

CHALLENGES AND OPPORTUNITIES IN HIGHER EDUCATION FINANCIAL MANAGEMENT

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Abstract: *An educated populace is a powerful one. The fulfillment of a school's stated purpose is the ultimate measure of its success. The efficient use of resources is crucial for providing high-quality education and training to students. When it comes to the educational system, money is the lifeblood. Financial stability is crucial to the efficient operation of educational institutions. No institution of higher learning, no matter how large or little, can begin operations or survive for any significant amount of time without sufficient funding. The research presents a literature review on the subject of the education sector in India, as well as procurement and efficient use of money in the education sector. To that end, I gave some thought to how best to guarantee that sufficient resources were made available and deployed to meet goals. The Indian higher education system has faced many obstacles, but it also has many chances to succeed.*

Keyword: *Education, Finance, Challenges, Opportunities, Funds*

1. INTRODUCTION

In terms of student enrollment, India's higher education system is third in size only to that in the United States and China. India has one of the world's biggest populations of young people (aged 5 to 24), which creates a wealth of possibilities in the field of education. In India, there is a significant supply-and-demand imbalance.

Major consumers of accounting information have voiced increased worry about the current condition of financial management in higher education institutions, specifically with regard to funding and pricing higher education, as well as existing accounting rules and gaps in practices. As a result, there have been several studies conducted on the topic of higher education funding in India. Some effort is also made to analyze the appropriateness and practicability of several alternative strategies of financing the same. Financial administration of higher education in India raises a number of concerns, including inadequate funding, exorbitant tuition prices, a lack of transparency in accounting practices, and a lack of attention to the needs of students.

It's important to set the stage with a few background facts before going headfirst into the main issue. About 8.15 percent of the Indian populations (68 million people) have advanced degrees, with the Union Territories of Chandigarh and Delhi having the highest rates (24.65 and 22.56%, respectively), according to the 2011 Census. During the decade between 2000-01 and 2010-11, the number of colleges in India

increased by approximately 20,000, while the number of students enrolled in higher education increased by more than 8 million. There are now 799 universities in India. This includes 50 national universities, 402 state universities, 124 deemed universities, 334 private universities, 5 institutes created and operating under the State Act, and 75 Institutes of National Importance. The UGC claimed in 2016 that in addition to these universities and institutes, there were a total of 39,071 colleges as Government Degree Colleges and Private Degree Colleges, including 1800 exclusive women's colleges. Degrees are given out under the university's name rather than the colleges, regardless of whether the college is independent (i.e., has the authority to administer its own exams) or non-autonomous (i.e., has its tests administered by the university).

To overcome the problem of scarcity of funds

Nirmala Sitharaman, the Union's Finance Minister, has announced that Rs 93224.31 crore would be allotted to the education sector, with another Rs 948.90 crore going toward skill development. (First seen in print on 1 February 2018)

Higher education not only helps society as a whole but also people on an individual level, and it also draws comparatively more privileged portions of society; thus, there is a logic for moving the financial burden from the societal domain to the individual domain. It is suggested in this article that, in light of the limited resources and concerns over equality, basing a significant portion of higher education funding on general tax income may not be the most desired course of action in the long term. As a result, some of the alternative policy options, such as funding higher education from the public exchequer, student loans, graduate tax, student fees, and the involvement of the private sector, are brought up for discussion in this article. It has been suggested that, in comparison to the other options that might be chosen, a system for discriminating pricing would be significantly more effective and fair. Even though, due to socioeconomic and political factors, the government will have to continue to shoulder a significant portion of the responsibility for funding higher education, rather than relying on a single form of funding, efforts should be made to develop a model of funding that provides a mix of the various methods. This model of funding should be developed. It has also been suggested that the regulations governing tuition and financial aid should differentiate across the many tiers and kinds of higher education.

2. ROLE AND DEVELOPMENT OF HIGHER EDUCATIONAL INSTITUTIONS

Higher Education is a main instrument for development and change. The National Policy on Education (1986) defines the role of Higher Education as a crucial factor for survival providing the important task of preparing good citizens and leaders for different walks of life. The role of Universities and college in social transformation, nation building and scientific development is all pervasive.

India in the last 60 years has developed a very large system of education and has created a vast body of highly skilled academicians equipped with scientific and technological capabilities, robust humanist, philosophical thought and creativity. India is the largest democracy in the World and has the largest educational system as well. There were only 20 universities and about 500 colleges at the time India attained independence. In 2010 this increased to 611 universities and university-level institutions and

31,324 colleges, (UGC, 2011). Presently, in February 2014, there are 706 Universities and university-level institutions and 35539 colleges in India, (University News, 2014).

