

Growth Trends & Financing of Higher Education in India

Abstract

Higher education has significant role in supporting knowledge driven economic growth strategies. It provides an opportunity to critically reflect upon the social, economic, cultural, moral and spiritual issues facing humanity. Indian higher education system has undergone massive expansion over the period of time. A large numbers of additional students are knocking at the doors of higher education institutions in the country. With the public funding being no more in a position to take-up the challenging task of expansion and diversification of the higher education system in the country to meet the continuously growing demands at present, there is a little option other than bringing in private initiatives in a massive way to meet the various challenges. Keeping in above backdrop, the present paper seeks to examine the growth trends and challenges (specially financing) in Indian higher education system in the present era.

Keywords: Higher Education, Privatization and Financing.

Introduction

Education in general and higher education in particular has always been considered as the only key component of human resource development (HRD). It is the greatest liberating force in any economy including India. It is considered as fundamental to all round development of the individual both at material and spiritual levels. It hardly needs any justification that higher education is an engine of economic growth as well as human development in any country including India. In order to become prosperous global economy with in first five ranks, India has to qualitatively strengthen her education in general and higher and technical education in particular. It provides an opportunity to reflect upon the social, economic, cultural, moral and spiritual issues facing humanity. Noble Laureate, Amartya Sen (1999) argued that it is higher education besides elementary and secondary education that forms a "human capability" and a "human freedom" that helps in attaining other "freedoms". In this regard, higher education has significant role in supporting knowledge driven economic growth strategies. It provides an opportunity to critically reflect upon the social, economic, cultural, moral and spiritual issues facing humanity. It contributes to national development through dissemination of specialized knowledge and skills. Investment in education leads to the formation of human capital, comparable to physical capital & social capital, and that makes a significant contribution to economic growth (Dickens et al., 2006; Loening, 2004; Gylfason and Zoega, 2003; Barro, 2001). Keeping in above backdrop, the second section of the present paper describes the growth trends of higher education scenario in India. Section III is dedicated on the financing of higher education in India. Section IV, provides policy implications with challenges ahead. And lastly, Section V concludes the study.

Higher Education Scenario in India

Indian higher education system has undergone massive expansion since independence. A large numbers of additional students are knocking at the doors of higher education institutions in the country. With the public funding being no more in a position to take-up the challenging task of expansion and diversification of the higher education system in the country to meet the continuously growing demands at present, there is a little option other than bringing in private initiatives in a massive way to meet the various challenges. Indian higher education has expanded exponentially over the past five decades and there has been a considerable increase in the spread of educational institutions along with enrolments at every stage. There were 20 universities and 500 colleges at the time of independence and after then mushrooming growth have taken place in Indian higher education system. In this regard, the growth of higher education in terms of

Nidhi Walia

Assistant Professor,
Deptt.of Commerce,
S. A. Jain (PG) College,
Ambala, Haryana

institutions and enrolments in India can be understood, analyzed and interpreted from table-1.

Table 1: Growth of Higher Education Institutions and their Intake Capacity in India

Year, Institutions & Enrolement↓	1951	1961	1971	1981	1991	2001	2009	2012
Number of University level institutions	28	45	93	123	177	266	467	574
Number of colleges	578	1816	3227	4738	7346	11146	25,951	35539
Number of teachers (in 000')	24	62	190	244	272	395	588	933
Number of students enrolled (in 000')	174	557	1956	2752	4925	8399	13642	22373

Source: UGC Higher Education at a Glance

The table 1 reveals that there has been appreciable growth of higher education since 1951. Number of university level institutions and colleges has grown up from 28 to 574 and 578 to 35539 respectively from 1951 to 2012. As a result, the number of teachers as well as students has also increased significantly. The growth of students' enrolment is more than the growth of number of teachers over time, may be due to the massive investment by government at school level in form of primary as well as secondary education. Rise in enrolments and institutions at school level, there is mushrooming growth in higher education institutions. The table 2 shows the growth of central institutions (central, state universities, IIT, IIM etc.) during 11th five year plan (2007-12).

