



Indian Higher Education – Financing Aspects and Quality Issues

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Abstract

Education is the key to human development. It determines the growth of civilization and culture of a country. Education is responsible for an individual to be transformed into a social and cultural being and remains as an integral part of human existence. It empowers the individuals to become self-reliant and enable them to participate in the process of nation building and economic development. The integral relationship between education and economic development has received conceptual recognition since the times of classical economists. A good education system that fulfils the requirements of the economy of a country will generate productivity and innovation. It removes obstacles to economic and social development as it preserves and transmits knowledge. The mental abilities like thinking, reasoning, analysis and interpretation indirectly contribute to productivity which an individual acquires through education.

Quality in higher education can be achieved through appointing trained and qualified faculty. Hence, contract faculty system prevailing in many institutions should be replaced with trained and qualified faculty. But, it requires more budget provisions. Hence, both State as well Central governments should augment the budgets and immediately fill the teacher vacancies. Further, sufficient allocations should be made to build up the educational infrastructure. Moreover, efforts should be initiated to strengthen the quality of elementary education, so that quality in higher education can be expected. Curriculum should be modified according to society and industry needs, so as to ensure job progression to the students pursuing higher education.

Key Words: Education, Human Development, Civilization, Curriculum, Industry.

Introduction:

Education is the key to human development. It determines the growth of civilization and culture of a country. Education is responsible for an individual to be transformed into a social and

cultural being and remains as an integral part of human existence. It empowers the individuals to become self-reliant and enable them to participate in the process of nation building and economic development. The integral relationship between education and economic



development has received conceptual recognition since the times of classical economists. A good education system that fulfils the requirements of the economy of a country will generate productivity and innovation. It removes obstacles to economic and social development as it preserves and transmits knowledge. The mental abilities like thinking, reasoning, analysis and interpretation indirectly contribute to productivity which an individual acquires through education. Primary education is the beginning step in the ladder of education through which at least some individuals reach the rung of higher education. Further, through universal primary education¹, it is possible to achieve:

- 7 million new cases of HIV avoided in the next decade.
- Life expectancy rises by 6 years for each three percent increase in literacy.
- Each child has a 50% increase in survival rate, if his or her mother is literate.
- Constant and rapid economic growth of a country has always required at least 40% of its adult population to be literate.
- The economy of a country grows by 3% each time the amount of educated women rises by 10%.
- The income of an adult with a primary education is twice that of someone who is uneducated.
- The total cost for the establishment of universal primary education corresponds to only 1% of the world budget for weapons.

Education - Economic Growth and Economic Development:

The analysis of education in economics has a long history. The celebrated work of Becker (1962) and

Schultz (1962) presented a formal model of education as an investment good that augmented the stock of human capital. Individuals made choice for education, in the same way as any other investment decision, all of which have the common characteristic that an investment cost paid now produces a flow of benefits through time whose present discounted value is to be compared with the present cost. Following this, there was an outpouring of econometric studies attempting to measure the rate of return for education. Within development and growth economics, the importance of education as an economic variable also has a distinguished history beginning with Lewis (1962). Questions regarding appropriate mix of skills, what type of education to be emphasized, the relationship between education and the capacity of the economy to absorb educated workers in productive employment have all been studied.

Lucas (1988) not only focused on the relationship between education and growth, but also examined scope for policy intervention to promote education. Within the context of a "new growth" model, Lucas suggested that the productivity of any worker is higher, when working in an environment peopled by other high productivity workers through a kind of learning by watching mechanism. The Lucas model can also be used to justify education subsidy because of the implicit positive externality arising from education. Cross country empirical studies most notably by Barro (1991) found that once other factors were controlled, human capital did indeed have a positive influence on growth. Barro's analysis was focused on the positive impact on growth of fairly basic education variables – namely primary and secondary schooling. Using



a similar methodology, Chatterji (1998) extended this to include tertiary education and found a similar positive result.

Higher Education in India:

India's higher education system is the world's third largest in terms of students, next to China and the United States. In India 11% of its youth is pursuing higher education as compared to China. Higher Education India is being offered by different institutions/agencies such as Central Universities, State Universities, Private Universities and Deemed Universities. At the same time, there are 52 'Institutions of National Importance' such as Indian Institutes of Technology, Indian Institutes of Management, All India Institute of Medical Sciences etc. According to University Grants Commission, presently there are 46 Central Universities, 329 State Universities, 205 Private Universities, 128 Deemed Universities and 40,760 affiliated Colleges which have been catering to the needs of Indian students². There are 4.57 lakh teachers working in various universities and institutions in India.

