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Financing of Higher Education: A plea for Continuation of Government Funding

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The National Policy on Education (1986) states that higher education contributes to national development through dissemination of specialized knowledge and skill. It is, therefore, a crucial factor for survival. The policy document further observes that developments oriented objectives of Indian society can be realized only by making investments in education of an order commensurate with the nature and dimension of the task. It is against this backdrop that many scholars opine that the role of higher education is more significant than that of primary and secondary education. The primary and secondary education initiates the child into social life and higher education inculcates in the individual norms and values of collective life. Unfortunately in our country, the vital role of higher education has not been prominently recognized by the policy makers so far and many view it as non-merit issue even today. The present shift in the policy of higher education (withdrawal of the state) will not deliver good either for the society or for the nation.

None can deny that our higher education is saddled with multidimensional problems and its financial health is also in poor state. Inspite of the high sounding rhetorical commitments of political parties, the Govt.'s expenditure on education in general and higher education in particular has been declining since the adoption of the new economic policy. Moreover, there has been significant change in focus on education. Earlier there was equal attention on both basic and higher education. The state has been abdicating its responsibility and withdrawing its role from the field of higher education now. On one hand there has been reduction in budgetary allocation for higher education, on the other implementation of the sixth pay commission has sharply augmented the financial liabilities of universities. This has led to the drastic slashing of expenditure on infrastructural facilities like library, laboratory and other essential items. Ninety five percent of the budget of Universities is spent on current expenditure like salary and pension bills of employees. As a result, institutions of higher education are afflicted with acute financial crunch in our country. It is also an unadultered truth that self-financing

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colleges of higher education have limited feasibility in India. The institutions running professional courses with high prospects of job placement will be able to survive through generating their resources. But institutions of general education mostly offering courses on humanities and social sciences will find it difficult to survive in this age of cutthroat competition in this age of liberalization, privatization and globalization. Related to the finance in the issue of privatization, it has been vociferously argued in certain sections that the state should withdraw from higher education and its door should be opened to the private sector. The idea is emphasized on the ground that (a) the private sector, is synonymous with efficiency, productivity, accountability and scientific management, (b) The private sector will not only stem the rot of higher education but will also take care of its financial problems.

Whatever may be the plus points of privatization, the idea is not suitable to our country's social, economic and political conditions. The following points support the idea of the state financial support to higher education.

(1) Values of cooperation, social solidarity and commitment to the nation are imbibed through higher education. However, the task of harmonizing the society and integrating and developing the country cannot be accomplished if it is left in the hands of private sector. No one can deny-that the private sector is not committed to promote values and principles of collective social life. The only motive attract private sector is to earn money at the cost of social and national welfare. As a result, running the professional courses will be their topmost priority and the general education and social sciences along with humanities will be sidelined and get Cinderella like treatment from them.

(2) Higher education is also an instrument of social and economic mobility of deprived and marginalised section of our country. The economic gap is further widened and accentuated by social, educational and other inequalities. Higher education provides opportunity for upward mobility to the deprived sections. There are examples of many dalits rising to top position on the basis of their educational achievements. Even today university education is not so costly in our country. But once it is privatized and handed over to the private sector, its access, will be limited to the rich only. As a result the poor and marginalised sections will be deprived of another channel of social, economic and educational mobility.

(3) Higher education generates conditions which are helpful in economic

development. It is an accepted fact that human capital formation is more important than physical capital formation for growth and development. The phenomenal rise of East Asian economies is attributed to huge investment in human capital formation. Hence, our country should also follow this example and should be encouraged to invest in higher education rather than leaving it to the whims and fancies of the private organizations.

(4) Indian capital market is neither perfect nor complete to provide educational loans to individuals in the absence of state supported higher education. There is also the problem of risk bearing. The Indian entrepreneurial class has limited capacity of risk bearing. Investments in higher education are full of risks of returns. The private sector will not come forth early to fill the gap once the state withdraws its hands from higher education. Therefore, keeping in view the present level of development in various fields, it would be an unwise decision to hand over the mantle of the higher education to the private sector.

(5) UNESCO (1995) also rejected the World Bank's view of higher education as a no-merit good and it challenged the partial view of education and privatization of one sector of education over another. UNESCO document rightly states, "State and society must perceive higher education not as a burden on federal budgets but as a long term domestic investment order to increase economic competitiveness, cultural development and social cohesion. As a conclusion one can say that public support to higher education is still essential in order to ensure its educational, social and institutional mission."

The world conference of UNSECO (1998) also described higher education as a public good, the benefit of which can not be fully estimated in monetary terms alone. Public support for higher education research remains essential to ensure a balanced achievement of educational and social missions.

The joint task force of World Bank (2000) and UNESCO submitted a report on tertiary educations (2000). Its co-chairman Henry Rosovsky said, "the task force makes a simple point." Higher education was never been more important to all nations that it is right now. By contributing to governance, culture, democracy and the spirits of enterprise, higher education creates valuable public good.