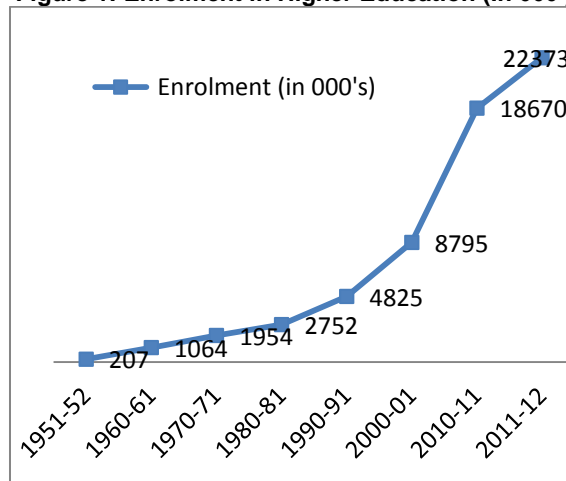
Table 2: Growth of Central Institutions During 11th FYP

Type Of Institution↓	2006-07	2011-12	Increase
Central Universities	19	40	21
Indian Institute of Technology	7	15	8
Indian Institute of Management	6	13	7
Indian Institute of Science, Education & Research	2	5	3
School of Planning and Architecture	1	3	2
National Institute of Technology	20	30	10
Other Technical Institutions	15	15	0
Total	70	121	51

Source: MHRD, UGC

It is clear from the table 2 that growth of central institutions has taken place in 11th five year plan in a considerable manner. The total number of institutions has increased from 70 in 2006-07 to 121 in 2011-12 which is the result of government efforts. The correct assessment of the availability of higher education can be made in terms of number of enrolments in these institutions rather than just a number of institutions and their growth. Keeping this aspect in mind, enrolment in higher education in 2012 can be shown from figure 1

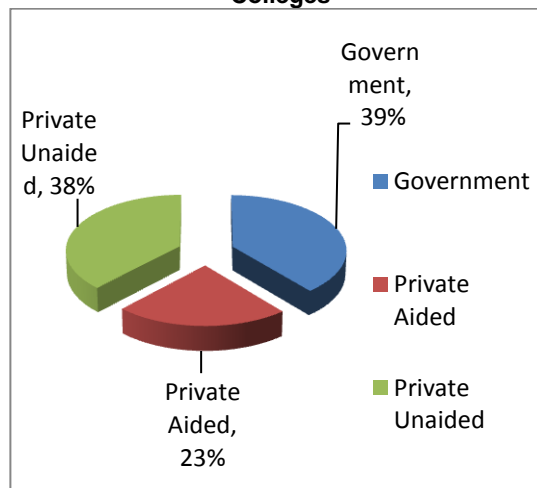
Figure 1: Enrolment in Higher Education (In 000')



Source: UGC Higher Education at a Glance - June, 2013

Now a days, private sector also play very important role in higher education to a certain extent. The figure shows the enrolment of students in private and government colleges. It is clear that out of total 39 per cent students are enrolled in government colleges and remaining 23 per cent & 38 per cent are in private aided and private unaided colleges respectively.

Figure 2: Enrolment in Private and Government Colleges

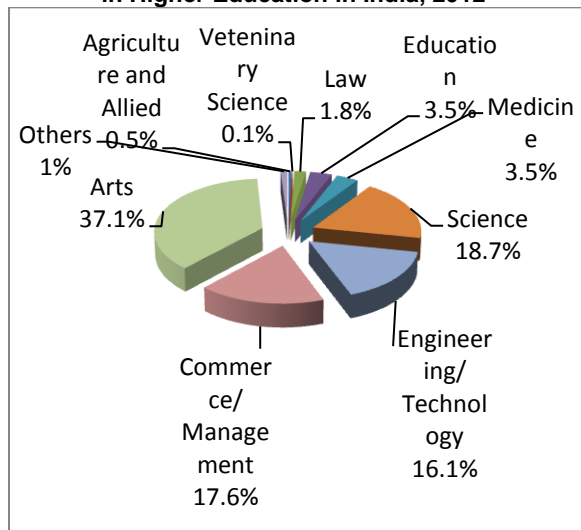


Source: UGC Reports

It is clear from figure 2 that the increase in the enrolment is consistent with the expansion of HEIs over the years. The total enrolment in higher education has increased from 0.21 million in 1950-51 to about 22 million in 2011-12. To make the analysis more clear, faculty wise students' enrolment has been shown in figure 3. The available data during academic year 2012 reveal that enrolment in arts faculty is

maximum (37.1 per cent) followed by science (18.7 per cent), commerce/management (17.6 per cent) and engineering/technology (16.1 per cent) faculties.

