

Higher Education Financing in India: Problems and Corrective Action

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Abstract

One of the industries in India that is expanding the fastest and that attracts many students from around the world is higher education. Higher education equips students with the skills they need to succeed in the workplace. Therefore, the development of a country is directly impacted by the quality of higher education. The supply of enough funding for the general development of academic institutions is a very important duty to improve the quality of education. The goal of the current study is to examine the financing of higher education in India, as well as many related problems and potential solutions. The study is primarily based on secondary sources, meaning that the researcher used books, research articles, periodicals, and other secondary sources of information to gather data. An outline of higher education financing in India is provided through the study.

Key words: Financing, higher education, quality education.

Introduction

Among the largest higher education sector in the globe is found in India. Each year, thousands of students enrol in this educational system with the goal of receiving high-quality education from both India and overseas.

In the Indian scenario, higher education is defined as continuing education that begins after high school and is taught at colleges and universities.

Higher education places a premium on students' knowledge growth and the development of fresh viewpoints in many fields to give them a broader perspective on the world. In India, university education is regarded as a necessary component for the expansion and development of the cognitive workforce, industries, agricultural success, and the production of priceless resources that contribute to the overall advancement of the nation in a number of different domains. Additionally, higher education would help to build the nation as a global power, either directly or indirectly. Education financing is a crucial component of the country's higher education system's efficient and smooth operation. Similar to how a plant needs the required amount of water to grow, finance can contribute to the system's progress and expansion. For higher education and its related objectives to be realised, educational finance is extremely important. Government money, payments from self-governing bodies, tuition costs, donations, fellowships, educational fee, and other sources of funding are the main ones used to pay for higher education in India. Therefore, amongst some of the government level investments for the advancement of human civilization, university/Higher level education is regarded as one of the utmost significant investments as per government's future plans.

THEORITICAL FRAMEWORK

University Education

Next to United States and China, India has the third-largest standard of education in terms of student body size, student variety, and the entire amount of educational institutions the nation possesses as the objective of offering higher education. India still has a long way to go before it achieves its current goal of becoming a superpower, despite gaining independence in 1947. The nation has seen several challenges in all areas, including education, population technology, and agriculture. The nation's leaders quickly came to the realisation that if India wanted to stand out in the global scene, it needed to have an inclusive education system that was mutually comprehensive and high-quality. Because of this, emphasis was placed on developing a system of higher education that can satisfy the needs of people from all walks of life in the nation. Since then, the higher education sector in India has experienced tremendous growth. After completing 10+2 education in India, the process of higher education begins. Higher education in India is governed by a complicated framework. India's higher education system includes programmes offered at universities, colleges, institutes of national significance, etc. Universities along with colleges come in a variety of forms, including public, private, and those created through public-private partnerships. India is a federal country, and the legislation designates education as a dual federal-state responsibility. While the centre coordinates and sets the standards for higher knowledge and academic training, the state is in charge of schooling. Several governing bodies and investigative councils that fall under the government of higher education are in charge of India's higher education system.

As a result, in India higher education is a crucial component of overall educational system, with a duty to educate students and foster in them the capacity for critical and logical thought so that they can make the greatest possible contributions to the process of nation-development and its advancement.

Finance for Education

As vast and varied as education itself is the domain of educational finance. Without money, we cannot even imagine an educational system. P.K.Mishra (2008) states that "educational finance" refers to all expenditures made by public and private organisations for the upkeep, expansion, and enhancement of educational quality. Nowadays, a lot of money is capitalized in the educational sector since it is seen of as a crucial investment for the prosperity of the country. Investment in people is a key component of educational financing, and its effects on national economic growth processes are significant. The accomplishment of future needs anticipated by the people from its investment occurs when education is viewed as a path of investment in the youthful people in the society. Every society expects to see great returns on the resources it invests in, both human and material. This practise of spending money on education can be viewed as a process of giving up current pleasure in order to boost the flow of returns in the long run. Therefore, we might think of educational finance as a process that involves earning money, spending it, and maintaining a balance between the two for the good of society.

According to some, funding for education is necessary for a variety of reasons, some of which include the following.

