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REVIEW OF PUBLIC EXPENDITURE ON HIGHER EDUCATION

***Pandhari Prasanna, **Nagoor B H**
**Assistant Professor, GFGC Rajnagar, Hubli*
***Associate Professor, Department of Studies in Economics, Karnataka University, Dharwad*

ABSTRACT

This paper reviews the public expenditure on higher education in India, analyzing trends, patterns, and compositions of this spending over time. The study highlights the significant role of state governments, which account for about 80% of the expenditure, compared to the central government's 20%. The paper also examines the shifts in spending priorities from higher education to elementary education, reflecting policy changes and economic constraints. Additionally, it discusses data limitations in evaluating efficiency and the impact of privatization and policy recommendations on the funding landscape. The findings indicate a deceleration in higher education spending and emphasize the need for a balanced and sustainable approach to financing education.

INTRODUCTION

That the financing of the higher education is important for the development of the higher education is more or less a settled issue. The government of India has been mobilizing huge chunks of resources to increase the enrolment in the higher education, as a highly educated population any where is likely to increase and stabilize the social good everywhere. Below we make an attempt to analyse the trends and patterns of Public Expenditure in higher education vis-à-vis the growth of higher education measured in terms of growth of higher educational institutions and Gross Enrolment Ratio. More particularly, we try to analyse the intra-sectoral spending in the General higher education, which has been a void in the corresponding literature. It is expected that these analyses would help in providing a better understanding of the intra-sectoral public financing of the higher education in India and also to locate the study in its perspective. For the sake of lucidity, the present paper has been divided into four sections. The section following this highlights the sources of data and major data constraints to carry out the efficiency analysis across the states. The third section discusses the macro picture of the Public Expenditure in higher education, followed by the section which throws light on the trends and patterns of general college education in India. The penultimate section discusses briefly the trends in the growth of higher education institutions and enrolment. The final section summarizes and concludes.

DATA SOURCES AND CONSTRAINTS

Data on the public expenditure on higher education has been collected from the finance accounts, published by the Controller General of Accounts, Ministry of Finance, GoI for the state-level and from various issues of Analysis of Budgetary Expenditure, GoI (for the all-India level). Data on the no. of institutions and colleges for selected years was collected from the Selected Educational

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Statistics (SES) and Education in India, published by MHRD, GoI. However, mention may be made of lack of availability of the data on the no. of colleges (or institutions) by management or ownership wise. Though the SES provides statistics on the same by management, it is limited to only higher secondary schooling and not for the college levels. The annual report of the UGC which is another important source of data on this also does not publish the same either for all India level or for state-level. Even the respective state departments of higher education (but for Karnataka) do not publish the same either in any published form or on their websites.

The Gross Enrolment Ratio (GER) is another variable on which the data collection was a problem. GER is defined as the proportion of total no. of enrolments to the respective age group of population. In the case of higher education, GER would be the total enrolment divided by [1]18-24 population age-group. While the total enrolment is published by the UGC (annual report) and also by SES (MHRD, GoI), the GER is not published, though in some issues of SES one can find the respective population age-group of higher education and GER can be calculated. However such data on age-group population is not consistently found for states in all issues of SES. The Census break-up of the age-group classification is not consistent with the age-group used for calculating GER. Therefore it was not possible to find the state-wise GERs temporally.

The pass percentage of the students is published only to the higher secondary schooling levels (published in SES). Even the annual reports of the respective universities do not contain any data on the same. Only one university of Andhra Pradesh published such data on its website; but was course-wise and not on the basis of management of colleges. Therefore it was decided to use the GER as a proxy for the pass-percentage. However as discussed above, even the data on GER was not available.

PUBLIC EXPENDITURE IN HIGHER EDUCATION

Contextualizing India

In order to have a perspective of the higher education spending at the national level we need to juxtapose the performance of the India with other peers. The *table 3.1* presents the status of higher education financing of governments for selected countries of the world. As can be seen, on an average the governments of most developed countries spend around 4.5 to 5.5 percent of GDP on all levels of education, while developing countries like India, Brazil and China spend around 3.5 percent, which is much less compared to the former group. The gap may further widen when we consider that in countries like India, the private expenditure on education sector would be relatively much less, given the *quasi-public-good* nature of the education. Further as a percentage of GDP, the higher education (government) expenditure is, on an average, more than one percent of GDP for developed countries, while for India it is a little more than half a percent of GDP. Again, this has to be contextualized with the growth or development levels of the respective countries. Lower income countries need to invest more so as to bring in a greater margin of society

[1] Some studies have considered 18-23 age-group population. See for instance UGC (2008)

into higher education. At present the gross enrolment ratio of higher education in India is around 28 percent, which compared to countries like USA and Canada, is quite low.

Table 3.1: Status of Higher Education Expenditure in different countries

Country	Higher Education Expenditure as a percentage to GDP	GER (Higher Education)	Public Expenditure on all levels of Education as
USA	1.41	81	5.7
China	0.50	13	1.3
Japan	0.54	49	3.6
India	0.67	28	3.7
Germany	1.13	48	4.6
France	0.99	54	5.6
Italy	0.87	53	4.6
Brazil	0.91	18	3.8
Canada	1.88	58	5.2
Australia	1.19	74	4.7
Malaysia	2.70	27	8.1

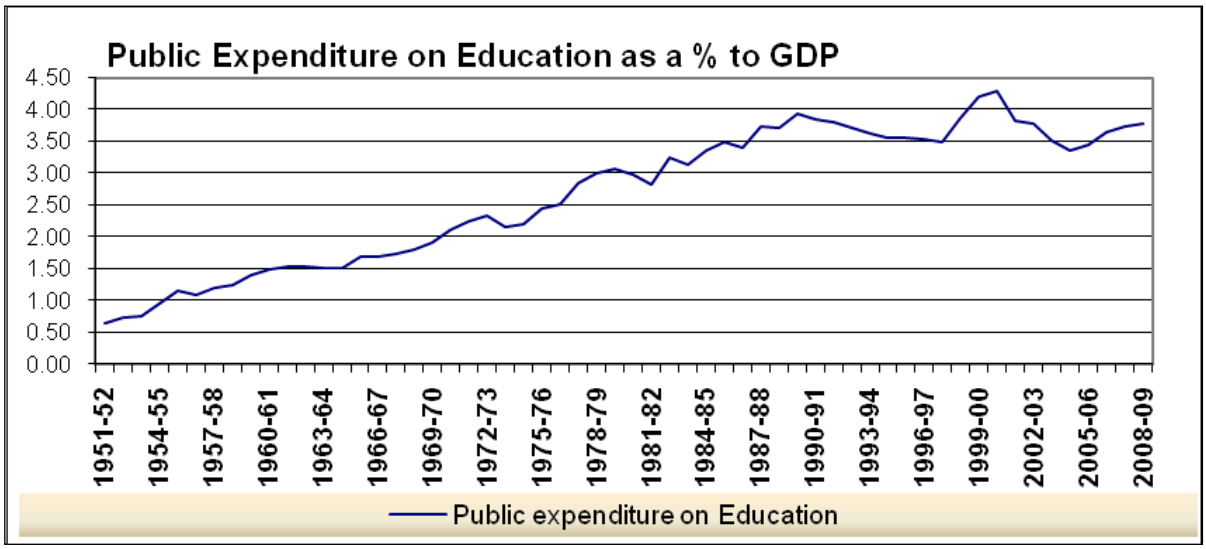
Source: UNESCO Institute of Statistics (UIS). Data for different countries are for different years (between 2002-04)

Public Expenditure on Education in India

Public Expenditure on education as percentage to GDP increased from 0.5 percent (1951-52) to 3.7 percent (1990-91). However, as the *figure (3.1)* shows the expenditure proportion is showing the signs of stagnancy after 1990s, though with some ups and downs. This stagnancy has to be analysed in the context of the increased GDP growth rate after 1990s (6-8 percent) which is well above the average GDP growth rate of less than 5 percent till 1990s. This indicates to us that, there is relative deceleration in the overall allocation of resources to the education sector by the government in the recent years. Since the total education expenditure is undergoing a relative decline, this would lead to a cascading effect on the composition of the education expenditure.

