

Meeting Social Goals or Neoliberal Reform?

The National Knowledge Commission has made a number of important general recommendations for higher education, but there has been little working out of detail and the database on some important dimensions is questionable. The main conclusions are based on an analysis of the public education system with very little focus on the growing private sector. It is doubtful whether the NKC recommendations constitute a step forward in meeting the national goals in higher education at this juncture.

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There is now sufficient evidence to show that higher education generated large positive externalities for growth and that the level of development of a country and the stock of highly educated manpower is related [Tilak 2006]. In the light of these arguments, countries such as China and India are putting emphasis on the growth of higher education. The Approach Paper to the Eleventh Plan has argued for much higher public investments in the sector with expansion, quality and relevance as the key objectives. There is a further emphasis on access and inclusiveness.

In recognition of the role of higher education, the National Knowledge Commission (NKC) has made a number of important recommendations.¹ The objective of this article is to review these recommendations in the light of the changes that have taken place in higher education in recent years, and the goals that are currently being set.

Background

The modern Indian higher education system has undergone phenomenal qualitative change and expansion since its advent in the first half of the 19th century. Since 1951, education has primarily been a responsibility of the states, but in the case of higher and technical education, a greater responsibility was placed with the central government. However, since the 1976 amendment to the Constitution, education was brought in the joint purview of both central and state governments.

While charitable and philanthropic sources of finance were important from the very beginning, the role of state finance (central and state) increased significantly in the post-independence period. In the more recent period, non-governmental finance, which is essentially commercially oriented and non-philanthropic, has become very important.

After the formulation of the New Policy of Education (NPE) in 1986, the central government gradually increased its contribution to the funding of elementary education, and this trend continued in the 1990s. As a result, in total expenditure on education, the share of higher education spending declined from 12.2 per cent during 1982-92 to 11.4 per cent for the states, and more dramatically, from 36.2 to 23.3 per cent for the centre.²

At the same time, while structural adjustment and liberalisation put fiscal resources of the centre and the state under stress, the dominant strand in thinking differentiated between elementary education, which was treated as a merit good while higher education was treated as a private good.³ Despite a high rate of national income growth, the real rate of growth of expenditure on this sector declined – from about 5.5 per cent during 1982-92 to 5.3 per cent during 1993-2004, principally on account of deceleration in spending by the states. The share of GDP devoted to higher education also declined somewhat and averaged about 0.42 per cent over the later period. The most significant impact was felt on per student expenditure which registered a negative rate of growth in this period both for central as well as state expenditure. Overall, per student expenditure has

declined at a rate of 2.4 per cent since 1992-93. The average real expenditure on higher education per enrolled student declined from Rs 8,322 in the period 1981-82 to 1991-92 to Rs 6,790 in the period 1992-93 to 2003-04 (at 1993-94 prices).

Since about a decade or more, most state governments have virtually ceased to expand the list of government aided institutions, thereby increasing the percentage of “self-financed” or “private unaided institutions”. Their presence has been most noted in professional and technical education.⁴ Even in general education, there is now a mushrooming of private, self-financing colleges. In one university alone (Kanpur in UP), the number of such colleges outnumbered state assisted colleges in the ratio of 3:1! The growth of self-financing institutions has been most marked in the three southern states of Tamil Nadu, Andhra Pradesh and Karnataka, and the western state of Maharashtra [Kapu and Mehta 2004]. In Tamil Nadu, self-financing colleges comprised 56 per cent of arts and science colleges, and 96 per cent of engineering colleges in 2003-04 [Anandkrishnan 2006]. The enrolment in these colleges accounts for the major part of the difference between the enrolments reported in the official statistical system and those captured by household surveys. According to the Central Advisory Board of Education (CABE) committee report, there is a sense in which the Indian higher education system is one of the most privatised in the world. The private institutions which are not affiliated to universities are accredited to grant degrees/diplomas by the All India Councils, or by the respective universities to which they are affiliated. Private institutions, which do not seek government funding are expected to adhere to minimum standards but are subject to fewer regulations with respect to fees, admissions, etc.