- To develop new opportunities for education
- To continue providing the quality educational services
- To upgrade the current learning spaces
- To boost educational offerings decrease in educational opportunity discrepancies

- To improve education's quantitative components.
- To improve educational standards

NECESSITY OF THE STUDY

One of the most crucial components of the educational system is higher education, which is intended to produce informed and useful individuals for a nation. Education finance is the key component for the efficient operation and high-quality results from higher education facilities. Therefore, it is crucial to comprehend the financing process in higher education so that we may obtain a sense of the costs associated with education and the potential returns on our investment, which will indicate the overall victory of the higher education sector.

OBJECTIVES OF THE STUDY

- To explore about the financing method for higher education
- To identify the various sources of funding for higher education
- To identify the problems and difficulties associated with funding higher education in India, and to recommend some improvements to financing for higher education.

RESEARCH METHODOLOGY

The researcher used a qualitative approach to accomplish the goals of the current study. The study's data came from the secondary resources that were readily available. Data acquired from secondary resources have been analysed using a descriptive analysis method.

ANALYSIS AND INTERPRETATION OF DATA

Higher Education Funding in India

India must prioritise the advancement of higher education immediately. In India, both the public and commercial sectors are accountable for funding higher education. Public sector finance includes contributions from the federal government, state governments, and municipal entities. Public philanthropy refers to the contribution of the private sector to financial processes through a variety of means, including donations, fines interest on available bank accounts, rent from buildings, and so forth (R.A. Sharma, 2013).

The central government is primarily in charge of the nation's central universities, and through a number of programmes and agencies, it gives those institutions the necessary financial support. However, government organisations have long complained that inadequate funding for higher education is limiting the quality and quantitative development of this specific phase of education. However, it is also clear that the pace of private investors in the higher education industry is rising daily and has increased by a factor of 12.8 during the past ten years (Ahir and Joshi, 2013).

The public sector's support of higher education is important to higher education policymaking because it represents how and at what cost education is offered to society (Chattopadhyay, 2007: 4251). Given the significance of higher education for a brighter future and the rising public demand for high-quality higher education, the government has been making significant efforts to ameliorate the situation on both a descriptive and analytical level in recent years. 'If we neglect higher education, we neglect growth of the nation as a whole since higher education contributes to the nation's growth,' said NITI Aayog official V K Saraswat. When looking at the situation altogether, it is not a joyful condition, thus if we need to change our demographics, we

must pay close attention to higher education. According to the NITI Aayog's three-year action plan for 2017–18 to 2019–20, the government must establish 20 global universities, grant top colleges and universities independency, reform the rules governing project/researcher-specific grants, and place more of an emphasis on skill - based and profession-led education.

Due to the suggestions of many committees and commissions constituted periodically, financing in the higher education sector has undergone significant changes from the beginning to the present. It was noted that the private sectors have recently spent more money on higher education than the public sectors due to the practice of privatisation in the higher education sector. While this is going on, it is important to remember that more institutions do not necessarily mean higher quality in the higher education industry. According to numerous well-known organisations' rankings of higher education institutions worldwide, the majority of Indian colleges are in a very pitiful state.

The Funding Sources for Higher Education

Government organisations: Education is one of the concurrent lists in India, meaning that the centre and the state share responsibility for it. The government generates and disperses monies through a number of organisations, including UGC, NCERT, and others. The state government in India is expected to implement a number of policies and programmes that the national government has created. In addition, the federal and state governments collaborate to create massive programmes to improve the financial resources available to students as part of scholarships and fellowships.

Local bodies: When it comes to overseeing education, local authorities also offer crucial financial assistance. Numerous local organisations, including ZilaParishad, Panchayat Samities, Gram Panchayats, Municipalities, and Corporations, among others, are planning towards achieving educational objectives in higher educational institutions at the grassroots level.

Private funds: are those that are distributed by sponsorships, memberships, gifts, charitable contributions and other similar methods. These also go by the name of public philanthropy. Higher education schools that receive private funding also include those that are managed by for-profit organisations, which means that revenues are raised from sources other than government grants.

Grant-in-aid: The government, or one of its many organisations, gives grants to institutes of higher learning. A grant is a financial assistance or contribution made by a larger government to a smaller unit of it in the form of cash or tangible items. These awards can be given on an ongoing basis or just once, depending on the need, and fall under categories like classified grants, compensating grants, multiple grants, negotiable grants, and ad hoc grants, among others.

Fees: The students are charged fees in exchange for their tuition or other services received from the educational institution. Admission costs, tuition, library fees, exam fees, co-curricular activity expenses, laboratory fees, power fees, and other fees are examples of fees.

