



Financial Practices of Private Universities in Bangladesh: Evidence from Fund Collection and Expenditure Analysis

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ABSTRACT

This paper studied the Fund Collection, Expenditure Management, and Financial Sustainability of Private Universities in Bangladesh using a mixed-methods approach. Among the 116 listed private universities, data were collected from 22 universities, randomly selected from different convenient areas of Bangladesh. For research purposes, in most cases, the name of the university and key persons have not been disclosed. The study found that the government of Bangladesh did not grant any public funds to private universities, even though they pay taxes to the government from their reserves and surpluses. One of the study's important recommendations is that the government should grant a minimum amount to support primary infrastructure and academic development at private universities. In some cases, the practices of many private universities are neither transparent nor disclosed publicly. As the private university depends on tuition fees to raise funds, they revise tuition fees on average every two years. This puts significant financial pressure on students seeking higher education. Private universities should also revise their salary structures in line with the revised tuition fees. Only a few top-ranked private universities offered employee benefits such as regular increments, provident funds, gratuity, and performance bonuses. Both the university and the regulatory authority ensure regular account audits. There may be further research opportunities on the overall governance of the private universities.

1.0 INTRODUCTION

Public universities are not adequate to meet the ever-increasing demand for higher education in Bangladesh in the 21st century. To address this demand, the Government of Bangladesh enacted the Private University Act, 1992 (amended in 1998), to establish Private Universities in the country. This Act, however, could not address the growing challenges regarding quality education, transparency, accountability, dynamism, and, after all, good governance. Under this backdrop Private University Act, 2010 was passed in the National Parliament (UGC, 2025). The emergence and the growth of the private universities in Bangladesh have taken a phenomenal shape in recent years. However, private universities are playing an important role in expanding access to higher education in our country (Akhand). Financial practices of any university are a vital set of procedures, principles, and standards that a successful organization follows to manage its financial activities effectively. These practices are crucial to ensure accurate financial reporting, budgeting, and other business finance activities (Pino Law 2026). According to UGC (2026), Bangladesh has 116 authorized domestic private universities. Tuition fees are the main source of revenue for private universities in Bangladesh. In a statement, the Association of Private Universities of Bangladesh said private universities have not faced such a financial crisis since 1992 (Jasim, 2020). Andaleeb (2026) argued that private universities generally avoid political meddling but often suffer from a different malaise: familiar or corporate control that prioritizes profit over pedagogy. Decision-making is typically concentrated in the hands of trustees, many of whom lack a substantive academic background.

1.1 Objectives

The study aims to-

- i. assessing fund collection and expenditure mechanisms of the selected private universities in Bangladesh.
- ii. analyze the existing financial practices of private universities in Bangladesh.
- iii. chalk out the problems of the existing financial practices of private universities in Bangladesh.
- iv. Recommend policies for fund management in ensuring the financial sustainability of private universities in Bangladesh.

2.0 METHODOLOGY

The study used mixed methods. Both qualitative and quantitative approaches are used. Data have been collected from secondary internal sources at the 22 private universities, with the promise that the figures will not be disclosed. Universities are selected randomly for convenience. Experiences and observations are highly used. Data are collected via email, telephone, and visits to universities in the Dhaka and Chattogram Divisions. Some data are taken from websites, brochures, leaflets, UGC's annual report, and newspapers. No formal interview was taken from the students.

3.0 ANALYSIS AND FINDINGS

The financial practices of different private universities in Bangladesh are quite similar in most cases. Most of the funds are collected from academic activities and the private sector. Private universities are not receiving funds from the Government of Bangladesh. This part will analyze the current practices in income generation, expenditure heads, obligatory reserves, and surplus management.

3.1 Sources of Income

Private universities primarily generate revenue from internal sources. Some revenues are collected from external sources. Both sources may be classified into (i) academic sources and (ii) non-academic sources. After collecting information from some renowned private universities, i.e., North South University, BRAC University, City University, Eastern University, Bangladesh Islami University, International Islamic University Chattogram, South East University, Independent University, Eastern University, Metropolitan University, Manarat International University, etc., the sources of income may be summarized in the following ways.

3.1.1 Income from Admission

Admission income is the primary source of revenue for any private university. New students are getting admitted to different programs by depositing the admission fees. These fees vary across universities and range from BDT 10,000 to BDT 50,000. This is taken only once and is nonrefundable. Universities also earn by selling admission forms and

re-admission fees. Hasan, Z (2020) argued that “Non-government universities are maintaining their operating costs from the tuition fees collected from the students”. Sometimes a portion of the admission fees is kept by the university if any students cancel their admission shortly.

