



INVESTMENT IN HIGHER EDUCATION – A JOURNEY THROUGH THE COMMITTEES AND COMMISSIONS

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I. Abstract

India is one among the fastest developing economies in the world. The higher education system in India ranks 3rd in the world next to China and United States in terms of enrolment in higher educational institutions (<https://en.wikipedia.org>, 2022). At present India possess a developed education sector with globally recognised institutions such as IITs and IIMs. In this background an optimal level of funding is essential for maintaining the expected standards in higher education sector. Though, there is an increasing trend in the public expenditure on higher education in India, this growth has not been satisfactory. Education system in India needs a lot of reforms and restructuring because there is no better investment for the future of society than high quality education of our young people. Public investment on higher education is one of the most dignified ways for achieving socio-economic equity as higher education promotes social mobility. This paper based on the secondary data analysis presents an overview of major recommendations of the Committees and Commissions on investment in higher education in the backdrop of three major national policies on education since independence in India.

Key Words: Higher Education, Committee Reports and Commission Reports, National Education Policy, Gross Domestic Product, Investment, Progress.

II. Introduction

"Everyone has the Right to Education and Higher Education shall be Equally Accessible to all on the Basis of Merit."

- (Universal Declaration of Human Rights by United Nations General Assembly, 1948)

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Education occupies the honoured place in Indian society at all times. Education constitutes a major component of economic development as it plays a very important role in the task of nation building. By providing right knowledge it is possible to improve the skills in man, which will help to achieve overall progress of the nation as well as economic growth. India has the Third largest higher education system in the world after China and United States in terms of enrolment in higher educational institutions.

Education is the basic foundation for civilised and cultured society and it also helps to solve many problems in human life. In Indian system, there are three levels of education; they are Elementary Education, Secondary Education and Higher Education. The New Education Policy (NEP) promises to bring about drastic changes in the long existing structure, this is not the concern of the present study. Higher education constitutes an important branch of education system in the country. The term higher education refers to tertiary education which includes high level professional courses, specialisation and research work. Higher education begins after the completion of higher secondary (10+2) level of education, it consists of college and university level education. Both education and research assume equal importance in higher education. Broadly speaking, higher education sector includes universities, deemed to be universities, private universities, open universities, national level institutions such as Indian Institute of Science (IIT's), All India Institute of Medical Sciences (AIIMS), major Research institutions, degree and post graduate level colleges, and diploma courses equivalent to degree level. Higher education is generally classified as professional and general higher education.

The education system in India has witnessed major structural changes in recent years. At present India possesses a developed education sector with globally recognised institutions such as IIT's, IIM's. In this background higher education plays a prominent role in shaping the skilled human resources in the country as development of human resources mainly depend on standard of education. Higher education acts as an instrument for change. India will have the highest population of young people in the world over the next decade and our ability to offer high quality education opportunities will determine the future of our country (NEP, 2020). In this background higher education plays a significant role in creation of strong work force and increasing demographic dividend to the country.

Resources for financing higher education come from different sources; these sources can be broadly divided into two groups; they are public and private investment. Public investment mainly includes funding from central and state governments including local bodies; it is the major source of financing higher education in India. Apart from this, private investment constitutes financing done by non-governmental agencies, fee and expenditure made by household sector or direct beneficiaries of higher education. Public spending on education indicates the commitment of government to the education; the priority level is commonly measured by the expenditure on education as a share of GDP. Share of educational expenditure in gross domestic product can be considered as the standard yardstick for knowing the nation's efforts towards development of education in a society. It shows the relative priority importance given to education sector in the economy.

Higher education in India is funded in various ways; the government including the centre and state make the major funding. However private corporate, individuals also invest in higher education, the households by way of receiving or consuming education tends to spend on it. As higher education comes under the responsibility of both central and state government, higher education will be funded by both governments. Central universities and institutes of national importance receive grants from central government, state universities are primarily funded by the state government with the support of University Grants Commission (UGC). It is one of the major responsibilities of every government to invest on higher education for the progress of country. An optimal level of funding is essential for maintaining the expected standards in the higher education sector. India spends 4.60 per cent of its total GDP on education and it is in the 62nd rank in total public expenditure on education per student in the world (BusinessToday.In, 2020).

