

EMERGING TRENDS AND THE ROLE OF PUBLIC FUNDING IN HIGHER EDUCATION IN INDIA

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ABSTRACT

The effective functioning of higher education institution depends upon its financing from various sources. India being a developing country, majority of the people can not afford higher education. They look for available employment opportunities after the completion the school education. In the present context of new economic policies of liberalization, globalization and privatization, the financing of higher education became much more critical. The present article focuses on these emerging aspects.

Keywords: UGC, Public Finance, New Economic Policies.

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INTRODUCTION

The public expenditure on education is undertaken by the central and state governments in India. The annual budgets of the central and state government make provision for plan and non-plan expenditure. Plan component of the budget by the government, state as well as centre; determine the size of investment by the government to be carried through a detailed process of consultations. The resources required for non-plan component is taken care of by the Finance Commission. So far as higher education is concerned, the major responsibility of general and technical education rest with the Ministry of Human Resources Development. UGC and AICTE are the two important bodies that, through the plan resources, give major directions to the growth of higher education. The resources for medical and agriculture education are provided by respective ministries. MHRD, however, has the responsibility of providing a direction to the growth of medical and agriculture education as well. Hence, this requires coordination with other ministries.

UGC as Crucial Role in Financing Higher Education in India.

Under the University Grants Commission (UGC) Act, 1956, an institution can award degrees only if it is established under an act of Parliament or a State Legislature, or specially empowered to award degrees through legislation, or deemed to be a university by the Commission. Accordingly, the institutions of higher learning fall into four categories: (i) universities established by an Act of Parliament or State Legislature; (ii) degree-awarding institutions of national importance, such as the Indian Institutes of Technology (IIT), which are established under Acts of Parliament; (iii) institutions "deemed" to be universities, which are given university status under a provision in the UGC Act; and (iv) diploma-awarding institutions such as the Indian Institutes of Management that are neither established by legislation nor deemed to be universities. The University Grants Commission (UGC) holds a large measure of responsibility to control higher education in India. It does not simply provide grants to universities and colleges; it also maintains and tries to raise academic standards in higher education, frames policies to this end and advises the central and state governments on the subject of expanding and improving higher education. There were about

20,677 colleges in the country by March 2008 (UGC, 2008), of which about 16,000 come under UGC's purview. This accounts for about 80% of the total colleges in the country. Of the total colleges under the purview of the UGC, about 40% or 5,813 receive UGC grants as they meet the minimum standards defined by the UGC. Currently the UGC has recognised about 9 universities with the potential of excellence, about 250 colleges are recognised as autonomous colleges and about 500 departments / centres are recognised as the centre of excellence. National Assessment and Accreditation Councils (NAAC) is involved in the assessment of quality and accreditation of the universities and colleges. In 2006, about 3,411 colleges had been accredited by the NAAC- equivalent to about 57% of the colleges covered under the UGC grants (that is, 5,813). This accounts for about 24% of the total colleges (that is 16,000), which fall under the purview of UGC. There are about 417 Universities of these about 140 have been assessed and accredited by the NAAC. Of these 140 sample Universities, 31% were graded "A", 61 percent were graded 'B' and 7 percent were graded 'C' in that order. The quality of higher education is therefore from satisfactory and the UGC has to play a crucial role in this regard.

States Expenditure on Education

Under the Constitution, responsibility for education is shared between central and state governments. The central government designs policy, stimulates innovation and plans frameworks. The state governments are responsible for running the education system on the ground. State governments share larger expenditure on the education sector. After education was brought into the concurrent list from state list through 42nd Constitution amendments, it was expected that share of the central government would increase considerably (Tilak, 1995). In reality, the share of the central continue to be low and even second half of 1990s, the central government's share in total revenue expenditure on education has remained at around 14% (Tilak,1995). The need to share the burden of higher education has been a continual problem for the Indian government. For example, the 1986 reforms reinforced the independence status of higher education institutions, but led to a gradual decline in government expenditure in this area. The government faced a serious resource crunch and decided to reduce the subsidization of higher education by around 50 percent. Two committees were set up to mobilize additional resources for universities and technical educational institutes. Universities were encouraged to raise fees and to turn to the private sector for additional funding (Association of Indian Universities, 2001). Managing the present financial liabilities of the universities, especially the state universities, is a state of disorder. In the Eight Plan itself financially self-supporting higher education has been advocated that "expansion of higher education in an equitable and cost effective manner, in the process, making higher education system financially self supporting (Geetha, 2004)." The approach paper to the Ninth Five year plan says,

"emphasis will be placed on consolidation and optimal utilisation of the existing infrastructure through institutional networking and through Open University system. Grants-in aid will be linked to the performance criteria to improve quality and inject accountability. Fees will be restructured on unit cost criteria and capacity of the beneficiaries. Additional resources will be generated by involving industry and commerce and inviting contribution from community" (Government of India, 1997).