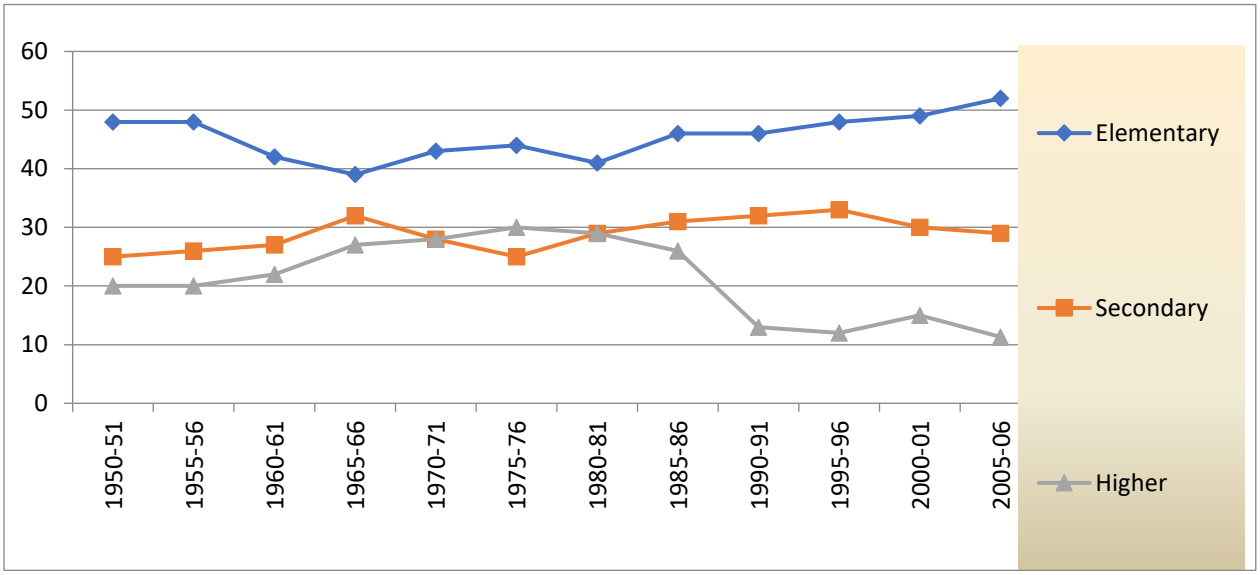
(IJASSH) 2016, Vol. No. 2, Jul-Dec **e-ISSN: 2455-5150, p-ISSN: 2455-7722**

Figure 3.1



The discussion on the composition of expenditure on education takes us to the analysis on, what is usually referred to in the literature as, inter-sector allocation of resources. The share of expenditure of elementary education in the total expenditure showed a decline till 1980s and then onwards it has been continuously increasing. The corresponding expenditure on higher education increased from 20 percent (1951-52) to 30 percent (1980-81) but declined then onwards to reach around 11 percent (2005-06) which is lesser than the 1950s level.

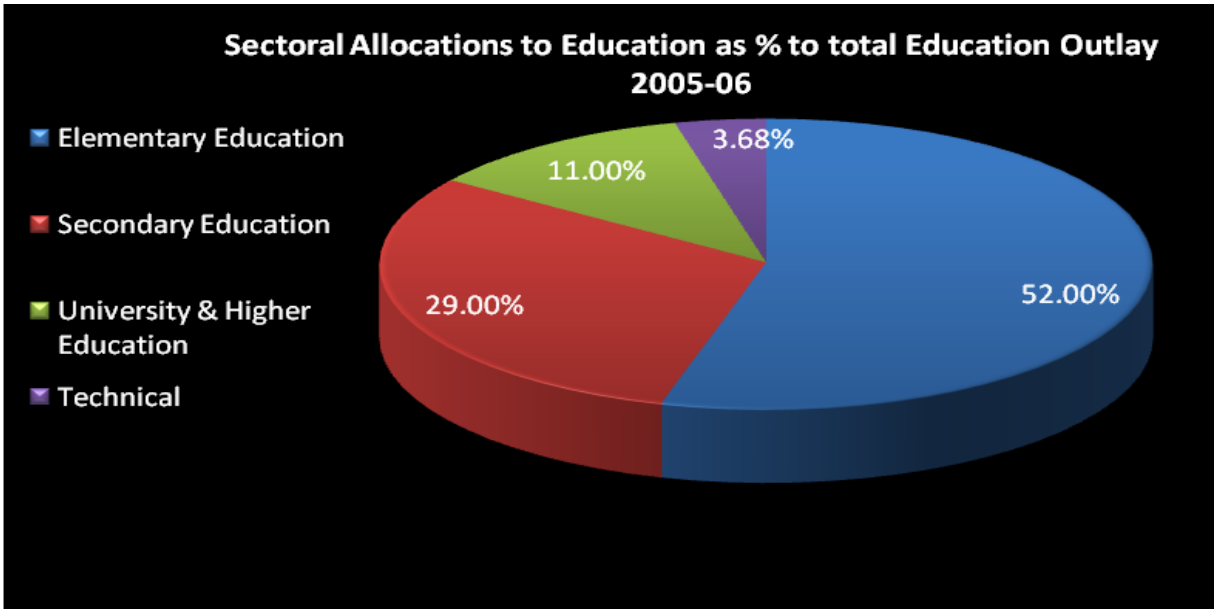
Figure:3.2 Sector-wise public expenditure as percentage to Total Education Expenditure



Thus, there seems to be a kind of trade-off in the allocation of total education expenditure between the elementary and the higher education as can be seen from the *figure (3.2).* The corresponding expenditure on secondary education sector however, seems to have remained stagnant around 30

percent. At present (2005-06) the shares of elementary, secondary and higher education sectors stand at 52, 29 and 11 percent respectively (*figure 3.3)*.

Figure:3.3

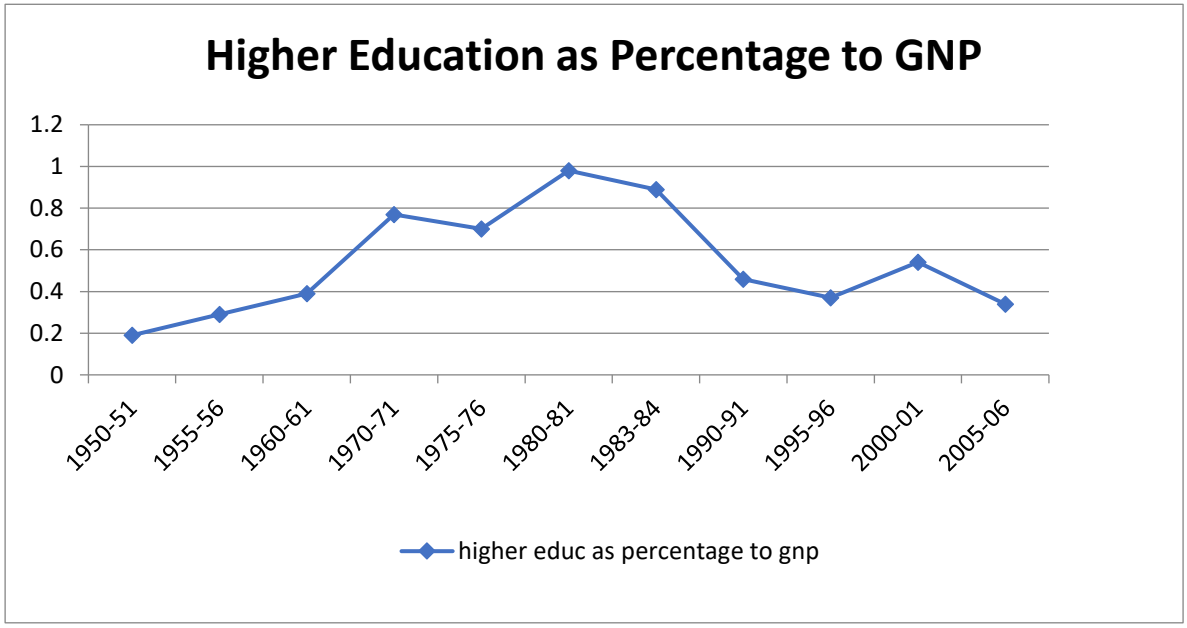


Public Expenditure on Higher Education

The foregoing analysis puts into perspective the place of higher education in the overall expenditure on education. It was clear from the above analysis that the higher education at the all India level declined as a percentage to total education expenditure. This is further corroborated by the declining higher education spending as a percentage to GNP (fig:3.4) in the aftermath of 1980-81. Juxtaposed with the higher growth trajectory of GNP in the post-1980 period, the declining higher education expenditure proportion begs for explanation. But to analyse this aspect, it is also necessary to have deeper insights into the different types of expenditure of government on higher education, which is attempted below.