Higher education comes under concurrent list of the constitution. Therefore, both central and state governments frame policies and programs for the improvement of higher education in India. The major policy making institutions in higher education sector are (i). Ministry of Human Resources Management (MHRD) - This formulates National policy on education, (ii). Central Advisory Board of Education (CABE) - it coordinates between center and state in the field of education, (iii). State Councils for Higher Education also plays a major role in coordinating between the universities and state governments along with other regulatory agencies in the state.

III. Progress of Higher Education in India

India is well known for higher education institutions since ancient civilisations, India is the only country to have universities in the ancient period. The famous Nalanda University, Takshila University and Vikramashila depict the status of higher education during the earlier period. In order to bring reforms in higher education sector various committees and commissions were appointed by the government. The reports of these committees played a major role in improving higher education sector in India. The Charter Act-1853 was the first step taken by the British government for the development of education at initial stage in the country. Establishment of modern type of universities in India was recommended by Charles wood's education despatch in the year 1854. Lord Macaulay, in his report, strongly emphasized for the English education in the country and he is popularly known as 'Architect of Education System in India'. Wood's report of 1854 gave new direction to education system of the nation; as a result, it is widely called as the 'Magnacarta' of English education in India'.

Before independence, the first Education Commission in India was appointed by Lord Rippon in February 1882 for examining the implementation of Wood's Report-1854, in the same way Indian Universities Commission, the Saddler Commission,(which introduced 3 years degree courses), Hartog Committee and the Sparu Committee were appointed for bringing reforms in education sector. The Sargent commission (1944) occupies memorable place in higher educational reforms, because, it laid down the foundation for establishment of University Grants Commission (UGC) and All-India Council of Technical Education (AICTE). As per the

recommendations of this commission 40 crores of rupees were allotted to provincial governments for implementing the scheme. Ministry of education was formed in both central and state level. The Sargent Report was the first comprehensive report which covers all the stage and aspects of education from primary to university education including technical and professional education. Recommendations of these committee reports laid strong foundation for the development of higher education in post- independence period.

Indian higher education sector is experiencing vast changes and improvement in this 21st century. At the time of independence during 1947, India had only 20 universities and 496 colleges with total of 2,41,369 students in the whole nation. At present there are 1043 universities, 42,343 colleges, 11,779 Stand-alone Universities (Not affiliated with university and run Diploma/PG Diploma), and 396 privately managed universities are working in the country (as on December 2020). Along with these, 307 affiliating universities i.e., having colleges, 17 women universities, 14 state open universities, 1 Central Open University, and 1 State Private Open University also exist in the country. The state of Uttar Pradesh, Maharashtra and Karnataka stands top Three states for having highest number of colleges in the country, further, Bangalore urban district with 1009 colleges occupies first place for having highest number of colleges in India (All India Survey on Higher Education, 2020). As per the Censuses of 2011 around 8.15% (68 million) people are graduates in India. Chandigarh with 24.65 percent of population being graduates stands first in the country for having the highest graduates in the country. Delhi occupies second place with 22.56% of population being graduates.

During the year of 1947 literacy rate in India was just 5.4 percent, at the beginning of the First Five-Year Plan (1951) this rate has gone up to 16.7 percent. After the independence as a result of many educational policies and programs literacy rate has increased considerably and reached to 72 percent (census 2011), though there is increase in the figures of literacy rate, it is still below the world average of 86 percent. Whenever there is a need for the reform in the educational sector, the central government set up a committee to study the problems and to find out solutions for the problems through suggestion and recommendations, such recommendations are implemented by the states on the guidelines of central government.

IV. Investment on Higher Education in India

Finance plays a prominent role in developing and strengthening of higher education in the country. It is not possible to create knowledge-based economy without the active participation of state in higher education as a facilitator. Educated and skilled labourers are an asset for a country. Nowadays all the developed and developing countries in the world are giving high priority for allocating expenditure towards the development of human resources because it is essential for all round development of the nation. Public investment on higher education is one of the most dignified ways for achieving socio-economic equity as higher education promotes social mobility. The role of higher education in knowledge creation and the growing emphasis on transforming the economy in to a knowledge society necessitates greater investment in higher education (Varghese and Malish 2017).

