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“FINANCIAL ISSUES IN HIGHER EDUCATION IN INDIA”

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ABSTRACT: Education is one of the significant factors instrumental in the development of a country. And Education is the backbone of every country. A country will not be able to survive in the competitive world if its education system is not capable of contributing to its development. To develop India as an education hub or to become a prosperous partner within the world economy, India must qualitatively strengthen education normally and better education with research and development in particular. Financing of education has been a matter of great concern and major policy challenge across all the countries. A country's education sector competes for public resources with all other sectors and has been a competition for resources within various sub-sectors of education. The governments are having sound budgets and providing sufficient resources to the education sector, at least, up to the elementary and secondary levels. This paper aims to identify Financing, Budget, Policy, Issues, and Suggestions in the field of Higher Education in India. The study uses secondary data from available sources.

KEYWORDS: Higher Education in India; Financing; Policy; Budgeting; Issues; Suggestions;

INTRODUCTION

Higher education is important for the country, as it is a powerful tool to make a knowledge-based society of the twenty-first Century. With the growing size and variety of the upper of the higher education sector significantly in terms of courses, management, and geographical coverage, it's become necessary to develop a sound database on higher education. The existing database on higher education is inadequate and out-of-date. Collection and dissemination of data on higher education suffer from incomplete coverage, inordinate time lag etc. Due to this, Gross Enrolment Ratio (GER), which is being calculated on the basis of available data, does not reflect the correct picture of the country's development in respect of the Higher Education sector. The government has set a target of increasing the GER from the present level of about 12% to 15% by the end of the XI Five Year Plan and to 30% by the year 2020. Various new initiatives have been taken during the XI Five Year Plan to increase the GER. The reliable and comprehensive database is an immediate requirement to measure the actual GER and efforts taken to improve the GER. A sound database on higher education is needed for designing, policy formulation, fulfilling International Commitments, Research etc.

Education has continuously been thought of because of the only key part of human development and greatest liberating force. 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 require up the difficult task of expansion and diversification of the higher education system. The role of higher education in the emerging scenario of the knowledge economy is very crucial and multifaceted for any country in general and India in particular. To keep higher education within the reach of poor aspire-ants, there is a strong case for effective monitoring and regulation of the private sector. Hence, it's time

for planners, policymakers, and practitioners of higher education to ponder over it and build necessary reforms in the course and techniques so that employability skills can be developed among the students.

The Indian system of upper education is both enormous and complex. India also has around 250 specialist teaching and research institutions, established to supply training in such areas as drugs, engineering, agriculture, and engineering science, and to conduct high-level research. The University Grants Commission (UGC) of India may well be a statutory organization produced by the Union government in 1956, service with co-ordination, resolution, and maintenance of standards of university education. It provides recognition to universities in India and disburses funds to such recognized universities & colleges. UGC was suggested in 1945 and shaped in 1946 to manage the work of the 3 Central Universities of Aligarh, Banaras and, Delhi. In 1947, the Committee was entrusted with the responsibility of handling all the then existing Universities. The Planning Commission of India sets the broad parameters for the funding of Indian education, while the University Grants Commission (UGC) is responsible for distributing resources and promoting reforms. The UGC also has a role in the processes of coordination, accreditation and quality control. The All India Council for Technical Education (AICTE) is the statutory body and a national-level council for technical education, under the Department of Higher Education, Ministry of Human Resource Development.

Education could be a systematic method through that a baby or an adult acquires information, experience, skill and sound attitude. It makes an individual civilized, refined, cultured and educated. For a civilized and socialised society, education is the only means. Its goal is to make an individual perfect. Every society offers importance to education because it's a cure for all evils. It is the key to resolve the assorted issues of life. Education has been described as a process of waking up to life and its mysteries, its solvable problems and the ways to solve the problems and celebrate the mysteries of life. Waking up to the inter-dependencies of all things, to the threat to our global village, to the power within the human race to create alternatives, to the obstacles entrenched in economical, social and political structures.

True education is that the harmonious development of the physical, mental, moral (spiritual), and social colleges, the four dimensions of life, for a lifetime of dedicated service:

- 'Educare' which suggests 'to bring out' or 'to nourish'.
- 'Educatum' which means 'act of teaching' or 'Training'.
- 'Educatus' which means 'to bring up, rear, educate'.
- 'Ēducātiō' which means "breeding, a bringing up, a rearing."
- 'Educere' which means 'to lead out' or 'to draw out'.

