

Financing of Higher Education in India-A Critical Study

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ABSTRACT

Education allows for overall growth of human beings and economic development of a country at a faster rate. Investment in education is imperative for any country and countries that have realized the same also allocate considerable part of their budget on education. It is the pre-requisite for any revolution to take place in the society, as it is evidenced from the historical developments of the advanced nations. T.W.Schultz is of the opinion that there are practical difficulties in differentiating expenditure on education as an investment or as consumption expenditure. According to him schooling is more than a consumption activity, which is for improvement of the quality of life. The higher education institutions by type is more in state universities is the highest (44 percent) than private universities in the country. The educational gaps between people in terms of area, sex and communities are astounding in our country. If abilities of people are normally distributed, then skewed distribution of educational opportunities and attainment of the same would attract large welfare losses. As a result, achieving equity in education should be the fundamental objective of the Central and State Governments in our country to uplift our people into the developmental orbit.

Keywords: Education, reform, development, investment and inequality,

Education allows for overall growth of human beings. It allows economic development of a country at a faster rate. The imperative character of education is also for attaining social development. Investment in education is quite crucial for any country and countries that have realized the same and allocate considerable part of their budget on education. Education is a fundamental means to bring out any desired change in the society, which is an accepted fact throughout the world. Education is the pre-requisite for any revolution to take place in the society, as it is evidenced from the historical developments of the advanced nations. When people are illiterate or less literate, they accept their poor condition and opine that they cannot develop in their life.

Education enables in promoting moral values, ethics and makes the child a better citizen by improving her awareness about the evils of corruption and other social ailments. Education helps to continue communication with known and unknown persons through technology and mass media. Education gives strength to the person. They get knowledge and discriminate which is wrong and which is right with the help of education.¹ According to Duraisamy² indicated huge variations in returns on education among the major states of the country. Still, the inverted U shaped education return curve could be seen, but with a low rate of two to ten percent as against 12-24 percent in the case of those with secondary level education. Thus, it is noted that in the less developed regions, returns to education up to the primary level is the highest, where especially poverty is quite pronounced.

In the literature on economics of education, Adam Smith has viewed that the cost on education is an investment in the future earning capacity of the individual. Alfred Marshall considered it as an investment in human capital. J.S. Mill viewed that the public investment should be limited to provide building to the educational institutions while the teachers' salary must be paid from the students' fees.³ T.W.Schultz is of the opinion that there are practical difficulties in differentiating expenditure on education as an investment or as consumption expenditure. According to him schooling is more than a consumption activity, which is for improvement of the quality of life.

Investment in schooling adds appreciably to the savings of low incoming countries and also to physical capital formation of the country.⁴ Gary S. Becker advocated that there is a close relationship between earning, investment cost and the rate of return. In addition, literacy and educational level has a direct role in human development. It provides private and social return over a time and helps in economic development.⁵ Subrata Banerjee has favoured for taking of education to the rural and urban poor, the expenditure has to be borne by the Government, corporate bodies and the public in the form of men and

material. P. N. Mishra emphasised that in the public expenditure leakages cannot be ruled out and the expenditure on education is viewed as an investment for achieving human resource development.⁶

Financing of higher education is one of the fundamental responsibilities of the Government. It is because private universities have to charge heavily from the users to run their institution. Our country is yet to achieve cent percent literacy and hence public spending on higher education is inevitable. Given the situation, in India the major part of the expenditure on primary and secondary education is borne by the state. In respect of higher education the Central Governments its share comes to roughly one-third of the total expenditure. The State Government spends the remaining two-thirds. This shows how the financing of higher education is a complex phenomenon in India. The institutions of higher learning have been funded directly by the Government or through organisations like the U.G.C., A.I.C.T.E., etc.⁷ The principles adopted are input method, student based funding, out-put method and negotiating method.⁸

In India, there are educational institutions established and maintained by the Government and some established by the private management with Government aid are directly funded by the Government under the control of administrative departments. The Indian universities receive funds in the form of Block Grants and Maintenance Grants and also from organisations like U.G.C., A.I.C.T.E., etc.⁹ They receive financial assistance from the Government of Tamil Nadu based on their net deficit arrived for every year.

Further, in India, literacy levels of both males and females are on the rise consistently over the years and the higher rate of growth of female literacy rate over that of the males has also reduced the gender gap. Moreover, the country is also on the threshold of enjoying the benefit of demographic dividend with a greater share of the population in the working age group. However, there is a greater need to increase the level of education, especially that of higher education in the country with higher participation from both males and females and especially from the latter. In this context, providing higher education to the female population in the country becomes quite paramount and this will also help in bringing them into the mainstream of economic development. Glaring inequalities between the male and female population is one of the reasons for the slower growth rate of the economy, not only in India, but also in many other countries. As women form nearly 50 percent of the population, it is only but natural to expect them to join the developmental mainstream and start contributing to economic growth. However, for this to happen, the existing inequalities between males and females need to be addressed and alleviated urgently, in which removing educational inequalities attain utmost importance.