Table-1: Public Investment on Education in Different Countries.

Name of the Country	Investment as % of GDP in 2017-18
India	2.70
U.S.A	5.00
United Kingdom	5.50
Brazil	6.00

Source: AISHE Report. 2017-18

Table-1 reveals that public investment on education as a percentage of GDP varies in different countries. It is clear from the above table that spending on education as a percentage of GDP in India is far behind when compared to other developed countries in the world.

V. Outcome of the Various Committees and Commissions on Higher Education

Various commissions and committees were appointed to study the system of higher education in the country and lot of effort was made to strengthen the higher education by introducing various policies and programs in India. After India's independence, Radhakrishnan Committee, Kothari Commission and national policies on education played an important role in increasing the public investment and framing the structure for higher education in the country. The present study briefly explains the role of some of the important Committees and Commissions towards the promotion of higher education and the impetus they laid on investment in higher education.

Radhakrishnan Committee (1948-49) was the first committee which stressed the focus on financing universities after the independence. The commission recommended that state governments should have the responsibility of financing the higher education institutions and suggested the central government for contributing Ten Crores in next five-year plan for the development of university education in the country. The government of India recognized the importance of the suggestions made by the committees and reviewed the central finance to universities after the year 1951. Within two years of time period UGC was also set up in 1953 for distributing grants to universities, along with these considerable improvements have been made in the pay scale of university level teachers.

Kothari Commission (1964-66) made a survey regarding the growth of education expenditure during the post independent period in India along with the sources for financing the education. After studying all the aspects, the commission opined that sufficient financial resource should be provided from central government towards higher education, for this, it is suggested to increase the centrally sponsored institutions in the country. The commission made a major recommendation for allocating Six per cent of GDP for the development of education sector in the country. The report further recommends that, out of total education expenditure one third of the share

has to be allocated for the progress of higher education sector. In the same way Gnamam Committee (1987) suggested that grants and funds which are provided by the government have to be reviewed once in Three years and there has to be 10 per cent increase in every year regularly. Ramamurthi Committee (1990) again stressed for the allocation of 6 percent of GDP for education sector in the budget and recommended to make all technical and professional education as self-financing institutions. The commission suggests few alternative sources for funding higher education in addition to public funding, they included graduate tax, increase in fees and student loans etc.

The Committee on UGC funding for institutions of higher education, popularly known as Punnayya Committee (1993) suggested that Universities should be encouraged to accumulate their resources for covering the cost of education and UGC may provide incentives for generating additional resources to the universities. Apart from these committees Prime Minister constituted a special subject group on policy framework for private investment in education, which consists of two major industrialists Mukesh Ambani and Kumaramangalam Birla. Ambani-Birla Report (2000) recommended for developing good credit market in order to finance the cost of higher education in India.

The government of India constituted Central Advisory Board Education (CABE) in 2004 for examining critical issues in relation to financing higher and technical education in India. The committee was expected to find ways for augmenting resources in higher education.

Report of the CABE Committee on Financing of Higher and Technical Education (2005) suggests that Investment on higher education makes vital contribution towards accelerating the economic growth by improving the human productivity. The committee opines that liberal funding is needed by the government for improving higher education and given funds need to be utilized efficiently moreover, the committee opined that the higher education institutions need to cut down the unnecessary expenditure. Further the committee recommended that Higher Education Finance Corporation may be set up with the help of contribution from both public and corporate sector. According to this committee, funding by the state through tax and non-tax revenue is the best sustainable way to finance the higher education sector.

National Knowledge Commission Report (2006) states that expansion of higher education sector is not possible without increasing the public investment on higher education. The committee made recommendation for diversifying the sources of finance in order to encourage private participation, philanthropic contribution and industry linkages to higher education, this report recommends that resources for education should come from both public and private sector. Public private partnership is also suggested by the committee for the expansion of higher education, where government provides land and private sector supports with finance. The report suggests that India should support the tradition of philanthropic contributions and private investment along with alumni contributions for extending educational opportunities in the country.

