

Paucity of Public Funds and Growth of Professional Colleges in India

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Abstract

Indian higher education has undergone a metamorphosis in the last several years. The right to education is a fundamental right in India. Education falls under the Concurrent list of the Indian Constitution. In 1997 the Indian Government, in its proposals for subsidies, accorded higher education the status of a 'non -merit' good while elementary education remained a 'merit good'. The Ministry of Finance, Government of India thus reclassified higher education as a 'merit-2-good' which need not be subsidized by the state as a 'merit good'. One of the major hurdles confronting our system is that of scarcity of finance. Beginning with the Kothari Commission all the succeeding Committees have emphasized the need for increasing the budgetary allocation for higher education. However, in the light of increasing demand and competitiveness more specifically after 1991, public funding is becoming difficult and this has led to growing privatization in the education sector.

Index terms— financial constraints, privatization, professional colleges.

1 Introduction

Indian higher education has been facing an unprecedented transformation in the last few years. This has been largely helped by economic and demographic changes. It is generally predicted that by 2020, India would be the third fastest growing economy, besides she also has the advantage of having the youngest populations in the world. In this Paper an attempt is made to look at the source of public spending, the need for Privatization of Indian higher education, the sources of private funds and examine in detail the growth of Professional Institutes in India.

2 II. Public Funding of Higher Education

The right to education at the elementary level is a fundamental right in India. Education in India is essentially a state supported service falling under the control of both the Union Government and the State Governments. The challenge confronting the Indian higher education is, finding out diverse sources of funding, while simultaneously ensuring an efficient allocation of resources, so as to achieve the three main goals of access, equity and quality of higher education.

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As early as 1964 the Kothari Commission recommended that 6% of GDP should be on education. The Knowledge Commission, appointed in 2005 under the Chairmanship of Shri Sam Pitroda, echoed the same wave

7 E) DONATIONS AND LINKAGES BETWEEN ACADEMIC AND CORPORATE BODIES

42 of thinking, when it recommended that out of the 6% of the GDP on education 1.5% should be on higher
43 education.

44 Under the Twelfth Five Year Plan the target spending on higher education is expected to be 1.5% of India's
45 GDP, up from current 1.22%.

46 The introduction of economic reforms in India in 1991, led to laying of emphasis on improving competitiveness.
47 They included both structural adjustments and stabilization policies. This led to fiscal constraints in all
48 investments in the social sectors. The result was a cut in the budgetary allocation to higher education.

49 One can say that the major sources of finance are:

3 a) State Finance

51 Higher education is essentially a merit/public good which falls in the Concurrent list of the Indian Constitution,
52 hence, it follows that the primary responsibility of financing higher education lies with both the central and state
53 governments. While 80% of the funding is from the state governments, 20% comes from the central government.

4 b) Raising the tuition fees

55 It is generally believed that tuition fees are low in India, which have not been hiked for years. The need is for
56 periodic assessment of fee structure, in keeping with the existing inflation and rising cost of education. But there
57 are general apprehensions that rise in fees will discourage poor families from pursuing higher education.

58 Several Committees have been appointed from time to time to look into the financing of Indian higher
59 education. The Consensus among them is that, students should bear the costs and the government should
60 only support those fields which lack market orientation. Accordingly, in 2000, the Ministry of Higher Education
61 decided that the colleges and universities should hike the fee regularly.

5 c) Student Loan Scheme

63 To complement the increase in fees, a new education loan program was announced in 2001. The Scheme covers
64 loans for poor and needy students desirous of undertaking basic education and meritorious students wishing to
65 pursue higher education at home and abroad. The maximum amount awarded is Rupees 7, 50,000 for studies in
66 India and 15, 00,000 for studies abroad.

67 In addition, in order to ensure that talented students are not deprived entry to technical and professional
68 courses on account of shortage of resources, a scheme is in operation since the year 2009-10 to provide full interest
69 subsidy, during the moratorium on educational loans taken by students belonging to economically backward
70 classes whose parental income is less than Rupees 4.5 Lacs per annum.

6 d) Sale of Publications

72 The government comes out with various publications related to higher education. The sale proceedings can be
73 seen as a means of financing higher education.

7 e) Donations and linkages between academic and corporate bodies

76 Several Philanthropists have made contributions to India in the past. This source has to be encouraged to
77 supplement the much starved financial institutions of its resources. Many of our educational institutions have the
78 ability and courseware to facilitate manpower development. Several of these topics are of interest to the industry
79 and institutions, and they can facilitate training in areas which are of interest to the industry. The corporate
80 bodies, however, have remained far away. They have to be encouraged to not just provide monetary support but
81 also help in the setting up of Post-Graduation and Research activities.

