

Indian Higher Education Policy, Practice and Economics

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ABSTRACT

Education has a significant impact on economic growth since it boosts productivity and hence raises the country's gross domestic product. Higher education is becoming increasingly important in policymaking because of the growing value of knowledge in the growth process. Through its research and development (R&D) operations, higher education plays a significant role in the creation of new knowledge and in the utilisation of knowledge that has been developed elsewhere. In many countries, governments and individuals/households have been expanding their investments in higher education, which has resulted in massification and eventually universalization of higher education. However, the most difficult task is to keep the country competitive while still providing an inexpensive and high-quality education to people from all walks of life. As a result of the affordability issue, the public sector plays an increasingly important role in funding postsecondary education.

Keywords: policy, higher education, practice

I. INTRODUCTION

One measure of the relative value placed on higher education's social, economic, and political benefits is the amount spent on it by the public sector in industrialised countries vs developing countries. The Human Capital hypothesis has traditionally focused on the importance of investing in education in order to increase productivity. Because of the costs associated with higher education, the government has been forced to play a role in financing it.

To achieve equitable growth and a knowledge society in India, the National Knowledge Commission (NKC) has stressed the importance of pro-market economic reforms (GOI, 2007). With a Gross Enrollment Rate (GER) of 23.6 percent in 2014-15, India has already attained massification of higher education (GOI, 2015a). An additional 10 million students are expected to enrol in higher education as a result of the GOI's Twelfth Five-Year Plan (GOI, 2013a) objective of 25.2 percent by 2017. Enrollment growth has been spurred in recent years by the rapid expansion of the private education sector. Given that most industrialised countries' higher education systems were largely built with public funds, there are good arguments for increasing public funding in India's. The twelfth plan is expected to spend 30% more than the previous one, at 1,10,700 Crore (GOI, 2012). For the central institutions, state universities and colleges, equitable measures like student financial aid and research/innovation, this quantum leap is intended.

However, since the 1980s, structural adjustment policy has emphasised the application of market principles in the functioning of higher education. When it comes to private returns on higher education, it is assumed that they outweigh the social returns (Tilak, 2005). There had no other option than to use cost-sharing and cost-recovery strategies in poor countries in order to finance higher education.

Public higher education institutions are examined in this research. As many students attend state universities and colleges, the central government provides them with a little portion of their funding. There has been a lack of funding for higher education in the majority of states throughout the years, which has resulted in the finances being spread unevenly among a number of institutions.

A growing non-plan spending is putting even more strain on states' limited resources, notwithstanding a stable plan expenditure. In light of the Fiscal Responsibility and Budgetary Management Act and the new public management strategy, state governments are forced to experiment with alternative innovative methods of funding the state higher education system due to resource constraints and procedural bottlenecks (because the government must negotiate with various social commitments).

II. HIGHER EDUCATION SECTOR FINANCIAL SYSTEM

Public funding of higher education is supported by a variety of reasons. Conversely, proponents of a market-based approach to development advocate for increased household funding of higher education. Whether higher education is a public or private good has a bearing on the question of how it should be funded.

We must invest more in higher education because of its role in knowledge creation and because of the increasing focus on creating a knowledge society. The massification of higher education in many nations has driven individuals and the government alike to invest more in higher education.

Non-rivalry consumption and non-excludability are two of the most important characteristics of a public good (Samuelson, 1954). Higher education can be viewed as either a public or a private good, depending on your point of view. Higher education can be seen as both a public and private good, depending on how you look at it. Because of this, higher education is sometimes viewed in some circles as a quasi-public asset that has beneficial effects on the community (Tilak, 2005). The consumption of it may be restricted for those who are unable to pay the price. When there is an increasing demand for a product but a limited supply, some people may not be able to purchase it.

A few people who don't meet the eligibility requirements for entrance or don't have the qualifications required for admission or don't compete with others are barred from using it. Higher education at state sponsored universities is non-competitive (excluding the possibility of congestion due to higher demand for it).

Higher education benefits society as a whole because of the social cohesion, ethical ideals, morality, and a host of other benefits it provides to its ultimate customer (the student). As a result, some people claim that it's a good on its own merits that's aimed at benefiting society as a whole. Since the market does not value such externalities as patriotism, democracy, and cultural norm compliance, it is difficult to quantify the nonmarket benefits or spillover social benefits of human capital investment (Dreze and Sen, 1996; McMahan, 2006). As a result of these market flaws, it is suggested that the government should bear the responsibility of subsidising higher education (Lleras, 2004).

Governments and individuals alike are urged to view education spending as an investment that will pay off in the long run. Ultimately, it helps a country's economy and productivity develop. In accordance with the human capital (HC) idea, education increases the productive ability of individuals. Individual productivity rises in direct proportion to educational attainment. To put it another way, those who advocate for HC theory argue that a nation's economic progress is directly linked to the level of education that its citizens receive (Schultz, 1961; Becker, 1964). In addition to the amount of money spent on schooling, physical capabilities such as ability, motivation, or intensity of work, and the wages that effect such morale and aspirations of persons are all important factors in determining productivity (Becker, 1975). The endogenous growth models were also linked to the HC theory, which emphasises the need of investing in education by emphasising the concepts of knowledge and innovation (Lucas, 1988; Romer, 1989).

In terms of investment, higher education is given precedence over lower education levels because of the anticipated returns. Education's positive externalities extend beyond the individual who receives it to the rest of society. Different stages of education, like basic, secondary, and higher education, are said to generate these externalities to varying degrees. There is evidence to support the idea that as one's education progresses, both the social and private benefits increase (Blaug, 1976; Psacharopoulos, 1987).



Figure 1: Higher education scenario through an array

III. ALL INDIA SURVEY ON HIGHER EDUCATION (AISHE)

It was launched in 2011 and collected data for the 2010-11 fiscal year. Surveying higher education in the country was a necessity because no other source of data was providing a complete picture. First time all the major stakeholders in Higher Education such as University Grants Commissions, All India Council for Technical Education as well as the State Governments engaged in data gathering.. The entire poll was conducted electronically, and a special web portal called <http://aishe.gov.in> was created just for it. It was the goal of the study to collect data on all of the country's higher education institutions. Teachers, student enrolment, programmes, examination outcomes, education funding, and infrastructure are all being tracked. Institutional density, gross enrolment ratio, Pupil Teacher Ratio, Gender Parity Index and other educational development indicators are generated from the data acquired through the AISHE database. These are helpful in the development of the educational sector through research and the formulation of well-informed policy decisions. A new round of the study will be undertaken in the coming year.

Government of India

Budget 2017 (2017-2018)

	Rs. in Crores	\$ in Billions	% of budget	Data Source ¹
Total Expenditures	2,146,735	322		Budget Profile
Education	79,686	12	3.71%	Expenditure of Major Items
Department of School Education and Literacy	46,356	7	2.16%	Note on Demand for Grants
Higher education	33,330	5	1.55%	Note on Demand for Grants
Sub-Total Education ²	79,686	12	3.71%	

(1) Source: indiabudget.nic.in

(2) These amounts do not reflect expenditures of several ministries that manage their own higher education institutions

Assumptions: \$/Rs. exchange rate of 66.69

Figure 2: Budgetary allocation of Higher Education

IV. CONCLUSION

Higher education in India should be viewed as a public commodity, and public funds should be used to expand access to this sector so that all citizens can participate, regardless of their religion, caste, creed, gender, ethnicity, language, or socioeconomic background. For the growth of India, everyone should have equitable access to inexpensive, high-quality higher education.

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