No firm estimates are available of the expenditure on financing education by private managements (which appears to have increased astronomically in recent years), but the total fees realised by private unaided institutions were an estimated Rs 147 crore in 1995-96.⁵ The fee charged by these institutions was typically four times the average fee charged by public institutions. The net result, according to the NSS 52nd round, was that within an elitist higher education, private unaided institutions were even more elitist, enrolling only 5.8 per cent students from the bottom four deciles in terms of per capita

consumption expenditure, whereas 86.1 per cent students came from the top four deciles.

It has to be recognised that expansion in enrolments in higher education and improvement in quality has to take place along with provision of equitable access to all sections of society. This puts the primary burden on public expenditure, as private education cannot be expected to take care of social goals and a policy of private-for-profit provisioning based on public subsidies is likely to be sub-optimal.

Flawed Data Base

The NKC has premised its conclusions on its estimate of the enrolment rate of the relevant age group in higher education at 7 per cent (in 2006-07). It is not known how these results were generated. Results for 1999-2000, estimated by us from unit record data of the NSSO, show that by that year, the enrolment rate among the 18-22 year olds was already 8.52 per cent.

In discussing enrolment, it is usual to refer to gross enrolment rates (GER), which is the total enrolment in higher education divided by the population in the relevant age group (which we take to be the five-year bracket from 18 to 22 years). The current enrolment can be estimated from three main sources: (i) the Selected Educational Statistics (SES) of the MHRD; (ii) the decennial population census, and (iii) the various rounds of the NSS. There are large variations between these sources which at least in part reflects the growth of the undocumented private sector in higher education.

The latest year for which the SES provisional results are currently available is 2003-04. A projection of the enrolment data of the SES for 2006-07 shows that the total reported student intake in 2006-07 is likely to be 1.28 crore (GER: 9.7 per cent), with the intake of students in the general stream (including BEd) being 1.04 crore. The fitted trend shows that during 1993-94 to 2003-04, general student enrolment grew at a rate of 8.3 per cent whereas enrolment in technical enrolment grew at a rate of 12.4 per cent annually. However, the SES data are based on enrolment data reported by states and the UGC and does not take into account distance education and the private unaided sector.

The NSS data results have been computed by us for various years. For 1999-2000, the estimated GER is 8.77 per cent for graduates only and 11.52 per cent for all those pursuing post-higher secondary education. For 2003-04, thin NSS 60th

round results give an estimated GER of 15.02 per cent for all those pursuing post higher secondary education.

The 2001 Census provides information on all those pursuing "college" education and "vocational" education, the latter including ITIs. The total enrolment in college education in 2000-01 was 244.3 lakhs, while that in vocational institutes was 16.5 lakhs. A projection of the growth rate of enrolment in the 1991 and 2001 Census provides an estimate of total enrolment in higher education of 2.07 crores in 2006-07 or a GER of 15.6 per cent. *The census estimates may be treated as upper bound estimates, covering both the formal and informal, public and private systems, as also recognised diploma and certificate education.*

This shows that the NKC's estimates regarding enrolment are wide of the mark. Assuming, however, that the NKC's assumptions regarding current enrolment status and expansion of higher education are correct, this would imply an astronomical increase in total enrolment from about 92 lakhs to 2.16 crores. That is, enrolment is expected to increase by 133 per cent or 1.24 crores. In reading the document, it is apparent that the NKC has not fully considered the financial and other implications of these targets.

Expansion of Higher Education

The NKC refers to the need to create many more universities. It suggests that the target should be the creation of some 1,500 new universities. Many of the new universities, the NKC suggests, could be created by restructuring existing universities/colleges. This is an unexceptionable recommendation and has formed one of the core recommendations of the CABE committee on autonomy of higher education institutions. The critical issue, however, is how the proposed expansion in enrolments will be catered to. Will these be in existing institutions or in new ones? How many of the new universities would be in the private sector, whether domestic or foreign? These are questions which the NKC does not address.