Endowment and land grant: Religious institutions, other organisations, and non-governmental organisations (NGO) set aside a portion of their income or collected funds for use in education. These organisations then donate this sum of money for the benefit of educational institutions, so the endowed colleges or other institutions of higher learning benefit from such endowments. The income from endowments for educational institutions includes endowment

funds, gifts, donations, and other types of voluntary contributions from individuals or corporations, industries, temples, churches, etc.

Fundraising for alumni income: For colleges, money from alumni may be an additional source of revenue. According to Clark (2003, p. 104) income from alumni fundraising is a first-class source, whether it is intended for long-term general support or to be used immediately. Consequently, the university can develop strong relationships with the alumni in order to raise some money.

Institutions of higher learning also make money via contributions, gifts, subscriptions, fines, money from rent, loans, and debts, among other things, and all of these are considered other sources of income.

Therefore, the higher education institutions are earning cash from all of the aforementioned sources to fulfil their various purposes.

India's Higher Education Financing Problems and Challenges

- Due to the huge need for higher education in the current environment, higher educational institutions are growing like mushrooms in our nation. Even though private universities have sufficient financial resources, governmental institutions are facing trouble. India, a developing nation, cannot afford to give every university education institution the necessary sizable sum of money.
- Higher education's indirect costs, such as those for infrastructure, buildings, and other items that contribute to the betterment of educational quality, have been rising dramatically in recent years.
- Higher education institutions receive extremely little money from the tuition fees they charge students, so this income can only make a little contribution to the schools' funding.
- Another concern in the area of financing higher education is the imposition of the same fees on students from all socioeconomic groups without taking their financial situation into account.
- Lower socioeconomic level students are consistently underrepresented in higher education, particularly in professional education programmes.

IDEAS TO ADDRESS THOSE CHALLENGES

- The utmost care should be exercised to maintain economy when establishing higher education facilities. The cost of equipment should be kept as low as possible through improved design, ingenuity, and careful management to extend its life.
- In order to lower the cost of acquiring those resources to some level, it is necessary to employ specific ways for sharing the resources across higher education institutions.
- The length of time that educational establishment buildings are used should be maximised in order to maximise revenue.
- The student-teacher ratio at higher education institutes in India is unsuitable. There are frequently issues since there are far more kids in the classrooms than there are teachers. We must acknowledge the hard realities of the educational process in a growing nation like India and use the proper strategies to overcome those problems.

- Additionally, a concerted effort must be undertaken in both the public and private sectors to construct such sophisticated education institutions of the ideal size which would result in be more productive and be affordable.
- The provision of postgraduate studies in the universities' affiliated institutions should be given priority. When compared to the expense of the university centres, the cost can be significantly decreased by doing this. It is clear that UGC has recently designated these colleges and institutions of excellence where a huge number of students receive superior postgraduate education.
- The curriculum should be set up so that students may utilise their breaks wisely and use them to contribute to both their own growth and the growth of the economy.
- Higher education institutions that offer skilled and technical education and need pricey tools to give students hands-on experiences should be connected to factories, workshops, hospitals, and labs in order to lower material costs and provide students with high-quality instruction.
- A special educational cess should be maintained by a number of economic sectors, including profitable businesses and industries, and an adequate portion of it should be given to needy higher education institutions.

Thus, the issues that develop in the field of higher education can be reduced and solved by putting the aforementioned procedures into practise.

CONCLUSION

In the current study, the finance system for higher education in India was examined. Additionally, it has attempted to address the sources of funding for higher education as well as a number of financing-related difficulties. Additionally, suggestions are provided to eliminate the challenges or impediments associated with financing higher education. It is evident that public funding for higher education is insufficient for the development of excellence in higher education, so there is a prerequisite to look for alternate sources of funding in higher education. For the higher education sector to improve its quality, adequate funding is absolutely necessary; otherwise, we won't be able to anticipate great output from it. Given that India's higher education sector is the third largest in the world and that a good-number of students, both domestic and international, enrol themselves to acquire education under this sector, it is crucial to take into account its quality in order to ensure a brighter future. For a nation like India, which is expanding so quickly in many areas, a great educational system would be able to provide exceptional products, which is what the world needs right now. We may anticipate that by giving higher education institutions enough money, they will attract more students and produce higher-quality results, which will benefit both the institution and the country as a whole in the future.

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