3.1.2 Regular Academic Income

The main source of income for private universities in Bangladesh is regular academic income. Students are required to pay fees in installments each semester. Only a few universities charge fees on a monthly basis. Top-ranked universities received fees from students at the beginning of the semester. Credit-based tuition fees for courses, registration fees, semester fees, Laboratory fees, etc., are treated as regular academic income for universities.

Table 01: Regular Academic Income of Private Universities

i. Tuition / Course Fees	ii. Transportation Fees
iii. Yearly Registration / Semester Fees	iv. Library Fees
v. Laboratory Fees	vi. Internet and WiFi fees
Transcript Fees	viii. Development Fees
ix. Provisional Certificate Fees	x. Hall Rent
xi. Semester Fee	xii. Other Fee

Source: Developed by authors based on internal documents of selected Private Universities in Bangladesh

3.1.3 Irregular Income

Table 02: Irregular Academic Income Caused by Students

Serial	Heads of Irregular Academic Income
1	Late Fee for Tuition fees dues
2	Retake Course Fees
3	Referred Exam Fees
4	Improvement Exam Fees
5	Backlog Exam Fees
6	Re-issue of Transcripts
7	Re-issue of Certificates
8	Emergency Withdrawal of Certificates
9	Book Fine
10	Attendance Fine (non-collegiate)
11	Migration/MOI/Transfer Fees
12	Verification Fees

Source: Developed by authors based on internal documents of selected Private Universities in Bangladesh

Private Universities collect revenue from irregular sources beyond the regular costs they declare to students. Some income is collected due to students' failure to pay fees on time. In addition to these, students need additional services for their specific cases. Table 02 lists some of these irregular academic incomes caused by students. Different private universities are imposing different fees and fines for students' irregular and punishable activities. But most of the items in Table 02 are common across private universities under different names.

3.1.4 Income from Special Events or Issues

Private universities collect funds from special events, such as registration for convocation, registration for seminars and conferences, sales of handbooks and teaching materials, training program fees, study tour fees, extra calendars and diaries, magazines, etc. Besides these, they may earn rental income from renting the playground, auditorium, conference room, etc. In addition, some private universities earn income from the sale of Fruits and agricultural products on their own land. The sale of old and damaged fixed assets, furniture, Electronic and IT items, scrap, and used papers (answer scripts, documents, files) is an important source of income. Private universities also have some financial income. These are interest income from Bank Deposits and Mandatory Reserves (FDR) of BDT 500,00,000 at any scheduled bank operating in Bangladesh (City University 2025).

3.1.5 Income from Grants and Donations

At the commencement of the private university, members of the Board of Trustees provided funds for the establishment and other necessary works. In addition, private universities receive donations and grants from home and abroad. These are used to develop their permanent campuses and infrastructures. Though the University Grants Commission doesn't grant grants to private universities, private universities sometimes receive funding to conduct the activities of the Institutional Quality Assurance Committee (IQAC). They also granted funds for their accepted research projects, including the Heat Project.

Some private universities with permanent campuses in Bangladesh earn revenue by renting their playgrounds, conference rooms, campus premises, and galleries.

3.2 Expenditures of Private Universities

An expenditure represents a payment with either cash or credit to purchase goods or services. An expenditure is recorded at a single point in time (CFI Team, 2024). Private universities spend their funds on salaries, wages, allowances, infrastructure developments, logistics, etc. The study finds that the private university allocates its funds to both academic and non-academic sectors. Uddin (2026) stated in his book chapter that the financial sustainability of the universities has the following components: (i) ability of uninterrupted operations by balancing revenues and costs (Johnstone, 2017, Salmi, 2019), (ii) capability to invest in high quality faculty and academic programs (Altbach et al., 2020); (iii) ability to invest sufficiently in infrastructure, equipment, and technology to provide high quality education, research and innovation; (iv) ability to maintain financial stability and future viability (Altbach et al., 2020).

3.2.1 Academic Expenses

To conduct academic activities smoothly, private universities regularly appoint competent faculty members. Salary and allowances for full-time and part-time teachers and administrative staff are the main heads of the academic expenses. Besides these, some teachers are given extra-course-load remuneration beyond their regular course loads. Only a few private universities give exam duty allowances and refreshment allowances for teachers. Usually, private universities do not grant allowances for checking exam answer scripts and setting questions. This study found that most private universities do not have any provident fund.