(IJASSH) 2016, Vol. No. 2, Jul-Dec **e-ISSN: 2455-5150, p-ISSN: 2455-7722**

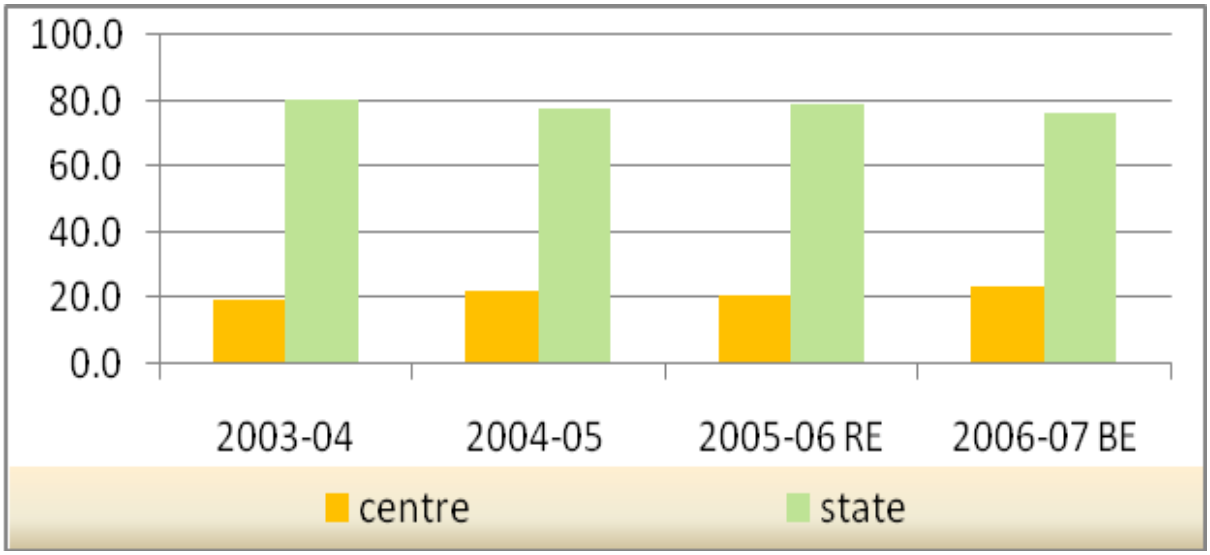
Figure:3.4



Centre and States

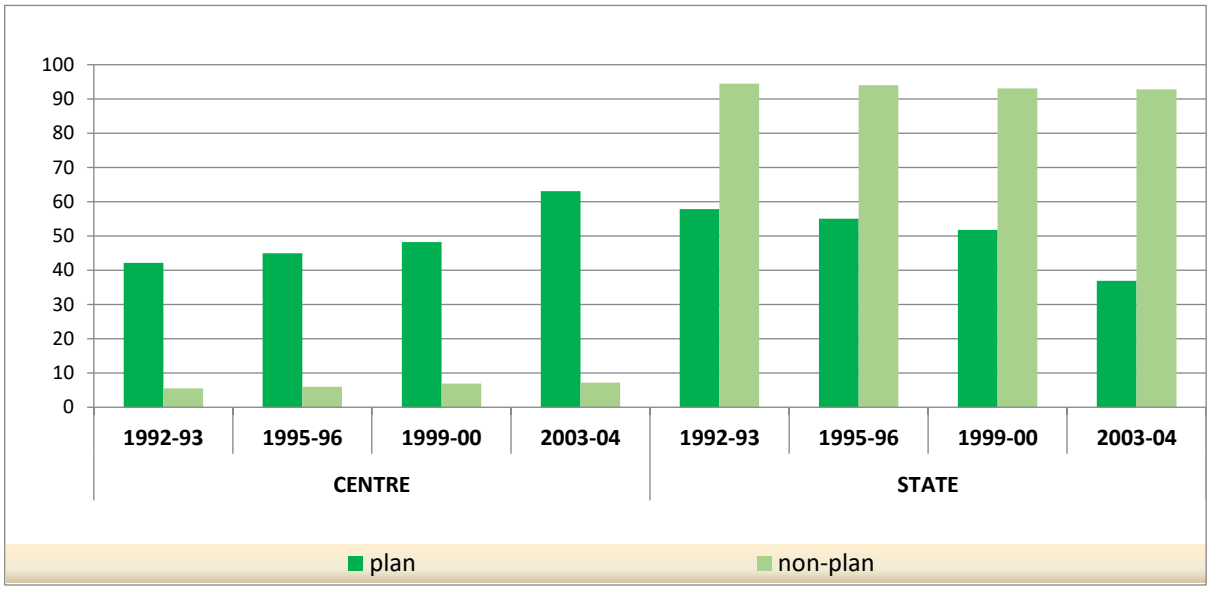
The major portion of expenditure on higher education in India is basically undertaken by the state governments. The Central government has been spending roughly around 20 percent on an average, as against the states which spend the major share of 80 percent *(fig 3.5*). Moreover, most of the spending taking place in the higher education sector is of non-plan nature (more than 80 percent) *(table 3.2),* which again is undertaken by the state governments. Non-Plan expenditure is meant for meeting the maintenance expenditure, which includes items such as salary of teaching and non-teaching staff, the expenses to be borne for routine administration, maintenance of infrastructure etc. Out of the total Non-Plan expenditure on higher education, the share of state governments' accounts to 90-95 percent on an average, while that of Centre's share is just around 5 percent. Considering the plan expenditure - basically meant to create new assets and provide additional infrastructure, is also necessary to set new policy directions, while introducing newer technology into the system. Out of the total plan expenditure, the share of the state governments is around 40-50 percent, and has been declining in recent years relatively to the central government. However, it should be mentioned that though as a percentage to total plan expenditure on higher education, the share of states is quite large, when compared this to total higher education expenditure of state governments, the plan expenditure accounts to just 5 percent.

Figure: 3.5 Centre and States: Expenditure (rev a/c) on Higher Education



The Central government has been playing a major role by increasing plan expenditure in the recent years (up to 60 percent) (*fig 3.6)*. But what needs to be emphasized is the centre's total higher education expenditure is very low (20 percent), and even if the plan expenditure of the Central government is 60 percent, in the absolute figures it just equals the share of the state governments.

Figure 3.6: Plan and Non-Plan Expenditure (Rev A/C) of Central and State Government on Higher Education



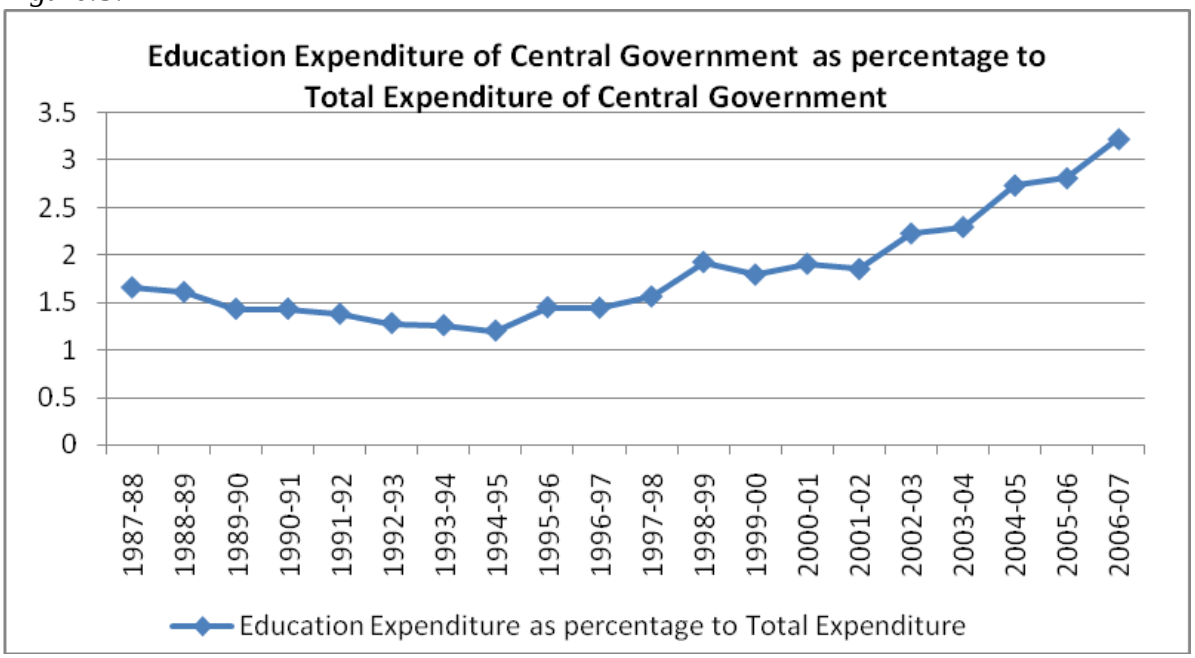
(IJASSH) 2016, Vol. No. 2, Jul-Dec **e-ISSN: 2455-5150, p-ISSN: 2455-7722**

Table: 3.2 Plan and Non-Plan Expenditure on Higher Education as percentage to Total		
Year	Plan	Non-Plan
2003-04	10.72	89.28
2004-05	13.73	86.27
2005-06	13.25	86.75
2006-07	17.82	82.18

Source: Analysis of Budgetary Expenditure, GoI, various issues

The above analysis brings out clearly the case of 80:20 paradox – 80 percent spending by state governments and 20 percent spending by the centre on higher education. The reasons for this could be ascertained from the political-economy set-up of the Indian education system. The constitution of India assigned a higher pie for the state governments by including education into the state list, mandating the states to make laws and manage a majority of the higher education system. Though there occurred a change in constitution in 1976 by relisting the education into concurrent list (which meant that both Union and the state governments can make laws on education), no major changes are seen in the trends of expenditure in the higher education between Centre and States thereafter.