82 The introduction of the process of Globalization laid emphasis on the competence of human capital. Economic
83 reforms were introduced in India in 1991. They were inclusive of structural adjustments and stabilization policies.
84 This led to fiscal constraints in all investments in the social sectors. Consequently, there was a cut in the budgetary
85 allocation to higher education. Under these circumstances there exist pressures for mobilizing resources from
86 nongovernmental sectors. Therefore, steps have to be initiated, to implement measures such as hike in fees,
87 provision of student loans and encouragement of privatization in order to mobilize resources. The need is for
88 changing our policies and regulations to permit other forms of funding and bring about complementarity between
89 public and private educational institutions.

90 Four major challenges tend to impair India's rate of growth. These include: 1. Gap between supply of higher
91 education and demand for higher education associated with low enrolment ratio; 2. Low quality of teaching
92 and learning, largely on account of faculty crunch, outdated/rigid curricula and pedagogy, absence of quality
93 assurance and separation of research and teaching; 3. Absence of proper facilities for carrying out

94 Research and a poor Research Record; 4. Uneven growth and existence of disparities which hamper
95 opportunities to the weaker sections of society. Under these circumstances there exist pressures for mobilizing
96 resources from nongovernmental sectors. Therefore steps have to be initiated, to implement measures such as hike
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99 between public and private educational institutions.

100 **8 III. Privatization of Higher Education**

101 and Growth of Professionalism

102 Indian system of higher education has experienced unprecedented growth over the years. This remarkable
103 change, particularly since the nineties, can largely be attributed to the alarming growth of private sector. In fact
104 one can say that the size of the private sector in terms of enrolment and number of institutions is far larger than
105 the public sector.

106 The most important challenging problem of higher education is one of funding. According to the policy
107 framework, higher educational institutions are required to have a non-profit structure irrespective of how they
108 are funded. However, the power of awarding degrees lies solely with the University Grants Commission (UGC),
109 as specified under Section 23 (3) of the UGC Act 1956.

110 The Act resulted in a unique and complex system encompassing hundreds of teaching colleges both private and
111 public affiliated to Public Universities. The latter in turn can be funded by state or central sources.

112 In India there is a huge demand for university education and over the past few decades, India has witnessed
113 a phenomenal growth in the number of universities and colleges. The growth is even more pronounced in case
114 of Professional colleges (more particularly engineering, management and medicine.), as also private vocational
115 training courses especially those catering to the IT sector.

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117 All this results in an increasing trend towards privatization, although the degree to which states have
118 allowed private higher educational institutions and the quality of such institutions, varies widely from state
119 to state. Privatization of higher education manifests itself in the following forms:

120 **10 a) Privatization of public institutions**

121 Government has been encouraging institutions to adopt privatization policies. This implies withdrawal of
122 government grants, encouraging though incentives mobilization of resources from private sources which is inclusive
123 of fees and introduction of courses which have a high market value. The state however, continues to remain an
124 important source of finance.

125 **11 Establishment of private institutions with government support.**

126
127 This source is becoming more and more popular in developing countries like India. The sources of finance are
128 tuition fees, donations from Philanthropists, contribution of foundations' and government support.

129 **12 c) Self-Financing Non Profit Institutions**

130 Over the years the trend is towards vocational courses, this becomes reasonable when one thinks of the future
131 prospects, in terms of employment and further studies. This resulted in the introduction of a number of market
132 oriented courses. This together with the willingness of the students to pay for these courses led to a supportive
133 environment, which resulted in the introduction of these courses at the Under Graduate and Post Graduate
134 Courses, after obtaining the necessary approval from the UGC. Keeping in mind the fact that these courses have
135 different fee structures, they are commonly referred to as Self-Financing Courses.

136 **13 Profit making financial institutions**

137 The primary aim of private bodies is, to establish institutions which are founded, funded and run by them. Their
138 primary aim is maximization of profits.

139 **14 IV. Growth of Professional Education in India**

140 In keeping with the manifold needs of a fast moving economy, the private sector has cropped up to complement
141 the public educational institutions. Privatization in India is more noticeable in case of Professional Education.
142 The basic objective of privatization of higher education has been to reduce the number of public colleges and
143 universities, authorize decentralization of academic administration and promote creativity, innovation and higher
144 standard.