The per-capita expenditure on higher education in Tamil Nadu is the highest of 13,104 followed by Kerala 6639, Andhra Pradesh 5892 with the lowest 1221 by Bihar. According to Prof S.P. Thyagarajan “This is what the Centre too expects from every state as it provides equal amount, as grant, under Rashtriya Uchchar Shiksha Abhiyan (RUSA) scheme. Under RUSA, every state has to give a commitment to the Union government that they would spend at least 1.5 per cent of their GSDP for higher education.” Prof S. Vaidhyasubramaniam, opined that TN’s investment in higher education had been broad-based covering school, vocational, technical, professional and non-professional courses. “This explains the diversity in student enrolment. The next round of investment in disruptive innovations will provide a sustainable competitive advantage to TN making vision 2023 a reality.”¹⁰ The statistics provided by the Union HRD minister in her reply to a question in the Rajya Sabha is given in the following table.

Table 1: Expenditure on higher education in select states in India-2016

Sl. No	State	Expenditure on higher education as % to GSDP	Per capita expenditure on higher education (18 to 23 years)	Salary expenditure as a % of total expenditure
1	Tamil Nadu	1.50	13104	90
2	Andhra Pradesh	0.85	5892	75
3	Kerala	0.68	6639	95
4	Bihar	0.55	1221	87
5	Gujarat	0.39	2958	84
6	Karnataka	0.21	1410	88
7	Maharashtra	0.14	1091	92

Source: MHRD as quoted in Deccan Chronicle, 2016.

With regard to number of higher education institutions by type is that the share of state universities is the highest (44 percent) followed by private universities (22 percent), deemed universities (18 percent), institutes of national importance (10 percent) and central universities (6 percent). In India, public

Expenditure on education as Percentage SDP shows that in Andhra Pradesh it was 1.9 percent followed by Assam 4.1 percent, Bihar 4.7 percent, Chhattisgarh 2.2 percent, Delhi 1.4 percent, Goa 2.0 percent, Gujarat 1.7 percent, Haryana 1.7 percent, Jharkhand 3.1 percent, Karnataka 1.9 percent, Kerala 2.6 percent, Madhya Pradesh 2.4 percent, Maharashtra 1.3 percent, Orissa 2.7 percent, Punjab 1.8 percent, Rajasthan 3.0 percent, Tamil Nadu 10.2 percent, Uttar Pradesh 3.2 percent, West Bengal 2.2 percent, Arunachal Pradesh 7.1 percent, Himachal Pradesh 4.5 percent, Jammu & Kashmir 3.7 percent, Manipur 6.4 percent, Meghalaya 4.7 percent, Mizoram 9.1 percent, Sikkim 9.8 percent, Tripura 4.6 percent, Uttarakhand 4.2 percent etc.

The outcome of such the public expenditure on education is very much known from the increasing trend in GER during the post reform period in our country as given in Table 2.

Table2: Gross Enrolment Ratio (GER) of India

Level/ Year	Secondary (IX-X) 14-15years			Senior Secondary (XI-XII) 16-17years			(IX-XII) 14-17 years			Higher Education 18-23 years		
	Boys	Girls	Total	Boys	Girls	Total	Boys	Girls	Total	Boys	Girls	Total
2001-02	NA	NA	NA	NA	NA	NA	38.2	27.7	33.3	9.3	6.7	8.1
2002-03	NA	NA	NA	NA	NA	NA	41.3	33.2	37.5	10.3	7.5	9.0
2003-04	NA	NA	NA	NA	NA	NA	42.9	34.3	38.9	10.6	7.7	9.2
2004-05	57.4	45.3	51.7	30.8	24.5	27.8	44.3	35.1	39.9	11.6	8.2	10.0
2005-06	57.6	46.2	52.2	31.4	25.2	28.5	44.6	35.8	40.4	13.5	9.4	11.6
2006-07	58.6	47.4	53.5	31.5	26.1	28.9	45.0	36.8	41.1	14.5	10.0	12.4
2007-08	62.6	53.2	58.2	36.3	30.4	33.5	49.4	41.9	45.8	15.2	10.7	13.1
2008-09	64.8	55.5	60.4	37.5	31.6	34.5	51.0	43.5	47.4	15.8	11.4	13.7
2009-10	66.7	58.7	62.9	38.5	33.5	36.1	52.5	46.1	49.4	17.1	12.7	15.0
2010-11	69.2	60.9	65.2	42.3	36.2	39.4	55.7	48.5	52.2	20.8	17.9	19.4
2011-12	69.0	63.9	66.6	47.6	43.9	45.9	58.8	54.5	56.8	22.1	19.4	20.8
2012-13	67.9	67.4	67.7	43.9	43.2	43.6	56.5	56.1	56.3	22.3	19.8	21.1
2013-1)	73.5	73.7	73.6	49.1	49.1	49.1	61.9	62.1	62.0	NA	NA	NA