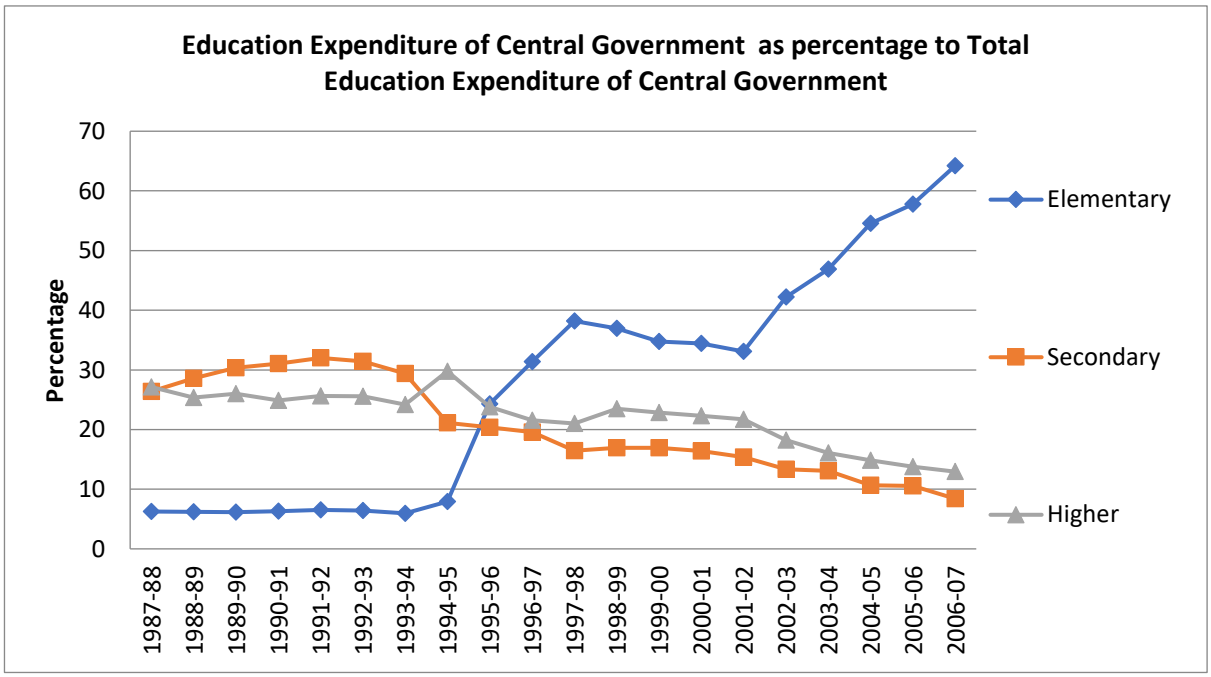
Figure:3.7



However, there are some marked changes in the recent years (post 1994-95), in the case of Central Government expenditure on education. The expenditure on education as a percentage to total expenditure of central government increased from 1.25 percent to 3.25 percent between 1994-95 and 2006-07 (*Fig 3.7).* Interestingly this increase in overall education expenditure proportion coincides with the increase (64 percent in 2006-07) in the elementary education expenditure during the same period (*fig: 3.8*). In addition the elementary education expenditure seems to eat into the

shares of higher education and secondary education in the same period. This is further corroborated by the average annual growth rates of the central government education expenditure at all levels of education *(table: 3.3*).

Figure:3.8

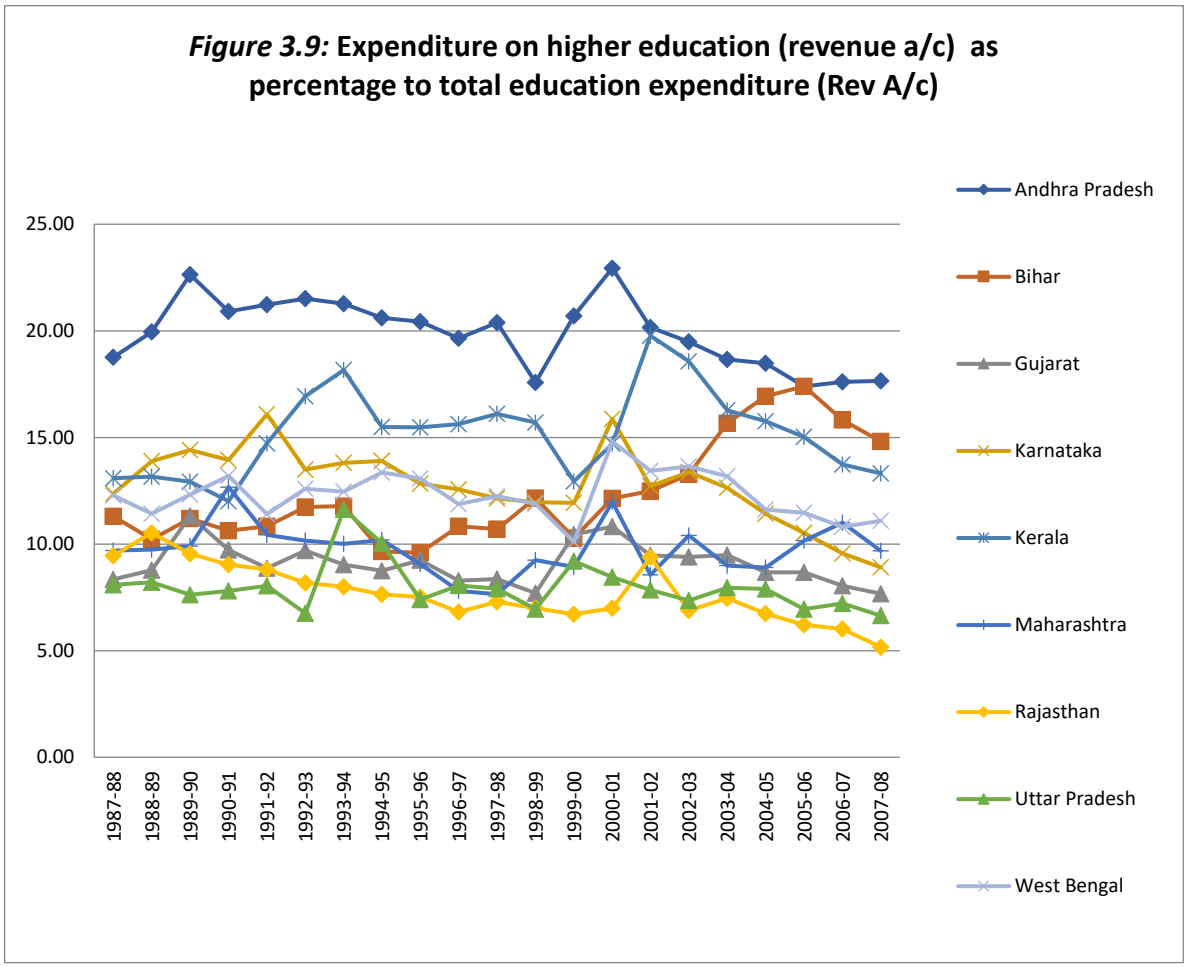


The average annual growth rate for the period 1986-87 to 1994-95 for elementary education was 10.9 percent which jumped to 23.8 percent for the period 1995-96 to 2006-07. However, for the corresponding periods the Average Annual Growth Rates (AAGR) stood at 9.4 percent and 11.21 percent for higher education and 7.4 and 9.5 percent respectively for the secondary education sector. Further, when the average annual growth rates were calculated for whole period of 1987-88 to 2006-07, the elementary education grew at 30 percent, while the higher education grew at 11 percent only.

Table 3.3: Average Annual Growth Rate of Central Government Expenditure on Education

	1987-88 to 1994-95	1994-95 to 2006-07
Elementary	10.91	23.86
Secondary	7.48	9.59
Higher	9.47	11.21

Clearly, while on one hand there was no significant increase for higher education in the increased total education expenditure of Centre, the earlier share (20 percent) of higher education was also taken away, to leave the sector starving for funds with the present share of just 10 percent. This is a terrific blow particularly on the expansion of the higher education, since the Centre's expenditure mainly consists of plan expenditure.