The enrolment of students at the time India attained independence was 0.1 million students which increased in 2012-13 to 18.5 million in universities and colleges, and 3.3 million in diploma granting institutions. The unaided private sector enrolments accounted for around 60% of total enrollment in 2012 — almost double that of the share of total enrolment of 33% in 2001. Enrolment in unaided private higher education institutions as a percentage of total enrolment was 32.9% in 2001, 54.2% in 2007 and 58.9% in 2012. Between 2007 and 2012, the enrolment in private institutions grew faster than the enrolment in government institutions. The annual growth rate of enrolment in private institutions was 11.2% and the same was 7.2% in government institutions, (FICCI, 2012).

While enrolment has grown in India's HEIs at an annual rate of 7.4% between 2001–2009, the country's growth lags behind that of China and Brazil, but is ahead of that of the US and Russia. India's GER not only significantly lags behind that of developed countries such as the US, Switzerland, Japan and the UK, but also that of developing countries including China, Brazil, Malaysia and the Philippines, (FICCI, 2012).

While enrolment in higher education has grown six times in the last 30 years, faculty strength has grown only four times, resulting in shortage of faculty and high student-teacher ratios. Academics in China authored five times more research papers than India's in 2011. The relative impact of citations for India is half of that of the world average, (FICCI, 2012). As of March 2012, NAAC had rated 62% of the universities and 90% of the colleges as average (B) or below average (C) on specified quality parameters. Only two Indian higher education brands featured in the QS World University Rankings 2011-12 of the top 500 global Universities. Out of the 48 countries studied, India ranks last in the U21 rankings of national higher education systems, (FICCI, 2012).

The educational system in India is today in a critical state – resistant to change. It is in danger of soon becoming irrelevant. Since Independence, though many commissions have submitted their reports and many eminent men have propounded their plans for rejuvenating the system, there has always been a wide gap between the plan and the action leaving the system still stranded on the roads. This large system of higher education deserves that action must be taken periodically to assess its performance, to conduct academic audits and also provide a system for its assessment and accreditation

3. FINANCIAL MANAGEMENT OF UNIVERSITIES AND COLLEGE

Since India's independence in 1947, the majority of funding for higher education in the country has come from the central government, while other social organizations have gradually cut their support. Because the government is unable to provide significant funding for higher education, it is vital for individuals and businesses to take the initiative themselves. It is imperative that, in the process of gathering money from private sources, it not be lost on anybody that higher education is inextricably linked to socioeconomic growth, and that no government can afford to let it languish because of a lack of funding. The financing for higher education comes from a variety of sources, including the state government, the university grant commission, and other financial bodies. Everyone is aware that there are only so many

resources available to us. Therefore, it is essential to guarantee that universities, colleges, and other institutions of higher education have adequate financial management.

Since India's independence in 1947, the majority of funding for higher education in the country has come from the central government, while other social organizations have gradually cut their support. Since 1950–1951, when it was 49%, the government's stake has continuously expanded, and it is now around 90%. About 0.8% of the total budget is allocated to higher education out of the about 3.7% that is spent by the government on education. During the period covered by the Fourth Five-Year Plan, the percentage of resources allocated to higher education was the highest of any of the educational subfields, coming in at 25%. (1969-74). During the Fifth and Sixth Five Year Plans, it stayed unchanged at 22%; however, during the Eighth Five Year Plan, it dropped significantly to just 8%. (1992-97). by the conclusion of the Ninth Five Year Plan, it had reached 6% of the GNP (1997-2002). However, it is not expected that the percentage of people with a higher education will grow. There is a growing unwillingness on the part of governments at both the federal level and the state level to provide financial assistance for higher education.

It is common knowledge that the field of education in India is struggling under the weight of a severe lack of available resources. The situation has become much worse as a direct result of recent economic changes and the concomitant constraints of budgetary austerity. On the other hand, government sources assert that substantial progress has been achieved in terms of supporting educational institutions. Both the overall amount of funding for higher education and the priority that are placed on the various subfields of this field has seen significant shifts in India over the course of the previous sixty years. The early planners had a tendency to pay insufficient attention to higher education. According to the findings of the empirical research, the numerous recommendations, as well as Five Year Plans and Policy Statements, propose and highlight increasing the proportion of plan costs that are allocated to higher education. On the other hand, policy declarations and their actual execution do not always go hand in hand. The actual expenditures made in the field of education have fallen a significant distance short of these goals. These proposals underline, over and over again, the relevance of various levels of government in the funding of education and the need of increasing investment in educational opportunities.