Yashpal Committee Report (2009) is another latest committee report which viewed higher education from different perspective. According to this committee universities require resource for maintaining and upgrading facilities in the campus and state cannot walk away from the responsibility of funding for higher education. The committee opines that, universities and academic institutions can hire professional fund raisers and investors in order to attract funding from non-governmental sources, in this way universities are expected to raise their own resources for improving the quality in education.

Three major national education policies were formulated during the years 1968, 1986 and 2020 respectively. The first and second National Education Policy in the year 1968 and 1986 proposed that, public investment on education must be Six percent of GDP. In the same way National Education Policy of 2020 also reiterated the statement of Six percent of the GDP for education. NEP of 1968 was based on the recommendations of Kothari Commission and it is the major milestone in the history of education system during post-independence era. Since the adoption of this policy there has been significant development in education facilities at all the level of education. Common structure of education system was adopted all over the country and adoption of 10+2+3 system is another major reform brought by this policy. NEP of 1986 also considers investment on education as crucial area for the development of the nation and survival, and suggested to increase the expenditure on education up to Six percent of the national income. In order to mobilize additional resources towards higher education, it is suggested to set up a high-powered committee and it is also proposed to establish state higher education councils for proper planning and coordination in all the states.

According to the National Education Policy of 2020 there is no better investment for the future of society than high quality education of our young people, for this it is recommended to raise the investment on education in significant level. The policy points out that investment on research and innovation in India is 0.69 percent of the GDP and it is very low when compared to other countries investment, such as 2.8 percent in USA, 4.3 percent in Israel and 4.2 percent in South Korea (NEP, 2020). The new education policy aims to curb commercialization of higher education and supports for the philanthropic efforts in education sector; accordingly, any public institution may take measures to raise the philanthropic funds for improving educational facilities in the nation. Apart from this, NEP of 2020 also suggests for taking cost recovery measure without affecting the students from needy sections.

Due to the effort made by various committees and commissions along with national education policies, the central and state governments have taken several initiatives to improve and strengthening the higher education in the country. Recommendations of these Committee and Commission reports laid strong foundation for the development of higher education. As a result, public investment on higher education increased gradually over a period of time and the same has been presented in the following analysis.

VI. The Status of Public Expenditure on Higher Education

Higher education in India has observed huge expansion since independence, but the growth is not accompanied by sufficient public spending at both central and state level. Due to this, still Indian education system is not comparable with any other developed countries in the world, when compared to other countries, spending on education is also very low in India

Table-2: Decadal Growth of Expenditure on Education as Percentage of GDP in India from 1950-51 to 2010-11

Year	Investment on Education as % of GDP	% Share of GDP Spent on Higher Education
1950-51	0.64	0.19
1960-61	1.48	0.39
1970-71	2.11	0.77
1980-81	2.98	0.98
1990-91	3.84	0.46
2000-01	4.14	0.49
2010-11	4.05	0.87
CAGR for 1950-51 to 2010-11	1.79%	-0.65%

Source: Compiled from Various Reports of AISHE and Educational Statistics at Glance

As shown in the above Table-2 there is an increase in government spending during the initial period. But, after the year 1991 not much attention was given by the government towards increasing the public spending on higher education in India. Trends in public investment on higher education show that public investment on higher education in India has increased after the independence in a slow manner. The compound annual growth rate of investment on education between 1950-51 to 2010-11 has increased by 1.79 percent but CAGR for GDP spent on higher education has decreased by -0.65 percent. Increase in participation of private sector during the post liberalisation period and decrease in the public spending on higher education is the main reason for decrease in CAGR of GDP spent on higher education.

