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Financial Status of Higher Education in India

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ABSTRACT

This paper through a light on the financial status of our education system. The increasing population, globalization and internationalization of higher education has enhanced the challenges for our higher education system. India will have to enhance its financial resources for higher education to meet the above challenges.

Keywords: Adaptability, Innovation, Pandemic, Adequacy, Flexibility and Autonomy.

1. Introduction

At present, the system of higher education in India is facing a serious resource crisis. There is a need to provide adequate financial support to the higher education system. The problem of financing of higher education started in early 1970's leading to serious problem in 1990's when higher education was described as non-merit goods. The New Economic policy has also affected education policy in India. It has focused on the privatization of higher education. The private sector has taken interest in the non-traditional courses such as – technical & medical education for profit motives.

2. Review of Literature

Ajay Kurien and Sudeep B. Chandramana in their paper "Impact of New Education Policy 2020 on Higher Education" (2020) describes that the higher education must aim to develop individuals who are excellent, thoughtful, well-rounded and creative. It must enable a person to study one or more specialized areas of interest at an in-depth level and develop character, ethical and constitutional values, intellectual curiosity, scientific temper, creativity, service spirit and the skills of the 21st century across a range of fields, including sciences, social sciences, the arts, humanities, languages, personal, technological and the vocational subjects. The new education policy brings some fundamental changes to the current system and the key highlights are multidisciplinary universities and colleges with at least one in or near every district, revamping student curricula, pedagogy, evaluation and support for enhanced student experience, establishing a National Research Foundation to support excellent peer-reviewed work and effectively seed study at universities and colleges.

B. Modi Tejas Kumar in his paper "The Impact of the National Education Policy on Higher Education in India" (2023) describes that the education system in India reached a major turning point with approval of the National Education Policy 2020. A number of game-changing reforms to the current educational system were proposed in the National Education Policy 2020. The purpose of the National Education Policy is fostering creativity, critical thinking and a comprehensive grasp of many disciplines, which aims to match education with the dynamic requirements of the 21st century. The programme emphasized adaptability, innovation and a focus on the student as the central focus of several reforms that extended from elementary school to university level education. Over this time, there was a sea change in India's educational

rhetoric, with leaders vowing to rethink traditional approaches to education in light of the opportunities and threats posed by the modern world.

Bikashita Borah in his paper “Financing of Higher Education in India: Issues and Mitigation Measures” (2020) describes that there is an urgent need for India to focus on its higher education sector. In India, the responsibility of financing higher education is shared by both the public and the private sectors. The financing of public sectors includes the funding from the central government, state governments and the local bodies. Private sectors contribute to the funding processes through different ways like donations, subscriptions, gifts, bequests, fines sale proceeds, interest on the available bank balances, rent from buildings and so on, which are termed as public philanthropy (R.A. Sharma, 2013). The central universities of the country are mainly the responsibility of central government and under various schemes and agencies; it provides the required amount of funding to those universities. But there has always been a complaint from the end of the government agencies that insufficient amount of funding in higher educational sphere is restricting the qualitative and quantitative growth of this particular stage of education. But it is also evident that the rate of private investments in higher education sector is increasing day by day. It has been observed that due to the process of privatization of higher education sector, the private sectors are spending more funds on higher education in comparison to the public sector in recent years. Meanwhile, we cannot ignore the fact that increase in the number of institutions does not denote qualitative improvement in higher education sector. The status of most of the Indian higher educational institutions is very pathetic in the reports of world ranking conducted by various well-known agencies.

Krishnan Chalil in his paper “Financing Higher Education through Education Loan in India: Current Status, Challenges and Future Prospects” (2021) describes that the increasing population has put much pressure on our existing higher education sector. We will have to focus on our higher education system to get the proper advantage of our demographic dividend. Hence, the increasing demand for higher education cannot be met through government financing alone. It has resulted in the mushrooming growth of many private institutions to cater to the rising aspirant of higher education. The policy of globalization and its dimensions like the opening of the economy and increasing role of the private sector have opened more opportunities for the educated workforce. The writing of Schultz (1961), Stiglitz (1998, 2003) and Romer (1990) have convincingly reiterated the role of education and knowledge in promoting growth of an economy. The human capital theories and the thrust on human development compelled the Third World Countries also to initiate mechanisms to expand education opportunities. However, the fiscal constraints and the consequent developments have slowly compelled the government to opt for some alternative ways of addressing the increasing demand for higher education. These policies have brought the ‘market’ to the center stage of the provision of education. Now, both the market and the government are complementary service providers in higher education.

