimanchal Campus.

1.5 Significance of the Study

Better and satisfactory performance of organization indicates the effectiveness of the organization. Better financial condition is the essential and important factor of every profitable and non-profitable organization. The government is curtailing budget for higher technical education year after year. Therefore, financial performance analysis and cost recovery analysis is the new burning issues of Paschimanchal Campus. The study is concentrated in financial performance analysis of Paschimanchal Campus. So, this study may help to improve the financial performance analysis of Paschimanchal Campus.

1.6 Limitation and Delimitation of the Study

The limitations of study are as follows:

1. This study is based on the data of 6 fiscal years 2062/2063 - 2067/068.
2. The conclusion drawn based on the data this study may not be valid for other constituent Campuses.
3. The department-wise expenditure is not separate in this study.

1.7 Organization of the Study

The whole study has been organized into five chapters. The first chapter deals with the background of the study, statement of the problem, objectives, significance, limitation and organization of the study. The second chapter deals with conceptual framework and research review. The third chapter deals research methodology; it includes research design, population and sample, nature and sources of data, data collection procedures and data processing. The fourth chapter deals with presentation and analysis of data. Finally, the fifth chapter covers the summary, conclusions and recommendations, and forwards the recommendations to improve the financial performance analysis of Paschimanchal Campus.

CHAPTER II

LITERATURE REVIEW

This chapter presents the conceptual review and review of related studies. The conceptual review deals with various components of the financial performance analysis, and review of related studies presents the review of dissertation, reports, articles and other related published and unpublished materials.

2.1 Conceptual Review

This section deals with the theoretical aspect of financial performance analysis of Paschimanchal Campus. It includes the historical development of higher education, financing system of higher education, financial monitoring of higher education, and policy of higher education and component of financial performance analysis of Paschimanchal Campus.

2.1.1 Historical Development of Higher Education

Modern higher education began to be provided in the country with the establishment of the first institution of higher education, Tri Chandra College in 1919 (first affiliated with Calcutta University, then with Patna University of India). Favorable environment for expansion of higher education was created with the political change in 1951, when the Rana rule was overthrown. Higher Education (in T.C. College) was available for those who passed SLC examination. The fees were quite low. There was access for all, who sought to get admission. Students who did Bachelor level study had to go to India for Master level study. 1948, Nepal Sanskrit College was established which offered Uttara- Madhyama and Shastri courses which were affiliated to Banaras Sanskrit University. Only Social Sanskrit texts were taught in that college and the teaching method consisted mostly of drill and memorization.

The one Hundred and four years of Rana rules, Nepal was characterized by violent opposition to the education of the masses. However, in order to educate their own children in values, testes, ideas and morals the then rules. These schools were transplants of the Indian schools which provided liberal education for the white collar jobs. Thus, rarely educational institutes in Nepal were supported by donations and

endowments of the religious groups that supported them. Education was generally free and students were often expected to perform manual labor and participate in the communal life to help the institutes. Even the Rana schools were state supported. Education was free to those who were permitted to attend the educational institutes. Even Tri-chandra College had charged no tuition fee, and received private funds for its operating and capital expenditures.

Tribhuvan University was established in 1959. The University started teaching post graduate courses at Tripuresowr, Kathmandu. The University moved to Kirtipur, now the main centre of higher education in the country. The higher education study courses were provided in general areas. Later, a Science area was also included in post graduate studies. The establishment of Tribhuvan University facilitated the entry of more and more students in post graduate studies. It also provided an opportunity to redesign the higher education curricula, which was previously based on curricula of Indian Universities. At Present, It has offer specialized education on technical courses such as, management, humanities, education, engineering, medicine, law, and arts at the Bachelor, Master, M. Phil., and Ph.D. levels. Among the universities of Nepal, it claims more than 87% percent of the total enrolment in higher education. Now, the university has 374,706 students in 792 campuses (60 constituent, 732 affiliated campuses), with 13,259 teachers and 7,122 administrative and support staff (UGC Report, 2009/2010).

The NESP (1971-76) was launched with a view to bring about comprehensive change in the field of education. The NESP brought about academic and organizational changes in the field of higher education. The existing institutions providing general and technical Education (at post secondary level) were brought under Tribhuvan University. Technical education campuses were organized under Institutes and General education campuses were organized under Faculties. Initially all institutes were granted the status of institutes. Later only institutions of technical education were called Institutes; other disciplines were organized under Faculties. Thus, there were Institutes in areas of Engineering, Medicine, Agriculture, Forestry, and Science and Technology. The Faculties were that of Humanities and Social Science, Management, Law and Education. Besides there were Research Centers

namely, CEDA, CERID, RECAST and CENAS for different fields of studies. One important development after the implementation of NESP was the community colleges, colleges established by local community people were brought under Tribhuvan University. The teachers in those colleges were provided salaries equal to that of teachers in T.U. Colleges/Campuses. Their service conditions improved significantly after these colleges were brought under the T.U**.**

The enrolment in the Tribhuvan University campuses grew rapidly, and the campuses could no longer provide seats for all. Thus by 1980, the T.U. began providing affiliation to private campuses. The attraction of private sector institutions has increased as teaching in the public colleges/campuses (under Tribhuvan University) has been much disturbed by frequent political disturbances.

In 1983, a Royal Commission on Higher Education was appointed. As part of implementation of the recommendations of the Commission, a separate University was established for Sanskrit Studies (Nepal Sanskrit University). At present, it is named as Nepal Sanskrit University (NSU). This measure opened up the possibility of creating new Universities. Nepal Sanskrit University, Established in 1986 (2043 BS) NSU aims to modernize the education of Sanskrit in the country. It is located in Beljhundi, Dang and has 3,624 students with 419 teachers and 376 administrative staff in 21 campuses (12 constituent and 9 affiliated). It offers courses on Uttarmadhyama (Sanskrit), Shastree (Sanskrit), Kabiraj (Intermediate in Ayurved), Bachelor in Ayurved, Aacharya (Sanskrit), Ph.D. (Sanskrit), Language Training, and Yoga Training related to Sanskrit (UGC Report, 2009/2010).

In 1992, National Education Commission was appointed. Main Recommendations of the Education Commission of 1992 are:

- Formation of University Grants Commission to provide grants for higher education and maintain standard of education and consistency.
- Adoption of policy of establishing multiple Universities for decentralizing Tribhuvan University, and establishing 4 Universities, one each for Easter, Central, Western, Mid-western, and Far-western Region.

- Establishment of an Open University to provide distance learning program to expand higher education this university should allow private student to sit in examination.
- Phasing out of certificate level (Intermediate level) program from the university.
- More internal autonomy should be provided to the Faculty and Research Centers in order to use research profession in academic and creative works
- Maximum authority should be decentralized to Department, Faculty, Institute, College, School and Research Centers.

The government gradually implemented the recommendations of the Commission. Formation of the UGC, introduction of three year Bachelor Program (after high secondary education) in general studies are among the measures taken after 1992. Two noteworthy developments are as follows:

Emergence of Self-Funded University: In 1992, Kathmandu University was established in the self-funded University. The University has its base in Dhulikhel (Kavre District) and has been providing Bachelor and Masters Degree courses in various subjects. The establishment of Kathmandu paved the way for expansion of higher education in the country and also the general public acceptance of high fees in higher education. Currently, it has 9,282 students, 341 teachers, 82 visiting faculties with 181 administrative and support staff in 21 campuses (6 constituent, 15 affiliated). The university offers 106 programs in the field of science, engineering, management, fine arts, education and medicines from intermediate to M.Phil. and Ph.D. levels (UGC Report, 2009/2010).

Establishment of Regional University: The Eastern Regional University (Purbanchal University) was established in 1994 is located in Biratnagar, the second largest city in Nepal. Purbanchal University has 18,490 students,49 teachers, and 296 administrative and support staff in 95 campuses (3 constituent, 92 affiliated) The university offers 56 programs with courses on science, law, engineering, management, fine arts, education, etc. Later in 1997 the Western Regional University (Pokhara University) was established in 1997 in Pokhara, the most popular tourist destination of the country

which lies in Kaski district. The university has 13,171 students, 50 teachers, 177 administrative and technical staff and 50 campuses (4 constituent, 46 affiliated) offering 41 programs and courses on humanities, management, science and technology, engineering, medicines etc. (UGC Report, 2009/2010).

The objective of establishing these regional Universities was to decentralize higher education management. The expectation was that the T.U. Campuses in the respective regions would be affiliated with the Regional Universities. This expectation has not been met as yet. Recent Developments in Higher Education are: Recently in 2010, the Nepal government has established three more universities viz. Mid-western University, Far-western University, and Agriculture and Forestry University. The UGC and other stakeholders are currently in the process of carrying out the initial work related to the establishment of these universities.

Specialized Institution of Medicine: In 1993, a specialized University level institution was established with the Indian government assistance in Dharan, (East Nepal). The institution, the B.P. Koirala Institute of Health Sciences, has been providing high quality MBBS courses, and Post Graduate Courses in Medicine. Similarly, National Academy of Medical sciences (NAMS) was established in 2002 in Kathmandu to provide education in medical sciences. The campus has 203 students and 142 teachers offering 14 programs in medical sciences at M.D. level in Anesthesiology, Dermatology, Neurosurgery, General Surgery etc. Patan Academy of Health Sciences (PAHS) established in 2009, is located in Patan of Lalitpur district. It is based at Patan Hospital, which is likely to become a major teaching hospital for the academy. The academy is planning on starting a School of Nursing, and School of Applied Health Sciences. Its single campus has 60 students and 85 teachers (UGC Report, 2009/2010).

Lumbini Buddha University, established in 2005, is located in Lumbini, the birthplace of Gautam Budhha, of Rupandehi district. This University is presently developing its academic and research programmes. The university is established primarily to teach/study the philosophies promulgated by Gautam Buddha. It is in its starting phase and students are yet to be enrolled.

- **Expansion of private sector colleges and campuses mainly associated with Purbanchal University and Pokhara University**: These new colleges are generally high fee charging institutions. These institutions claim to provide high quality instruction. Several private colleges provide higher education in Medicine and Engineering.
- **Fully Government Financed Educational Institutions:** They are consisted institutes like Dubar School, Tri-chandra Collage etc.
- **Partially Government Grant-in –aid Supported/Financed Institution:** The grant was supplemented by finances from local sources like fees, donations etc. These like as public High School, Dharan and other old established and operating educational institutions.
- **Privately Financed Educational Institutions:** They were established and financed through the initiative of local people with the hope of obtaining government grants-in-aid after a few years of successful operations. Their finance was made available from local sources like fees, donations endowments etc.

  In this manner, Tribhuvan University received substantial state support but also charged tuition fee and received private fund for its operating and capital expenditures.

Engineering education in Nepal can be traced since 1942 when the Technical Training School was established. The Engineering section of the School offered only trades and civil sub overseer training to the SLC graduates. It was shifted to Tri Chandra Campus in the year 1945. After a period of five years in the years in the year 1950, it was converted to Engineering School. From 1957, two year overseer course in Civil Engineering was introduced. Someone taking one year training would receive a sub-overseer certificate. This institute was shifted to Jawalakhel in the present Nepal Administrative Staff Complex. It was re-named as Nepal Engineering Institute in 1959. With the assistance from the government of India, civil overseer course leading to diploma in civil engineering was started. The same year it was shifted to Ananda Niketan compound where it has continued till now. The two year course was changed

to three year course. In the year 1971, electrical overseer engineering program was also introduced along with the civil overseer engineering program. In the year 1972, with the introduction of the New Education policy, the existing Nepal Engineering institute at pulchowk and Technical Training School were brought together and converted into the institute of Engineering (IOE) under the umbrella of Tribhuvan University. Nepal Engineering Institute was renamed as Pulchowk Campus which is continuing till date as a central campus. Since then the institute of engineering has expanded considerably. The technician programs in Electrical, Electronics, Refrigeration/Air-conditioning Engineering were started in the Pulchowk Campus with the assistance from UNDP/ILO. The Architecture Technician program was started by the IOE on its own efforts. Later, with the assistance of the World Bank and UK the existing technician level programs were strengthened into bachelor level courses.Technical training institute was renamed as Thapathali campus under the Institute of Engineering, established with the assistance from federal Republic of Germany is presently offering Diploma and Bachelor of engineering courses. Later on Purbanchal Campus in Dharan, operating from 1984, was built with the financial assistance from Asian Development Bank and technical assistance from the UK. This campus initially offered courses at the trade and technician levels. Now it has been offering diploma and bachelor level in various programs. Paschimanchal campus in Pokhara of IOE became operational from 1987 with the assistance from the World Bank and UNDP/ILO. This campus also initially offered courses at the trade and technician levels. At present it has also been offering Diploma courses and Bachelor level programs in various disciplines. Later, the Diploma level programs at the Pulchowk Campus have been transferred to Thapathali Campus, Purbanchal Campus and Paschimanchal Campus respectively.

Engineering Institutes in Nepal were like snakes of Iceland in the past. But no one can see the mushroom growth of such institutes in the country. The Institute of Engineering was the first to offer Engineering Course in Nepal. It is thus mother institute of all the engineering educational institutes running in the country.

2.1.2 Financing System of Higher Education

Global Context: In order to assess the financing the higher education of the country, it would be better to have a sum review of higher education financing system in Europe especially in U.K. and USA since both countries are the leading in the field of education.

Higher Education Financing in U.K.: The central government provides funds for all higher education institutions. The Polytechnics and colleges of higher education get grants from polytechnics and college funding council. The universities get grants through the university Grants committee (UGC). The public and private universities get grants without any difference (For operating and capital expenditure). Universities have other sources of income besides grants from the UGC. These are grants from LEAs, Endowments, student's fees, and gifts from donors.

Higher Education Financing in USA: For financing purposes, the institutions of higher education can be grouped follows:

- Institutions supported and controlled by the federal Government.
- Institutions supported and controlled by state government, and public corporations (Including municipal corporation)

All the above institutions get some grants from the government. The private and religious institutions have to abide by government regulations and standards to be eligible for government grants. Major funding source of the federal and state supported and controlled institutions is the government (federal or state). All institution (Federal, state and private) collects fees from the students. The private institutions In general, the sources of funds of the institutions/Universities are;

- Federal, state grants
- Endowments
- Tuition Fees
- Public contributions
- Investments

Higher Education Financing in European Countries: In 2003, total public expenditure on Higher education represented an estimated 1.14% of the GDP in the 27EU member states. Public expenditure on tertiary education was more than 2 % of GDP in Denmark, Finland, Sweden and Norway in the same year (Eurydice, 2008).