DEFINITIONS

Since time immemorial, education is estimated as the right road to progress and prosperity. Different educationists' thoughts from both Eastern and Western side have explained the term 'education' according to the need of the hour. Various educationists have given their views on education. Some important definitions are mentioned in the **All India Survey on Higher Education-2010**

1. **Mahatma Gandhi** – “By education I mean an all-round drawing out of the best in man – body, mind and spirit.”
2. **Rabindranath Tagore** – “Education enables the mind to find out the ultimate truth,
3. **Dr. Zakir Husain** – “Education is the process of the individual mind, getting to its full possible development.”
4. **Swami Vivekananda** – “Education is the manifestation of divine perfection already existing in man.”
5. **Aristotle** – “Education is the creation of sound mind in a sound body.”
6. **Rousseau** – “Education is the child’s development from within.”
7. **Herbert Spencer** – “Education is complete living.”
8. **Plato** – “Education is the capacity to feel pleasure and pain at the right moment.”
9. **Aristotle** – “Education is the creation of a sound mind in a sound body.”
10. **Indira Gandhi** – “Education is a liberating force and in our age it is also a democratizing force, cutting across the barriers of caste and class, smoothing out inequalities imposed by birth and other circumstances.”

FINANCING HIGHER EDUCATION IN INDIA

After Independence higher education in India has been largely financed by the government with the social institutions progressively withdrawing. The government's share has steadily increased from 49% in 1950-51 to about 90% today. The government spends about 3.7% of GNP on the education of which the share of higher education is about 0.8% amongst the different sectors of education the share of higher education was the highest, at 25%, during the Fourth Five year Plan (1969-74). It remained stable at 22% during the Fifth and Sixth Five Year Plans but declined to only 8% in the Eighth Five Year Plan (1992-97). It was 6% of GNP by the end of the Ninth Five Year Plan (1997-2002). However, the share of higher education is not likely to increase. Governments (Centre and in the States) are showing an increasing reluctance to support higher education.

The Government is unable to make large allocations for higher education and so private initiatives become necessary. While mobilizing resources from private sources 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 want of funds. Higher education is being financed by the State Government, UGC, and other funding agencies.

We all know that our resources are limited. It is, therefore, necessary to ensure effective financial management in Universities, Colleges and other higher education Institutions.

Overview of Education Policies related to Financing of Education in India:

It is relevant to take the Overview of Education Policies related to Financing of Education in India, vide Table below.

Overview of Education Policies related to Financing of Education in India

Education Policy/Committee	Year	Recommendations
Kher Committee	1948-49	A fixed percentage of Central (10 per cent) and Provincial (20 per cent) revenues should be earmarked for education and that around 70 per cent of the total expenditure on education should come from the local bodies and provinces.
Kothari Commission	1964-66	<ul style="list-style-type: none"> ▪ Public expenditure on education should reach the level of 6 per cent of GNP by 1986. ▪ Vocationalization of secondary education. ▪ Strengthening of centres of advanced study and setting up of small number of major universities of international standard.
National Education Policy	1968	<ul style="list-style-type: none"> ▪ Investment on education to be gradually increased to reach a level of six per cent of national income as early as possible. ▪ Focus on science & technology and agriculture. ▪ Provision of food and effective education at primary level (on a free and compulsory basis). ▪ Equality in education for rich and poor: common 10+2+3 education structure throughout India and eventually free schooling till class 10.
Secondary Education Commission	1972	<ul style="list-style-type: none"> ▪ To assume certain direct responsibility for reorganization of secondary education and give financial aid for the purpose. ▪ Encourage private contribution through tax exemptions (income tax, property tax and custom duties). ▪ Industrial education cess should be levied for furtherance of Technical and vocational education at secondary stage.
42nd Constitutional amendment	1976	Education transferred from list to concurrent list (School education under jurisdiction of both, the Centre and the State).