Pravant Kumar Jena in his paper “Impact of Covid-19 on Higher Education in India” (2020) describes that in India, the first affected case of Covid-19 was detected on 30 January 2020 in the state of Kerala and the affected had a travel history from Wuhan, China (Wikipedia). In India, the first death was reported on March 12, 2020 and the nation observed Janta Curfew for a day on March 22, 2020. Thus, the lockdowns due to Covid-19 impacted significantly on the education sector also. According to UNESCO report, Covid-19 has affected nearly 68 percent of total world’s student population as per the data taken during 1st week of June 2020. Most Government around the world have temporarily closed educational institutions in an attempt to control the spread of the pandemic Covid-19. This worldwide closure has impacted drastically the world’s student population. Even though the country has been adopting to the new-age learning, but there still lies an obstacle in achieving entire success as only 45 crore people of our total population of the country have access to the internet/ e-learning. The people residing in rural areas are still very much deprived of the technologies and therefore hampering the cause of online education. The Covid-19 pandemic taught the entire society on how necessity is the mother of invention by allowing educational institutions to adopt online learning and introduce a virtual learning culture.

3. Objective and Methodology of the Study

To assess the current status of sources of financing of higher education in India is the main objective of our study. The present study is descriptive in nature. To achieve the objective of the study mainly secondary information has been used for conducting this research.

4. Major Issues in Higher Education

- Lack of teaching emphasis
- Lack of research emphasis
- Unduly high emphasis on administrative activities at the cost of teaching and research.
- Inadequacy of grants available in meeting non-plan expenditure viz salaries etc.
- Lack of availability of funds for Research and Innovation.
- Efficiency in allocation of funds is lacking.
- Infrastructural facilities minimal due to lack of funds.

5. History of Higher Education

In ancient period, Nalanda, Taxila and Vikramsila were renowned seats of higher learning. At that time, the students were coming from China, Korea, Burma, Ceylon, Nepal and Tibet. In British Period, the English has become the medium of instruction of higher education. Lord Macauley has focused on the western system of Education in India. In fact, the financial health of Central Universities/ Institutions is far better to that of State Universities and Institutions.

The present system of higher education of India has been growing rapidly after independence but behind with western as well as its neighboring countries. The status of Indian citizen is decided on the basis of economic and political approach rather than excellency in education.

6. Aims of Higher Education

Investment in higher education is needed for human resources development leading overall national development. Educational financing should not be evaluated only on the concept of profit motives. The financing of education should take the distributional effects. The educational planners should consider equity, efficiency and diversity in funding education. Adequacy, flexibility and autonomy are the basic principles of financial soundness of the education financing. If education has to produce desired results, decisions regarding its financing should be based on sound principles. In India, adequate investment in higher education is a difficult task. Education is considered both consumption and investment expenditure. If we take education as investment expenditure then, it should be expanded. If we take it as consumption expenditure the rationality demands that resources should be reduced. This type of investment criterion cannot be applied in the financing of higher education. There are many direct and indirect benefits of education. There are so many indirect benefits of education that cannot be recognized leave alone to quantify. Theory of pricing fails in case of education. Education has characteristics of public good and merit good. For public good, social benefits exceed private benefits. Education contributes to economic growth, distribution, democracy, crime reduction etc. It is the education which creates the environment in which a person can flourish his full potential. Education improves occupational flexibility and social mobility, create a general healthy environment for overall national development. Education enhances the intellectual horizon of the society.

There is a significant contribution of higher education in the development process in India, such as - self-sufficiency in food grains has been achieved through research & development. Higher education has contributed in the

spread of science & technology. It has produced many managers and technocrats. Some empirical evidences argue that investment in higher education in India has higher rate of return to that of alternative investment.

Universities have been established to provide higher education and research opportunities to the youth for shaping the future of the nation. World Conference on Higher Education has said that university education has become critical in preparing a healthy, skilled and agile intellectual human force and enables countries to continuously assess, adopt and apply new knowledge.

Higher education provides students with an opportunity to reflect on the social, economic, cultural, moral and spiritual issues facing humanity. It plays a great role in the socio-economic and cultural development of a nation through dissemination of specialized knowledge and skills. Being at the apex of the educational pyramid, it produces teachers, managers, technocrats, leaders, administrators and scholars for the nation. At the present-day world, higher education has become much more dynamic. At present, institutions for higher education are in a great need for all-round improvement and future of our society. It also depends on the consolidation as well as expansion of the higher education system.

At present, the role of the educational institutions has changed to a great extent. Education is not only limited to the building up of knowledge, skills and character of the students but also have social concerns for the employment of the youth and for the value system to be inculcated with the ideals enshrined in our constitution. The students should take interest in research and creative activities to tackle the problems of regional and national development. Education expenditure should be considered as investment expenditure rather than consumption expenditure. It gets the financial resources from the society and returns handsome dividends in the form of not only human resource development but also through participation and intervention in socio-economic and cultural development.