The government is unable to provide significant funding for educational institutions of higher learning. It is certain that private efforts will be required, and both society as a whole and industry in particular will be required to play a more significant role in higher education. The business sector needs to make its presence known to the financial and design institutions that are up to the task of satisfying its particular requirements. The Private Universities Bill is now on the agenda before Parliament, and it is anticipated that a decision will be made on the bill as soon as possible.

It should not be forgotten that higher education is integrally related to socio-economic development, and no government can afford to allow it to languish for lack of funds. In this context, the suggestion made by the Punnayya Committee of UGC (1994) is worth emphasizing: State or Government funding must continue to be an essential and mandatory requirement for support of higher education. While the mobilization of resources from private sources is a necessity, it should not be forgotten that higher

education is integrally related to socio-economic development. It is imperative that governments at all levels continue to shoulder the majority of the financial burden associated with meeting the fundamental upkeep and expansion needs of educational institutions like universities.

It is common knowledge that the resources at our disposal are finite. We are also aware of the fact that substantial investments are necessary for research and higher education, and that in the current environment, maintaining the highest possible teaching standards and research standards requires very substantial inputs. Both of these facts are something that we are cognizant of. Therefore, there are numerous demands placed on the little resources that we have accessible. Happily, we have already built up a massive infrastructure in the field of higher education, which, with only a minimal increase in inputs, may be employed with more efficacy and purpose than before. In addition, we should acknowledge the fact that enhancements to our system of higher education are not always the result of the addition of new resources and embrace this reality. Perhaps what we need is a brave and inventive strategy to innovate, experiment, and launch a process of reorganizing the whole structure of our higher education system.

Pricing Higher Education in India

Pricing goods and services provided by the social sector is a challenging issue, particularly when viewed from the perspectives of both the theory of pricing and public finance, as well as empiricism. In spite of this, there is a growing awareness of the pressing need to conduct a reexamination of the many complex problems that are associated with pricing in social sectors such as education, in particular higher education. One definition of the term "social sector goods" might be products for which the expenses are borne not just by the individual consumer but also by society as a whole, and the benefits are accrued to society as a whole. When this definition is adopted, it becomes essential to adopt a strategy for pricing that is considerably different from the conventional economic strategy for pricing, which states that the user or the customer pays the whole marginal cost. Because education is a social sector product, determining an appropriate price for it is a difficult endeavor. This is made further difficult by the fact that the method used to finance education has a very large impact on the results of education. If we want education to yield the outcomes we want, then the choices we make about how much it should cost and how to pay for it should be founded on reasonable ideas. After it became clear that higher education should be priced differently in a number of nations, recommendations were made to raise the amount of tuition and fees paid by all students to the same level. A number of committees have made efforts to demonstrate why differential pricing, as opposed to uniform or indiscriminate pricing, would be more beneficial to consumers. The most important arguments in favor of discriminatory pricing are that it would increase income for higher education and that it will make the funding of higher education less regressive and maybe even more egalitarian. Evidence from India has been analyzed to determine the degree to which the model that has been proposed in this article will truly provide the outcomes that are wanted with regard to one of the most essential functions of pricing, namely the generating of extra income. Recently, in the setting of acute shortages of resources, the necessity to price education, particularly higher education, has taken on a new sense of urgency. This is especially true for the

situation that now exists. However, there are still a variety of points of view, particularly about the value and practicability of placing a price on education, as well as the kind and type of pricing that should be applied to higher education. Price that covers all costs against pricing that covers just a portion of those costs, indiscriminately uniform pricing versus discriminating pricing, and so on are all topics that are being discussed in this argument. There are arguments to be made on both sides, and price of education has inexorably become a political as well as an economic problem rather than being only an economic matter.

4. CONCLUSION

The aforementioned challenges and problems connected to financing pricing, accounting standards, and gaps in procedures in universities and colleges are all included in the financial management of higher education institutions like universities and colleges. In the rapidly shifting socioeconomic backdrop, the higher education system will be subjected to increased demand for growth. As a result, effective pricing of higher education is required in order to provide universities and colleges with full financial support. At the same time, the usage of money and finances must be conducted in a manner that is in complete and total conformity with the terms and conditions, rules and laws that have been established. The legislative duty should be enhanced and guaranteed through talks with the professional and regulatory authorities like ICAI, UGC, NAAC, and others in order for the accounting standards to be generally recognized in practice. In order to protect the interests of the individuals and organizations who are footing the bill for higher education, the gaps in procedures should be investigated thoroughly and thoroughly examined. It is essential that an efficient information system be established in order to fulfill the requirements of the aforementioned consumers of accounting data.

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