The NKC refers only to the creation of 50 national universities (public or private), of which 10 alone would be created in the Eleventh Plan period. These universities could be created by public or private sponsoring bodies with a non-profit status. The NKC suggests that the private institutions should be started with a substantial land grant which could be used for income generation purposes.

In principle, there is a sound rationale for state support to non-profit institutions working for public good and this has been the past practice in India leading to the creation of the "private-aided" sector. In recent decades, however, there has been a decline in philanthropic capital in education, with a rapid increase in "de facto" privatisation [Kapu and Mehta 2004]. No distinction can now be readily made between private institutions which work on commercial lines and those which do not and recent court judgments have further clouded this distinction. The basic difficulty is that invariably all such institutions are registered as non-profit institutions (trusts, or societies) and are legally permitted to generate revenues which cover their costs and permit accumulation of surpluses.⁶ Anandkrishnan (2006) finds that only a quarter of such institutions genuinely function as public trusts or charitable societies, committed to educational excellence and conscious of their responsibility.

In the case of such institutions, the basic casualty is equity and access, both of which have to be provided through the public education system. The rationale of the state extending subsidies to such institutions has now become very weak. Further, in any case, grants to genuine philanthropic institutions need to be open, rather than hidden (as would be the case with land grants).

System of Regulation

A fundamental recommendation of the NKC is that an independent regulatory authority for higher education (IRAHE) should be established. The new regulatory authority would supersede the present powers of the UGC as well as the bodies such as NAAC, the AICTE, the MCI and BCI with respect to setting the criteria and deciding on entry, degree granting and monitoring of standards. The NKC argues that the UGC's powers and functions, in particular, need to be reduced and the UGC should only continue to be a funding institution. Although the NKC does not explicitly state this, it is apparent that the new regulatory organisation would also supersede the powers of legislatures to grant university status.

The idea of an independent regulator to replace the current powers and functions of the existing bodies seems quite far-fetched in a country where higher education is required to conform to national policy goals. Indeed, in most countries, both developed and developing, it is still the

state or its institutions which permit the entry of institutions into higher education, and set the basic norms for funding and quality. In China, for instance, all these aspects are well covered in its national Higher Education Law.

However, certainly with the haphazard expansion of higher education, the current regulatory framework needs to be comprehensively reviewed and strengthened, while giving the maximum possible autonomy to institutions. This has become all the more urgent as several state legislatures have opened the doors to the recognition of a very large number of private universities through private university laws. The NKC's conclusion that there is over-regulation with respect to entry is easily countered by facts which show that a large number of universities and institutions have come up in different states which lack minimum prerequisites. The basic need, however, is that the whole issue of creation of new universities and regulation needs to be reviewed so that benchmarks of quality can be maintained.

A body such as NAAC could certify whether an institution has the prerequisites to start degree courses, and further periodically certify the quality of the course. This should be done on the basis of common norms for public and private universities. Such a body could assist (without infringing on the existing powers) the UGC and the state legislatures to recognise universities or degree-awarding institutions. Further, it should not also infringe on the powers of the state governments and the UGC to monitor and evaluate the performance of institutions, as this is integral to funding decisions, nor should it curtail the powers of these institutions to review policy. As far as the issue of funding of higher education institutions out of public sources is concerned, the UGC and other such bodies will have to develop criteria or to use the criteria developed by the body which assesses the standards of such institutions.

Finances for Public Education

The NKC has stated that government support to general higher education should be 1 per cent of GDP. This is in line with the recommendations of the Tapas Majumdar Committee and the Committee on National Common Minimum Programme's Commitment of 6 per cent of GDP to Education [NIEPA 2005b]. But the commission does not provide any justification for this

requirement. However, the NKC rightly points out that even if the public expenditure on higher education rises to 1 per cent of GDP, this may not be enough to meet the needs of higher education in the publicly funded universities and other possibilities would need to be explored.