The aim of higher education in India should be to create a competitive, co-operative and knowledge-based society. Universities should produce work-force according to the need of the industry. Education should be considered as component of social-development. Public sector institutions of higher education have failed to realize the benefits of information technology because they are not operating on commercial ethics. However, the private institutions of higher education have been able to produce quality software professional.

At present, there is a need of the world-class higher education facilities to meet the needs and aspiration of both the present and future generations in India. The state-of-the-art professional should be encouraged in each and every discipline. Higher education has great role to play to produce knowledge workers for the higher level of socio-economic development of our nation. Higher education can become a means to overcome caste and class hierarchy, patriarchy and other cultural prejudices. The higher education can also become the source of new knowledge and skills and promotes creativity and innovations among society. Higher education should be considered as a national responsibility. The higher education should produce competent man power for the administration, agriculture, business, industry, health, communication and society as a whole.

7. Financial Scenario of Higher Education

At present, there is an increasing demand for higher education in India in the rapidly growing Indian Economy. The resources for higher education are shrinking on the one hand while the demand for higher education is increasing on the other hand. To face the global challenges, the higher education system of India should be at par with international standard.

There is a problem of a triangle of Equity, Access & Excellence in Indian higher education system. We will have to balance the above problem to reach the optimal solution in higher education. The higher education should be affordable to all classes- male, female, OBCs, SCs, STs, rural, urban etc. It should be made affordable to all the deserving students. However, some private institute/ universities are charging hefty amounts. Only the higher income group can afford the higher education in private institutions. We should keep in mind the "Education for All"

India is leading the world in terms of information and technology, modernization of various economic activities but it is clear from various reports on ranking of higher institutions that not a single institution of higher education got the position under 200. We are providing the financial assistance to the higher education system but for behind the world class research facilities, recruiting profound academicians in universities/ colleges/ research institutions to achieve the higher rate of economic development. Many Asian countries like China, Singapore and South Korea etc. are investing much more to India in Education System.

If we want to transform our youths into human resources via providing them proper managerial or technical education, we would have to invest much more in our education-system. To face the challenges of the world we will have to focus on our higher education system. The dichotomy is that the population is increasing on the one hand and the resources are declining on the other hand. The increasing population is pressurizing on the higher education system. Three main problems are inadequacy in access, uneven and inequitable opportunities of higher education across different categories and section of the population. Many private institutions are imparting low quality of higher education.

Globalization and internationalization of higher education further demands for strong higher education system. It has enhanced the level of competition among higher education institutions in India. Higher education system will have to produce skilled man power to meet the increasing demand of the economy. Both for qualitative and quantitative expansion, the higher education system requires large additional resources. Adequate public funding is necessary for higher education in India. Government policies towards equity in education have enhanced public investment in education. The world economy is changing rapidly now. Development in science and technology, competition, media and globalization are revolutionizing the education sector.

In most of the world, higher education is financed by the public sector. There is a suspect that private higher education can be expanded only on the principle of profit provision. Higher education is expected to be provided by the government. There is a need of new elite institution which can finance themselves and can meet the demand of the society. Some scholars argue that the problem of university finances is not only augmenting the financial resources but also the efficient management of the resources. However, the private Institutions of higher education are providing the higher education but the fee are higher, only the better-off families can afford in private institutions. In spite of charging hefty amount of fee from the students the private institutions are providing low quality higher education to their students.

Indian higher education system is the largest in the world in terms of the number of institutions as well as foreign students are studying at a large number. India has approx. 20,000 institutions of higher learning as compared to around 2500 in China. The Chinese higher education system is the largest in the world in terms of enrollment, which caters to nearly 23 million students followed by US and China.

8. Findings and Conclusions

Higher education affects and influences all aspects of human development. In fact, higher education is also symbol of prestige and social status. Higher education is controlled and regulated by both the Central and State Government. Globalization and internationalization have enhanced the level of competition among higher education institutions in India. Higher Education System will have to produce skilled manpower to meet the increasing demand of the economy. Both for quantitative and qualitative expansion, the higher education system requires large additional resources. Adequate public funding is essential to meet the present need of higher education in India. Hence, the allocation to the education sector should be increased to meet the present challenges in the society. The educational planners should consider equity, efficiency and diversity in funding education. Adequacy, flexibility and autonomy are the basic principle of financial soundness of the education financing. Now the time has come to adopt the recommendation of 'Kothari Commission' to spend 6 percent of the GDP on the Education.

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