Further, it is observed that Universities and University level Institutions increased from 27 in 1950 to 504 by 2009 and thus increased by 18 fold. Despite this increase in educational institutions, yet the required capacity remains much higher. As per the available estimates by 2006 itself, India required at least 3,000 more universities each with a capacity to enroll not less than 10,000 students to meet the growing demand³. Total enrolment in higher education increased from 34.04 lakhs in 1983-84 to 265.85 lakhs by 2014 – 15 accounting for 8 fold increase, of which enrolment of men account for 134.68 lakhs, while women account for

106.87 lakhs⁴. Moreover details of enrolment at various levels reveal that 79.44% are enrolled at Graduation, 11.39% at Postgraduate level, 7.17% at Diploma level only while 0.4% at Research level including Ph.D and M.Phil Scholars⁵. Thus, it is pertinent to note that enrolment at P.G and Research level is very much less compared to that of at graduate level.

In the Indian context, the four major objectives of higher education are specified as access and equity, relevance, quality and excellence and research⁶. However, higher education has not reached its goal in providing access to education to all as the adequate number of required educational institutions are not available and poor people are not in a position to seek education from private institutions due to lack of fee paying capacity. Further, the curriculum adopted by many educational institutions is not relevant to the needs of society and industry, so that a large number of people having higher education is not in a position to get suitable employment commensurate with their qualifications. Moreover, lack of trained and qualified faculty in many educational institutions has become a bottleneck in providing quality and excellence. It is pertinent to note that according to Times of India Higher Education ranking, some of the best institutions of higher education in India do not even fall under the top 100 Universities category. At the same time, higher education also lags behind in terms of research. According to The World Bank estimates (2007), India spent only 0.76% of its GDP on research and development which is very small when compared to other countries such as China (1.40%), UK (1.8%) and USA (2.7%).



Crisis in Higher Education:

Generally, higher education in both developed as well as developing countries depends on government funding. Accordingly, higher education received high priority in the budgets of the governments around the world and this trend continued till mid 1980s. From then onwards, adverse macro economic conditions and increased competition for scarce public funds have reduced many governments' capacity to support higher education. But, the higher education sector is noticed to be in crisis across the globe on account of inadequate budgets. However, financial crisis in higher education is more acute in developing countries such as India, which have to implement economic reforms as part of the Structural Adjustment Programmes (SAP) emphasising liberalisation, privatisation and globalisation.

Owing to fiscal crisis, the per capita student expenditure by the government on higher education is noticed to be declining over the time. As a result, higher education institutions and universities and colleges are noticed to operate under adverse conditions. This has led to insufficient faculty, inadequate physical facilities, poor library and laboratory facilities etc., which will come in the way of teaching and learning activity. As a part of reforms in India also, the resultant policy changes envisaged a larger role for the market mechanism and for private sector in education. There were demands for reduction of government subsidies particularly on higher education. Consequently, higher education was

pitted against school education, especially primary education. It was argued that higher education falls under non-merit goods category or are purely private goods. The only sector of education with a merit good is elementary education. Altbach⁷ observes that the cost of higher education is shifting from "public purse and public purpose to private purse and private purpose". In India also private investments in higher education is observed to increase over time. The number of privately funded institutions for higher education increased from approximately 43 per cent in 2000-01 to approximately 64 per cent in 2005-06. Gross enrolment in these institutions increased during the same period from approximately 33 per cent to 52 per cent during the same period⁸.

Public Expenditure on Education:

Public expenditure on higher education in India is noticed to be very insignificant primarily due to deficiency of financial resources and also governments' commitment to strengthen the primary education, so as to achieve the goal of universal primary education. Though the expenditure on education as percentage of GDP noticed to increase from 0.62 in 1950 – 51 to 4.29 by 2012 – 13, yet the share in higher education is observed to be significantly low. Despite the recommendation of the National Education Commission (1964–66), to increase the expenditure on higher education as percentage of GDP to 6%, yet, it has not even reached 5%. The total expenditure on education by education department and other departments as percentage of GDP, which stood at 3.68 in 2001 – 02 declined to 3.26 by 2004 – 05 and thereafter gradually increased to 4.29 by 2012 – 13. Further, total public expenditure (both State & Central) on education as



percentage of GDP stood at 0.86, 0.82 and 0.89 respectively during the financial years 2010 – 11, 2011 – 12 and 2012 – 13. At the same time, public expenditure by State on education as percentage of GDP stood at 0.53, 0.53, and 0.54 respectively, while public expenditure by Central on education as percentage of GDP stood at 0.33, 0.30 and 0.35 respectively.

Following the adoption of National Policy (1986), the union government focused its attention on strengthening of elementary education and accordingly increased its contribution for funding elementary education. As a result, during the period 1982-92, the share of higher education in the total expenditure on education declined from 12.2% to 11.4% in respect of states and from 36.2% to 23.3% for the Centre⁹.