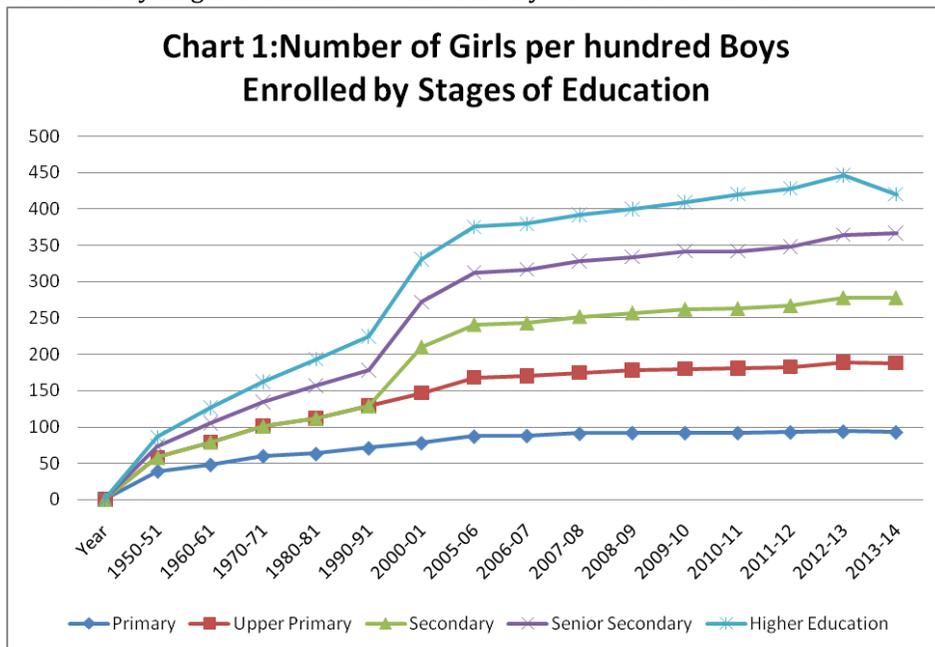
Source: AISHE

Table-3: Number of Girls per hundred Boys Enrolled by Stages of Education

Level/ Year	Primary (I-V)	Upper Primary (VI-VIII)	Secondary (IX-X)	Senior Secondary (XI-XII)	Higher Education
1950-51	39	19	NA	15	13
1960-61	48	31	NA	26	21
1970-71	60	41	NA	33	28
1980-81	63	49	NA	45	36
1990-91	71	58	NA	49	46
2000-01	78	69	63	62	58
2005-06	87	81	73	72	62
2006-07	88	82	73	74	62
2007-08	91	84	77	76	63
2008-09	92	86	79	77	65
2009-10	92	88	82	80	67
2010-11	92	89	82	79	78
2011-12	93	90	84	81	80
2012-13	94	95	89	87	81
2013-14	93	95	90	89	53

Source: AISHE

The number of girls per hundred boys enrolled given in Table 3 shows that it is remarkable in all the stages of education. It has increased from 39 to 93 at primary school level from 1950-51 to 2013-14. With regards to upper primary school level it has increased from 19 in 1950-51 to 95 in 2013-14. As regards secondary school level the increase was from 15 in 1950-51 to 89 in 2013-14. And for the higher education the increase was from 13 in 1950-51 to 53 in 2013-14. Chart 1 exhibits the trends in the number of girls per hundred boys enrolled by stages of education in our country from 1950-51 to 2013-14.



Conclusion:

Education is the fundamental factor of achieving long-term economic growth of country. It improves the quality life of people consisting of health, sanitary condition, level of invention and innovation, and their knowledge. The countries of the world with high literacy have achieved a remarkable socio-economic prosperity than the other countries. The educational gaps between people in terms of area, sex and communities are staggering in our country. If abilities of people are normally distributed, then skewed distribution of educational opportunities and attainment for countries like India would attract large welfare losses. Therefore, achieving equity in education should be the fundamental objective of the Central and State Governments in our cou

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