The NKC has made a few suggestions in this regard. First, it is suggested that the land resources of public universities should be used as a financial resource. This is an extremely controversial suggestion, which could play havoc with the long-term development potential of these universities. It is surprising that the NKC has not elaborated on this suggestion since it is a core proposal in its recommendations.

Second, the NKC has suggested that the fees should cover 20 per cent of expenditure of the universities. There is general agreement that in most cases, the real tuition fee per student has been declining in government institutions. The CAFE committee has assessed that the total fees formed about 15 per cent of recurring cost of universities and colleges in the late 1980s while tuition fee formed only 2-3 per cent of such costs. But in some cases total fee realisation was 40 per cent or more of cost [NIEPA 2000, 2005a:31-32]. Internationally, fees constitute 15 per cent of recurring costs in many developing and developed countries, including public universities in the US [NIEPA 2005a, *ibid*].

In principle, the fee could be raised for better off students, while offering freeships and scholarships to the needy. This is also one of the recommendations of some UGC committees. In courses, where market rate of returns are perceived to be high, needy students could draw on loans. In practice, given the size of India's informal economy, assessing the financial status of a student's family is likely to be difficult. Moreover, banks continue to be very conservative in granting student loans, insisting upon collateral and guarantees. The present experience in this respect is not encouraging, although reforms in the system could make the loan system a more effective tool [NIEPA 2005a]. Further, one needs to consider the merits of realisation of fee revenue over a system of progressive taxes used to finance education, as is the case for a large number of countries where fee realisation continues to be very low. This is also the recommendation of the CAFE committee on education (2005).

Third, the NKC has suggested that the philanthropic contributions as well as from other sources be encouraged. It is also

suggested that the public universities should not be penalised for raising additional resources. These suggestions follow similar suggestions by the CAFE committee on autonomy and several other committees and are welcome.

Quality and Excellence

The NKC has made a number of proposals for reform of the existing university system. These proposals are mainly for the reform of existing public universities. There is no discussion in the report as to how the vast private sector (both aided and unaided) can be improved. Further, there is no acknowledgement in the note that higher education is the concurrent responsibility of the centre and states, with the latter playing an important role in establishing the contours of the higher education institutions. Further, many of the NKC proposals have been under discussion for a number of years and the UGC has been making recommendations from time to time in this regard.

However, the NKC's proposals link the issue of quality and reform to the existence of "smaller" universities. The globally based universities are not small by any standard and any view regarding optimum size should take account of different governance parameters.

The NKC rightly devotes attention to overhauling the college system which is the backbone of higher education since the vast majority of students are college students. However, the biggest hurdle in this regard is the extremely poor infrastructure available in many of the colleges; but this is not adequately highlighted by the NKC. Further, the issue of review of the college system cannot be dissociated from the management structure of college. A vast proportion of these colleges are privately maintained, even if they are publicly funded. Some of them are also privately funded and managed. In some states, colleges are part of an affiliating university (whose main function is to act as a regulating and an examining body); in others they are part of large teaching-cum-research universities. These specificities have to be factored into any proposal to upgrade college education.

Another principal recommendation of the NKC is the establishment of central and state boards of undergraduate education, which would set curricula, monitor standards and be an examining body for colleges that choose to be affiliated with them. Many

states have higher education councils, which perform some of these functions. Moreover, the idea of a single examining body and a uniform undergraduate syllabus and examination has been discussed and rejected by the academic community in several states as it violates the principle of academic autonomy and tends to impose a low common denominator on all participating institutions.

Access and Inclusion

The NKC has recommended that higher education should ensure access for all deserving students. This is defined in relevance to a needs-blind based admission policy backed by an existing scholarship scheme and loans. It is not clear whether the NKC expects this policy to be followed in the proposed national universities only, in all public universities and national universities, or in all institutions, whether public or private.

To the extent that this policy will also apply to categories of private institutions, since the fee in these institutions will be higher, public resources would implicitly subsidise the higher expenses required for funding private education.