Table-3: Expenditure on Education as Percentage of GDP in India from 2010-11 to 2018-19

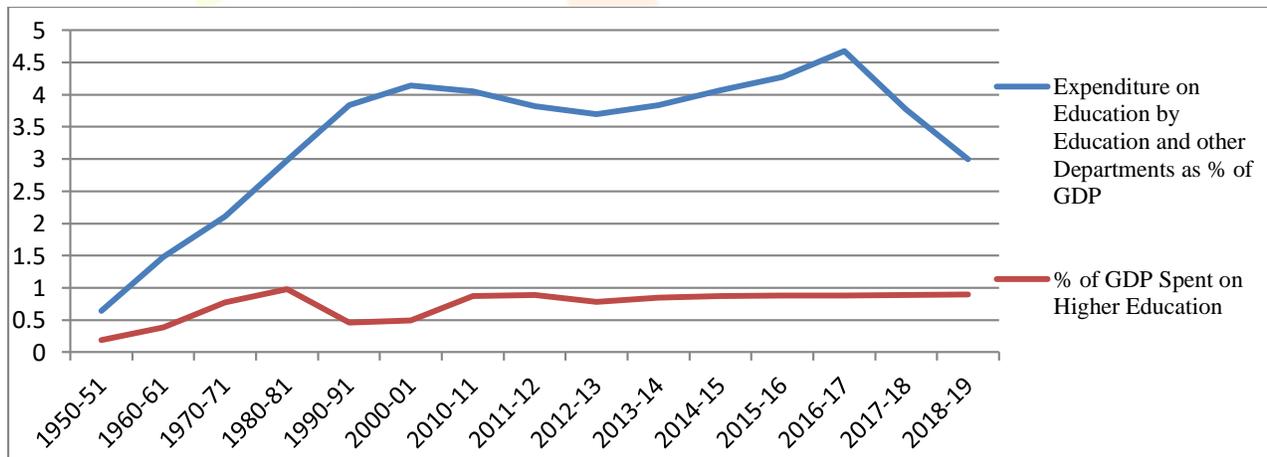
Year	Investment on Education as % of GDP	Annual Change	% Share of GDP Spent on Higher Education	Annual Change
2010-11	4.05	-	0.87	-
2011-12	3.82	-5.68%	0.89	2.30%
2012-13	3.70	-3.14%	0.78	-12.36%

2013-14	3.84	3.78%	0.85	8.97%
2014-15	4.07	5.99%	0.87	2.35%
2015-16	4.27	4.91%	0.88	1.15%
2016-17	4.68	9.60%	0.88	0.00%
2017-18	3.77	-19.44%	0.89	1.14%
2018-19	3.00	-20.42%	0.9	1.12%

Source: Compiled from Various Reports of AISHE and Educational Statistics at Glance

As shown in the above Table-3 investment on education as percent of GDP is maximum in the year of 2016-17 and it is minimum in the year 2018-19. In the same manner the percentage share of GDP spent on higher education is maximum in the year of 2013-14 and it is lower in the year of 2012-13. Fluctuations in the annual change is due to variation in GDP in different years. Due to the participation of private sector as a result of liberalization, public investment on higher education in India has increasing in a slow manner. But, this rate of increase is not sufficient for the growth of higher education in the country. Higher education sector is facing resource loss in current situation, because major part of financial assistance is being allocated towards primary education in the nation. For more clarity graph -1 has been given which shows the growth and trend in public expenditure on higher education in India.

Graph-1: Expenditure on Education as Percentage of GDP in India from 1950-51 to 2018-19



Source: Table -2& 3

The graph clearly reveals that there is gradual increase in percentage of GDP spent on education sector, but percent of GDP spent on higher education is increased during initial period and later period it is increasing in a very slow manner.

VII. Conclusion

To sum up, there is a considerable development in the expansion of higher education in India during the past decades. Different Commissions and Committees on higher education and all the national policies on education emphasizes on common goals, which are concerned with improvements in higher education system by increasing the investment on education sector for achieving quality, access and equity. All the committees on education and all the national education policies have stressed that goals and objectives in education sector can be fulfilled only by making sufficient investment on higher education. In order to achieve these targets sufficient financial resource and liberal funding is needed from the government and it is repetitively recommended by many committees and education policies to allocate 6 per cent of GDP towards the development of education sector in the country. Though, there is an increasing trend in the public expenditure on higher education in India, this growth has not been satisfactory. State needs to focus on becoming regional hub for higher education with the help of appropriate policy measures, because, as stated in NEP-2020, there is no better investment for the future of the society than high quality education of the young people.

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