In 2007, European countries spent an average 1.12% of their GDP on higher education (Eurydice, 2008). Among the countries with an explicit plan for an overall increase in public funding, Belgium (Flemish community) foresees a 9% increase in public funding over the 2006-2009 period. In 2007, the Austrian federal government spent 11% more on higher education than in 2006 and a further increase is planned for 2008. The amount of public funding for higher education is also rising in the United kingdom, with England, for instance, receiving an almost 5% increase in 2007 in comparison with the Previous year. In Ireland, Public funding was 6% grater in 2007 than 2006.In Iceland, public expenditure on higher education should reach 2% of GDP by 2010, as compared to 1.59% in 2005((Eurydice 2008).

Higher Education Financing in South Asian Countries: Higher education finance system in India, Bangladesh, Srilanka and Pakistan as well as Nepal has UGC, Which assess the needs of funding of various universities and Provide funding on an annual basis. Recently, there has been a repaid growth of private University and institutions of higher education in these countries. These institutions also get some funds from the government through the UGC, but they rely more on student fees, which are generally high.

Higher Education Financing System in Nepal: Higher education in Nepal receives financial support from the government of Nepal through the ministry of Education via the University Grants Commission. The Financial support for higher education is for mainly and partially the government funded universities and administrative offices. The purpose of public financing in higher education is to ensure that all students gain quality education which demand substantial expenditure. Universities and campuses cannot function effectively in the absence of basic amenities, such as water, classrooms, well- equipped laboratories, libraries, and electricity. Teacher cannot

teach effectively without adequate salaries, training and infrastructure and students cannot learn effectively in the absence of books, trained teachers, good laboratory, and a sound curriculum. All this requires regular and substantial financing. In addition, monitoring expenditure education is necessary to make efficient use of the resources available and to identify areas where additional resources may be needed.

In such a context, the proportion devoted for higher education is gradually declining as the government's priority is on primary education now. The Education Sector Budget for 2067/2068 is Rs. 57827 million, which is 17.11% of the total National Budget for that year. During the five-year period, 2062/063-2067/2068 on the averages, the education budget of Nepal represents 16.58% of the total budget. It includes budget for higher technical and vocational school education also. In this indicates the investment of government in education sector. Government investment has 16.75%, 15.99%, 16.80%, 16.56%, 16.30%, and 17.11% from fiscal year 2062/063, 2063/064, 2064/065, 2065/066, 2066/067 and 2067/068 respectively (Appendix 1).

Nepal government had invested in higher education 9.10%, 11.60%, 11% 9.50%, 10.70%, and 10.04% respectively of the total education budget for the fiscal year 2062/063, 2063/064, 2064/065, 2065/066, 2066/067 and 2067/068 respectively (Appendix 1).

Financing in Tribhuvan University: Higher education is very expensive; the quality of higher education is directly related to the investment made by the government. The Tribhuvan University, started as a state university, was responsible for its financial burden. For last decades Government of Nepal is reducing its budget on higher education. These days, TU has suffering from the budget cut by the government every year. Though, 90% of TU’s expenditure is still borne by the government and University Grant Commission and remaining 10% is generated by the student’s fees. This government provided budget meet only for salary of teaching and administrative staffs; which is being supplied by the government. With the lack of development and maintenance budget, the management of Tribhuvan University is facing a critical situation. The investment in higher education has automatically an impact on students (Adhikaree, 2008). Low tuition and other fees are charged in T.U. constituent

campuses/colleges very low cost recovery principle has recently been advocated. The Institute of Engineering has been allowed to operate parallel courses charging high fees. TU Technical institutes have introduced two fee schemes: One for regular students (who pay very low Fees) and full fees students (who pay high fees). Both categories of the students attend same course, and use similar facilities, but pay totally different level of fees.

2.1.3 Higher Education Policy

The development in education of a country significantly depends on the education policy of the nation. A good and sustainable policy can assure qualitative development of education in a nation.

Higher Education Policy in the Context of World: The economic crisis of the late 1980's and early 1990's than affected the higher education as well. Before this crisis, education was taken as a social commodity; the state took the entire responsibility of education. But after the crisis of the decade of 1980's all other countries except some adopted the policies related to higher education. In the context of the globalization of higher education, the reformation of higher education means the privatization of educational institutions, establishing the higher education in the private sector and transferring of the cost of education into the students (Baral, 2012).

Some change in the higher education was seen in most of the countries of the world n the basis of the concept of the reformation of higher education. Institutions like World Bank involved in the campaign of reforming the higher education. This kind of reform developed education as a commercial commodity that could be sold or bought inside a country or across its borders. Many countries developed the higher education as a source for earning foreign currencies. Higher education was included in the service oriented business and the member countries of WTO openly accepted the trade of higher education (Baral, 2012).

The campaign of reforming higher education kept on commercializing the education. The state owned Universities conducted their program on the basis of cost recovery while the profit oriented private organizations; started to sell the education in

the market as a commercial commodity. Even in the communist countries, privatization of education was very common. In the decade of 1990's the fees for education were widely accepted. In the countries like Vietnam and china, the foreign as well as domestic investments were allowed in the field of education. In the European countries to where higher education was free, fees were charged for education and these countries along with other developed and highly developed countries adopted the policy of internationalizing higher education (Baral, 2012).

Higher Education Policy of Nepal: After the downfall of the Rana Regime, it is seen that intermediate and degree colleges were established by the than governments, social worker and other conscious citizens. This clarity the policy of the government, that private sector could involve in the development of higher education (Baral, 2012).

The national education policy that started in 1972 transformed all privately owned campuses into the constituent campuses. But vocational and general group's institutes could be privately owned except for technical institutes. Whatever happened in practices, the higher education objectives was to produce the manpower required in the building of nation. At that time the government provided the grant of 25 to 50 percent salary for the teachers; but after the 5th five-year plan, the government gradually took more responsibility. Again the 7th five –year plan continued the policy of allowing the private sector to run the educational program of general subject. In order to implement the concept of multi- University in the year 1984, government took the policy of encouraging private sector to open the universities in the 8th five-year plan. Along with this, these were also a policy of changing some well established colleges of TU into independent Universities involving the private sectors. But this policy only helped in the establishment of universities which were not accessible to the general public. The government in the year 1989, decided to phase out the certificate level from TU and replace it with 10+2 education. But certificate level continued to exist in the university education for quite a long time (Baral, 2012).

It is seen that there is a policy of decentralizing the higher education by establishing the universities in all five development regions for the effective implementation of the concept of multi-university in the 9th five-year plan. It also

encouraged the foreign educational organizations to provide international level opportunities. The government had taken the policy of sharing the cost with the students. The first higher education project in the assistance of the World Banks had assisted in the implementing the program of global reform but it could not be fully successful.

Accordingly, the long term vision for the Tenth plan (2002-2007) has been set that the higher education will be made effective and modern so as to produce excellent specialists and academic human resources to various disciplines. One of the Tenth plans is to utilize education as an effective means of economic and social development to eradicate poverty by means of developing human resources that can compete at the international level for all round development of the country and support the national economy. Accordingly, the government has targeted to develop Open University and Universities at the regional level to raise the gross enrolment rate to 6 percent and it also targeted to provide scholarship and loans to poor and intelligent students. The plan has also stated that the TU, too big university in the contest of efficient management, is required to break up into regional Universities to develop qualitative, participatory and competitive higher education in different disciplines to enhance its efficiency and progress. In this context, Pokhara University and Eastern University in the form of regional Universities were developed. As mentioned in the Tenth plan, a policy of accrediting the affiliated educational institutions of the TU to other regional Universities will be adopted to develop the institutional development will be made on cost sharing basis with concerned stakeholders and communities. But this policy has, at present, not yet working due to the strong protest of teachers and staff against the act of affiliating educational institutions of the TU to corresponding regional Universities. These regional Universities are not operating as per the mandate given. They are functioning as the competitive Universities affiliating campuses in place beyond their assigned regions. The 10^{th} plan also had the strategy to adopt the principle of cost recovery in investing in the field of higher education and reduce the government investment in education. Nepal government took the policy of providing grants to the universities on the basis of the number of teacher and staff. But also this policy cannot be implementation. It is seen that the 10^{th} plan has the strategy of

institutional arrangement for the identification of standard of higher education. All these efforts are under the financial assistance of World Bank for the second higher education project.

The three year interim plan made after the second people's revolution also seems to have followed previous policies and the strategies. The words were changed but their essence was very similar to those of the previous policies and plan. Cost recovery was changed rate cost sharing which ultimately meant the reducing of government funds by giving autonomy to well established and capable campuses of TU, This interim project also emphasized as the opening of open universities but in vain. It also had a policy of encouraging the establishment of technical universities, provision of loan to poor students. This project had also the program of forming the council for equivalent, giving the grants on the formula basis to three smaller universities. This project also includes the policies and work plans for the global reformation of higher education, opening of open universities, loans in subsidies having an umbrella act for all the universities and bringing about the effective program of quality improvement.

The Education Policy (Interim Plan *2007/08 to2009/10)*) with respect to Higher Education:

- The policy of providing free schooling up to secondary level will mean that the government will have to devote larger proportion of education budget on school education than at present. It is possible that the proportion budget for other sub sectors including higher education will remain constant, or decline.
- The policy of restructuring of school education (policy of making grade 12 as end point of school education) means that Tribhuvan University will eventually have to transfer its certificate level teaching to higher secondary schools (sooner than later).
- The policy of establishing an Open University has been mentioned earlier several times (in government policy documents). So far nothing substantial has been done in establishing this University.

- The policy of establishing Science and Technology University is new; and it requires careful planning (scope, finance, courses, location etc.).
- The principle of providing student loans at higher education level has been mentioned in the policy. Much work needs to be done in this area (regarding the conditions of the loan and repayment process).
- The policy mentions the idea of monitoring of private sector institutions. This is very essential; the monitoring of quality, monitoring of fees charged and monitoring of access for the disadvantaged people are the important areas of monitoring. Regular monitoring should be conducted by the University Grants Commissions.

2.1.4 Higher Education Financing Policy

State Financing: Since the implementation of the NESP in 1971, the government has been laying high priority on the provision of higher education (through Tribhuvan University Campuses). The government has been bearing 100% of the cost of operating the Central office, campuses and Research Centers of Tribhuvan University. Later since 1986, the government also met 100% the costs of Nepal Sanskrit University. At present, the government is providing UGC grants to all universities having a specific basis. There is an increasing emphasis in government policy statements on self sustenance and cost recovery (through fees).

Declining Budget for Higher Education: The proportion of Education Budget allocation for the higher education sub-sector is about 10% at present. The proportion was 23% in 1990. At present, high proportions of the education budget are devoted to primary and secondary education sub-sectors. The proportion of the education budget devoted to higher education has been declining.

Projects for Development of Higher Education: The government had got foreign assistance for the development of technical higher education in the country. The Institute of Engineering has got substantial assistance in building the physical facilities under the Engineering Education Project (World Bank Support). The Teaching Hospital has been developed with Japanese assistance. The T.U runs MBBS

and other courses in the medical campus attached with the teaching hospital. More recently, the World Bank has provided aid to the T.U. for physical facilities development of the Central Campus at Kirtipur under the Higher Education Project I. Several other small projects have been under taken to develop facilities and human resources in other technical Institutes of the T.U. A project for providing additional World Bank Assistance to higher education (Higher Education Project II) is going to be implemented from 2007/08 by the government. Under it, the World Bank will provide assistance worth $60 million over the period 2007-2013. The project will assist in enhancing financial sustainability of higher education in Nepal, execute a student financial assistance (loans) scheme, and also help several higher secondary schools.

The project has the following objectives:

a) Enhancing quality and relevance of higher education.
b) Improving access to higher education for the girls, dalits and educationally disadvantaged groups.

The project will provide Basic Grants to the public higher secondary schools (based on the number of successful students (gradates) produced by the school. On top of this, matching grants will be provided to these schools at the ratio of 1:2 (one unit of community contribution to be matched by two units from the project).

Students Financing: As late as 1992, the T.U. charged uniform rates of tuition and other fees in all Institutes and facilities, irrespective of the type of course. This was evidently an unsustainable practice as Medicine and Engineering course cost much large amounts of money per student than the general studies (like Humanities and Management). The affiliated campuses charged higher fee rates than the constituent campuses. The private campuses affiliated to the two regional Universities charged far higher fee rates than the T.U. University campuses. There is no system of regulating the fees in the campuses of the two regional Universities and Kathmandu University.

2.1.5 Financial Monitoring in Higher Education

Monitoring is undertaken to oversee if the planned activities are being carried out in earnest and on time. Monitoring is done as a regular activity; it is needed for ultimate evaluation of the achievement of program objectives. Monitoring in the field of education has, basically, two aspects: outcome/performance monitoring (particularly with respect to quality) and financial monitoring of income and expenditure of the educational institutions (SANEI, 2007).

Output/Performance Monitoring: Monitoring of Quality of instruction/teaching in the educational institutions is done at the institutional level (college/campus), by the head of the institutions (Principal); at the institute/faculty level by the Dean office of the concerned Institute/Faculty, and at the national level by the University Grants Commission (UGC) and the Ministry of Education (MOES) and Sports and the National Planning Commission (NPC). The MOES and the NPC are policy making bodies and are responsible for development of long term plans and program in higher education.

Some indicators generally used in monitoring of quality in higher education are:

- Class size (no. of students per class)
- Examination pass rate
- Student attendance rate (average per day)
- Student/teacher ratios (in particular subject)
- Average annual fees charged
- Average costs (recurring) per student
- Use of standard text books and reference works by the students

Of the various indicators, the examination pass rate is a crucial indicator of quality and efficiency of the education system. Data on the examination pass rate (higher education) for Tribhuvan University is maintained by concerned institute and faculty (Dean Office). The UGC is responsible for closely following up the trends in examination pass rates (by institutes, faculties /schools) in the Universities. The UGC has a monitoring and follow up division in its organization setup. The division has the

following tasks. Collect data and information from the constituent and affiliated campuses of the Universities.