Figure 3: Faculty-Wise Distribution of Enrolment in Higher Education in India, 2012

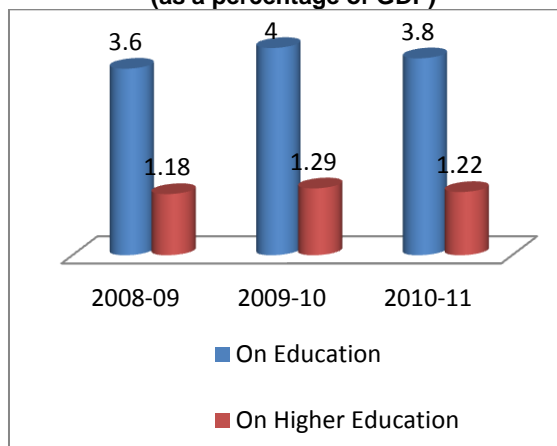


Source: Twelfth Five Year Plan (2012-2017) - Social Sectors

Public Expenditure on Higher Education in India

Education is defined as the investment of current time and resources for future earnings. Quality of higher education can be judged by the one of the important indicator viz. magnitude of public expenditure. Public expenditure on education is critically important to improve the educational levels of population. Strong and vibrant education systems with national values cannot be built by a heavy reliance on private finances. Public expenditure on education is positively associated with economic growth. The public expenditure in education sector, especially in higher education has remained very low over the years, The National Education Policy 1968 and 1986 (revised in 1992) recommends government expenditure on education at 6% of GDP, whereas the 2010-11 (BE) expenditure was only at 3.8%.

Figure4: Expenditure on Higher Education (as a percentage of GDP)



Source: Analysis of Budgeted Expenditure on Education, MHRD

Financing in Higher Education in India

The role of higher education in the emerging scenario of knowledge economy is very crucial and multifaceted for any country in general and India in particular. The country has been facing a number of problems and there are various issues that stand before the system of higher education which are disused are as follows:

Today the world economy is experiencing an unprecedented change. Consequently, access to higher education has increased to certain extent but not sufficiently. With the implementation of OBC reservations in the central education institutions, it is hope that inclusion will be taken forward. This social inclusion will further strengthen the process of democratization not only in higher education sector but in overall economic, political and social process. Quality in higher education is another burning issue which can be ensure through regular review of the functions of the institution either through self assessment or through outside agencies and by accrediting the institutions. Over the past two decades, as earlier noted, the level of demand for higher education in India has increased well above the Government's capacity to finance. As a result, private higher education has flourished, with a boom in commercially oriented for-profit colleges.

In the present scenario, privatization of higher education is apparently a fledgling but welcome trend and is critical to maintain creativity, adaptability and quality. The economic trail of liberalization and globalization demands it. In India both public and private institutions operate simultaneously. Most of the growth in the rapidly expanding higher education sector took place in private unaided colleges or in self financing institutions. Since grant-in-aid to private colleges is becoming difficult, many government funded institutions/universities have granted recognition/affiliation to unaided colleges and many universities have authorized new 'self-financing' courses even in government and aided colleges.

One of the most important things that have to be noticed is the issue of financial constraints regarding higher education before the government. Expenditure on education in general and on higher education in particular by the government, is one of the parameters to judge the quality in education for any nation. The State Government has already been spending 20-30 per cent of its revenue budget on education. It could not afford to spend more. In India, higher education has received less attention in terms of public spending than other levels. It is not feasible for India to make massive state investments in research and development that produced research led universities in the west such as MIT, University of California, Berkeley in the US or University of Cambridge in Britain, whose intellectual properties-a consequence of such investments-attracted industry to their doorsteps. Besides, government funding on higher education has been diminishing on a year on year basis for more than one decade.

In the view of withdrawal of government support to finance higher education, private institutions have been allowed to take over the

responsibility of imparting education to all. Further, in government aided universities the model of self financing and self sustaining institutions has been introduced. All these developments have added to the cost of education significantly. Though, the education loan has been made easy to facilitate higher education still the terms and conditions imposed by banks in terms of guarantee and criteria of minimum income of family restricts the talent coming from the poor families to go for higher education. The debate surrounding around the issues with financing higher education is primarily because 'education' is considered to be a quasi- public good. It is a public good because the benefits out of it largely affect society through human capital formation. However, it is also considered to be a private good because it provides a platform for the individual to generate regular income for themselves through their skills. The concept of education has led to policy makers has different perspectives about financing higher education.

Historically, the financial burden of education was borne by both State and Central Government. But, it is clear from the data that the amount of public expenditure spent on education sector has been reducing over the years, which has created a huge investment gap. This trend in public expenditure has serious policy implications. The reduction in public expenditure has forced institutions, both public and private to increase the cost per students in the form of hike in tuition fees. And on the other hand, there is a rise in self-financing institutions which charge high tuition fees from students.

Now a day, increase in cost of higher education and the imbalance in the fee structure of private and public education is the fact that it deepens the development divide. Therefore, increase in cost of higher education might not be problematic if there is a solution which bridges the gap between increase in cost and people pursuing higher education.