The situation seems to be worse at the state-level. For, the trends reveal that both total education expenditure (revenue a/c) as a percentage to total expenditure (revenue a/c) and higher education revenue expenditure as a percentage of total education revenue expenditure are declining *(fig: 3.9 and 3.10).* The mean of average annual growth rates for all the states *(table 3.4)* again highlights the prevailing trade-off between elementary and higher education; as indicated by the AAGR: 12.9 percent for elementary education and 10.6 percent for higher education for the study period of 1987-88 to 2007-08.

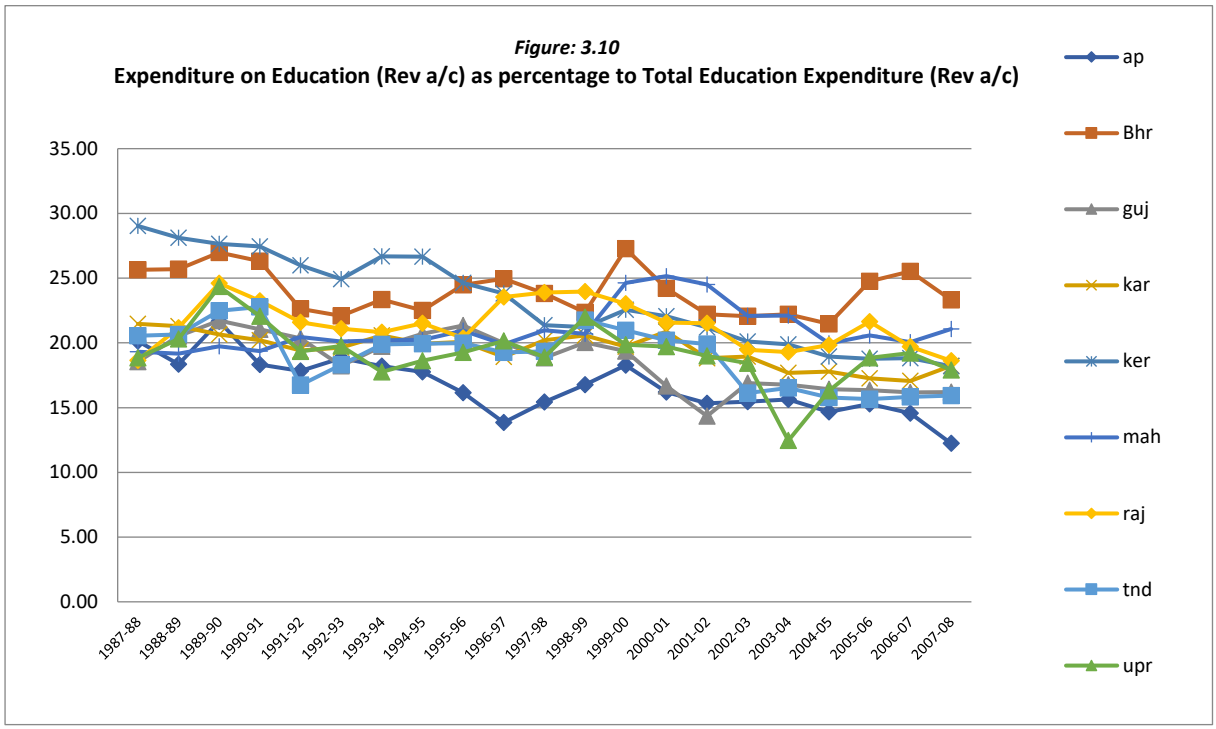


Table 3.4: **Average Annual Growth Rates of Government Expenditure on Education (1987-88 to 2006-07)**

	Central Government	State Government (Average of all)[2]
Elementary	30.0	12.9
Higher	11.7	10.6

The above analysis clearly brings out the following facts:

- ❖ The higher education expenditure is decelerating both at the central and at state level.
- ❖ There seems to be a clear trade-off between expenditure on elementary education and expenditure on higher education at the Centre and for majority of the states. This is true for all India level also.
- ❖ Total education expenditure as percentage to total government expenditure of respective selected states has been decelerating.

Below we attempt to reason out the possible causes for the observed trends:

- One important cause advanced in the contemporary literature for the relative decline in the Public Expenditure in higher education seen in the recent years is attributed to the rise of

[2] States considered for the analyses include Andhra Pradesh, Bihar, Gujarat, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Orissa, Punjab, Rajasthan, Tamil Nadu, Uttar Pradesh West Bengal.

privatization notion usually referred to as neo-liberal paradigm [see for instance Tilak, (1993), Geetarani (2004), Bhushan (2008)]. This can be seen in the context of the overall macro-economic scenario, when the governments in the late 80s and early 90s faced by severe resource crunch took to downsizing of the public investment in most sectors of the economy. However there were no particular policy indications concerning education sector that explicitly meant a relative reduction of public investments in the higher education. Also to the best knowledge of the author, no specific studies were found which related the cause for the deceleration in the public spending as the impact of economic reforms.

- More importantly, the deceleration seems to be because of the changing composition of Total Education Expenditure. It can be observed that the University and Other Higher education expenditure (revenue expenditure) as a percentage to total education expenditure (Revenue Expenditure), declined. Alternately, this explains the relative rise of spending in the elementary education sector. This compositional change is evident in the policy stance taken by the government in the recent years.

    - The National Policy on Education (1986) hinted at tapping non-government sources of expenditure to fund the higher levels of education, particularly through raising fees and by effecting savings through efficient utilization of the resources. This was followed by setting up of the Justice Punnayya Committee (1993) and AICTE committee (1993) which recommended the ways and means to raising alternate resources for higher education: a) by raising fees b) by raising resources at the institutional level c) by fixing the targets of recovery of the subsidies to the tune of 25 percent. The last recommendation (c) would largely imply that to the extent subsidies are recovered, the burden would shift on the private sector. The next policy change was effected by the classification of the (secondary and) higher education as Merit-2 good and primary education as Merit-1 good. The implication of this change is clear: the government would subsidize the merit-2 good category to the extent of 40-60 percent only, while the merit-1 goods would be supported to the extent of 90 percent. The latter policy change seems to be more of a structural change as far as the composition of the education expenditure is concerned. Because, henceforth the resource allocation to these sectors would be subject to this classification.

    - While the policy changes explain the changes in the trends, one needs to look for the theoretical background to derive these policy changes per se. These policy changes seem to be consistent with the theoretical literature in the higher education at large. The studies *(see table: 3.5)* have reiterated that the returns to higher education are far more private than social, when compared to the primary and secondary education. It is understood that on an average, the private returns to higher education are 2 – 3 percent more than the social returns. Though the studies

on returns to education[3] have been conducted from much earlier period i.e 1960s onwards, it seems that it is only recently that there has been an increased realization on the governments regarding the status of returns to higher education. *These developments indicate to us the reasons as to why there is a relative declining will of the governments to invest in the higher education.*

- And this can be supplemented by the developments that took place around the same time in the primary and secondary education sector. As Tilak (2003), points out, the 1980s marked a renewed impetus to the elementary education, with the unveiling of National Policy on Education (1986) and the launch of Operation Blackboard. The subsequent years saw the building up of the international environment –two important conferences Jomtein Conference (1991) and the Dakar Conference (2001), which laid special emphasis on the elementary education. The increased external funding for these sectors following these conferences, also was an indication to the policy makers to think more in terms of lower levels of education as against higher education.

- The sudden shift seen in the expenditure in the elementary education by the central government in the post-1990s may also be attributed to this change of priority for primary education at the global level. Since, following these international developments in primary education, the government of India launched various programmes like the District Primary Education Programme (launched jointly with World Bank), the National program for Nutritional Support (Mid-Day meal scheme) (launched in 1995) and Sarva Shiksha Abhiyaan (2001), which required huge funds. The need for the funds for these programs coupled with the fiscal constraints due to the neo-liberal paradigm probably offers the right explanation for the decelerating public expenditure in the higher education.

***Table 3.5*: Private and social returns to higher education in 33 countries**

Country	Year	Private (%)	Social
Austria	1997	6.6	
Belgium	2004	12.7	10.6
Bulgaria	1993	6.5	
Croatia	2004	2.1	
Cyprus	1979	5.6	7.6
Czech Rep.	2004	26.5	8.9
Denmark	2004	4.3	1.5

[3] However a caveat seems to be in order. The rate of return studies, through which most of the conclusions are drawn about the composition of total government expenditure on education, have come under serious criticism for lacking a sound methodology in estimation and for their highly limited scope in defining the outputs of the higher education (for instance, see Task Force on Higher Education and Society, 2000 pp 39).