- Oversee how the grants provided by the UGC are being used.
- Provide assistance to Universities to promote their capacity in introducing the education management information system (EMIS).

In the Tribhuvan University system, the Institutes and Faculties as well as Research Centers prepare their budgets and program for the coming fiscal year. The Central Office of T.U. consolidates all the Institute and Faculty budgets and puts up its requests for grants to the UGC for the coming year. The Dean office of the concerned Institute and Faculty has important work in preparing the budget and program. The education budget of the financial year allocates the funds for higher education in the form of allocation for UGC. The UGC disburses the funds to concerned Universities as decided by the UGC. The government funds allocated to UGC are released to UGC by the Ministry of Finance in three installments as per the government fund release procedures.

The following agencies are responsible for conducting financial monitoring:

- Concerned Dean Office of the Faculty or Institute, that approves the program of the college/campuses.
- Central office of the University (in case of T.U.) which is pressured to oversee the total financial management of the T.U.
- University Grants Commission (Monitoring and follow–up division), which is made responsible for monitoring how the grants funds (provided by UGC) are being used.
- The UGC is expected to collect, compile, and analyze the information.

Present Status of Financial Monitoring: No studies have been done on the system of financial management in higher education as yet. Large sums of financial resources are being used for higher education in the country by the government, by donor agencies, and the households. Some observations on financial management in higher education are as follows:

- The UGC receives information on expenditure by the Universities each year. The Summary is published in UGC Annual Reports.
- The constituent campuses of Tribhuvan University and other Universities are required to submit information about their finances to the central offices of the concerned Universities.
- The affiliated campuses do have Account Section; but these campuses are not required to submit information on their finances to the concerned university.
- The private affiliated campuses are charging very high fees on their courses. The Medical colleges and Engineering colleges (in the private sector) are carrying out questionable practices such as collecting total fees for the full (four/five year course) at the time of admission. The Ministry of Education and Sports has not done anything for the prevention of such practices (during the study period).

There is a lacking of financial monitoring of the Universities assisted by the UGC with annual grants. Universities do not publish reports on their finances: status, funds, expenditure etc. Financial monitoring study would need to cover the following aspects:

- Whether the campuses/institutions have annual budgets.
- Whether the expenditure is audited regularly.
- What are the sources of income other than the UGC grants, and student fees?
- What proportions of recurring expenditure of campuses are covered by student fees?
- Whether fee income (of constituent campuses of T.U) have to be deposited with the central office of T.U.
- Do campuses/ and Universities have sustainable resource plans?
- What are the bases of UGC funding of Universities and campuses?

2.1.6 Measurement of Financial Performance Analysis

Financial Performance Analysis means organization's overall financial health over a given period of time. The ability of an organization to analyze its financial

position is essential for improving its competitive position in the market. Through a careful analysis of its financial performance, the organization can identify opportunities to improve performance of the department, unit or organizational level. In this context researcher has undertaken a financial performance analysis of educational institutions and campuses to understand how management of finance plays a crucial role in the growth. Financial analysis is the process of determining the operating and financial characteristics of an organization from accounting and financial statements. The goal of such analysis is to determine the efficiency and performance of organization management, as reflected in the financial records and reports.

2.1.7 Financial Autonomy

Under new TU decentralization rule 2055, many Institutes and campuses obtained sufficient autonomy for running their organization more in dependently. They are exercising a great degree of autonomy and tried to mobilize their resources besides many other reforms and changes. They have been offering income sustain. TU now should encourage more campuses to go for decentralization and autonomy in order to become more sustainable and stand in their own resource. After implementation of new education policy, IOE has a significant autonomy in academic matters, creation of faculty positions, recruitment of staff and internal budgetary adjustment. Later, regulations were revised and such autonomy was curtailed. At present IOE has got autonomy under the TU decentralization Rules, 2055. This rule allows IOE to manage the internal resources that it generates. In 2066 TU has accepted to go for autonomy in principle as per TU campuses and Institute autonomy rules 2062. As per autonomy rules 2062 IOE has the fight to function independently.

Internal Source: The internal source of the Paschimanchal Campus is high fee charged to full paying students as 3- years' diploma program and 4-years bachelor program. Based on the research question, the following conceptual model may be constructed.

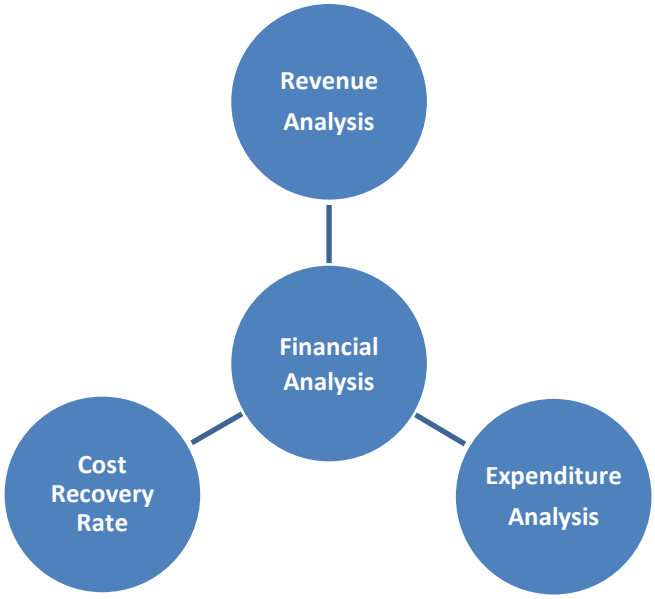


Figure 2.1 Conceptualization Model of Financial Analysis

Total Revenue: Revenue is the first and most essential factor of the every organization. Therefore, every organization are trying to generate own internal and external revenue. Therefore, it has been taken as essential factor in financial sectors.

In favor of Paschimanchal campus, the total revenue is generated from internal and external sources. The external sources are received by TU grants and donation. Similarly, the internal sources has student admission fee, tuition fee, identity card fee, laboratories fee, library fee, for regular student, and character certificate fee, provisional certificate fee, recommendation latter fee and so on are collected from irregular students.

Budget Allocation System: A budget is defined in general term as a statement of the estimated income and expenditure of a country, organization, individual over a given future period. The government's budgetary allocation has to be basically as per the demand by TU. However, the government budget allocation for TU every year is about 30% less than what has been asked for. The given budget is almost only for salary for the staff and the faculty. Therefore, the total regular budget of the Paschimanchal Campus obtained from the TU. This is all spent for the salary of the academic and administrative staff. The Operating and capital expenditure has fulfilled by internal budget (Full Paying Budget).

Total Expenditure: The total expenditure means regular expenditure and internal sources expenditure. Total expenditure amount includes the overhead amount as teaching and administrative staff salary, wages, allowances, traveling cost and daily allowances, utilities, repair and maintenance, teaching materials, vehicle fuel, water and electricity, printing and stationery, magazine and newspapers, students welfare, free ship and scholarship, miscellaneous as causal expenses and capital expenditure also.

The income from full paying students has substantial contribution to meet balance of the expenses not provided by the University. At present the University pays only staff salary and rest of all the expenses until now are being meeting by fees generated from full paying students and other resources generated.

Cost Recovery Rate: Cost recovery analysis is mostly used to measure the level of sustainability of any organization / institute whether the organization is of business motivated or social oriented organization. It is the general practice that full cost recovery is required for the business oriented organization since both fixed and operating costs are required to be met the organization itself whereas, at least operating cost recovery should be met by the social oriented organization. Social organization is usually established with donation and later it is handed over to the community to operate. In the past, TU were entirely financed by the government. It was the government responsibility to meet both fixed and variable costs of these Universities especially after the implementation of New Education Policy in 1971. All the education institutes were nationalized and operated by the government itself. Later at the end of the Eighties the government had realized that the education cannot be financed solely by the government alone and consequently, education sector had been liberalized and permitted to the private sector to invest in and operate the education institutions. Then, the role of cost recovery principle has been realized and used to evaluate the sustainability of the educational institutions in the country. TU budget depends heavily on the government grants. Now the serious question may arise how the TU can operate its functions at the cost recovery approach. Cost recovery principle is the national policy of Nepal government in financing the higher education. In this

policy, students with paying capacity should pay for their higher education (Baral, 2007). Accordingly, TU also has emphasized on the internal resources generation to recover the operating expenditure of its constituent campuses.

2.2 Review of Related Studies

Literature review is one of the important factors in research work. It provides an idea to identify the real problem. In fact the study on financial analysis of internal resource is new burning issues in the present context of T.U. Especially in education institutes.

The conceptual review deals with various components of the internal resource analysis and reviews of related studies presents the review of dissertation, reports, articles and other related published and unpublished materials.

Financial Performance analysis is one of the measurement tools of financial contribution with satisfactory result. It covers all the cost of institutes therefore every such type of institution should analyze the financial performance analysis of Paschimanchal Campus and cost recovery rate.

Baral (1998) has conducted a study on cost recovery rate of PNC, Pokhara. His study was based on primary and secondary data. He was calculated cost recovery rate of PNC in faculty wise and overall rate. The main objective of this study was to identify the cost recovery system to improve the Quality of the education.

Baral (2004) has written an article on evaluate the cost effectiveness of Prithvi Narayan Campus, Pokhara. The main objective of the article was to focus the effectiveness for quality education in PNC. He has work out the cost per capital student, overall cost, cost recovery and academic performance. He has suggested and recommended that the institute should improve academic performance for quality education should think to take alternative way for recover the cost.

Baral (2007) has written an article on higher education financing in Nepal. The main objective of this article was to analyze the financing pattern of higher education in Nepal. He has concludes that the level of budget for higher education in Nepal is relatively low and not enough to bring up the accessibility of qualitative higher

education. The government's grants – both administrative and development provided to the university are not consistent.

Pulami (2005) has conducted a research on performance analysis of PNC, Pokhara. His study was based on primary and secondary data. The main objective of study was to analyze academic and financial performance of PNC. His major findings are,

1. The whole number of student in PNC was growing year by year.
2. Admission drop out and examination dropout rate of PNC was relatively high.
3. The examination result of PNC was not satisfactory as that varied year to year
4. PNC was slowing being dependent on internal source but still local resources were not mobilized properly.

Shrestha (2007) has conducted a research on performance analysis of selected public campus in Pokhara. The main objective of his study to was analyze the performance of three public campuses such as Janapriya Multiple Campus, Kanya Campus, Kalika Multiple Campus and also their academic and financial performance. His study was based on primary and secondary data. His major Findings are,

1. In all three public campuses the no of students are growing year by year.
2. Admission dropout rate is high and examination result is satisfactory in all campuses.
3. In all three campuses management faculty gas highest cost recovery and education faculty has least cost recovery rate.

Paudel, Kamal Raj (2008) has conducted a research on performance analysis of selected public campus in Tanahun. The main objective of his study to was analyze the performance of two public Campuses such as Bhanubhakta Multiple Campus (BMC) Aadhikavi Bhanubhakta Campus(ABC) and also their academic and financial performance. His study was based on primary and secondary data. His major Findings are,

1. Student admission Growth rate of BMC has 14% and ABC has 15%. And both Campus student growth rate is not constant.
2. Among the total income, average internal income of BMC has around 92% and average external income around 8% but ABC has average internal income 93% and average external income around 7%.

2.3 Research Gap

The study definitely differ from the previous studies because in the study, researcher has made all attempt to cost recovery rate of PNC, Performance analysis of PNC and selected public Campuses in Pokhara and Tanahun with reference to Paschimanchal Campus. This study differs from other research as it looks at the Financial Performance Analysis of Paschimanchal Campus, which is different from Campus in previous researcher. However research in Financial Performance Analysis of Paschimanchal Campus Pokhara has not yet. So, this is the first attempt on this title.

CHAPTER III
RESEARCH METHODOLOGY

This chapter has concerned with the procedures and techniques that help to accomplish the objectives of the study. It includes research design, population of sample, nature and sources of data, methods of data collection, data analysis, tools and limitation of methodology.

3.1 Research Design

This study has investigated into the financial performance analysis of Paschimanchal Campus in detail. So, the research design of this study is case study. In addition, no complicated statistical tool has been used to analyze the financial performance analysis of Paschimanchal Campus. Data are presented in table and diagram. So, this study is descriptive. The bibliography has been prepared by using Microsoft office software of window 2007. The bibliography preparing methods or steps has been given in (Appendix 15).

3.2 Selection of the Study Unit

As stated in the last chapter, there are 6o constituent campuses and 732 affiliated campuses under the T.U. Paschimanchal Campus is constituent Engineering Campus of T.U. It has not possible to conduct a study covering all 60 constituent campuses with a limited time and resources. So, keeping the time and resource constraint, Paschimanchal Campus was selected for this study due to the most expediency of the researcher. So, the logic behind the selection of Paschimanchal Campus for this study is, first, the expediency of the research, and second, the size and program of the Campus.

3.3 Nature and Sources of Data

The Necessary data have been collected from both primary and secondary sources. Primary data have been collected from different administrative sections of Paschimanchal Campus. In addition, some of the required qualitative data have been collected with the help of personal discussion with the concern administration staff. Secondary data have been collected from financial reports, audit reports of Paschimanchal Campus.

3.4 Data Collection Procedure

Financial data have been collected from Account section of Paschimanchal Campus. For this purpose of the collection of data on students, data collection format was prepared and required data ware extracted from the official records to the designed format.

