

Public-Funding in Higher Education: A Critical Reflection

A Sound, Efficient and Equity Based Higher Education System combined with Sustainable and Inclusive Growth will help in Enlarging Intellectual Capital

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Abstract

For a building nation, education is indispensable for the population which is contributing towards its growth. While education has been recognised as the basic right of every human, the government should adopt the education based human capital approach towards building a pool of skilled population. Regrettably, government's past budget planning and efforts are not effective towards recognising the critical role of the education sector. Today, financial trouble is the greatest encounter worrying the institutes of higher learning in India despite fairly strong economic growth. Our countries economic reform has recoded growth in GDP in last 2 and half decades, keeping a blind side towards the continuous poor state of higher education. Even after high GDP growth rates seen in the last 2 and half decades of the economic reforms in our country, the state of higher education continues to be in a poor state. The financial reality is that many resourced starved institutes of higher learning will not survive given the huge financial challenges facing higher education. The absence of interest and motivation of successive central governments to develop and allocate resources towards higher education is the key cause resulting the poor condition of higher education in the country, ranking 130th in the Human Development Index (H.D.I). Since long various committees and commissions have been recommending, outlaying 6% of GDP and 10% of the budget on education, but only remains a distant dream. The last 19 years have seen a drastic slashing of public-funding in higher education. The process has touched a worrying level during the past few years. The slash in public expenditure on higher education is evident across the spectrum of UGC, IITs, IIMs, NITs, central and state universities. To compensate for these gaps, many institutions of higher learning augmented tuition fees substantially, shifting more of the financial load of higher education to students and their parents. The imminent impact of this will result in limiting the accessibility to education, predominantly the higher education. The financial deficit will endanger the development and growth in the higher education sector, already vulnerable due to its increasing costs and virtual constraints, blocking further growth. The need of the hour is an increase in public expenditure on higher education. A sound, efficient and equity based higher education system combined with sustainable and inclusive growth will help in enlarging intellectual capital. The present paper is an attempt to explore such issues and challenges.

Keywords: Public Funding; Economic Reforms; Higher Education

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Introduction

The 21st century is characterized as the age of knowledge-based economy. It is widely held view that economic development depends upon knowledge and the 'knowledge-driven economy' (Maisnam, 2018). Education and higher education (HE) in more particular are considered throughout the world to be the key to both knowledge and the 'knowledge-driven economy' for individual as well as societal development. India is aiming now to become a global knowledge hub. With 116 million workers in the age group of 20-24 years by 2020, India is one of the youngest nations in the world. This is as against 94 million in China by 2020. Moreover, the average age of Indian population by this time will be 29 years. This can be compared with the average age of early or late 40s in many developed countries by the same time. This makes India a nation with vast potential of human resource. This vast potential of human resource can be translated into development with proper education. To take advantage of the vast human resource, this great workforce would need to be productively employed. This a huge task which can be achieved only by transforming the education system in general and higher and technical education in particular to suit the needs of the 'knowledge-driven economy' of the 21st century. This will in turn enable to contribute towards social equity and socioeconomic mobility of the marginalized groups and communities of the society (Bsumek, 2018).

Unless we address the issue we may not be able to take advantage of the vast human resource available. To be socially, economically and politically sustainable, India's growth must be socially inclusive. For growth to be socially inclusive higher education system must be inclusive. And for an inclusive higher education system, education must be available uniformly to all concerned in a fair manner. However, announcements for the Education Sector in successive budgets do not reflect the recognition of this critical goal. Today, financial trouble is the greatest encounter worrying the institutes of higher learning in India despite fairly strong economic growth. In the last 2 and half decades of the economic reforms, India has achieved high GDP growth rates. However, higher education sector continues to suffer. The financial reality is that many resourced starved institutes of higher learning will not survive given the huge financial challenges faced by higher education sector. There has been lack of enthusiasm by successive governments to earmark more resources in the field of higher education. This has caused the present status of higher education in the country, the ranking of 130 in the Human Development Index (H.D.I) being the reflection of this status. Various committees and commissions have recommended spending of 6% of G.D.P. and 10 % of the budget on Education. But this has not been translated into action and it remains a distant dream. Instead there has been a drastic slashing of public-funding in higher education. The process has touched a worrying level during the past few years. The slash in public expenditure on higher education is evident across the spectrum of UGC, IITs, IIMs, and NITs, central and state universities.