Sources of Data on Enrolment in Higher Education in India

The expansion in institutional capacity in terms of number of universities/ colleges and teachers has provided greater access to the students to post secondary education. The access

to higher education is measured in terms of gross enrolment ratio of persons enrolled in higher education institutions to total population of the persons in age group of 18 to 23 years. Data on enrolment in higher education in India is available from three sources namely, (i) Selected Educational Statistics (SES), published annually by the Ministry of Human Resources (MHRD), Government of India. (ii) Employment and Unemployment Survey (various rounds) of the National Sample Survey Organisation (NSSO), Government of India (GOI). (iii) Population Census of India published by the Registrar General, Census of India, GOI.

bThe low GER and inequality across social groups is a matter of concern. The estimate based on SES indicate that the access to higher education measured in terms of gross enrolment ratio increased from 0.7% in 1950/51 to 1.4% in 1960-61. By 2006-07 the GER increased to about 11 percent. The GER based on NSS data for 2004/05 is slightly higher, that is 12.59%. The GER is also higher side based on population census data for 2001, that is 13.6 percent. The GER for SC's, ST's and other backward class is only 6-7% , compared to 17% others. Similarly, GER is lower for girls (8%) compared to boys (12%), in terms of religious groups, the GER for Muslim are 5.2% compared to 10.4% for Hindus, 11.2% for Sikhs and 18.6% for Christians and other religious groups.

The Eleventh Five Year Plan document proposes an almost tenfold increases in outlay for higher and technical education. The planners have set ambitious targets to attract 15% of students passing out of class tenth into higher education by 2012 and 22% by 2017. According to University Grant Commission, the way to do this is to expand and upgrade on an unprecedented scale. In the plan, 30 new central universities are to be set up, eight IITs, seven IIMs, 20 Indian Institutes of Information Technology, five Research Institutes to be called Indian Institute of Science Education and Research, and 330 colleges in educationally backward districts. Infrastructure is also due for major upgrades. Among the big beneficiaries of these special grants will be 17 to be identified central universities that will receive Rs-3298 crore. Besides, 39 engineering colleges or institutes will get Rs 6749 crore, for improving their infrastructure.

Emerging Trends

A. Public Private Partnership

One of the striking features of the development of higher education in India over the last few decades has been the extent to which private Institutions have entered the scene and attempted to the massive demand for the post secondary level. This is particularly true in the field of engineering, medicine and management, and much less at the broader level of university education, there were 28 private universities in 2008. About 85% of engineering colleges and 40% percent of medical colleges are in private unaided sector (NIEPA 2005a, Kapur and Mehta 2004), in terms of student enrolment about 34% percent students were in private aided institutions and 31% students were in private unaided private higher institutions. Privatization of higher education has emerged in several forms and types in the recent decade in India. One, privatization within government higher education institutions; two converting government aided private institutions into private self financing institutions; three allowing expanding self financing private institutions with recognition and also without recognition, which may be termed as commercial private higher education institutions. In the government policies, ambiguity can be realised for example in the approach towards private investment in higher education during Eleventh Five Year Plan. The ambiguity led to ambivalence (Bhushan, 2008). NPE, 1986 stated that privatisation would lead to the increase in fees and thus the accessibility will suffer. 10th plan mentions that strategy of the

liberalization of the higher education system would be adopted. Thus there seems to be conflict in the approach towards privatization-policy documents in favour of curbing commercialization, whereas the recent 10th plan document is in favour of liberalisation. An approach to the 11th plan takes a very cautious approach. It declares that reasonable fees should form the basis of private participation and suggest greater clarity and transparency in the development of quality private sector education. National Knowledge Commission declares its intention to promote public private partnership through various means such as raising of fees, use of university land and resources for raising institutional revenue. If the objective of privatization is to increase efficiency, then private participation must clearly be to attract sufficient finance for higher education. In the later case, the issue of autonomy and accountability of these institutions should be clearly determined by the state.

B. Globalisation External Factors

India is no exception to global phenomena. As a part of globalisation, the economic reforms packages were introduced in India in the beginning of 1991. These reforms packages imposed a heavy compression on the public expenditure on education, more specially so on higher education. The introduction of structural adjustment policies that include macroeconomic stabilization and adjustment, a fiscal squeeze is experienced in all social sector investment in many developing countries including India. With economic reforms cut in public budget for higher education have been very steep mainly with the case of central government. Globalisation of higher education in treatment to privatisation of higher education and therefore there will be intuitively an upward pressure on the fees structure, access therefore will suffer for the majority of the population.

In the phase of internationalizing higher education, foreign universities and institutions have been allowed to come into India and establish franchise centers in the country, offering degrees or diplomas, which are not necessarily recognized by the parent universities in their own countries. Indian providers also set up institutions in other countries. Even though, private institutions offer course on any discipline, the viability and sustainability depends upon their demand. However, it is to be noted that private institutions in developing countries like India are not efficient, competitive and complement as found in developed countries. The absence of long-term policy perspective on higher education is reflected on the government's ambiguity to regulate private institutions.

The new leadership at the MHRD has unveiled a plan for high education reform. The fees structure of the deemed university are to be determined in consultation with the state governments. The government seems to be favouring the idea of setting up National Commission for the higher education and research to regulate fees structure of the deemed university. The fees structure of the deemed university should now be made available in their respective websites, so that students can make informed decision and prevent malpractices, exploitation etc.

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