

**TRENDS IN GROWTH AND FINANCING OF HIGHER EDUCATION IN INDIA****Dr. S. Muthukaruppan***Faculty in Commerce, Madurai Kamaraj University College, Madurai 625 002**Abstract*

The Indian higher education system is presently facing several challenges. The challenge of global competitiveness has been added to other demanding tasks such as access, equity, relevance, quality, privatisation and internationalisation in the face of a resource crunch. This article gives an overview of trends in the expansion of higher education and examines variations in participation across states, gender and social groups. An attempt has also been made to discuss the trends in the financing of higher education. It argues that without appropriate policy interventions in school education, it would be of little use to have interventions at the higher educational level, which discriminate in favour of girls, SCs and STs. The present paper makes a modest attempt to discuss the trends in the growth and financing of higher education, besides highlighting some important issues regarding development of higher education in India. Given the limitations in available data, the paper gives an overview of trends in the expansion of higher education, and also attempts to examine variations in the participation in higher education across states, gender and social groups. An attempt has also been made to discuss trends in the financing of higher education and the resources required to meet the target of allocating 6 per cent of GDP to education. In the end the paper offers certain suggestions on critical development issues such as access, equity, quality, financing, privatisation, internationalisation and the need for creating a comprehensive database.

**Introduction**

A well developed and equitable system of higher education that promotes quality learning as a consequence of both teaching and research is central for success in the emerging knowledge economy. It is widely acknowledged that education contributes significantly to economic development. The developed world understood much earlier the fact that individuals with higher education have an edge over their counterparts. They are the ones who always believed that any amount of investment in higher education was justifiable. It is, therefore, imperative for developing countries too, to give due importance to both the quantitative and qualitative expansion of higher education.

From 1950 to the late 1980s, the planning strategy in India was geared towards ensuring distributive justice, balanced regional growth and positive discrimination in favour of disadvantaged sections. However, with the adoption of new economic policies, since the early 1990s, the development approach has taken an about-turn with the enhanced role of the private sector and the diminishing role of the state. Such an approach appears to be threatening the goals of social justice, equity and cultural diversity.

In the recent past, the growth trends in higher education seem to have found favour with those courses of study that have high economic payoffs. The participation of the private sector has resulted in the truncated growth of higher education. Besides, the implicit policy pursued by both central and state governments since the mid-1990s to promote school education at the cost of higher education has almost put the brakes on the expansion of public institutions. Such a policy has serious implications for making even existing institutions internationally competitive. Indian higher education system is, indeed, facing several challenges like access, equity, relevance and quality.

Even after significant expansion in the post-independence period, access to higher education in India continues to be poor and more so for the disadvantaged groups. Unfortunately, the country has no comprehensive database to help assess the response of the higher education system to the impact of globalisation in the last one and a half decades.

#### **Growth Trends**

In ancient times, Indian universities like Nalanda, Taxila and Vikramsila were renowned seats of higher learning, attracting students from far and wide including countries such as Korea, China, Burma, Ceylon, Tibet and Nepal [Khemani et al 2006]. During the colonial era, the rulers consciously did not use education for sustainable development. The first three universities were set up in the presidency towns of Bombay, Calcutta, and Madras in 1857. It took them another 30 years to set up the fourth university at Allahabad in 1887 and yet another 29 years to establish the fifth and sixth universities at Mysore and Benaras in 1916. These universities were established on the pattern of the University of London, thus, they were basically affiliating, examining and regulating bodies. The existing colleges engaged in teaching and learning was affiliated to these universities. For several decades, only colleges continued to offer the degree courses. It took a long time

before post-graduate teaching and research departments began to be established at the university level around 1920.

Since independence, the number of colleges and universities has registered a significant hike. From 1950-51 to 2004-05, while the number of universities has increased from 28 to 348, the number of colleges has gone up from 578 to 17,625. During this period, enrolment in higher education has registered a steep hike, from around 0.174 million to 10.48 million. The number of teachers has also gone up from around 24,000 in 1950-51 to 4,72,000 in 2004-05. It is evident from data that during this period, universities and colleges in the country have grown at an average annual growth rate of 4.94 per cent and 6.66 per cent respectively.

As on March 31, 2006, the country had 20 central universities, 217 state universities, 102 deemed to be universities, 10 private universities, 13 institutions of national importance and five institutions established under the State Legislature Act [UGC 2006]. It is evident from the available data that within a span of four years beginning March 2002, while the number of central and state universities has grown by 11 per cent and 22 per cent respectively, the deemed universities have grown by 96 per cent. Besides, for the first time, 10 private universities have come into being during this period.