Estonia	2003	10.0	
Finland	2004	10.0	6.9
France	2004	7.9	7.4
Germany	2004	6.4	8.4
Greece	2005	7.0	
Hungary	2004	16.8	16.0
Iceland	2003	7.9	7.7
Ireland	2004	11.0	11.3
Italy	1995	9.3	
Latvia	2002	10.6	
Liechtenstein			
Lithuania	2000	4.6	
Luxembourg	1996	7.6	
Malta			
Netherlands	1996	8.1	
Norway	2004	8.1	4.1
Poland	2004	20.7	14.6
Portugal	2004	22.7	11.2
Romania	2000	8.5	
Slovak Rep.	1992	4.2	
Slovenia	2004	10.2	
Spain	2004	8.2	5.8
Sweden	2004	4.7	3.7
Switzerland	2004	10.3	2.0
Turkey	2005	22.9	
UK	2004	14.4	6.5
Average		**10.2**	**7.9**

Source: George Psacharopoulos RETURNS TO INVESTMENT IN HIGHER EDUCATION A EUROPEAN SURVEY, 2009

INTRA-SECTORAL EXPENDITURE IN UNIVERSITY AND HIGHER EDUCATION

While the above section provides a picture of the government's stance towards University and Higher Education as a whole, the present section deals with the composition of the public spending on University and Higher Education. Universities, Government Colleges, and Non-Government Colleges are the main components of expenditure under this head.

Other items of expenditure in this category are the Institutes of Higher learning, scholarship, text books and faculty development. Both Central and State governments spend on these items. However, as discussed above, state governments are the most important players in this sector. We limit our analysis to the main components of university and higher education, i.e. the government colleges, non-government colleges and the universities, as the expenditure made on them is above

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95 percent or sometimes 100 percent. Another caveat is that since the capital expenditure constitutes a trivial part of the total expenditure, we have considered only the revenue expenditure.

Public expenditure on Universities

Table 4.1: Mean of Revenue Expenditure on **Universities** as a percentage to Revenue Expenditure on University and Higher Education (1987-2007)

Rank	States	Average
1	Bihar	95.75
2	Rajasthan	39.47
3	Punjab	35.66
4	West Bengal	35.08
5	Gujarat	30.47
6	Karnataka	29.67
7	Andhra Pradesh	28.21
8	Haryana	27.68
9	Kerala	20.03
10	Uttar Pradesh	19.55
11	Madhya Pradesh	18.27
12	Orissa	17.37
13	Maharashtra	14.50
14	Tamil Nadu	10.33

The Universities in India are generally divided into two categories: state universities, those funded mainly by the state governments; and central universities, funded entirely by the Central Government. Universities also manage their constituent colleges, which have both graduation and post-graduation courses. And therefore, expenditure on universities includes these colleges also and are not separately shown in the heads of accounts. As of [4]2005-06, there are 20 central universities and [5]216 state universities. The funding by the central government happens through the University Grants Commission, the apex institution for funding and policy making body of University and Higher Education higher education. The spending on universities by the states is diverse and no distinct pattern is observed across the states. However, the central government shells more than 95 percent of the university and higher education expenditure on the universities and is therefore a major source of the a major source of the income for the universities (*fig 4.1*). The states, Andhra Pradesh, Rajasthan, Gujarat, Karnataka, West Bengal spend around 30-40 percent of the revenue expenditure of University and Higher Education on universities, while the states Kerala, Uttar Pradesh, Tamil Nadu, Maharashtra and Orissa spend only around 20 percent.

[4] UGC Annual Report 2005-06

[5] Note: 60 Universities out of 216 state universities are not eligible for Central assistance.

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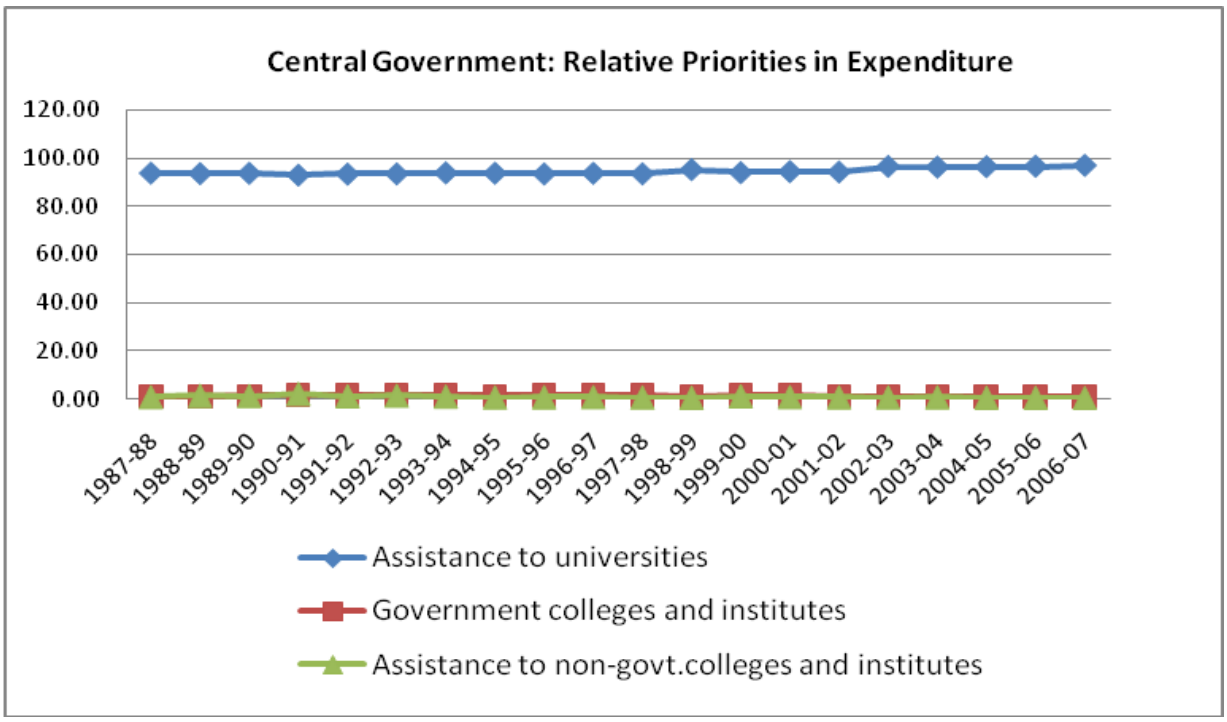
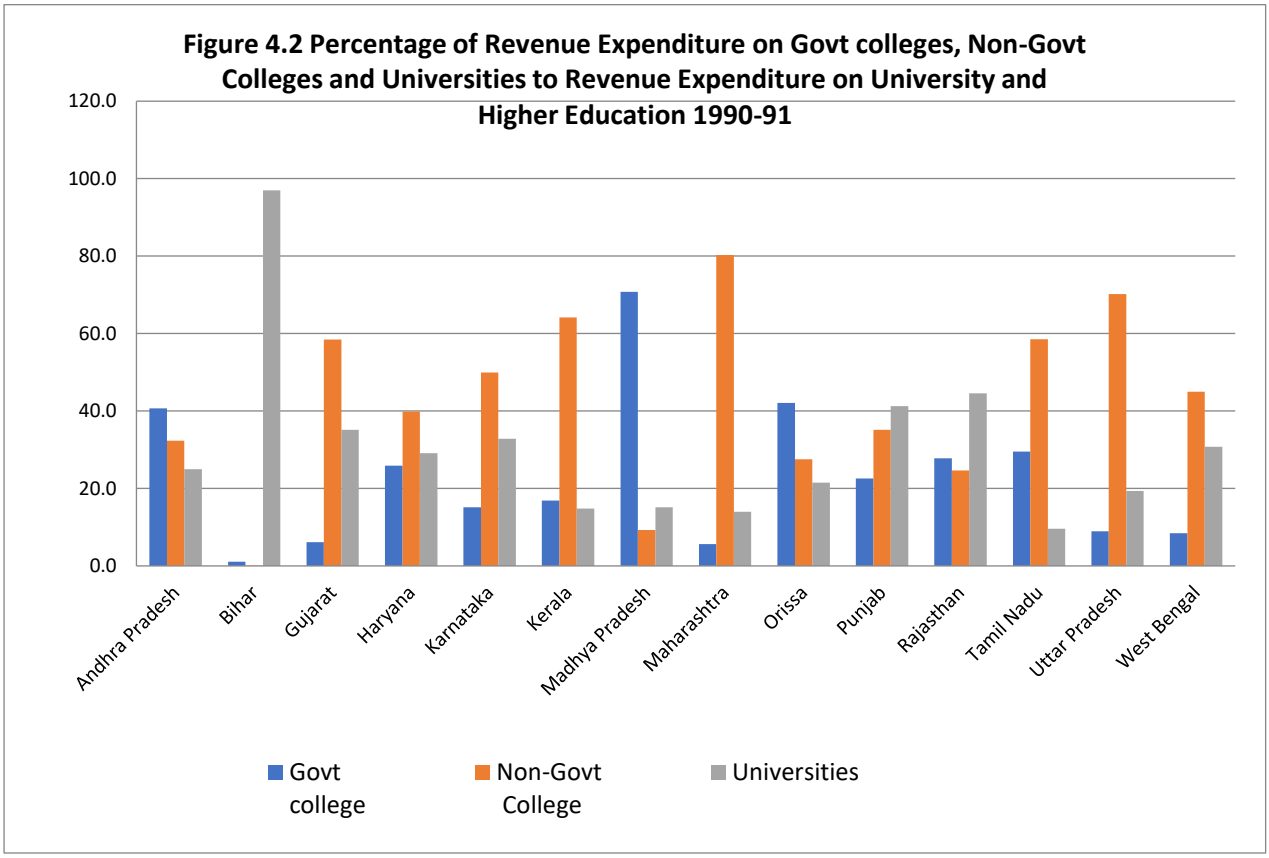
However, Bihar spends around 95 percent of the revenue expenditure of University and Higher Education on the universities. But the case of Bihar seems to be different from others as majority of the colleges in the state are run by the state universities per se.