To compensate for these gaps, many institutions of higher learning have raised tuition fees substantially. This shifts more of the financial burden of higher education to learners and their parents. Because of unaffordability of cost, the accessibility to education in general and particularly the higher Education are then going to be limited further. The increasing cost of higher education as well as the virtual constraint on any further growth due to financial

crunch is going to endanger the quality and inclusive growth of the higher education sector. The need of the hour is, thus, an increase in public expenditure on education which includes higher education. A sound, efficient and equity based higher education system combined with sustainable and inclusive growth will help in enlarging intellectual capital. The present paper is an attempt to explore such issues and challenges.

II

Recent decades have seen the unprecedented growth of higher education in India. India has 903 universities, 39,050 colleges besides large number of autonomous technical/professional institutions. This makes India one of the largest higher education systems in the world. Universities in India are established by an act of Parliament (Central Universities) or State Legislature (State Universities). There are also Deemed Universities, Institutes of National Importance and Institutions established by State Legislative Act. Various colleges which include professional and technical institutions are affiliated to a University, which can be government or private. The higher education sector in India expanded swiftly since the introduction of economic reforms in the early 1990s generally due to increased demand for such education and participation of the private sector (Prakash, 2007). The pace of expansion of private sector seems to have increased in the next decade. The growth has been predominantly manifest in private technical and professional education. The huge expansion of private institutions help fill the gap in the capacity of public institutions, however, the high cost of accessing them has given rise to a new form of exclusion as many from economically and socially deprived backgrounds have to select themselves out of higher education (Rani, 2004). In 1950-51, there were 30 universities and 695 colleges. The growth of universities and colleges since then has been presented in Table-1. It is clear from the Table that while 6,651 new colleges were started in 40 years from 1950-51 to 1990-91, in just ten years, i.e. 1990-91 to 2000-2001, 460 new colleges were opened. An amazing number of new colleges numbering 20,217 i.e. more than 157 per cent were started in the next decade from 2000-01 to 2010-11. In the year 2017-18, the number of Universities and Colleges was 903 and 39050 respectively in India. However, it has been observed that in India private institutions can so far, at best, supplement, but not address the gap in quality higher education. Majority of the private institutions have been unable to provide quality education to students. Very few private intuitions known for providing quality education are beyond the reach of the majority of the students who are financially poor. Clearly, profit seeking higher education institutions supported by a market oriented approach has not been able to solve the problem of affordable quality higher education. So an enlarged public-funding in higher education is the only way to provide an affordable quality higher education. On the part of the state, it requires a commitment to the overall strengthening of public-funded institutions of higher learning (Bowen, 2018).

Table 1: Higher Education in India

<i>Year</i>	<i>Universities</i>	<i>Colleges</i>
1950-51	30	695
1960-61	55	1,542
1970-71	103	3,604
1980-81	133	4,722
1990-91	190	7,346
2000-01	256	12,806
2010-11	564	33,023
2011-12	700	35,539
2017-18	903	39,050

Source: (GOI, 2018)

Moreover, there is huge disparity in the growth of higher education though the number of colleges and institutions of higher learning has increased. Also, there is state wise disparity. Table-2 gives the disparity in the growth of colleges and institutions of higher education in the country. The total number of colleges and institutions of higher education in the country state wise were 903 in 2017-18. However, the number of colleges and institutions of higher education were highest in bigger states like Tamil Nadu and Uttar Pradesh.