The Chinese higher education system is the largest in the world in terms of enrolment, which caters to nearly 23 million students followed by the US and India. However, the average size of an Indian higher education institution in terms of enrolment is much smaller (500-600) compared to that of Europe and US (3,000-4,000) and China (8,000-9,000) [Agarwal 2006:5]. It is estimated that even after having the largest number of higher education institutions, India needs at least 3,000 more universities each having the capacity to enrol not less than 10,000 students to meet the increasing demand for higher learning [Bhargava 2006].

#### **Growth Trends in Enrolment**

The total enrolment in the higher education system (excluding distance education) has increased from 0.17 million in 1950-51 to 10.48 million in 2004-05. During the period 1950-51 and 2004-05, while total enrolment at higher education level has increased at an average annual growth rate of 8.04 per cent, the growth rate in the total number of teachers has been 5.78 per cent. Nearly 87 per cent of students in the higher education system are enrolled in the affiliated colleges. In fact, more than 90 per cent of graduate and 65 per cent of post-graduate students

are enrolled in affiliated colleges. It is also revealing that only 0.65 per cent of students in higher education institutions are engaged in research [Gol 2006].

An analysis of growth trends in higher education since 1950-51 reveals that average annual growth rates of institutions, enrolment and teachers were very high in the 1950s and 1960s partly because of the slender base in 1950-51 and also because of fast expansion of the system. The 1970s saw the lowest growth rate of institutions and enrolment. Thereafter, the average annual growth rate of universities and enrolment saw an increase again from the 1980s; it declined in the 1990s and registered an upward trend after 2000-01. The hike in the average annual growth rate of institutions after 2000-01 could be attributed to the participation of the private sector, particularly in professional education. The growth rate of teachers was an all-time low (1.1 per cent) in the 1980s, and thereafter, it has been increasing consistently.

It is important to underline the fact that from the Second to the Sixth Five-Year Plan period, higher education grew reasonably well with increasing attention coupled with rising allocations of public resources. But from the Seventh Five-Year Plan onwards, higher education did not receive the attention it deserved. This resulted in erratic growth of higher education, affecting the access, equity, relevance and excellence. Inequalities in access to higher education by gender, caste and religion increased and inter-institutional variations in quality of higher education became strikingly visible [Tilak 2005].

#### **Enrolment of Girls, SCs and STs**

It is evident from Table 3 that four out of ten students in higher education were in the faculty of arts, enrolled for courses in the humanities and social sciences including languages in 2002-03. Nearly two out of 10 students were in science courses. The ratio for commerce has decreased from 21.9 per cent in 1995-96 to 17.99 per cent in 2002-03. On the whole, 84 per cent of total enrolment was in the three faculties namely, arts, science and humanities in 2002-03 while the remaining 16 per cent were in the professional courses. Enrolment in engineering and technology accounted for only 7.5 per cent of the total enrolment. In a country that depends on agriculture and allied occupations enrolment in agriculture was just 0.6 per cent and in veterinary science, it was a miniscule, 0.16 per cent.

The participation of girls in higher education has been increasing steadily since 1950-51. The share of girls' enrolment in total enrolment rose from 10 per

cent in 1950-51 to 40.1 per cent in 2002-03. The participation of girls in engineering courses has gone up to a remarkable degree.

The participation of SGs and STs in different courses during 1990-91 to 2002-03. At present, scheduled castes and scheduled tribes show almost 15 per cent participation in higher education though the distribution is spread unevenly across subjects. Moreover, wide variations in the share of girls to total enrolment have been found across states and union territories. The participation of girls in higher education is relatively low in Rajasthan, Orissa, West Bengal, Madhya Pradesh, Uttar Pradesh, Jharkhand, Chhattisgarh and Bihar, the traditionally backward states in the country.

#### **Share of Private Sector in Higher Education**

While international trends in the participation of the private sector in higher education throws up a mixed picture, privatisation and commercialisation of higher education in India is a major concern. There is a high participation of private sector in higher education in terms of the share in the total number of institutions in countries like Chile, Japan, South Korea, Malaysia, Brazil, the Philippines, Georgia, Mexico, Thailand and the US. But the share of the private sector enrolment in the total enrolment in higher education is relatively low in Malaysia (39.1 per cent), Georgia (23.8 per cent), Mexico (33.1 per cent), Thailand (19.0 per cent) and the US (23.2 per cent). In China, although private institutions constitute 39.1 per cent of the total number of institutions, their share in the total enrolment is just 8.9 per cent. It does signify that higher education in these countries is predominantly a public service.