The second issue is with respect to the role of positive affirmative action. The NKC appears to give a guarded approval to caste-based reservations, but it has recommended the use of a multidimensional indicator which can give appropriate scores for educational deprivation based on social origin, geographical origin, gender, income, parent's educational status, etc. It is not clear whether this multidimensional indicator score will be used to supplement or substitute the reservation-based criteria for admissions.

Conclusion

One would have expected an important commission such as the NKC to have paid adequate attention to the existing structure of higher education, the existing framework for the creation of universities and the regulation of standards, and the recommendations of the various committees and commissions in the past. The implications of the concurrent nature of higher education, the powers of the centre and the states to create, recognise and fund universities has not even been recognised in the document. Its recommendations with regard to the expansion of education and creation of 1,500 universities seem to have

borrowed on current Chinese slogans but are not based on an empirical analysis of the Indian situation. The key recommendation of the NKC regarding land grants and use of land to generate revenue is extremely controversial. In general, the role of public funding has not been examined in the necessary depth.

A reading of the NKC note shows that the commission has assiduously avoided a discussion of the private sector in higher education. Its main conclusions are derived from its assessment only of the public education sector. Here, while many of its conclusions are valid, its recommendations do not take into account the existing framework and reality, and fail to discuss how the emerging education system can deal with national policy goals.

The private for-profit or self-financing institutions have acquired a large, and mostly undocumented presence in the higher education system. These institutions charge commercial fee rates and "capitation" fees, and do not adhere to a transparent admission procedure. Attempts to regulate these institutions have been piecemeal, through court judgments and state or national level regulations. But the regulatory framework in relation to them is extremely weak and lacks coherence.

The issue now is the development of a proper regulatory framework, which can safeguard the interests of all sections and at the same time permit these institutions to add to the capacity of the higher education sector. This is also the case with foreign universities, for whom detailed regulations are required, so that only universities with high international standards and non-commercial motivation are able to use the WTO/GATS provision to operate in the country. At the same time, the regulation of standards in all institutions, public or private, needs to be strengthened. The NKC's proposal in this respect (creation of the IRAHE) does not appear to be a move in the right direction. Besides, the change proposed by the NKC would infringe on the powers of the state and the centre to create and fund universities and is also not conducive to the role, which the UGC and the councils need to play in the development of higher education in a national perspective.

Finally, on inclusion and access, the NKC's recommendations regarding needs-blind based admissions, reservations and affirmative policy are both contradictory and confusing. **EW**

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Notes

- 1 'NKC's Recommendations on Higher Education', posted in the Commission's website, <http://knowledgecommission.gov.in>.
- 2 Data on public expenditure used in this paper has been compiled from *Analysis of Budgeted Expenditure on Education*, Ministry of Human Resource Development (various years). Figures of GDP and SDP have been taken from the CSO. The age group distribution of the population is based on Census 2001.
- 3 The government now recognises higher education as a Merit-2 good while elementary education is recognised as a Merit-1 good (MHRD 2005).
- 4 About 85 per cent of engineering colleges and 40 per cent of medical colleges are in the private unaided segment [NIEPA 2005a, see also Kapu and Mehta 2004].
- 5 Estimated from the National Sample Survey, 52nd Round (1995-96). Unless otherwise stated, all results pertaining to the various NSS rounds in this paper are based on analysis of unit record data of the National Sample Survey. Estimates of population have been adjusted to census-based population figures.
- 6 In two important judgments, the Supreme Court (the Unnikrishnan case in 1992, and T M Pai and others vs the state of Karnataka in 2002) has clarified that private institutions are free to charge fees which cover their operating costs and allow surplus to accrue which can be ploughed back for the development/expansion of the institutions [Anandakrishnan 2006]. Thus technically, the only bar on the management of these institutions is that they cannot invest surpluses in businesses (outside the Trust). This, as we discussed earlier, makes for a very thin legal dividing line between philanthropic and for-profit investments in education [see also Kapu and Mehta 2004].

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