3.5 Data processing & Analysis Tools

The collected data for this study have been processed according to the needs of the study. The obtained data are presented in tabular from with the supporting interpretations. Data are tabulated according to the nature of data. No complicated statistical tools have been used in the study. Basically, the collected data have been analysis in terms of percentage. The data have been present in simple graph and diagram. Microsoft-Excel application software package have been used to process the collected data. In addition to these, the following financial performance analysis measures have been used:

Calculation of Total Revenue: The Internal and External revenue are calculated by following model:

Total Revenue (T_e) = $\sum S_e+G_e+O_e$

S_e = Ns. 2X

N_s = Total No of student in each year/each program

X = Total semester fee in each student

2X = Total Annual fee in each

G_e = TU Grants

O_e = Other Income

External Revenue Rate: The external revenue rate is calculated by the following model:

$$\text{External Revenue Rate (\%)} = \frac{\text{External Revenue}}{\text{Total Revenue}} \times 100$$

External Revenue = Total internal revenue + Total external revenue

Internal Revenue Rate: The internal revenue rate is calculated by the following model:

$$\text{Internal Income Rate (\%)} = \frac{\text{Internal Revenue}}{\text{Total Revenue}} \times 100$$

Total Revenue = Total internal revenue + Total external revenue

External Expenditure Rate: The external Expenditure rate is calculated by the following model:

$$\text{External Expenditure rate (\%)} = \frac{\text{External expenditure}}{\text{Total Expenditure}} \times 100$$

Internal Expenditure Rate: The Internal Expenditure rate is calculated by the following model:

$$\text{Internal Expenditure rate (\%)} = \frac{\text{Internal Expenditure}}{\text{Total Expenditure}} \times 100$$

Actual Expenditure: The Actual expenditure is calculated by the following model:

$$\text{Actual Expenditure (\%)} = \frac{\text{Operating expenditure}}{\text{Approved Budget}} \times 100$$

Per Students Cost Sharing: Per student cost sharing is calculated by the following model:

$$\text{Average per Student Cost} = \frac{\text{Total Operating Cost}}{\text{No of Students}}$$

$$\text{Average per Student Grant Receives} = \frac{\text{Total Grant receive}}{\text{No of Students}}$$

$$\text{Average per Student Fee Receives} = \frac{\text{Total Student Fee}}{\text{No of Students}}$$

Overall Cost Recovery Rate: The cost recovery rate is calculated by the following model:

$$\text{Cost Recovery Rate from Total Students Income (\%)} = \frac{\text{Total Students Income}}{\text{Total Operating Cost}} \times 100$$

Where,

Total Students Income = Total Students Fees + Other Income

Total Operating Cost = Regular Operating Cost + Internal Operating Cost

$$\text{Cost Recovery Rate of Internal Source (\%)} = \frac{\text{Total Full Paying Students Income}}{\text{Total Operating Cost}} \times 100$$

Where,

Internal Source = Revenue raised from only Full Paying Students Fee

Cost Recovery Rate of Full Paying Program: The cost recovery rate is calculated by the following model:

$$\text{Cost Recovery Rate of Full Paying Program (\%)} = \frac{\text{Total Full Paying Income}}{\text{Total Full Paying Operating Cost}} \times$$

CHAPTER IV
PRESENTATION AND ANALYSIS OF DATA

The Chapter presents the analysis of the data. The financial performance analysis has been divided into three parts as total revenue analysis, total expenditure analysis, and cost recovery analysis of Paschimanchal Campus. Finally, it presents the major findings of the study.

4.1 Objective of Paschimanchal Campus

Without any objectives no entities are established either profits or Non-Profitable, Government or public and private, educational or Trading or manufacturing companies. It described the organization's mission, strategy, forms of transactions etc. Without objectives, policies, strategies, organizations structure cannot be determined. The strategies or policies are set to achieve the objectives. To achieve the setting objectives, institute plans its future position activities and evaluate in performance periodically against set objectives. The main objectives of Paschimanchal Campus are as follows.

1. To produce different levels of engineering manpower needed for meeting the national aspirations and goals. At present, it is producing engineers and overseers.
2. To perform various research and development works as well as to strengthen the national engineering capabilities and solve engineering problems.
3. To offer various types of training sponsored courses, conducting problem-oriented research and providing engineering consultancy services. This objective caters towards greater mobilization of the human and physical resources for the technical advancement of the nation. In addition to this, these activities help to bridge the increasing gap between Paschimanchal campus's financial needs and resources. Similarly, this objective can contribute to broaden the professional experience of the staff income so as to retain the staff within Paschimanchal campus by offering them additional financial incentives.

4. To produce creative and innovative students who will be capable of generating various ways of technical profession by using their own expertise.

4.2 Total Revenue Analysis

As stated earlier, The Institute of Engineering has been allowed to operate parallel courses charging high fees. TU technical institutes have introduced two fee schemes: one for regular students (who pay very low fees) and Full Paying students (who pay high Fees). Both categories of the students attend same course, and use similar facilities but pay totally different levels of fees. The Paschimanchal Campus raised funds from two sources are Internal and external revenue. The major internal source of income to the campus is student fees from both regular and Full Paying students. In Internal revenue include the total student's fees as an Entrance fee, Tuition fee, Identity card fee, sport fee, library fee, laboratory fee, exam fee, and other fee of irregular students. Similarly external revenue includes the TU grants and donation. The Paschimanchal Campus has negligible local resource mobilization during the study period. The total revenue of Paschimanchal Campus raised from internal & external source in the fiscal year, 2062/063 to 2067/068 is given in Table 4.1.

Table 4.1 Total Revenue of Paschimanchal Campus

(In Rs.000)

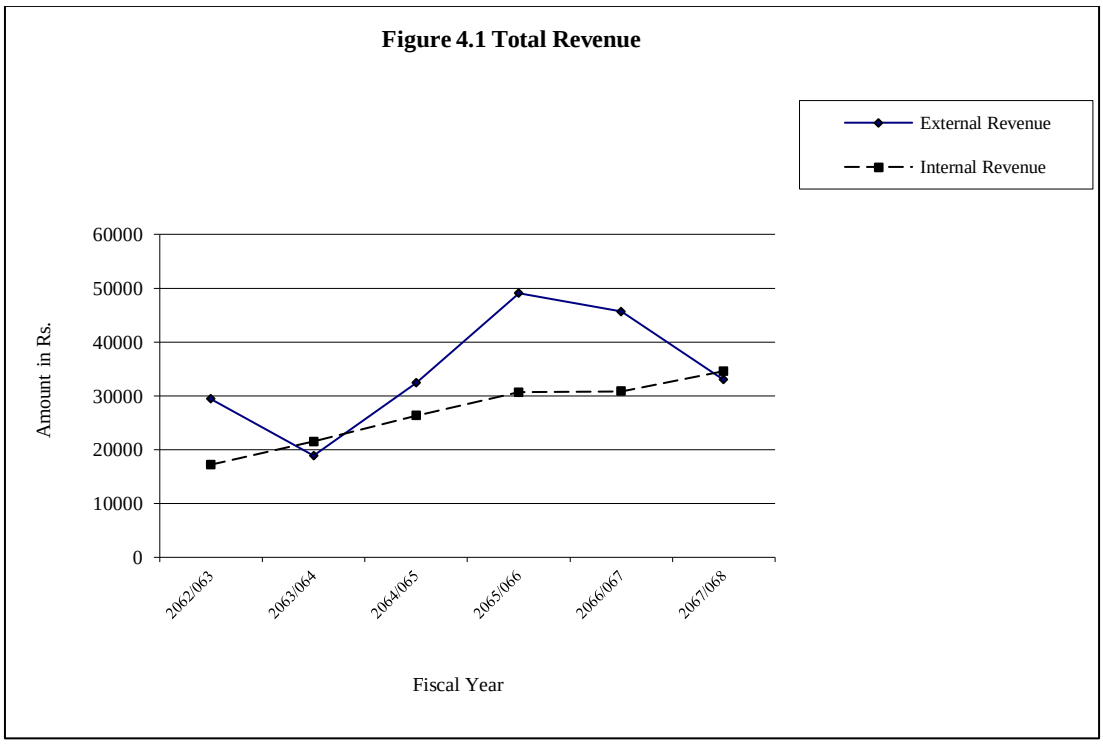
Fiscal Year	External Revenue		Internal Revenue		Total	
	Amount	%	Amount	%	Amount	%
2062/063	29423.00	63	17213.00	37	46636.00	100
2063/064	18888.00	47	21503.00	53	40391.00	100
2064/065	32391.00	55	26322.00	45	58713.00	100
2065/066	49049.00	62	30673.00	38	79722.00	100
2066/067	45619.00	60	30805.00	40	76424.00	100
2067/068	32994.00	49	34578.00	51	67572.00	100
Average		**56**		**44**		

Source: Appendix 10.

Table 4.1 shows that total revenue trends of internal and external revenue of Paschimanchal Campus. Percentage of revenue raise from students ranges 37% to 53% during the analysis period. The internal revenue of the campus is increasing

trends in last three years as a 37% 53%, 45%, 38%, 40% and 51% of the total revenue during the study period. However, the external revenue of the campus is decreasing trends in last three year as a 63%, 47%, 55%, 62%, 60% and 49% of the total revenue during the study period. Finally, show this data is average 56% external source (TU grants) and 44% internal source (total students fees) out of total revenue during the study period. The main reason of changeable percentages of revenue, T.U. has not given hike salary and allowances grants and another reason the campus introduces the addition students' intake of bachelor and Diploma level in regular and Full Paying program (Appendix 2 and 3). Paschimanchal Campus has seen depended on the internal sources. Thus, the revenue trend of Paschimanchal Campus is depicted in Figure 4.1.

Figure 4.1 Total Revenue



4.2.1 Level-wise Student's Income

The total revenue has been broken down to the revenue raised from students of Paschimanchal Campus. It is present running 3- year Diploma and 4- year Bachelor level. In Diploma level has to running Civil, Electrical, Electronics, Auto- mechanical and Computer program. Similarly, Bachelor level has to running Civil, Electrical and Electronics program. The revenue raised from Diploma and Bachelor level is given in Table 4.2.

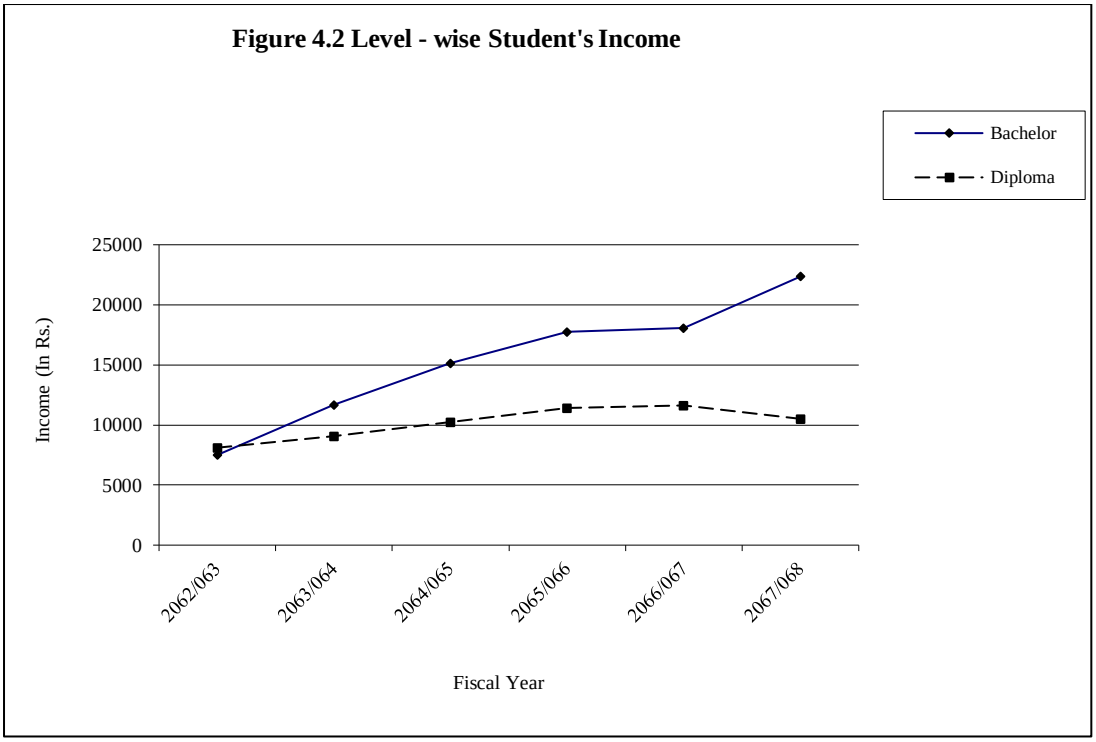
Table 4.2 Level – wise Student's Income

(In Rs.000)

Fiscal Year	Bachelor		Diploma		Total	
	Amount	%	Amount	%	Amount	%
2062/063	7507	48	8110	52	15617	100
2063/064	11665	56	9053	44	20718	100
2064/065	15131	60	10236	40	25367	100
2065/066	17750	61	11391	39	29141	100
2066/067	18053	61	11626	39	29679	100
2067/068	22355	68	10489	32	32844	100
Average		**59**		**41**		

Sources: Appendix 8.

Table 4.2 shows the level-wise and year-wise students income. In Bachelor level student income is increasing trend such as 48%, 56%, 60%, 61%, 61% and 68% in fiscal year 2062/063, 2063/064, 2064/065, 2065/066, 2066/067, and 2067/068 respectively. Similarly, Diploma level student income is decreasing trends such as 52%, 44%, 40%, 39%, 39% and to 32% in fiscal year 2062/063, 2063/064, 2064/065, 2065/066, 2066/067, and 2067/068 respectively. Thus, in the study period highest income contribution rate from the Bachelor level than Diploma level because in the Bachelor level Full Paying student has to pay high fee than Diploma level (Appendix 5). As a result, the more income contribution of Bachelor level in this Campus. Thus, the contribution of level-wise student's income is depicted in Figure 4.2.



4.2.2 Department-wise Student's Income

Foregoing section analyzed the level-wise and year-wise student income of Paschimanchal campus for the last 6 fiscal years and this section analyzes the department-wise student's income of Paschimanchal campus. Department-wise and year-wise student's income is given in Table 4.3.