3.2.2 Expenditure as the Allowances for Teachers, Administrative Staffs and Committee Members

Private universities usually offer festival bonuses for their employees, like Eid Bonus, Puja Bonus, Bengali New Year Bonus etc. These are ranges from 50% to 100% of their basic salaries. Bengali New Year

bonuses are given by only few private universities in a range of 5%-10% of basic salary. A good number of private universities offers medical allowances, employer's contribution to provident fund, Charge allowance, Dean allowance, Academic Departmental Head allowances, conveyance allowance etc. Some officers are given overtime allowances. Only few universities provide free dormitory service on the fund provided by the institutions. Every university has some committees to operate and to take necessary decisions. Members of these committees, like academic council, syndicate, BoT, Recruitment committees etc. are given meeting allowances. But these allowances are varied for internal members and external members.

Lower grade employees of both academic staffs and administrative staffs are given allowances, overtime in most of the universities. Even, they are paid in cash instead of Bank transactions.

3.2.3 Expenditure on Research Activities

One of the most anticipated uses of funds by private universities is for research activities. According to UGC sources, under the Private University Act, 2010, each private university is required to allocate a specific portion of its annual budget for research. The University Grants Commission (UGC) has initiated strict monitoring mechanisms to ensure transparency in the utilization of research funds at private universities in the country. In an interview with UNB, UGC Member Professor Dr. Mohammad Anwar Hossen, who oversees private universities, shared these developments (DT 2025). Top-ranked private universities such as North South University, Daffodil International University, Independent University Bangladesh, BRAC University, Ahsanullah University, and International Islamic University Chittagong spend significant funds on research. Unfortunately, 27 Private universities do not spend a single Bangladeshi Taka on research activities (Daily Campus, 2025).

3.2.4 Admission Expenses

One of the major expense heads for all private universities is admission-related expenses. The main admission-related expenses of private universities include printing admission leaflets, brochures, and booklets; purchasing gift items,

banners, festoons, and billboards; and arranging orientation programs, among others. A huge amount is invested in TV, newspapers, and online media advertisements. These activities are not identical for all universities. Some growing private universities visit colleges and institutions to inspire students to apply to their universities. The study also found that most private universities contracted with agents to send students on a commission basis or on a minimum allowance of BDT 5,000. Top-ranked universities are not doing this.

3.2.5 General Expenses

General expenses refer to the regular costs of operating the university. Universities have to spend on cleaning services, entertainment, medical expenses, travelling and conveyance, uniform, Board, Banner, stone laying expenses, postage and courier bill, fuel for vehicle, fuel for generator, Telephone bill, Cable TV rent, Internet bill, mobile bill, mineral water bill, newspaper, revenue stamp, website maintenance bill etc.

3.2.6 Utilities Expenses

Private Universities in Bangladesh have to pay bills for Electricity, Gas, Water, etc., at the government- issued rates. The government does not give any subsidy for this. Sometimes, utility costs rise due to an electricity failure, a phenomenon known as load shedding. To make up for the government's electricity failure, university management uses a substation and a diesel-powered generator. The cost of fuel for electricity production is high in Bangladesh.

3.2.7 Depreciation and Amortization Expenses

Private universities have huge fixed assets to operate their academic and administrative activities. But the value of these assets is reduced year to year for using purpose. Gitman (2014) defined depreciation as the portion of the costs of fixed assets charged against annual revenues over time. Private universities charged depreciation in accordance with the policies of the Bangladesh Government. Depreciation is charged on Building, Equipment, Generator, Air Conditioner, Fire Extinguisher, Furniture and Fixture, Vehicles, Transformer, Refrigerator, Television, Photocopier, Computer, Printer, Multimedia Projector, Library Books, Lab Equipment and Machinery, Electric equipment, PABX, and internet-related equipment, etc.

3.2.8 Scholarship and Waiver on Tuition Fees

Almost all private universities, except the top-ranked ones, offered tuition fee waivers during admissions to attract Freshers. It is part of their admission and marketing policies. A waiver is offered only for the first semester and is carried forward based on the student's university CGPA. A good number of private universities offer tuition fee waivers for the entire duration of Bachelor's and Master's programs. Waiver ranges from 10% to 100% of tuition fees based on their combined CGPA from SSC and HSC results. Besides this, the university usually offers merit scholarships based on semester final examination results. This helps merit and poor students to complete their studies at a low cost. Some universities also give tuition fee waivers to students from underprivileged areas. These waivers and scholarships incurred a huge amount of expense relative to the universities' revenues.

3.2.9 Obligatory Reserve and Investment Management

According to the Private University Act 2010, private universities situated in major Metropolitan cities must deposit BDT 5 crore as FDR with any scheduled commercial bank in Bangladesh. Our observation also finds that some universities invest their surplus in the share market, government securities, FDR in commercial banks, land purchase, etc. They use the profits from these investments to fund the universities' regular operating activities.