In India, however, there is an increasing trend both in the number of private higher education institutions and enrolment in recent years. In 2000-01, private unaided institutions constituted 42.6 per cent of the total number of higher education institutions, which increased to 63.21 per cent in 2005-06 [UGC 2006]. Similarly, the share of enrolment in private unaided higher education institutions has gone up from 32.89 per cent in 2000-01 to 51.53 per cent in 2005-06.

As mentioned earlier, given the high demand, the expansion of the higher education system appears to be slow. As financing is one of the critical factors determining the pace of expansion of education of any given level, an analysis of the expenditure patterns on education in general and higher education in particular would provide a better insight.

### Trends in Financing

Higher education has generally been recognised as a "public good", at least as a "quasi-public good" [CABE 2005: 7]. The public good nature of higher education warrants that the state should play a more active role in the financing of higher education.

Indeed, the state has been funding higher education since independence. Early on, it was realised that a strong, self-reliant and modern industrial economy could be built only on the foundations of higher education. However, owing to several factors including the new economic policies adopted since the 1990s, state funding to education in general, and higher education in particular, has been declining in real terms. Further, private institutions, particularly in areas of management, engineering, medicine, computers, etc, have been coming up in large numbers raising issues of access, equity, quality and regulation. The entry of foreign institutions is making it all the more complex. Interestingly, higher education is facing these challenges at a juncture when it is expected to play a greater role in improving the nation's competitiveness in the emerging global knowledge economy.

### Public Expenditure on Higher and Technical Education

Public expenditure on higher education has increased from a modest level of Rs. 171.5 million in 1950-51 to Rs. 95,620 million in 2004-05 (budget estimates) by a whopping 550 times. It had a good start during the 1950s with a real growth rate of 7.5 per cent per annum, had a golden period during the 1960s with a real growth rate of 11 per cent per annum but suffered a severe setback during the 1970s with the annual real growth rate declining to 3.4 per cent and recovered somewhat during the 1980s with the annual growth rate improving to 7.3 per cent.

With budgets being tightened and other fiscal problems that both central and state governments are facing, the financing trends have not been favourable to higher education since the 1990s. The public expenditure on higher education increased from Rs.23,120 million in 1990-91 to 95,620 million in 2004-05 (BE) in current prices with an annual growth rate of 12.3 per cent.

It is interesting to note that the disbursement of funds by the UGC is uneven and the bulk of it goes to the central universities and their affiliated colleges and to a few deemed to be universities. A vast majority of universities and other degree awarding institutions are not even eligible to receive any kind of grants from the UGC. In all, only 158 out of 348 universities are eligible to receive grants'

from the UGC. In addition, the UGC provides general development assistance to a little over 5,000 colleges.

Since 1990-91, the central and state governments are financing the public technical education almost in equal proportion. Much of the central government expenditure (a little over 40 per cent) is understandably goes to Indian Institutes of Technology (IITs). The Indian Institutes of Management (IIMs), Indian Institute of Science (IISc), National Institutes of Technology (NITs), and All India Council for Technical Education (AICTE) each gets around 10 per cent of the total central government grants.

#### **Conclusion**

To conclude, there is an increasing demand for higher education in the growing Indian economy. The growing economy has, indeed, raised the aspirations of people of diverse background and it is necessary that system should respond by expanding access to accommodate these aspirations. The growing economy also needs highly educated manpower in large numbers. Unfortunately, the expansion of public higher education has slowed down at a time when it should have been expanded fast to increase the access. It is necessary that these trends should be reversed and the state should come forward to open new institutions, besides strengthening existing institutions. Quantitative expansion and qualitative improvement of higher education should command highest priority in the policy discourse. It is important to note that the conventional system alone cannot do this job. Necessary convergence between conventional and distance modes has to be ensured besides bringing about qualitative improvement in all programmes of higher education.

Foreign institutions are entering the country in a big way taking advantage of differential and excessive demand for higher education. We cannot afford to turn a blind eye to this phenomenon. Majority of them are going to be mediocre and try to cash in the craze for foreign degrees. While it may not be desirable to close the door for all foreign institutions, we need to evolve such a policy that it attracts only the genuine institutions. Foreign institutions accredited in their homeland should be allowed to offer only those programmes which they offer in their country, and they should be subjected to the same sanctions as applicable to domestic providers. Even the fee charged for various programmes should be determined within the regulatory framework prescribed for all institutions of higher learning.

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