The 11th Five Year Plan pointed out the problem of low enrolment in higher education coupled with regional imbalances. It is pertinent to note that 11% enrolment in Indian higher education is too low when compared to 23% of world average, 36% for countries in transition and more than 55% for developed countries. Consequently, the share of education in total plan outlay was increased from 7.7% in the 10th Five Year Plan to 19.4% in the 11th Five Year Plan. Moreover, 30% of total outlay i.e., Rs 84,943 crores was earmarked to higher and technical education compared to Rs. 9600 crores that was allocated in the 10th Plan. During the 12th Plan, in order to provide more access, equity and equality in higher education an amount of Rs.1,84,740 crores was earmarked. The UGC in its Report proposed to launch a national level mission "Rastriya Uchchar Shiksha Abhiyan (RUSA)", so as to

achieve 32% of national level Gross enrolment Ratio in higher education by 2022.

Quality Aspects in Higher Education:

The present system of higher education does not serve the purpose for which it has been created. The "Report to the Nation 2006" of the National Knowledge Commission which concludes that there is "a quiet crisis in higher education in India that runs deep", and that it has to do with both the quantity and the quality of higher education in India. According to the findings of a confidential report by the National Assessment and Accreditation Council, two thirds (68%) of the country's universities and 90 percent of its colleges are "of middling or poor quality" and that well over half of the faculty in India's colleges do not have the appropriate degree qualifications. Knowledge is the base for overall growth and if the nation has to be competitive and to be at par with the globalization pace, we will have to respond to the market forces. According to a study only 25% of engineering graduates are directly employable and thus quality of education delivered in most institutions is very poor.

Lack of qualified faculty in many universities and colleges is yet other bottleneck in achieving quality in higher education. In many colleges and universities more than 50% of teaching positions are fall vacant throughout country. Further, many universities, colleges and even government colleges are employing teachers on contract basis, which hampers the objective of quality in higher education. By 2010, NAAC assessment is completed in respect of only 162 universities and 4094 colleges. Out of universities assessed, only 38% secured 'A' grade, 59% secured



'B' grade, while the remaining 3% secured 'C' grade. Similarly, Out of colleges assessed, only 10% secured 'A' grade, 68% secured 'B' grade, while the remaining 22% secured 'C' grade. The assessment details clearly speak about the quality aspect of higher education.

Lack of infrastructure facilities such as low number of library volumes, lack of laboratory equipment, lack of access to computer and wifi facilities are yet other problem confronting the quality aspect in higher education.

Low quality input entering into higher education also severely affecting the quality in higher education. According to ASER Report (2014) learning and understanding skills of pupil in rural primary levels show a very grim picture¹⁰. Of all children enrolled in Standard V, about half cannot read the textbook of Standard II level. Without being able to read well, a child cannot progress in the higher education system. It is pertinent to note that that among the Standard III pupils, only 23.6 per cent are able to read their textbook or Standard II level. Similarly, among Standard V and Standard VIII pupils, only 48.1 per cent and 74.6 per cent of pupil respectively can read their respective textbooks or Standard II level.

The Standard II children do not know numbers 1 to 9 which means that they are not learning them in Standard I. Increasing numbers of children in Standard III do not recognize numbers till 100. This means that they did not pick them up in Standard II. It is important to note that among the rural pupil, only 25.3 per cent of Standard III, 40.2 per cent of Standard IV and 50.1 per cent of Standard V are able to perform subtraction. Moreover, it is observed that only 26.1 per cent of Standard V, 32.2 per cent of Standard VI and 44.1 per cent of

Standard VIII are able to perform division. Thus, close to half of all children will finish eight years of schooling, but still not have learned basic skills in arithmetic. Thus, poor standards at elementary level have its impact on quality of higher education.

According to the London Times Higher Education (2009) Quacquarelli Symonds (QS) World University rankings, no Indian university secured place among the first 100. However, Universities in East Asia have been included in the first hundred. Further, three Universities of Hong Kong were ranked at 24, 35 and 46, while two Universities of Singapore ranked at 30 and 73. Similarly, two Universities of South Korea are ranked at 47 and 69 while one University of Taiwan secured 95th position. Notably, China's Tsinghua University and Peking University are ranked at 49 and 52 respectively. It is pertinent to note that no Indian university is listed in the rankings from 100 to 200. Among India institutions, The Indian Institute of Technology, Kanpur was placed at 237 rank, IIT Madras was ranked at 284 and the University of Delhi at 291. According to evaluation of universities and research institutes all over the world, conducted by a Shanghai university, no single Indian university was in the world's top 300, while China has six. This overall scenario of higher education in India does not match with the global Quality standards. Hence, there is enough justification for an increased assessment of the Quality of the country's educational institutions.

Conclusion:

The analysis implies that holistic approach and efforts should be made to tone up the quality of higher education in India. Quality in higher education can



be achieved through appointing trained and qualified faculty. Hence, contract faculty system prevailing in many institutions should be replaced with trained and qualified faculty. But, it requires more budget provisions. Hence, both State as well Central governments should augment the budgets and immediately fill the vacant faculty positions. Further, sufficient allocations should be made to build up the educational infrastructure. Moreover, efforts should be initiated to strengthen the quality of elementary education, so that quality in higher education can be expected. Curriculum should be modified according to society and industry needs, so as to ensure job progression to the students pursuing higher education.

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