Table 4.3 Department-wise Student's Income

(In Percentage)

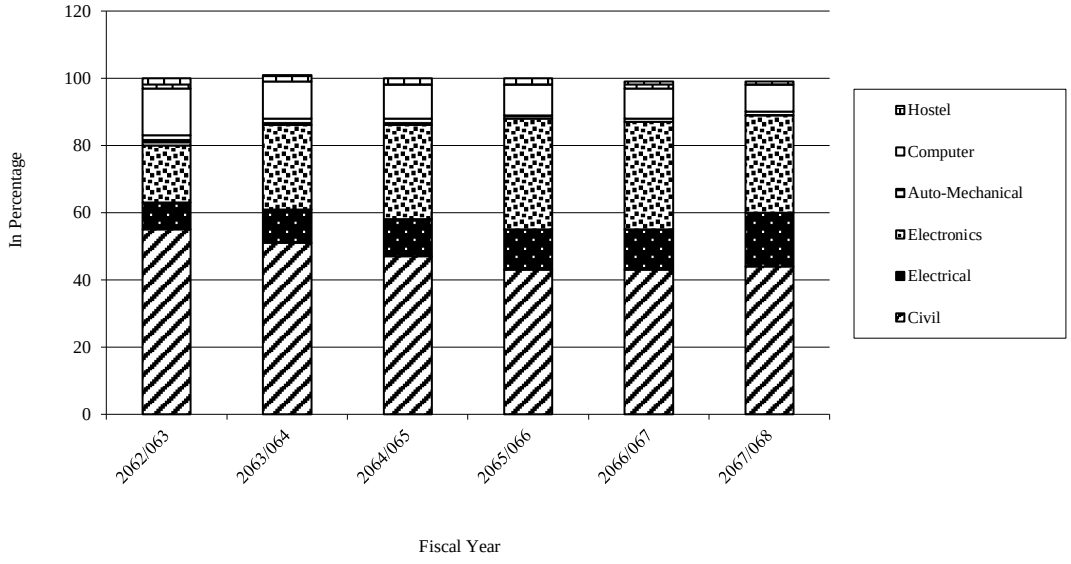
Fiscal Year	Civil	Electrical	Electronics	Auto-Mechanical	Computer	Hostel	Total
2062/063	55	8	17	3	14	3	100
2063/064	51	10	25	2	11	2	100
2064/065	47	11	28	2	10	2	100
2065/066	43	12	33	1	9	2	100
2066/067	43	12	32	1	9	2	100
2067/068	44	16	29	1	8	1	100

Sources: Appendix 9.

Table 4.3 shows the Department-wise and year-wise student's income. In Department of Civil, raised to income is 43% to 55% whereas Electrical Department

is 8% to 16%. This part of Electronics Department is 17% to 33%, Auto-mechanical department 1% to 3%, Computer Department is 8% to 14% and hostel fee is 1% to 3%. In, Civil Department the students income rate is decreasing trend to 55%, 51%, 47%, 43% 43%, and 44% in the fiscal year 2062/063, 2063/064, 2064/065, 2065/066 and 2067/068 respectively. Thus, the student income sharing of Civil Department has to cover highest income rate than other Electrical, Electronics, Computer and Auto-mechanical Department because Civil Department has running in both regular and Full Paying program in Diploma and Bachelor level. Therefore, this Department high rate of income contribution of this Campus because in this Department has more students' intake in Full Paying program than other Department. In, Electrical Department, the students income rate is increasing trend as 8%, 10%, 11%, 12%, 12%, 16% in fiscal year 2062/063 ,2063/064 ,2064/065, 2065/066, 2066/067 and 2067/068 respectively. Similarly, Department of Electronics the students income rate is increasing trend except last two years such as 17%, 25%, 28%, 33%, 32%, and 29% in fiscal year 2062/063 ,2063/064 ,2064/065, 2065/066, 2066/067 and 2067/068 respectively. The Auto-mechanical Department of income rate is nominal and decreasing trends as 3%, 2%, 2%, 1%, 1%, and 1% in fiscal year 2062/063 ,2063/064, 2064/065, 2065/066, 2066/067 and 2067/068 respectively. The Auto-Mechanical Department has not running full paying program. In Computer Department, the internal income rate is decreasing trend during the study period. In this Department, the students income rate is 14%, 11%, 10%, 9%, 9%, and 8% in fiscal year 2062/063, 2063/064, 2064/065, 2065/066, 2066/067 and 2067/068 respectively. Thus, the contribution of Department- wise Students income is depicted in Figure 4.3.

Figure 4.3 Department-wise Student's Income in %



4.3 Total Budget of Paschimanchal Campus

Total budget of Paschimanchal Campus has regular and internal source. The regular budget of the Campus received from TU as block grants through IOE Dean Office. So it is 90% budget spent for the salary of the academic and administrative staff. The internal budget has been prepared by the Paschimanchal Campus. The main source of internal budget has full paying student's revenue. This budget approved by IOE Executive council and spent its internal budgetary policy and regulation. The total regular and internal budget of Paschimanchal Campus is given in Table 4.4.

Table 4.4 Total Budget of Paschimanchal Campus

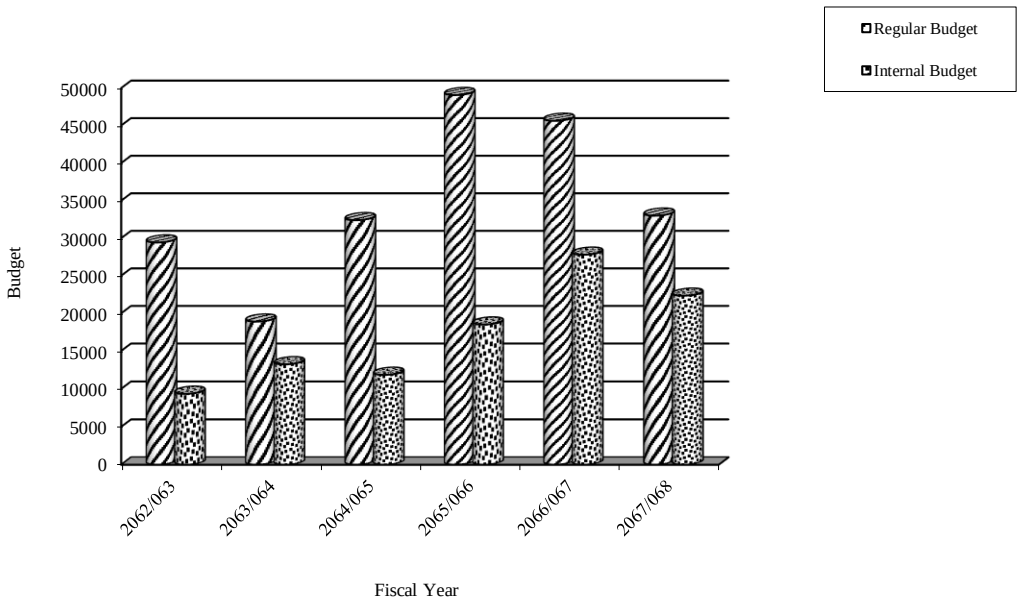
(In Rs. 000)

Fiscal Year	Regular Budget		Internal Source		Total Budget	
	Amount	%	Amount	%	Amount	%
2062/063	29423	76	9343	24	38766	100
2063/064	18888	59	13231	41	32119	100
2064/065	32392	73	11840	27	44232	100
2065/066	49050	73	18500	27	67550	100
2066/067	45619	62	27791	38	73410	100
2067/068	32994	60	22337	40	55331	100
Average		**67**		**33**		

Sources: Account Section of Paschimanchal Campus.

Table 4.4 shows the total budget of Paschimanchal Campus. It shows this data from external budget is decreasing trends and internal budget is except fiscal year 2063/064 is increasing trends. The regular budgets cover the 59% to 76% and internal budget cover the 24% to 41% out of the total budget. Therefore, the average 67% budget has received from the TU and 33% budget cover internal source out of total budget during the study period. As a result, campus is year by year depended to internal budget. The campus has to spent salary and allowances from regular budget and almost internal budget spent in extra remuneration of teacher and staff, Teaching materials, Physical assets, Fuel and oil, Electricity charge, Drinking water, Stationary, Travelling expenses, Machine and equipment, Students welfare, Repairs and Maintenance expenses etc. Thus, the Budget sharing of Paschimanchal Campus is depicted in Figure 4.4.

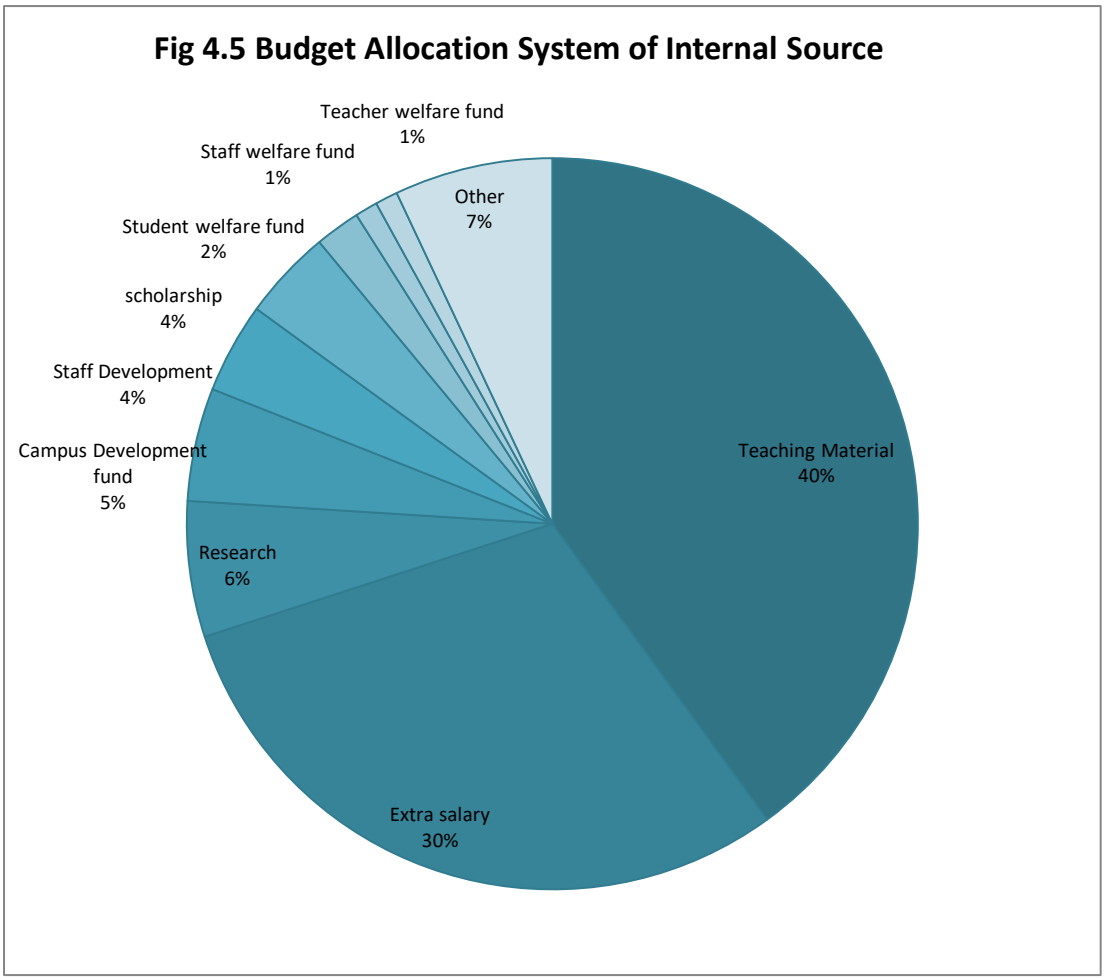
Figure 4.4 Total Budget of Paschimanchal Campus



4.3.1 Budget Allocation System of Internal Source

According to budget allocation system of internal source has converted into total Full Paying student's revenue. In this system, the total revenue out 10% TU central office, 5% dean office and rest 85% revenue made by internal budget. However, 85% revenue has to assume 100% and budget made by full paying

budgetary policy. Thus, the budget allocation system is Full Paying Program in Figure 4.5.



4.4 Total Expenditure Analysis

The total expenditure is sum of regular and internal source or full paying program expenditure. The regular expenditure has includes only teaching and administrative staff salary, allowance and students free ship and scholarship. Similarly internal expenses has includes the extra remuneration of teacher and administrative staff, special allowances of campus chief, Asst. Campus Chief, HOD, section chief, hostel warden, lab in charge and workshop in charge, vehicle fuel and power, repair and maintenance, traveling cost and daily allowances, utilities, teaching materials, free ship and scholarship and capital expenditure also. The Excess expenditure has

financing from the liabilities. The total expenditure during the observed fiscal year is given in Table 4.5.

Table 4.5 Total Expenditure of Paschimanchal Campus

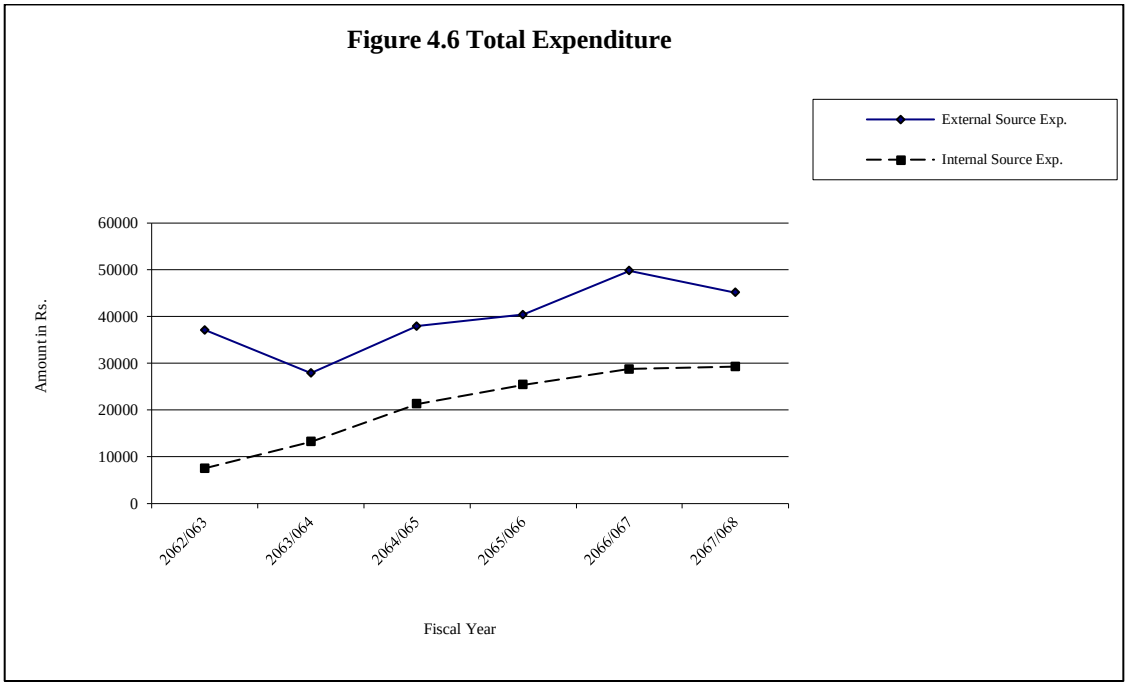
(In Rs.000)

Fiscal Year	External Source Exp.		Internal Source Exp.		Total expenditure	
	Amount	%	Amount	%	Amount	%
2062/063	37158	83	7552	17	44710	100
2063/064	27915	68	13231	32	41146	100
2064/065	37976	64	21347	36	59323	100
2065/066	40423	61	25402	39	65825	100
2066/067	49777	63	28801	37	78578	100
2067/068	45168	61	29302	39	74470	100
Average		**67**		**33**		

Sources: Appendix 10.