I.G. Patel (2003) one of the distinguished economists and former Governor of

R.B.I. says that society needs a certain number of teachers, engineers, accountants, artists, historians and these cannot be produced in sufficient numbers without higher education. He has opined that higher education has a component that cannot be appropriated entirely by individuals who are its direct beneficiaries. Hence, it qualifies for public support.

(6) None can deny that democracy can survive only with the highly educated people. Therefore, Govt. should mobilize the resource to finance all levels of education including higher education to build a non-exploitative society.

(7) It is said that neither Socrates nor Plato charged any fee. In modern times also considering higher education as public good, developed nations did more investments in higher education. For instance, it was 88% in Australia in 1988, 89.5% in France in 1984, 68.5% in Germany in 1986 and 90% in Norway in 1987.

The incumbent UFA has, however, taken a courageous decision that special cess will be levied on-central taxes and the level of funding available for education will be raised to 6% of the GDP. Currently it is about 4% of the GDP. This is a memorable and historic decision and is likely to become a landmark in the history of Indian education.

(8) The recent London Times higher education supplement's ranking of the world's top 200 universities included three in china., three in Hong Kong, three in South Korea, one in Taiwan and one in India (an IIT at No. 41, the specific campus was not specified). Emphasis on disinvestment, rise in the no. of part time teachers and contractual teachers along with freeze on new full time appointments in may places have affected morale of the academic profession of the country. Hence, state funding is must for the better results in higher education.

(9) The Govt. support for education is the most favored option since it takes care of the society as whole and is non-discriminatory. The quantum of developmental funding needs to be substantially increased so as to enable the universities and colleges to improve the quality and relevance of higher education.

(10) The financing of higher education is a complex issue. It should be tackled in a holistic manner and in its entirety. The issue of financing should be linked with the strategy of economic development and growth. The latter are achievable not by mere strides in primary and secondary education level.

Higher education develops the expertise and technical power. The examples of U.S., U.K., Japan and Germany etc. are to be seen in, drafting the financing policies of higher education. A sudden withdrawal of Government assistance is like removing the oxygen pipe from the mouth of an ailing person.

(11) The concept of privatization of higher education is primarily due to the financial unwillingness of the Govt. to support the higher education. Recently a couple of industrialists prepared a report namely Ambani-Birla report. It has been recommended in the report that Government's responsibility should be maximum in the area of primary education but it should be minimum in the area of higher education. The report also suggested for the establishment of private universities. But the privatization does not seem satisfactory because there is mushroom growth of self-financing institutions whose sole aim is profit making. Many of these institutions are running in the buildings without having proper, rooms and space. Even adequate no of qualified teacher is not available in these sub-standard colleges. Due to these factors, the quality of higher education is deteriorating and most of them are distributing the degrees without developing the requisite skills and training of the respective profession. By looking at these centers of learning or looting, it appears that Saraswati, the Goddess of education has lost her way, instead of worshipping her people have found Laxmi as their saviour. Recently released report on technical and professional education in the country under the chairmanship of U.R. Rao, has also expressed concern over the fact that self-financing institutions are not running their courses in an expected manner.

If private Universities that have been recommended by Ambani-Birla report also follow the policy of these self-financing institutions then these will only remain limited to the privileged few and it would widen educational and social gulf between the rich and the poor.

The Government cannot and should not abdicate its responsibility of providing adequate resources for higher education institutions. Leaving the field mainly to the private sector would lead to distortion in the development of higher education with disastrous consequences in the country. It is true that barring a few institutions the majority of self-financing institutions are not offering excellent programs against the high fees they are charging. These virtually exist to satisfy the ancy of degree seekers.

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Universities and IITs have done remarkably well and exist as live examples to emulate. If we think that privatization and globalization may relieve us from public spending on education, of our citizens, we may be living in fool's paradise.

The following measures can be adopted for mitigating the problems of resource crunch of higher education.

(1) Unwarranted administrative expenditures must be pruned.

(2) Tuition fee should be hiked within reasonable limits. If the fee to be charged from the students based on cost principle then the university has to charge a fee of more than Rs. 20000/- per student per annum. Is it desirable? Is it feasible? Hence, the cost based fee pattern results in denying higher educational opportunities to the students belonging to poor families. In the interest of the students and the overall development of the society, it is necessary for the Govt. to continue to support the general higher education on priority basis.

(3) Alumni association must be formed.

(4) Project works of industries should be completed by the institution of higher learning.

(5) Consultancy activities must be carried out by them.

(6) Public Private Partnership should be encouraged.

(7) Important items of the institutions must be sold.

(8) Market driven courses must be promoted.

(9) Admission of foreign students should be encouraged.

Over and above, there should be active industry and university linkages and foreign, direct investment should be given fillip for raising the resources in the institutions of higher learning of our country.

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