Table 2: Distribution of Universities and Colleges in India (2017-18)

<i>Type of University/Colleges</i>	<i>India</i>
State University	351
Private University	262
Institution of National Importance	101
Deemed University	123
Central University	45
Total	903
Total Colleges	39,050
Grand Total	39,953

Shariff and Sharma (2013) of the Delhi-based Centre for Research and Debates in Development Policy and Amit Sharma, research analyst of the National Council of Applied Economic Research has also exposed that a huge gap exists across gender, socio-economic religious groups and geographical areas in the report, "Intergenerational and Regional Differentials in Higher Education in India". The report reveals that in the age group 22-35 years, over 15% in the northern region and 13% in the southern region have access to higher education. In the north-central region, the number is just 10% for men and 6% for women whereas in the

northeast, only 8% men and 4% women have access to higher education. Among communities, tribals and dalits fare worst with just 1.8% of them having any higher education. Muslims are almost as badly off, with just 2.1% able to go for further learning. One interesting finding of the report is that the north-eastern region is almost reliant on public funded or aided institutions. "The government has to urgently address the geographical skew in the availability of higher education facilities in the two regions of north-east and north-central," says the report.

The estimated Gross Enrolment Ratio (GER) in higher education which is calculated age group of 18-23 years is 25.8%, which is also very low compared to developed countries of the world. For Scheduled Castes it is 21.8% and for Scheduled Tribes it is 15.9%. Given the vast network of India's higher education, India's Gross Enrolment Ratio (GER) in higher education is far below the global average. The Planning Commission's approach paper to the twelfth five year plan "Faster, Sustainable and More inclusive Growth", pointed out that "less than one-fifth of the estimated 12 crore potential students are enrolled in HEIs in India, well below the world average of 26 per cent." At the same time, significant problems exist in the quality of education provided. "The sector is plagued by a shortage of well-trained faculty, poor infrastructure and out dated and irrelevant curricula. The use of technology in higher education remains limited and standards of research and teaching at Indian universities are far below international standards with no Indian university featuring in any of the rankings of the top 200 institutions globally." (Vol. 3, page 90). In the last decade, the northeast region has progressed in providing higher education. There has also been improvement in GER. However, it is still much below the national average. CII (2014) report titled 'Annual Status of Higher Education in States and UTs 2013' provides detailed data of various states and Union Territories (UTs) on higher education key parameters. The report reveals that Manipur one of the States of North East occupies the 2nd place in the Gross Enrollment Ratio followed by Goa, Tamil Nadu & Delhi. Manipur has been able to reach the GER of 35.9 %..In respect of Female GER at the HE level, Manipur is at the 3rd place, followed by Poducherry and Delhi. For SCs Arunachal Pradesh, Mizoram and Manipur have the highest GER of 100, while for STs Goa and UP have GER of 100. It further, reveals that except two states of NER, .ie. Manipur and Assam , the GERs of STs in Arunachal Pradesh (20.1), Meghalaya (15.1), Mizoram (20.4), Nagaland(15.8),Sikkim(19.3),Tripura (6.3) are lower than their state GERs. Further, between male and female GER disparity is there within the STs. The women belonging to Scheduled Tribes living in rural areas are most disadvantaged and on the whole, both in rural and urban areas, scheduled Tribes populations are much behind the others.

III

The neo-liberal economic reform has drastically altered higher education around the globe. A dominant principle of neoliberalism is the restriction of government intervention in the economy (Chinglen, 2007). With neo-liberal economic reform dominating India's socio-economic policy of India, the philosophy of neo-liberalism has been accepted increasingly. And within higher education sector, neo-liberal economic rationality has been infused. In the neo-liberal philosophical point of view, private is projected as good against public which is being increasingly painted as bad (Saunders, 2010). The same logic is also applied to higher education. The higher education has increasingly been viewed as a private good. To make

up for the huge drop in public funding that resulted from the severe cut in budgetary allocation for higher education during the economic reform periods, institutions of higher learning, have prioritized additional revenue mobilization. The higher education has increasingly dependent on private sources of funding. The recent decision to grant autonomy to 60 higher education institutes (five central universities, 21 state universities, 24 deemed universities along with two already private universities and eight autonomous colleges) is a move to promote privatization in higher education. Autonomous universities can open new centers, new disciplines, new off-campus centres, etc, but no additional public funds will be provided by the state. Autonomy is, thus, tantamount to non-dependence on state funding (Nair, 2010).