Table 4.5 shows total expenditure in Paschimanchal Campus. The regular expenditure has covered range 61% to 83% and internal source expenditure 17% to 39% out of the overall expenditure during the study period. Therefore, the regular expenditure has occupied average 67% from TU grants and average 33% expenditure from internal source in the overall expenditure during the study period. In this analysis has important role of internal source and easy sustain to academic program, quality education and extra benefited to teacher, staff and regular students of this campus. Thus, the total expenditure is depicted in Figure.4.6.

Figure 4.6 Total Expenditure



4.4.1 Actual Budget to Expenditure Sharing

In general, any institution has spent according to the approved budget. In case of expenditure exceeding the approved budget does not show the better financial achievement. It rather shows the inefficient financial management. So, here financial performance of Paschimanchal Campus has been measured in term of the actual expenditure compared to the actual budget.

The approached budget and actual expenditure and percentage of expenditure an approved budget are given in Table 4.6.

Table 4.6 Actual Budget to Expenditure Sharing

(In Percentage)

Fiscal Year	Regular			Internal		
	Budget	Exp.	Net Exp. %	Budget	Exp.	Net Exp. %
2062/063	29423	37158	126	9443	7552	80
2063/064	18888	27915	148	13231	13231	100
2064/065	32392	37976	117	11840	21347	180
2065/066	49050	40423	82	18500	25402	137
2066/067	45619	49777	109	27791	28801	104
2067/068	32994	45168	137	22337	29302	131

Source: Account Section of Paschimanchal Campus.

Table 4.6 shows the percentage share of actual budget and expenditure of Paschimanchal Campus. The actual expenditure percentage share of internal source Budget is 80%, 100%, 180%, 137%, 104%, and 131% in fiscal year 2062/063 to 2067/068 respectively. Similarly the actual expenditure percentage share of Regular Budget is 126%, 148%, 117%, 82%, 109% and 137% in Fiscal year 2062/063 to 2067/068 respectively. It shows that the both internal source and regular expenditure pattern is higher than allocated budget. The Paschimanchal Campus has not adopted the financial discipline. As a result, the Campus has not better Financial Performance during the study period.

4.4.2 Overall Expenditure Indicators

The total expenditure an indicator of Paschimanchal Campus has been during the observed fiscal year is given in Table 4.7.

Table 4.7 Overall Expenditure Indicators

(In Percentages)

Fiscal Year	Capital Exp.	Operating Exp.	Total	Salary & Allow. Exp.	Non Salary Exp.	TU Grants Sharing	TU Grants to Salary
2062/063	8	92	100	67	25	66	-1
2063/064	1	99	100	84	15	46	-38
2064/065	7	93	100	69	23	55	-15
2065/066	5	95	100	77	18	75	-2
2066/067	6	94	100	76	18	58	-18
2067/068	3	97	100	60	17	44	-15
Average	**5**	**95**		**75**	**20**	**57**	**-18**

Source: Appendix 11.

Table 4.7 shows the total capital and operating expenditure to overall expenditure in percent sharing. Similarly, also shows the total expenditure to salary and allowances and non salary expenditure percent. In addition, shows the percentages sharing of TU grants to total salary and allowances.

Operating expenditure ratio – ratio of operating expenditure to the total expenditure – is extremely high. It is around nearly cent percent in most of the observed fiscal years. In general, salary and allowance has occupied average 75 % of the total cost. High ratio of salary to total expenditure shows that the campus has lack of fund to finance other supporting services and academic activities such as researches, workshops and seminars. In addition, this implies that campus has acute financial problem in delivering the quality services to the students. Similarly, Salary and allowances ratio higher than the TU grants ratio. Average 18 % budget is not sufficient the salary and allowances from TU grants of during the study period.

4.4.3 External and Internal Source Expenditure Indicators

The total expenditure has broken down the regular and internal sources expenditure. The main source of capital expenditure has allocation to TU development budget. This campus has received nominal development grants from TU. It has not adequate the expanded physical facilities for both academic and administrative program, lab and workshop development, books, machinery and equipment etc. Similarly operating expenditure has nearly met for salary of teaching and

administrative staffs. The TU grants has not adequate the Electrical charge, Fuel and transportation, Teaching materials, Lab and workshop maintenance, Machinery and equipment purchase, books purchase etc.

Therefore, the internal sources expenditure has allocation from full paying student's revenue. Similarly operating expenditure of full paying program has help to regular and smoothly run of this campus. It has also contributed to university and IOE dean office. The total regular and internal source expenditure sharing percentage of Paschimanchal Campus during observed fiscal year is given in Table 4.8.

Table 4.8 External and Internal Source Expenditure Indicators

(In Percentage)

Fiscal Year	External Source Expenditure sharing					Internal Source Expenditure sharing				
	Capital Exp.	Operating Exp.	Total	Salary & Allowance	Non Salary	Capital Exp.	Operating Exp.	Total	Salary & Allowance	Non Salary
2062/063	5	95	100	67	28	23	77	100	68	9
2063/064	0	100	100	98	2	4	96	100	53	43
2064/065	4	96	100	83	13	14	86	100	45	41
2065/066	1	99	100	85	14	10	90	100	65	25
2066/067	1	99	100	91	8	14	86	100	50	36
2067/068	0	100	100	96	4	8	92	100	53	39
Average	**2**	**98**		**86**	**11**	**12**	**88**		**56**	**32**

Source: Appendix 12.

Table 4.8 shows the capital and operating expenditure from total external and internal source expenditure of Paschimanchal campus. The external source capital expenditure has minimum 1% to maximum 5% of the total external source expenditure. Similarly, operating expenses has covered the 95% to 100 % of total external source expenditure. Therefore, the operating expenses more than the capital expenditure during the study period. However, average 86 % spent in salary and 11% non salary expenses out of total external source expenditure. The internal source capital expenditure has minimum 4% to maximum 23% of the total internal expenditure. Similarly, operating expenses has covered the 77% to 96 % of total expenditure. The operating expenses more than the capital expenditure during the

study period. Therefore, average 56 % spent in salary and 32% non salary expenses out of total internal source expenditure during the study period.

4.4.4 Annual Unit Cost Sharing

Annual unit cost is used as an important tool for measuring and comparing the level of cost effectiveness of producing student in academic institution. Per student Annual cost was Rs. 16777 for Engineering Education (SANEI, 2007). The unit cost of producing a student sharing of government grants and students fees of operating expenditure in Paschimanchal campus is given Table 4.9.

Table 4.9 Annual Unit Cost Sharing

Fiscal Year	Per Student Grants Receipt	Per Student Fee Receipt	Per Student Operating Cost
2062/063	22898	13395	32071
2063/064	13321	15165	28635
2064/065	20911	16993	35505
2065/066	29619	18523	37870
2066/067	27300	18435	44413
2067/068	19852	20805	43416
Average	**22317**	**17219**	**36985**

Sources: Appendix 13.

Table 4.9 shows the per students cost sharing of Paschimanchal Campus. The average per students grants receipt from TU is Rs. 22317 and average per student fee receipt is Rs. 17219. Similarly, the unit cost of producing a student in Paschimanchal campus is Rs. 36985. All these facts imply that academic program run in Paschimanchal Campus is not cost recover from student fees.

4.5 Cost Recovery Analysis

The cost recovery is the most important factor of the financial sustainability in any educational institutes. It indicates the percentage of the cost recovery by the institute. The higher cost recovery rate is better performance of the institute and vice-versa. The cost recovery rate measured by dully the revenue by the recurrent cost. In

nonprofit organizations like educational institutions, low cost recovery rate is the problem.

After the development and implementation of multi-university concept in the country, the government has started to adopt the policy of cost recovery principle in the higher education since the formulation of Tenth plan. It is the general hypothesis that the TU should have achieved at least operating cost recovery for their sustainability. The cost recovery rates are classified into two categories - overall coat recovery and recovery rate of full paying program (Internal Source) to Its Operating Cost. The cost recovery rate shows the operating cost percentage recovered by revenue. It further shows how far cost is being born by students.

4.5.1 Overall Cost Recovery Rate

Three type of overall cost recovery rate have been worked out. The first type of recovery rate shows the Percentage share of total student's revenue (regular and full paying student's fees) to total operating cost of the campus. The second type of cost recovery rate shows the percentage share of only full paying student's revenue (Internal Source) to total operating cost. Similarly, third type of cost recovery rate shows only Regular student's revenue to total operating cost of the campus. The overall cost recovery scenario of Paschimanchal Campus has been depicted in Table 4.10.

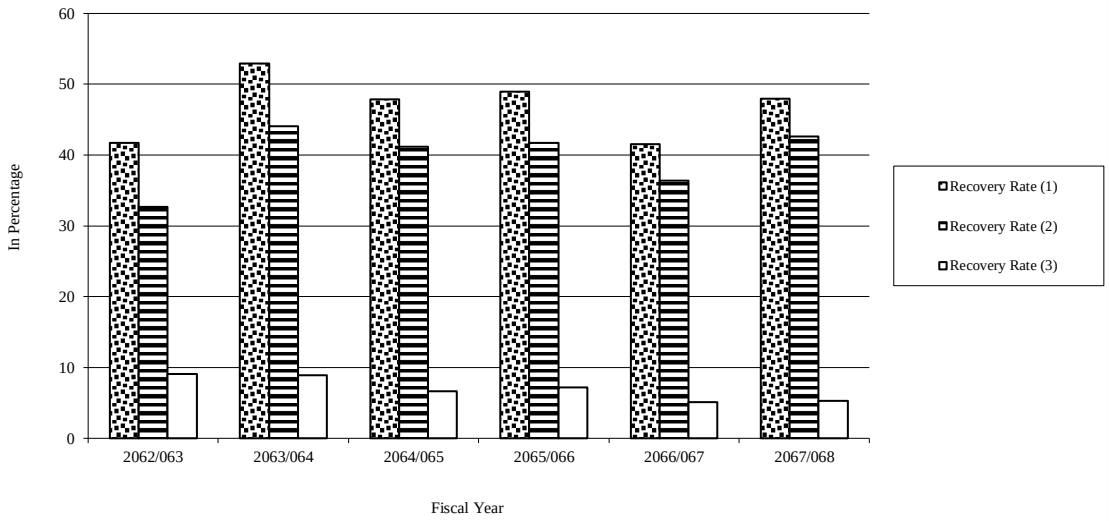
Table 4.10 Overall Cost Recovery Rate Analysis

Fiscal Year	Recovery Rate (1)	Recovery Rate (2)	Recovery Rate (3)
2062/063	41.76	32.70	9.06
2063/064	52.96	44.09	8.87
2064/065	47.86	41.21	6.65
2065/066	48.91	41.75	7.16
2066/067	41.50	36.42	5.08
2067/068	47.92	42.62	5.30
Average	**46.82**	**39.80**	**7.02**

Sources: Appendix 14.

An assessment of the data on overall cost recovery rate (Table 4.10), the total student's revenue of recovery rate during the observed period shows that campus has recovered range 41.50% to 52.96% of the total operating cost. The higher cost recovery ratio means that the better financial performance of academic institution or nonprofit organization. In general, average cost recovery rate of total student's revenue is 46.82%. Similarly, only full paying student's revenue of recovery rates during the observed period shows that the campus has recovered average 39.80 % and cost recovery range is 32.70% to 44.09% of the overall operating cost. As a result, the decentralization policy has shown desirable effects on the sustainability of IOE campuses. Also, only regular student's fees average recovery rate is 7.02% out of overall operating cost. It implies that the students have shared 5.08 % to 9.06% of total operating cost. The overall cost recovery rate has not serious problem of this campus. This campus is good cost recovery rate by admitting additional students on full paying basis. Finally, the cost recovery rate from regular student fee is not satisfactory. Thus, the overall cost recovery rate is depicted in Figure 4.9.

Figure 4.7 Overall Cost Recovery Rate



4.5.2 Cost Recovery Rate of Internal Source

The main policy of IOE has introduced full paying program to raised additional revenue from students and contribution to meet balance of the expenses not provided by the university. In this context, Paschimanchal Campus operates the full paying program since B.S. 2055 is called internal sources. Thus, internal source cost recovery rate shows the percentage share of students income in the operating cost of the full Paying program of this campus. The cost recovery rate of internal source has been depicted in Table 4.11.