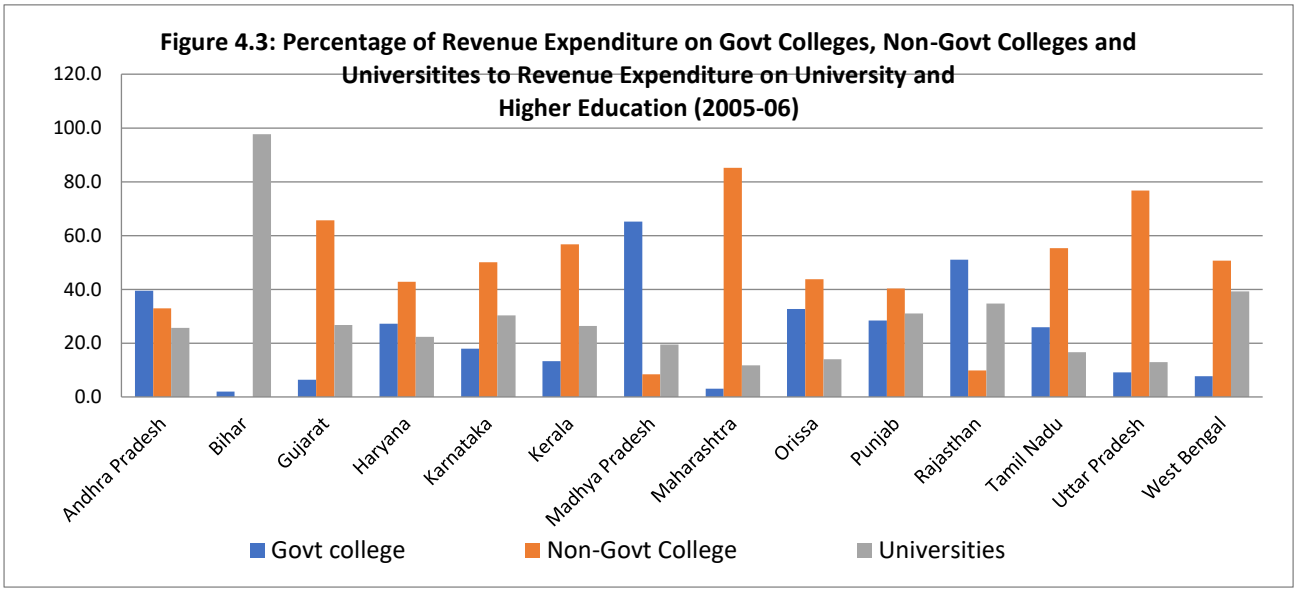
Figure:4.1



Temporally also no major shifts or changes are observed across the states with regard to the spending on the universities. This is evident from the figures *(4.2 and 4.3*).

(IJASSH) 2016, Vol. No. 2, Jul-Dec **e-ISSN: 2455-5150, p-ISSN: 2455-7722**





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Public expenditure on colleges

Taxonomy of the colleges

Colleges can be categorized into four types based on the types of management. Government Colleges, owned, managed and funded exclusively by the government, Non-government Colleges (also known as Private Aided Colleges), owned and managed by Private, but partially funded by the government, Self-Financed Colleges (also known as Private Un-aided colleges), owned and funded by the private sector and the Constituent Colleges, owned and funded by the respective universities. The first two category colleges qualify more for our discussion, since they are financed directly by the governments.

The non-government colleges' category probably needs some more elaboration. The funding to these colleges by the governments is generally in the nature of bearing the costs of salary of teaching staff. Alternately this implies that the infrastructure for the colleges have to be provided by themselves. However, this can be different in different states, incumbent upon the composition of the colleges and the policies of the respective states. Also, the funding to this category may vary temporally since the state may change its policies over a period of time. For instance, the government of Karnataka was providing the grants-in-aid for these colleges for infrastructure earlier, but later is providing only salary grants. Again, the grants provided to these colleges by the government cannot be claimed as right by these colleges. They can be increased, reduced or withdrawn at any time by the respective states. It may be mentioned here that while the main source of funding for these colleges, are the state governments, they are eligible to receive grants from the Central government (through UGC), however by fulfilling certain conditions. The grants provided by the UGC to such of the eligible colleges are generally for the up gradation of the infrastructure.

Pattern of public expenditure in the colleges

The non-government colleges (NGC) have been the most important beneficiaries of the public expenditure on the higher education. Though in the cross section of the selected states the share of public expenditure to the NGCs varies from as high as 80 percent (in Maharashtra) to 11.50 percent (in Madhya Pradesh), most states spend more than 30-40 percent of their total higher education revenue budget (*Table: 4.2.2*). Educationally developed states like Kerala, Karnataka, Maharashtra have been lending high priority for this set of colleges. Quite a lot of variation is seen in the public expenditure on government colleges (*table 4.2.1*) as a percentage to total revenue expenditure on higher education across the selected states: it varied between 65.7 percent in Madhya Pradesh to 4.5 percent in Maharashtra. Less developed states like Rajasthan, Orissa found to spend around 35 to 40 percent. Andhra Pradesh seemed to distribute the resources equally among all the three items of the composition of higher education expenditure. Temporal behavior of the public expenditure on these colleges was worked out, but no significant compositional

change was seen. The expenditure composition more or less remained stagnant across the states. The reasons for the huge variation among the states with regard to greater support either for

For instance, the grants-in-aid policy of the government of Karnataka explains a lot about the growth of NGCs in the state. The state earlier used to provide grants for developing infrastructure and also for the salary of the teaching staff, which is why most NGCs developed till late 1980s.

Table 4.2.1: Mean of Revenue Expenditure on **Government Colleges** as a percentage to Revenue Expenditure on University and Higher Education (1987-2007)

Rank	States	Average
1	Madhya Pradesh	65.69
2	Rajasthan	40.31
3	Andhra Pradesh	38.86
4	Orissa	36.63
5	Tamil Nadu	29.41
6	Haryana	27.98
7	Punjab	25.67
8	Karnataka	16.78
9	Kerala	14.57
10	West Bengal	8.31
11	Uttar Pradesh	7.50
12	Gujarat	6.37
13	Maharashtra	4.54
14	Bihar	2.68

Table: 4.2.2: Mean of Revenue Expenditure on **Non-Government Colleges** as a percentage to Revenue Expenditure on University and Higher Education (1987-2007)

Rank	States	Average
1	Maharashtra	80.84
2	Uttar Pradesh	71.68
3	Gujarat	62.45
4	Kerala	62.35
5	Tamil Nadu	58.11
6	West Bengal	53.80
7	Karnataka	51.50
8	Haryana	38.58
9	Orissa	37.85
10	Punjab	35.42
11	Andhra Pradesh	31.29
12	Rajasthan	16.44
13	Madhya Pradesh	11.50
14	Bihar	0.01

The state stopped providing the infrastructural grants from 1977 and stopped bringing in additional private colleges to the aided list. Thus, at present there is an increase in the number of the government colleges compared to that of the NGCs earlier.

The role of Central government spending for both type of colleges is mainly through UGC. The *figure (4.2.1)* shows the relative priorities assigned by the central government to the colleges.