National Education Policy	1986 (with revisions in 1992)	<ul style="list-style-type: none"> ▪ Resource support for implementing programmes of educational transformation, reducing disparities, ▪ Universalisation of elementary education, adult literacy, scientific and technological research, etc. will be provided. For this actual requirements will be computed at regular intervals and outlay on education will be stepped up so that more than six per cent of national income is allocated from eighth plan onwards. ▪ While the role and responsibility of the States in regard to education will remain essentially unchanged, the Union Government would accept a larger responsibility to reinforce the national and integrative character of education, to maintain quality and standards (including those of the teaching profession at all levels) and to study and monitor the educational requirements of the country. ▪ Additional resources to be raised by mobilizing donations, asking beneficiary communities to maintain school buildings, raise fees at higher levels of education and effecting savings through efficient use of resources.
73rd and 74th constitutional amendment	1992	Statutory recognition of local governments, and inclusion of school education in the list of its responsibilities. Local bodies to play an important role in financing and implementing education programmes.
Saikia Committee	1996	Need for an expenditure of 6 per cent of GNP on education with 50 per cent of it earmarked for primary education. Recommended additional expenditure of Rs. 40000/ crores over next five years on elementary education.
Tapas Majumdar Committee	1999	Estimated additional fund requirements for UEE – it was in the range of 137000 crores over the following 10 years.
86 th Constitutional Amendment	2002	Provide free and compulsory education of children between age 6 to 14 years, and provision of early childhood care and education for children below six years.
National Common Minimum Programme of present UPA Government	2004	<ul style="list-style-type: none"> ▪ Rise public spending in education to at least 6 per cent of the GDP with at least half this amount being spent on primary and secondary sectors. This will be done in a phased manner. ▪ A Cess of two per cent on all central taxes to finance the commitment to universalize access to quality basic education. ▪ A national cooked nutritious mid-may-meal scheme, funded mainly by the Central Government, will be introduced in primary and secondary school. ▪ The Integrated Child Development Services (ICDS) scheme will be universalized to provide a functional Anganwadi in every settlement and ensure full coverage for all children. ▪ All northeastern States will be given special assistance to upgrade and expand infrastructure.
CABE Committee	2006	<ul style="list-style-type: none"> ▪ The additional financial requirement for universalizing secondary education as per cent of GDP works out to be around 0.18 per cent in 2003-04 and to 0.86 per cent 2019-20. ▪ With 6 per cent of GDP earmarked for education, the shares of elementary, secondary and higher secondary (as % of GDP) will be 3, 2 and 1 respectively.

HRD Ministry		Plan allocations for University and College General Development, Infrastructure Development, Vocationalization of First Degree Education, Career Development Programme, Skill Development Programme, [B.Voc., Community Development etc.], Quality Assurance in higher Education, Major & Minor Research Projects, Other specific Target schemes, etc.
DST Ministry		Plan allocations for FIST, Other specific Target schemes, etc.

SOURCES: From MHRD website; Relevant committee reports

Higher education in India is primarily funded by the government – central or state governments and households. An optimal level of funding is required for the maintenance of reasonable standards of higher education. This may vary across subject areas and across the country. However, with a view to estimating the overall requirement of funds for higher education, an average unit cost of Rs.60000 per annum per student is taken. Based on this norm, for enrolment of 10.48 million, an annual expenditure of Rs.628.8 billion is desired on higher education in India. Additional funds are required for new infrastructure and facilities for the expansion of enrolment. Further, living and transport expenses are borne by the students and parents directly.

(Sanyal, C. B. & Martin, M. 2006) have identified the following 7th key factors that would affect the new funding trends for higher education:

- A. The incapacity of the state to fund such an expansion;
- B. The massive expansion of enrolment;
- C. The vigorous emergence of private higher education;
- D. The importance of accountability;
- E. The tendency to cost-sharing by students and their parents;
- F. The emergence of new providers; and
- G. The need for funding by the states to reduce growing inequalities in access.

BUDGET OF HIGHER EDUCATION IN INDIA

With this basic background, now an analysis of the budgetary system adopted by Central Universities in general particular is made, indicating the need for budgetary reforms. As already discussed there are four parts of accounts at suggested by the UGC in its model budget?

Part I Maintenance Grant account; for established Universities which have passed one stage of plan period, it will be non-plan account,

Part II Plan Account (General and Specific Schemes),

Part III Earmarked' Special Funds (ESP) (mainly, fellowship, seminar and projects accounts),

Part IV Debt, Deposit and Advances (DDA) account.

It would be relevant here to point out that Part I to Part III accounts may also have two sections Revenue and Capital accounts. The revenue part of the accounts is shown under Income and Expenditure Account and the capital investments are taken to the Balance Sheet.

Part IV, Debt, Deposits and Advances account is prepared by finance section.