Table 4.11 Cost Recovery Rate of Internal Source

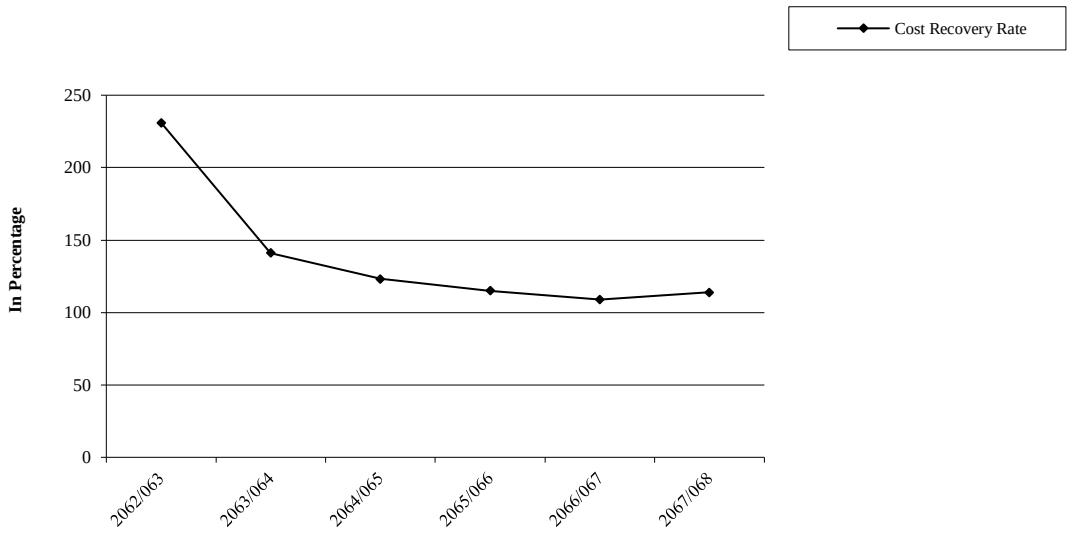
(In percentage)

Fiscal Year	Internal Source Operating Cost	Full Paying Students Income	Cost Recovery Rate
2062/063	5835	13478	230.98
2063/064	12688	17904	141.11
2064/065	18402	22664	123.16
2065/066	22754	26184	115.07
2066/067	24818	27027	108.9
2067/068	26989	30754	113.93
Average			**138.86**

Sources: Appendix 10.

Table 4.11 shows the cost recovery rate of internal source of the Paschimanchal Campus. The operating cost recovery rate of full paying program is minimum 108.90% to maximum 230.98%. It implies that the students have shared maximum 230.98% of the operating cost. In general, the cost recovery rate has decreasing trend year by year during the study period. It means campus has not adopted effectively internal source mobilization. But shows this data, the full paying program has financially self sustainable and contribution to other regular academic activities of this program. The cost recovery rate of internal source has been depicted in Figure 4.8.

Figure 4.8 Cost Recovery Rate of Internal Source



4.6 Major Findings

On the basis of data presentation and analysis, the major findings of the study are as follows:

4.6.1 The revenue received from external sources (TU grants) is 63%, 47%, 55%, 62%, 60% and 49 % out of total revenue in the observed fiscal year 2062/063 to 2067/068 respectively. Average 56% revenue received from TU as block grants.

4.6.2 The revenue raised from internal source is average 44% during the study period. The total student's fee raised is minimum 37% to maximum 56% out of total revenue during the analysis period.

4.6.3 In bachelor level, the total revenue raised from students is minimum 48% to 68% during the fiscal year 2062/063 to 2067/068 respectively. In diploma level, the total student's revenue is minimum 32% to maximum 52% during the study period. In the study period the highest income contribution rate from the bachelor level than diploma level, because in the bachelor level Full Paying students has to pay three times more than diploma level.

4.6.4 In Department of Civil raised to students income is 43% to 55%, Department of Electrical covered the 8% to 16%, Department of Electronics contribution 17% to 33%, Department of Auto- Mechanical income is 1% to 3% and Department of Computer 8% to 14% in the study period. In the student income sharing of Civil Department has to cover highest income rate than other Electrical, Electronics, Computer and Auto - Mechanical Department because Civil Department of Civil has to running in both regular and Full Paying Program with more student intake than other Department.

4.6.5 Out of total budget, the internal budget covers the 24% to 41% and external budget cover the 59% to 76%. Therefore, the average 67% budget has received from the TU and 33% budget cover internal sources out of total budget in the observed fiscal year.

4.6.6 The budget allocation system of Full Paying Program has converted into total Full Paying student's revenue. In the total revenue throughout 10% TU central office, 5% dean office and rest 85% revenue made to internal budget.

4.6.7 The regular expenditure has covered range 61% to 83% and internal source expenditure 17% to 39% out of the overall expenditure in the observed fiscal year. Therefore, the regular expenditure rate has occupied average 67% and 33% expenditure from internal source in the overall expenditure during the study period.

4.6.8 The actual expenditure percentage share of internal expenditure to internal budget is Minimum 80% to Maximum 180% and external expenditure to external budget is Minimum 82% to Maximum 148% during the study period. It shows that the both internal and external expenditure pattern is higher than allocated budget.

4.6.9 In general, salary and allowance is occupied average 75% and non salary expenses average 20% from the overall expenditure.

4.6.10 In this Campus, It is average 86% spent in salary and 11% non salary expenses out of total external source expenditure. Similarly, average 56% spent in salary and 32% non salary expenses out of total internal sources expenditure during the study period.

4.6.11 The average per student grants receipt from TU is Rs.22317 and per student fee share is Rs.17219. Similarly, the unit cost of producing a student in Paschimanchal Campus is Rs.36985.

4.6.12 In the average cost recovery rate is 46.82% from total student fee (total internal revenue). Similarly, average 39.82% cost recover from Full Paying student's revenue (Internal Source) in total operating cost. Finally, only average 7.02% cost recover from regular student's fee out of total operating cost.

4.6.13 The only Full Paying Program (Internal Source) cost recovery rate is minimum 108.90% to maximum 230.98% in the study period.

CHAPTER V
SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary

Education, the lifeblood from the time immemorial, has its own role and significances in human life. In this contest, the history of higher education development in the country is very short but it has been very fast since the establishment of Democracy in 1950s. The TU was established at Kathmandu in 1959.Since then, the TU has taken the sole responsibility of providing higher education in the country. The implementation of multi-university approach has been gradually reducing the overall responsibility of TU providing higher education in the country. Higher level education in the field of Engineering is one of the most urgent needs of the nation. Engineering sector plays on important role in the development of the country.

The government policies of higher education are establishing open universities, developing regional Universities, Encouraging private sector to establish institutions of higher education, phasing out certificate level from the university, Enabling UGC to evaluate performance of the University and introducing the policy of the cost recovery especially in institution of technical education. The government support to TU is gradually declining since the government has adopted the policy of cost recovery in the operation of the University.

Over the past six year 2062/063 to 2067/068, average 16.58% of government expenditures have been devoted to the financing of the education sectors. Similarly, higher education sector got average 10.16% of education budget in 2062/063 to 2067/068.

Paschimanchal Campus is a constituent campus of Tribhuvan University. The initiation of the Paschimanchal campus in Pokhara under the institute of Engineering, Tribhuvan University can be considered of technical manpower in the field of Engineering for development of the nation. The Paschimanchal Campus in Pokhara operational from 1987 with assistance from the worlds Bank and UNDP/ILO, initially

various trades and technician courses also were offered at this Campus along with Diploma courses. At present, it is offering Diploma courses in Civil, Electrical, Electronics, Computer, Automobile and Mechanical Engineering as well as Bachelor's in Civil, Electrical and Electronics and Communication.

Financial and cost recovery rate are key tools to measure the performance of academic Institution. It is impossible to achieve the goals without analyzing the cost recovery rate. The specific objectives of the study were total revenue, total expenditure and cost recovery analysis of Paschimanchal Campus.

The necessary data were collected from both primary and secondary sources. Primary data were collected from different administrative section. The secondary data were collected from financial reports, audit reports of Paschimanchal Campus. The data were presented in simple graph and diagram. Microsoft-Excel application software package used to process the collected data. The financial performance analysis was divided into three parts as total revenue analysis, total expenditure analysis and cost recovery analysis of Paschimanchal Camus.

The revenue raised from external source as TU grants is average 56% and Internal source as total student's fees average 44% out of total revenue during the study period. In Bachelor level, the total revenue raised is minimum 48% to maximum 68% and Diploma level is minimum 32% to maximum 52% from students' during the study period. Similarly, in Department of Civil the revenue raised from students is 43% to 55%, Department of Electrical is 8% to 10%, Department of Electronics is 17% to 33%, Department of Auto- Mechanical is 1% to 3% and Department of Computer is 8% to 14% during the study period. In the student income sharing percent of Civil Department has to cover highest rate than other Departments.

In the total budget, the average 67% budget has received from the TU and 33% budget covering internal sources. The budget allocation system of Full Paying Program is converted into total Full Paying student's revenue. In the total revenue out 10% TU central office, 5% dean office and rest 85% revenue has made internal budget.

The regular expenditure rate is occupied average 67% and 33% expenditure from internal sources in the overall expenditure during the study period. Similarly, the

actual expenditure share of external expenditure to external budget is maximum 148% and internal expenditure to internal budget is maximum 180 % during the study period. In general, salary and allowance is occupied average 75% and non salary expenses average 20% from the overall expenditure. Similarly, in this campus, average 86% spent in salary and 11% non salary expenses out of total external sources expenditure. Therefore, average 56% spent in salary and 32% non salary expenses out of total internal source expenditure during the study period.

The average per student grants receipt from TU is Rs. 22317 and student fee share is Rs.17219. In this campus, the annual unit cost of producing a student in Paschimanchal Campus is Rs.36985.

The overall cost recovery analysis is divided into three parts. In the average cost recovery rate is 46.82% from total student fee (total internal revenue). Similarly, average 39.82% cost recover from Full Paying student's revenue (Internal Source) in overall operating cost. Finally, only average 7.02% cost recover from regular student's revenue out of overall operating cost. Also, in the operating cost recovery rate of Full Paying Program is minimum 108.90% to maximum 239.98% during the study period.

5.2 Conclusions

On the basis of findings of the study, following conclusions have been drawing:

5.2.1 The average 56% revenue received from TU as block grants and average 44% revenue received from student's fees during the study period. This fact implies that the total student's income is satisfactory.

5.2.2 Contribution of Bachelor level to the student's revenue ranges from 48% to 68% and Diploma level ranges from 32% to 52% during the study period. The study is shown that highest income contribution rate from Bachelor level than Diploma level. As a result, more revenue contribution of Bachelor level in this campus.

5.2.3 The revenue raised from Civil Department 43% to 55%, Electrical Department 8% to 16%, Electronics Department 17% to 33%, Auto-Mechanical Department 1% to 3% and Computer Department 8% to 14% in

the study period. Thus, the more internal revenue raised from Civil Department than other Department.

5.2.4 In the total budget, the average 67% budget is received from the TU and average 33% budget covering internal source. As a result, campus is year by year depended to internal budget.

5.2.5 The regular expenditure rate is occupied average 67% and 33% expenditure from internal sources in the overall expenditure. Shows this data, the important role of internal source is easy sustained to academic program, quality education and extra benefits to teacher, staff and students.

5.2.6 In the actual expenditure share of external expenditure to external budget is maximum 148% and internal expenditure to internal budget is maximum 180%. It means both external and internal expenditure pattern is higher than allocated budget. It shows the management has not adopted the financial discipline. As a result, the campus has not better financial performance in during the study period.

5.2.7 In overall expenditure, salary/allowance and extra remuneration is spent to average 75% but average 57% sharing of TU grant to total expenditure. It means salary and allowances ratio higher than the TU grants ratio in the total cost. As a result, average 18% budget is not sufficient the salary and allowances from TU grants.

5.2.8 The average per students grants receipt from TU is Rs.22317 and per student's fee share is Rs. 17219. Similarly, the unit cost of producing a student in Paschimanchal Campus is Rs. 36985. All these facts imply that academic program run in Paschimanchal Campus is not cost recover from student fees.

5.2.9 The average cost recovery rate is 46.82 % from total student fee in the overall operating cost. As a result, overall cost recovery rate is not serious problem of this campus. Similarly, average cost recovery rate is 39.82% from total Full Paying Students fees in the overall operating cost. It means the campus is good cost recovery rate by admitting additional students on full paying basis. Finally, only average 7.02% cost recover from regular student's fee in the

total operating cost. Thus, the cost recovery rate from regular student fee is not satisfactory.

5.2.10 The cost recovery rate of Full Paying Program is minimum 108.90% to maximum 230.98% in the operating cost. It implies that the students have shared maximum 230.98% of the operating cost. In general, the cost recovery rate is decreasing trend year by year during the study period. It means campus is not adopted effectively internal sources mobilization. But shows this data, the full paying programs run Paschimanchal Campus are financially self sustainable.

5.3 Recommendations

The following recommendations are made to make the program financially sustainable and to enhance quality education in the campus.

5.3.1 Review and revise the fee rates of regular students in Paschimanchal Campus.

5.3.2 Introduce and start new Bachelor and Master Full Paying Programs to recover the more operating cost and to provide the better physical facilities required for the qualitative education.

5.3.3 Encourage donations and local resources mobilization.

5.3.4 Find ways to lease and rent the property having commercial values in campus.

5.3.5 Manage the financial aspects of Paschimanchal Campus applying the principle of cost recovery.

5.3.6 Reduce cost by controlling miss-utilization of property, checking wastage of consumable goods, electricity and telephone.

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Appendix - 1

Total Education Budget Of Nepal

(In Thousands)

Fiscal Year	National Budget	Education Budget		Higher Education Budget	
		Amount	%	Amount	%
2062/063	126885	21250	16.75	1934	9.10
2063/064	143912	23005	15.99	2438	10.60
2064/065	168995	28390	16.80	3130	11.03
2065/066	236015	39086	16.56	3727	9.54
2066/067	285930	46616	16.30	4966	10.65
2067/068	337900	57827	17.11	5807	10.04
Average			**16.58**		**10.16**

Source:Nepal Education in Figures 2011.pdf (www.moe.gov.np).

Appendix - 2

Actual Students Enrolment of Paschimanchal Campus

Regular Program

Fiscal Year	Diploma							Bachelor				Grant Total
	Civil	**Elect.**	**Electro.**	**com.**	**Mecha**	**Auto**	**Total**	Civil	Elect.	Electro.	**Total**	
2062/063	432	118	142	36	71	67	**866**	47	0	12	**59**	**925**
2063/064	432	130	144	36	70	69	**881**	47	0	24	**71**	**952**
2064/065	432	142	144	36	71	70	**895**	48	0	36	**84**	**979**
2065/066	432	144	144	36	72	72	**900**	48	0	48	**96**	**996**
2066/067	432	144	144	36	72	72	**900**	48	0	48	**96**	**996**
2067/068	408	120	144	36	72	72	**852**	48	12	48	**108**	**960**

Source: Exam Section of Paschimanchal Campus.