145 Higher education in India has witnessed the growth of privatization and the most noticeable trend has been the
146 transformation in the provision of Professional education, particularly engineering, medicine and business schools.
147 There are a large number of courses at the Under Graduate Level and students can opt for them depending on
148 the basis of eligibility and interest. The AICTE has delegated to the respective state governments the power to
149 process and grant approval for the starting of new technical institutes, for the introduction of new courses and
150 for variation in the intake capacity of technical institutions.

151 The AICTE has to shoulder the responsibility of ensuring quality development of technical institutions and
152 also laying down the norms and standards for such institutions. The AICTE also has a promotional role to play
153 by promoting schemes which promote technical education of women and physically, socially and economically
154 backward sections of society.

155 The technical institutions under the AICTE include Post Graduate, Undergraduate and Diploma in the whole
156 spectrum of technical education. The All India Institute of Medical Sciences looks after medical education.
157 The table and Graph above clearly show that colleges affiliated to the universities dominate the scene, with
158 the others lagging way behind. The Arts stream seem to be dominating the scene followed by science,
159 commerce/management and engineering in that order. Although there seems to be an increase in the growth of
160 Professional Courses India has still a long way to go.

161 15 Graph 3

162 The Professional Stream shows a trend towards privatization. While the share is as high as 91% in case of
163 engineering colleges it is 64% and 50% in case of management and medical colleges.

164 When one looks into the origin of Professional education in India, we can say that it started in the 19 th
165 century, although it received momentum in the 20 th century with the onset of the Constitution of Technical
166 Education (CABE). The establishment of Indian Institute of Technology, Indian Institute of Management and
167 Indian Institute of Science were major steps in this direction.

168 The history of IIT dates back to 1946 and the first IIT was formed in Kharagpur in 1950. The Indian Institute
169 of Science was established by Jamshetji Tata in 1909. Engineering can be said to go back to 1900. The first
170 Indian Institute of Management was set up in Kolkata in November 1961. The study of medical sciences on the
171 other hand goes back to the British Raj and the Calcutta Medical College was established in 1835.

172 After independence there has been a rapid expansion of the Professional education and in fact after the opening
173 of the Indian economy in 1991 there has been a real spurt in expansion. Undoubtedly there is an increase in the
174 participation of the private sector in India. But year after year we churn out graduates who are unemployable.
175 In addition doubts can be raised about the profit motive objectives of these institutions. One must not forget
176 the fact that two major problems plague Indian economy namely: poverty and population expansion. Thus in
177 keeping with the current trend privatization is essential, the latter should be regulated.

178 16 V. Conclusion

179 The Indian education system thus seems to be undergoing changes. Population growth, emerging middle class
180 and rising aspirations of the people are factors responsible for laying emphasis on higher education. As public
181 funding is subject to a lot of competing demands, it follows that the private sector is gaining more importance
182 in the field of higher education. However, while recognizing its role one must not forget that this sector should
183 be kept under strict vigilance which would also keep in mind the cultural values, maintaining the dignity of
184 teaching-learning process and laying emphasis on socio-economic and democratic values.

185 Many of our private institutions have attained international reputation for their quality and standards.
186 The government should encourage private participation in the higher education sector, without in any way
187 compromising on quality and social objectives. There is little scope for profit seeking private higher education
188 institutions. The final objective is to encourage the knowledge potential of the country and make India an
attractive destination and knowledge hub of international standards.

- 1) MBBS: -is a Course at the Undergraduate level. Its full form is Bachelor of Medicine, Bachelor of Surgery;
- 2) Engineering is a four year course and after which you are awarded a BE (Bachelor of Engineering) or BTech Degree
- 3)

Figure 1:

1

Central Universities (Public)	44
State Universities (Public)	306
State Universities (Private)	154
Deemed Universities (Private/ Public))	129
Institutions	of National 67
Importance	
Total	Degree granting
institutions	

Figure 2: Table 1 :

2

Field	Percentage of Total
Arts	37
Science	19
Commerce & Management	18
Engineering & Technology	16
Medicine	4
Law	2

Figure 3: Table 2 :

3

Course	Percentage Share of Private Institutions	Percentage Share of Public Institutions
Engineering	91%	9%
Management	64%	36%
Medicine	50%	50%

Source: AICTE and Other Professional Council 2009

Figure 4: Table 3 :

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