3.3 Findings of the Study

Under observation method and analysis, the present study finds that –

- i. The study revealed that the practices of financial and accounting activities of private universities are quite similar.
- ii. The main sources of funding for private universities in Bangladesh are students' tuition fees.
- iii. In an initial stage, members of the Board of Trustees provided funds to the university. Sometimes, they lend money to the university.
- iv. Private universities do not receive any public funding from the government. Only they can get highly competitive grants or research projects.

- v. Private Universities invest heavily in purchasing land, equipment, and other machinery. They also spend more to purchase academic and teaching aids.
- vi. Constructing the permanent campus requires a significant financial investment that most private universities do not have. That's why university administration and the Board of Trustees depend on students' tuition fees.
- vii. Salary for academic and administrative staff accounts for the largest share of regular operating expenses. Top-ranked private universities paid salaries regularly through the bank channel. A good number of private universities pay salaries irregularly.
- viii. There is no standard basic salary in a teaching position. Different private universities have different, or no, prescribed salary structures.
- ix. Every university has a Finance Committee to prepare an annual budget and oversee the financial activities. But many universities have no functional Finance Committee.
- x. The study also finds that many universities have no prescribed policy for managing working capital for daily expenditure. Celling given to VC and Registrar varied from university to university.
- xi. General rules for purchasing and procurement require the collection of tenders from vendors. Study finds that this is operated on a negotiation basis. Some fixed vendors or companies associated with the members of the trustee board regularly received tenders to supply the desired items.
- xii. Though UGC urges audit firms to audit the financial activities of private universities annually, most do not do so regularly.
- xiii. The study also finds that some universities take extra money from students without any declaration. Students treated this as a hidden cost.
- xiv. Some universities spend a handsome amount on research activities. But most of them are not investing the expected amount, and some universities are not spending a single taka on research and development activities.
- xv. Most private universities do not regularly increase

salaries. This creates dissatisfaction among the academic and administrative staff. It causes high employee turnover.

- xvi. Academic staff or academic leaders are not given the right to manage financial activities in most private universities. These are given to the administrative staff.

4.0 RECOMMENDATIONS

It is revealed that private universities mostly depend on the students' tuition fees. The government may allocate funds in the national budget to develop the university's infrastructure and permanent campus. As no government scholarship is available to students of private universities, the education ministry and the University Grants Commission may introduce this to reduce the cost of tuition for private university students. To ensure transparency in income and expenditure, UGC must require them to audit their accounts annually. The competent authorities and the Board of Trustees may appoint an internal auditor to oversee existing financial and accounting practices and ensure transparency of income and expenditures. There should be a positive relationship between credit fees and salary, as well as increment of academic and administrative staff. The study also recommends that the hidden cost be disclosed to students during admission or through an internal information channel to existing students. The development fund collected from students must be used regularly to support infrastructure and other academic logistics. As maximum universities are not interested in investing a handsome amount in research activities, this should be increased. UGC can both inspire and compel private universities to spend more on research. Moreover, UGC may ask the Board of Trustees to enhance the employee benefits, especially by introducing the provident funds. The Education Ministry must oversee the amount of the reserved fund as FDR, as per the Private University Act 2010, for the security of faculty and staff.

5.0 CONCLUSIONS

Opportunities for higher education in Bangladesh are limited in public universities due to the availability of fewer seats. Private Universities in Bangladesh offer a wide range of

opportunities for higher education seekers to study in their homeland. Operating universities under private ownership (Trustees) requires significant investment. This study emphasized the fund collection process and the expenditures incurred by the institutions. In Bangladesh, regulatory authorities such as the University Grants Commission and the Ministry of Education oversee the activities of Private Universities. Financial Activities in this sector are required to be audited by the listed Chartered Accountant Firms. But many private universities did not regularly audit their accounts. Universities spend most of their funds on salaries and allowances rather than on research and academic infrastructure and development. The study also finds that financial and accounting activities sometimes face problems due to a poor relationship between the Board and Trustees and the university's top management. Salary ranges vary from university to university. A huge amount is invested in admission and promotional activities to attract new students. As the government collects taxes on the reserves and surpluses of private universities, it should provide funding for their research and development. The present study is limited to investigating the financial practices of private universities in Bangladesh: evidence from fund collection and expenditure analysis. There is scope for further study of the governance of private universities in Bangladesh. The study did not disclose the names of the universities or administrators from whom data were collected.

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