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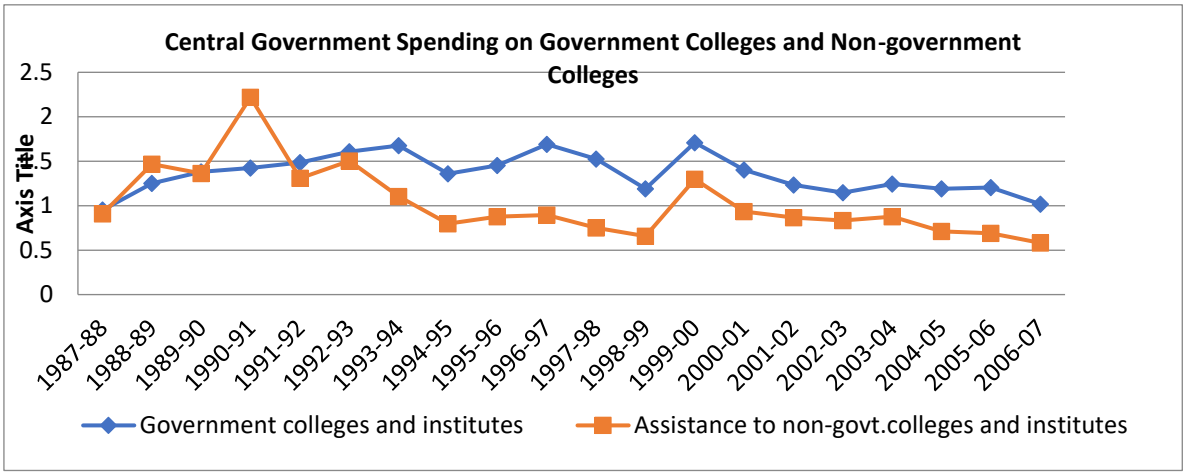
Figure: 4.2.1



Till 1992-93, the central government was providing higher support for the NGC - 1.5 percent of the expenditure on higher education which declined to around 0.5 percent in the recent period (2006-07). The share of the government colleges as a percentage of the total university and higher education expenditure also has declined from 1.5 percent (1995-96) to one percent (2006-07). Such a small share of spending to the colleges is explained by the high priority assigned by the central government to the universities.

GROWTH OF HIGHER EDUCATION: NUMBER OF INSTITUTIONS AND ENROLMENT

The foregoing analysis discusses public expenditure on higher education which acts as an important input variable. The effect of the public expenditure should be visible in the physical output growth of the higher education, which is usually measured in terms of growth of the higher educational institutions and the amount of enrolment. As can be seen from the *table:5.1* there were only 727 higher educational institutions (considering only universities and colleges) in 1950-51 which increased to 17968 by 2004-05. The growth rate given in the adjacent column shows that the growth of all institutions was much higher before 1970s (8.2 percent and 8.8 percent for 1950-60 and 1960-70 respectively), but has declined there after (2.7, 4.5 and 5.7 percent respectively for 1970-80, 1980-90 and 1990-00).

The same is the case for all colleges and universities, although it can be seen that the growth of colleges is much higher. This compared with the analysis of public expenditure on higher education, explains that the higher education saw the signs of deceleration both in terms of inputs and outputs, i.e. public investment and number of educational institutions in the aftermath of late 1970s.

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Table 5.1: Number and Growth of Institutions

Number of Institutions				Growth rate		
	Universities / Deemed to be universities	Colleges	total	Universities / Deemed to be universities	colleges	total
1950-51	32	695	727			
1960-61	56	1542	1598	5.8	8.3	8.2
1970-71	102	3604	3706	6.2	8.9	8.8
1980-81	133	4722	4855	2.7	2.7	2.7
1990-91	190	7346	7536	3.6	4.5	4.5
2000-01	256	12806	13062	3	5.7	5.7
2004-05	343	17625	17968	7.6	8.3	8.3

Source: UGC (2008)

Intra-sectoral growth in Higher education

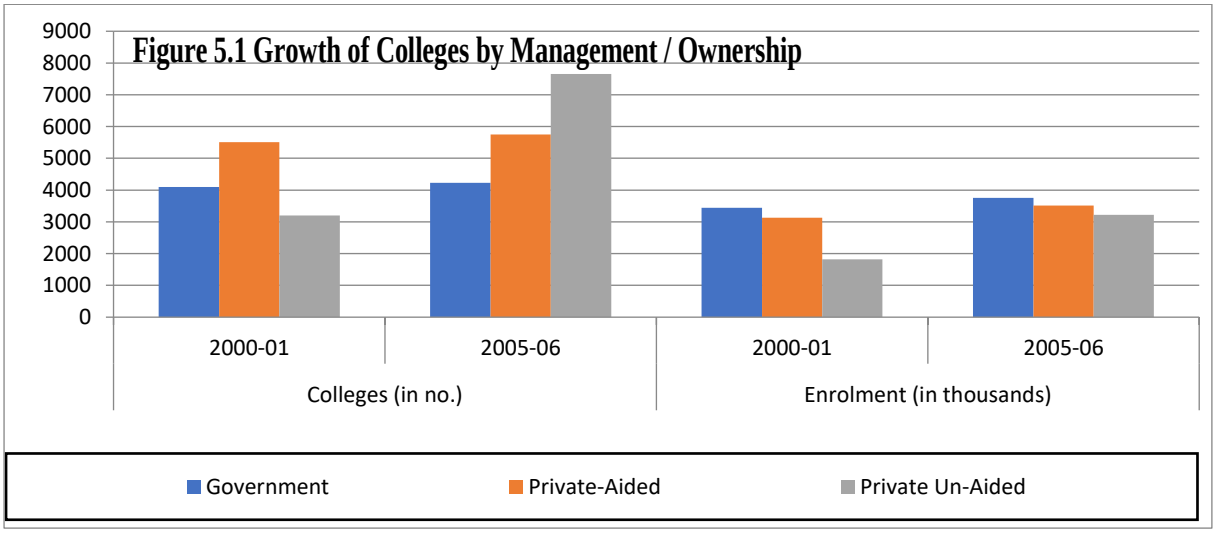
The intra-sectoral trends in the growth of higher education would mean to find out not only the growth of universities but also the growth of colleges by different types of ownership and management. But the data for the same is not available temporally in any published form. However based on Aggarwal (2006)[6], we try to analyse the growth of the colleges by management wise for the recent years. The figure 5.1 indicates that the compared to other colleges, the private-unaided colleges increased faster between 2000-01 and 2005-06. The growth of government colleges and the NGCs increased only marginally. The enrolment also has increased in the private unaided colleges as compared to the NGCs and the government colleges. This gives a weak signal towards emerging of private sector in the higher education sector.

SUMMARY AND CONCLUSION

The paper attempts to analyse the trends and patterns of the higher education expenditure both at the national level and state level. The paper also focuses on the composition of the public

[6] The growth of institutions by management wise was calculated for some states of India by Aggarwal (2006) and was generalized for India (see pg 156).

expenditure in the university and higher education. The analyses finds that the public expenditure in the higher education is decelerating in India. Both as a percentage to GNP and as a percentage to total education expenditure, the higher education expenditure is found to be declining. Also it was noticed that there is a great deal of trade-off between the elementary education and higher education. The state level analysis further corroborates the finding that higher education expenditure is decelerating. However it should be noted that the central government education expenditure as a percentage to total expenditure was observed to be increasing, but a large part of it was divulged to the elementary education sector. Correspondingly at the state level, the total education expenditure as a percentage to the total expenditure was found to be declining. The paper tried to locate the reasons behind such a decline; which were found to be the following: (i) the privatization tendencies that began in the country led to the fiscal constraints, which in turn could have led to the shortage of overall funds for the education sector. And hence a possible relative decline in the higher education. (ii) however the most important reason seemed to be the shifting priorities in the composition of education expenditure. The relative decline in spending for higher education was traced to the policies of the government in 1980s namely the NPE (1986), and the setting up of different committees which recommended for alternative resources for funding the higher education. (iii) the sudden rise of priority for elementary education at the global level through the Jomtien conference and Dakar conference, and consequent policy shifts towards the elementary education by the Indian government explains more the increased spending to the elementary education which is at the cost of the higher education.



Source: Aggarwal (2006)

The paper also attempted to look into the composition of higher education expenditure which revealed that the non-government colleges received highest government expenditure in most of the states compared to the universities and the government colleges. It was noted that the

expenditure was determined by the individual state policies pertaining to higher education, and to ascertain the relative priority to a particular item of expenditure was therefore difficult. A brief attempt was made to see the growth of higher education in terms of enrolment and number of institutions at the all India level so as to make out if there was really some deceleration in the overall growth of higher education. It was found that the number of education institutions increased till 1970s and relatively declined thereafter.

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