Appendix - 3

Actual Students Enrolment of Paschimanchal Campus

Full Fee Program

Fiscal Year	Diploma				Bachelor				Grant Total
	Civil	Elect.	Com.	Total	Civil	Elect.	Electro.	Total	
2062/063	112	40	89	**241**	84	0	35	**119**	**360**
2063/064	121	75	86	**282**	113	0	71	**184**	**466**
2064/065	123	110	99	**332**	137	0	101	**238**	**570**
2065/066	141	139	103	**383**	140	0	137	**277**	**660**
2066/067	143	142	108	**393**	144	0	138	**282**	**675**
2067/068	120	120	108	**348**	180	36	138	**354**	**702**

Source: Exam Section of Paschimanchal Campus.

Appendix - 4

Total Students Enrolment of Paschimanchal Campus

Fiscal Year	**Diploma**							**Bachelor**				**Grant Total**
	Civil	**Elect.**	**Electro.**	**com.**	**Mecha**	**Auto**	**Total**	Civil	Elect.	Electro.	**Total**	
2062/063	544	158	142	125	71	67	**1107**	131	0	47	**178**	**1285**
2063/064	553	205	144	122	70	69	**1163**	160	0	95	**255**	**1418**
2064/065	555	252	144	135	71	70	**1227**	185	0	137	**322**	**1549**
2065/066	573	283	144	139	72	72	**1283**	188	0	185	**373**	**1656**
2066/067	575	286	144	144	72	72	**1293**	192	0	186	**378**	**1671**
2067/068	528	240	144	144	72	72	**1200**	228	48	186	**462**	**1662**

Source: Exam Section of Paschimanchal Campus.

Appendix - 5

Fee Structure of Regular & Full Fee

Paschimanchal Campus

S.NO	Semester Fee	Full Fee Bachelor		Full Fee Diploma		Regular All	
		Civil + Elect.	Electro.	Civil + Elect.	Computer	Diploma	Bachelor
1	Entrance Fee	25	25	25	25	25	25
2	Tuition Fee	28750	32500	10350	11700	793	926
3	Identicard Fee	10	10	10	10	10	10
4	Sport Fee	15	15	15	15	15	15
5	Library Fee	35	35	25	25	25	35
6	Labrotory Fee	50	50	40	40	40	50
7	Exam Fee	560	560	460	460	410	510
8	Practical Exam Fee	100	100	100	100	100	100
9	Student union	10	10	10	10	10	10
10	Student Wealfare	10	10	10	10	10	10
11	Sport Devlopment	25	25	25	25	25	25
	Without Hostel Fee	**29565**	**33315**	**11045**	**12395**	**1438**	**1691**
12	Hostel Fee	540	540	540	540	540	540
	With Hostel Fee	**30105**	**33855**	**11585**	**12935**	**1978**	**2231**
Add to New Student							
13	T.U. Registration	300	300	200	200	200	300
14	Student Deposit	40000	40000	17000	17000	2400	3400
15	Campus Devlopment	600	600	450	450	450	600
16	Campus Maintance	600	600	450	450	450	600
	Total Deposit	**41500**	**41500**	**18100**	**18100**	**3500**	**4900**
	Grant Total	**71065**	**74815**	**29145**	**30495**	**4938**	**6591**

Source: Paschimanchal Campus, Pokhara.

Appendix - 6

Total Revenue Raised from Regular Students

Year	2062/063			2063/064			2064/065			2065/066			2066/067			2067/068		
Program	**N_s**	**2X**	**Total**	**N_s**	**2X**	**Total**	**N_s**	**2X**	**Total**	**N_s**	**2X**	**Total**	**N_s**	**2X**	**Total**	**N_s**	**2X**	**Total**
DCE	432	2926	**1264032**	432	2926	**1264032**	432	2926	**1264032**	432	2926	**1264032**	432	2926	**1264032**	408	2926	**1193808**
DEL	118	2926	**345268**	130	2926	**380380**	142	2926	**415492**	144	2926	**421344**	144	2926	**421344**	120	2926	**351120**
DEX	142	2926	**415492**	144	2926	**421344**	144	2926	**421344**	144	2926	**421344**	144	2926	**421344**	144	2926	**421344**
DME	71	2926	**207746**	70	2926	**204820**	71	2926	**207746**	72	2926	**210672**	72	2926	**210672**	72	2926	**210672**
DAME	67	2926	**196042**	69	2926	**201894**	70	2926	**204820**	72	2926	**210672**	72	2926	**210672**	72	2926	**210672**
DCT	36	2926	**105336**	36	2926	**105336**	36	2926	**105336**	36	2926	**105336**	36	2926	**105336**	36	2926	**105336**
SUB TOTAL			**2533916**			**2577806**			**2618770**			**2633400**			**2633400**			**2492952**
BCE	47	3432	**161304**	47	3432	**161304**	48	3432	**164736**	48	3432	**164736**	48	3432	**164736**	48	3432	**164736**
BEL	0	3432	**0**	0	3432	**0**	0	3432	**0**	0	3432	**0**	0	3432	**0**	12	3432	**41184**
BEX	12	3432	**41184**	24	3432	**82368**	36	3432	**123552**	48	3432	**164736**	48	3432	**164736**	48	3432	**164736**
SUB TOTAL			**202488**			**243672**			**288288**			**329472**			**329472**			**370656**
Hostel Fee*	460	1080	**496800**	460	1080	**496800**	460	1080	**496800**	460	1080	**496800**	460	1080	**496800**	460	1080	**496800**
TOTAL			**3233204**			**3318278**			**3403858**			**3459672**			**3459672**			**3360408**

Source: Appendix 2 and 5.

*Total Hostel Capacity is 460(Girls+Boys).

Appendix - 7

Total Revenue Raised from Full Fee Students

Year / Program	2062/063			2063/064			2064/065			2065/066			2066/067			2067/068		
	N_s	**2X**	**Total**	**N_s**	**2X**	**Total**	**N_s**	**2X**	**Total**	**N_s**	**2X**	**Total**	**N_s**	**2X**	**Total**	**N_s**	**2X**	**Total**
DCE	112	22140	**2479680**	121	22140	**2678940**	123	22140	**2723220**	141	22140	**3121740**	143	22140	**3166020**	120	22140	**2656800**
DEL	40	22140	**885600**	75	22140	**1660500**	110	22140	**2435400**	139	22140	**3077460**	142	22140	**3143880**	120	22140	**2656800**
DCT	89	24840	**2210760**	86	24840	**2136240**	99	24840	**2459160**	103	24840	**2558520**	108	24840	**2682720**	108	24840	**2682720**
Sub Total			**5576040**			**6475680**			**7617780**			**8757720**			**8992620**			**7996320**
BCE	84	59180	**4971120**	113	59180	**6687340**	137	59180	**8107660**	140	59180	**8285200**	144	59180	**8521920**	180	59180	**10652400**
BEL	0		**0**			**0**			**0**			**0**			**0**	36	59180	**2130480**
BEX	35	66680	**2333800**	71	66680	**4734280**	101	66680	**6734680**	137	66680	**9135160**	138	66680	**9201840**	138	66680	**9201840**
Sub Total			**7304920**			**11421620**			**14842340**			**17420360**			**17723760**			**21984720**
Total			**12880960**			**17897300**			**22460120**			**26178080**			**26716380**			**29981040**

Source: Appendix 3 and 5.

Appendix - 8

Total Revenue Raised from Students Fees

Year	2062/063	2063/064	2064/065	2065/066	2066/067	2067/068
DCE	3743712	3942972	3987252	4385772	4430052	3850608
DEL	1230868	2040880	2850892	3498804	3565224	3007920
DEX	415492	421344	421344	421344	421344	421344
DME	207746	204820	207746	210672	210672	210672
DAME	196042	201894	204820	210672	210672	210672
DCT	2316096	2241576	2564496	2663856	2788056	2788056
SUB TOTAL	**8109956**	**9053486**	**10236550**	**11391120**	**11626020**	**10489272**
BCE	5132424	6848644	8272396	8449936	8686656	10817136
BEL	0	0	0	0	0	2171664
BEX	2374984	4816648	6858232	9299896	9366576	9366576
SUB TOTAL	**7507408**	**11665292**	**15130628**	**17749832**	**18053232**	**22355376**
Hostel Fee*	**496800**	**496800**	**496800**	**496800**	**496800**	**496800**
TOTAL	**16114164**	**21215578**	**25863978**	**29637752**	**30176052**	**33341448**

Source: Appendix 6 and 7.

Appendix - 9

Department-wise Students Income

(In Thousands)

Fiscal Year	Civil		Electrical		Electronics		Auto-Mechanical		Computer		Hostel		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
2062/063	8876	55	1231	8	2790	17	404	3	2316	14	497	3	16114	100
2063/064	10792	51	2041	10	5238	25	407	2	2241	11	497	2	21216	100
2064/065	12260	47	2851	11	7280	28	412	2	2564	10	497	2	25864	100
2065/066	12836	43	3499	12	9721	33	421	1	2664	9	497	2	29638	100
2066/067	13117	43	3565	12	9788	32	421	1	2788	9	497	2	30176	100
2067/068	14668	44	5180	16	9788	29	421	1	2788	8	497	1	33342	100

Source: Appendix 5 and 6.

Appendix - 10 (Contd.)

2	**2.1 TU Grants(External Source)**	**29423714**	**18888824**	**32391660**	**49049442**	**45619061**	**32994328**
3	3.1 Student fee of Regular Program	3233204	3318278	3403858	3459672	3459672	3360408
	3.2 Other students income of Regular	500166	281116	253903	1029683	318724	463163
	Revenue Raised from Regular Program	**3733370**	**3599394**	**3657761**	**4489355**	**3778396**	**3823571**
	3.3 Student fee of Full Paying Program	12880960	17897300	22460120	26178080	26716380	29981040
	3.4 Other Income	598309	7266	204415	6447	310625	773860
	Revenue Raised from Full Paying Program	**13479269**	**17904566**	**22664535**	**26184527**	**27027005**	**30754900**
	Total Revenue Raised From Internal Source	**17212639**	**21503960**	**26322296**	**30673882**	**30805401**	**34578471**
	Total Fund Raised	**46636353**	**40392784**	**58713956**	**79723324**	**76424462**	**67572799**
4	**Surplus/ Deficit**	1926039	-754833	-609719	13897452	-2154833	-6897969

Source: Account Section of Paschimanchal Campus, Pokhara.

Appendix - 11

Detail Total Expenditure Sharing

Fiscal Year	Capital Exp.		Operating Exp.		Salary & Allowances		Non Salary Expenditure		TU Grants Sharing		Total Exp.	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
2062/063	3498777	8	41211537	92	30077592	67	11133945	25	29423714	66	44710314	100.00
2063/064	543112	1	40604505	99	34412080	84	6192425	15	18888824	46	41147617	100.00
2064/065	4326421	7	54997254	93	41156125	69	13841129	23	32391660	55	59323675	100.00
2065/066	3113652	5	62712220	95	50681147	77	12031073	18	49049442	75	65825872	100.00
2066/067	4365438	6	74213857	94	59895060	76	14318797	18	45619061	58	78579295	100.00
2067/068	2313268	3	72157500	97	59218012	80	12939488	17	32994328	44	74470768	100.00
Average		**5**		**95**		**76**		**20**		**57**		

Source: Appendix 10.

Appendix - 12

Expenditure Indicators of Regular and Internal Sources

(In percentage)

Fiscal Year	Particular	Total Capital Exp.	Total Operating Exp.	Salary Allowance	Non Salary Exp.
2062/063	Regular	5	95	67	28
	Full Paying	23	77	68	9
	Total	**8**	**92**	**67**	**25**
2063/064	Regular	0	100	98	2
	Full Paying	4	96	53	43
	Total	**1**	**99**	**84**	**15**
2064/065	Regular	4	96	83	13
	Full Paying	14	86	45	41
	Total	**7**	**93**	**69**	**23**
2065/066	Regular	1	99	85	14
	Full Paying	10	90	65	25
	Total	**5**	**95**	**77**	**18**
2066/067	Regular	1	99	91	8
	Full Paying	14	86	50	36
	Total	**6**	**94**	**76**	**18**
2067/068	Regular	0	100	96	4
	Full Paying	8	92	53	39
	Total	**3**	**97**	**80**	**17**

Source: Appendix 10.

Appendix - 13

Annual Unit Cost Sharing of TU Grants, Students Fees & Operating Cost

Fiscal Year	Total TU Grants	Total Students Fees	Total Operating Expenditure	Total No of Students	Per Student Grants Receipt	Per Student Fee Receipt	Per Student Operating Cost	Overall Cost Recovery Rate
2062/063	29423714	17212639	41211538	1285	22898	13395	32071	41.77
2063/064	18888824	21503960	40604506	1418	13321	15165	28635	52.96
2064/065	32391660	26322296	54997255	1549	20911	16993	35505	47.86
2065/066	49049442	30673882	62712221	1656	29619	18523	37870	48.91
2066/067	45619061	30805401	74213857	1671	27300	18435	44413	41.51
2067/068	32994328	34578471	72157502	1662	19852	20805	43416	47.92
Average					**22317**	**17219**	**36985**	**46.56**

Source: Appendix10.

Appendix - 14

Cost Recovery Rate Analysis

Fiscal Year	Cost Recovery Rate (From Total Students Fee)	Cost Recovery Rate (From Only Full Paying Student Fee)	Cost Recovery Rate (From Only Regular Student Fee)
2062/063	41.76	32.70	9.06
2063/064	52.96	44.09	8.87
2064/065	47.86	41.21	6.65
2065/066	48.91	41.75	7.16
2066/067	41.50	36.42	5.08
2067/068	47.92	42.62	5.30
Average	**46.82**	**39.80**	**7.02**

Source: Appendix 10.

Appendix -15

Bibliography Preparing Methods from Computer Software

Steps to Open Ms Word 2007

(I) Right click on desktop

(II) Click on New and click on Ms office word documents than Ms word document will open

(III) Click on reference menu

(IV) Click on manage sources than source manage dialog box will be appear

(V) Click on New button then create source dialog box will appear.

(VI) Select an option from combo box type of source

(VII) Fill in the text field for following information example: Author, title, year, city, publisher etc.

(VIII) Click on ok button

(IX) Click on close button of resource manager.

Steps to Insert Bibliography

(I) Select on APA or MLA

(II) Click on Bibliography

(III) Select on insert Bibliography