Policy Implications with Challenges Ahead

Indian higher education system has undergone massive expansion since independence. And thus there has been considerable improvement in the higher education in India in both quantitative as well as qualitative terms. India is not knocking at the doors of the world but world is knocking at the doors of India. It is up to us to open the doors or keep it shut (Arjun Singh, 2007). There is a rationale for broadening our vision, developing skill and integrating all those aspects which have their direct or indirect bearing on human resource development to meet the challenges of higher education.

The new challenges facing the system of higher education in the country cannot be met without a total overhaul of the structure of management of higher education institutions. This has become all the more necessary because of internationalization, which requires talent, competence, drive, initiative and innovation at several levels. Therefore, there is a rationale of good governance at all levels in higher education system. Rising demand for higher education and associated shortage of faculty resources leads to inevitable trade-off between quality

and quantity. Unless the quality and quantity of Indian higher education institutions is enhanced zealously and sustained at a high level through innovation, creativity and regular monitoring, it seems to be difficult for the Indian academics/professionals to compete in the World scene.

Conclusions

In brief, we can say that over the period of time, growth has been take place in higher education but it is not sufficient. Indian economy is facing various challenges regarding higher education in twenty first century, which need to overcome through appropriate policy formation and their effective implementation. To develop India as an education hub or to become a prosperous partner in global economy, India has to qualitatively strengthen education in general and higher education with research and development in particular. We need job led growth and for this, the thrust should be on quality and vocational/technical education. India has demographic advantage in the form of huge number of young people. To make the best, these young minds need to be provided opportunities for accessing quality higher education only quality human resource will ensure emergence of a true knowledge society which will ultimately enhance the country's competitiveness in the global economy. For better contribution of higher education in Indian economy, there is strong need to increase the public spending on higher education by searching the alternative source of financing.

References

1. Aggarwal, P. (2006), *Higher Education in India. The Need for Change. Working Paper 180. Indian Council for Research on International Economic Relations.*
2. Goel, M.M. & Walia, Suraj (2011), "Education and Economic Growth in Haryana (India): Using Granger Causality Approach" in *international journal, Journal of South Asian Studies, Vol.17-1 (2011)*
3. Goel, M.M. & Walia, Suraj (2011), "Higher Education: An Engine of Economic Growth in Post Reform India" *Research Journal Social Sciences, Panjab University, Chandigarh. Vol. 19, No.3 (2011)*
4. MHRD: *Selected Educational Statistics, Department of Higher Education, GOI, New Delhi*
5. Sharma, S. (2011), 'Globalization of Higher Education: Challenges and Opportunities', *University News, vol. 49(34).*
6. Singh, K.P. and Ahmad, S. (2011), 'Higher Education in India: Major Concerns', *University News, vol. 49(29).*
7. *University Grant Commission (UGC) Reports.*
8. Walia Suraj (2010), "Analysis of Education Infrastructure in Haryana", *Unpublished M.Phil. Dissertation (with Prof. M.M.Goel), Kurukshetra University, Kurukshetra.*
9. Walia Suraj (2015) "Higher Education: Issues & Challenges" published in *National Magazine, "Economy India" in February 2015 Issue.*
10. Walia Suraj (2015). "Higher Education in India: Progress & Emerging Issues" *The Indian*

- Economic Journal (Journal of the Indian Economic Association) special issue, December 2015.*
11. Walia Suraj (2016) "Educational Infrastructure & Economic Growth: An Analysis of Higher Education in Haryana" in edited book by V.K. Global Publication Pvt. Ltd. September 2016 ISBN 978-93-5058-587-0
 12. Walia, Suraj & Walia, K. Ritu (2013) "A Study of Linkage between Education and Poverty in India" *Indian Journal of Applied Research*, Volume: 3, Issue: 12, Dec 2013.
 13. Walia, Suraj & Walia, K. Ritu (2014) "Education and Entrepreneurship Development in India: An Analysis" in edited book by Twenty First Century Publications, Patiala, in December 04, 2014 ISBN 978-81-89463-68-7.
 14. Walia, Suraj & Walia, K. Ritu (2016) "The Linkage between Higher Education and Skill Development in India: An Analysis" published in National Seminar E-proceedings (Organized by R.K.S.D. College, Kaithal) published in June, 2016 ISBN 978-93-5254-810-1
 15. Walia Suraj (2010), "Analysis of Education Infrastructure in Haryana", Unpublished M.Phil. Dissertation, Kurukshetra University, Kurukshetra.
 16. Walia, Suraj & Walia, K. Ritu (2013) "A Study of Linkage between Education and Poverty in India" *Indian Journal of Applied Research*, volume: 3, Issue: 12, Dec 2013.