The major operational part of budget is planned under Part-I maintenance account and the expenditure relating to academic departments are prepared by the Heads of the Departments/Deans and submitted to the Finance Department, where it is centrally collected and vetted to suit the level of funds expected or available.

CONTEMPORARY EDUCATION ISSUES

Modern education in India is often criticized for being based on rote learning. Emphasis is laid on passing examinations with a high percentage. Some institutes are given importance to developing personality and creativity among students. Recently, the countries have seen growth in instances of student suicides due to low marks and failures, particularly in metropolitan cities, although such cases are very rare. The boards are recently trying to improve the quality of education by increasing the percentage of practical and project marks.

Many People also criticize the caste, language, and religion based on reservations in the education system. Many allege that very few of the weaker castes get the benefit of reservations and that forged caste certificates abound. Educational institutions also can seek a religious minority (non-Hindu) or linguistic minority status. In such institutions, approx 50% of the seats are reserved for students belonging to a particular religion or having particular mother-tongue(s).

Ragging has been a major problem in colleges and students have died due to ragging. However, ragging is now a criminal offense, and every one university and college is obligated to publicize the penalties for ragging and monitor hostels to stop ragging. Expenditure on education is also an issue that comes under the scanner. According to the Kothari commission led by Dr. Vijay Kothari in 1966, expenditure on education has to be a minimum of 6% of the GDP. Whereas in 2004 expenditure on education stood at 3.54% of the GDP and in the eleventh plan it is estimated to be around 4%. The "Sarva Shiksha Abhiyan" has to receive sufficient funds from the central government to impart quality education.

RECOMMENDATIONS & SUGGESTIONS

Equity: It is important that increased access to higher education should be inclusive. Education, particularly higher education, is being looked at as providing avenues for social mobility for the marginalized sections. Indeed, the recent spurt in the demand for reservations for Other Backward Classes (OBCs) may be a reflection of the important role of higher education in social mobility. We can no longer afford to ignore such demands. Neither these demands can be satisfied with tokenism.

Cost recovery and privatization: The higher and technical education in India is being increasingly privatized in multiple ways. On the one hand, the public institutions had to resort to cost recovery methods to stem out of the financial crisis. On the other, non-public institutions are cropping in large numbers changing the very face of upper and technical education.

Fees: It is asserted that fee levels remain very low compared to the past. Though it is necessary that fees should not be at an absurdly low level, it may not be fair to expect the fee to provide substantial resources to higher education. In fact, it is noted by several researchers that the cost recovery level through fees is not high anywhere in the world and in advanced countries, it hardly touches 15 percent. In India also the total fee income constitutes about 15 percent of expenditure on higher education. In many universities, the fee income exceeds the recommendations made by the Punnayya Committee [CABE Committee 2005].

Self-financing courses and seats: Many a time, the distance courses are being introduced solely with the aim of generating revenues for the university. The revenues generated through distance modes are seldom used for the benefit of distant learners but utilized to finance mainstream activities of the university. It hits hard the interest of particularly those that are relatively underprivileged.

Need to raise public funding: Now, it is very much clear from the above discussions that the public allocation to higher and technical education is not only inadequate but also declining since the last decade and a half. As the public funding of higher education could not keep pace with the growing enrolment, the real unit costs have fallen dramatically since the 1990s.

The following suggestions are put for the improvement of the quality of higher education in the country:

- I. Need-based job-oriented courses should be provided in colleges and universities that would fulfill the skill-based educational needs of the society.
- II. Special grants to universities and colleges in backward areas should be provided to improve their infrastructure and facilitate innovations and thereby become internationally respected.
- III. Students from economically backward families must essentially be given a fully subsidized education.

- IV. Liberal funding of higher education and creation of funds through donations, an upward revision of fee structure, raising funds from corporate sources should be considered by the governments in the Centre and States.

CONCLUSIONS

- Higher education should be free for everyone and students feel that all fees should be borne by Government,
- Need greater private participation in higher education.
- There is no need to replace the Existing regulatory authorities Such as UGC, AICTE etc.
- Student fees must be kept low by public funding.
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- Student loans can take care of the needs of poor students.
- The maximum satisfaction level in all cases is found to be in Sports and Cultural Activities.
- There is a certain degree of dissatisfaction with teaching performances.
- Students staying in colleges' hostels appear to be more satisfied with the college vies-a-vs. Students staying in their own hostels or private hostels.

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