Financial trouble is, hence, the greatest challenge distressing the institutes of higher learning in India despite fairly strong economic growth. The last two and half decades have seen rigorous efforts to slash public-funding in higher education thereby paving the way for self-financing and commercialization of higher education. The process has reached a worrying level in the recent years. The last four years' budget reveals a drastic reduction in public spending on higher education. The state of India's higher education is much worse than that of its school education. With more than 864 universities, 11,669 stand-alone institutes and 40,000 colleges, Gross Enrolment Ratio (GER) for higher education was very low at 25 per cent in 2016-17. The allocation for the Department of Higher Education in 2018-19 (BE) was Rs. 35,010 crore, increased by five per cent only compared with that of budget allocation in 2017-18 (BE). The result can be accessed from number of Ph.D. researchers per million of 156, as per the Economic Survey 2018-19, compared to 4,231 in USA and 1,113 in China.

Table 3: Higher Education Budget: Select Schemes

<i>Schemes</i>	2014-15	2015-16	2016-17	2017-18	2018-19
RUSA	417	926	1416	1300	1400
Indian Institute of Technology	3936	4365	5380	7856	6326
Indian Institute of Management	321	464	722	1030	1036
University Grant Commission	8906	4186	4472	4692	4723

The Government of India increased the budget for the Higher Education Finance Agency (HEFA) to Rs 2,750 crores in 2018-2019 from Rs 250 crores in 2017-2018 - a growth of 1,000%. In contrast, the department of higher education as a whole saw a small increase in funds while the budgets of several major institutions - including the Indian Institutes of Technology (IIT) and the Central universities - were reduced. The budget of the IIT was reduced from a revised estimate of Rs 8,244.8 crores in 2017-2018 to Rs 6,326 crores in 2018-19.

The overall Budget of UGC, the higher education regulator and funding body, has also been reduced from a revised estimate of ₹4,922.74 crores in 2017-2018 to ₹4,722 crores in 2018-19. Following this downward trend, Rs 6,445.2 crores in grants has been allocated for Central universities which significantly lower than Rs 7,261.4 crores allocated in 2017-2018. The allocation to the e-Learning project under the Digital India Programme for higher education was bought down to Rs 456 crores from Rs 518 crores. If we exclude the capital investment under HEFA (₹2,750 crores), the Budget for higher education has shrunk from ₹34,612.46 Crores To ₹32,258.29 Crores.

Table 4: Education Budget in India

Education Budget : India			
Heads	2017-18 (Revised Estimate)	2018-19 (Budget Estimate)	Increase over 2017-18 (Revised Estimate)
School Education & Literacy (Rs.in Crores)	47006.2	50000	6.3%
Higher Education(Rs.in Crores)	34862.4	35010.29	0.4 %

According to a study by India spend Jha and Rao (2019), the share of the union budget allocated to education fell from 4.14% in 2014-15 to 3.4% in 2018-19. The share remains at 3.4% in 2019-20. Major share of this budget is also taken by the premier institutes of Indian Institutes of Technology, Indian Institutes of Science Education and Research and central universities. Thus there is little effort to achieve a proper balance between quantity, quality and equity in higher education.

Conclusion

The paper strongly argued that a quantum increase in resources allocation to higher education sector by the government is needed to achieve the objectives of expansion, inclusion, and excellence. The central and state governments should raise the allocation of resources to the levels that of developed nations which suggests that at least 6% of the GDP should be spent on education with 1.5 to 2% should be spending on higher education. The present trend of well-established institutions getting bigger funds leaves other institutions of higher education that are left behind in development with very little resources. Liberal philosophy of central support being treated as a kind of reward for the fittest players in the higher education sector should not be the rule. For a developing country like India, policies of developed countries must not be copied and imposed entirely. Considering India being a young nation with than 50 per cent of the population below the age of 25, a proper balance between quantity, quality and equity in education in general and higher education in particular assumes greater importance. They are our greatest resources for a knowledge-driven economy' of the 21st century (Panigrahi & Zainuddin, 2015). Mobilization of this valuable resource cannot be done without social equity and socioeconomic mobility of the under privileged sections of the society. This can be achieved only through an affordable quality education which requires greater effort from the Union and the States by way of bigger allocation in budgets. Unless we address the issue of affordable quality higher education, we may not be able to take advantage of the large number of people below the age of 25 years. To be socially, economically and politically sustainable, our growth must be socially and economically inclusive and this can be achieved only through higher public funding of higher education.

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