CHAPTER – III

POLICY PERSPECTIVE OF FINANCING HIGHER EDUCATION – A STUDY IN THE LIGHT OF THE RECOMMENDATIONS OF EDUCATION COMMISSIONS/COMMITTEES (1947-2009)

3.0 Introduction

In this chapter, the researcher has reviewed important Education Commission or Committees Reports appointed by Government of India in particular. It also covers the studies sponsored by UGC, AICTE, Government of Karnataka, etc. The researcher has covered mainly the recommendations of various Commissions/Committees/Bodies with regard to financial aspects of higher education during pre-economic and post-economic reforms period.

Higher education is recognized as a critical input in human development and social development in any society. The tertiary level of education provides not only the high level skills necessary for every labour market, but also the training essential for teachers, doctors, nurses, civil servants, engineers, humanists, entrepreneurs scientists, social scientists and myriad personnel. It is these trained individual who develop the capacity and analytical skills that drive local economics, support civil society, teach children, lead effective governments, and make important decisions which affect entire societies (World Bank, 2002)¹. Development of education becomes an important agenda after Theodore Schultz in 1961 published an article in American Economic Review entitled “Investment in Human Capital”. In this article Schultz introduced his theory of human
capital. He argues that both knowledge and skills are a form of capital and that this capital is the product of deliberate investment and that investment in human capital must focus on supporting individuals acquiring education, since it is knowledge and skill that affects one's ability to do productive work. Higher education is therefore regarded crucial to the development of developing countries and their ability to compete in global economy (CABE, 2005).

3.1 Policy Perspective of Financing Higher Education in Pre-economic Reforms Period

3.1.1 The University Education Commission (Radhakrishnan Commission)³

After independence the most significant action of the Government of India in the field of education was the appointment of the University Education Commission (UEC) under the chairmanship of Dr. S. Radhakrishnan in 1948. The Commission was appointed, to report on Indian University Education and suggest improvements and extensions that may be desirable to suit present and future requirement of the country. The UEC has submitted its report in 1949. The Commission laid stress on the finances of University colleges and affiliated colleges. One of the major recommendations of the commission was that the state should recognize its responsibility for the financing of higher education. The Government of India took the recommendations of the Commission seriously and central financial assistance to Universities was revived from 1951 onwards. The University Grants Commission (UGC) was set up in 1953 and
statutory status was accorded to it in 1956 when parliament adopted the UGC Act (Model Act). The commission also recommended that Income Tax laws be amended to encourage donations for educational purposes and the Government should contribute an additional annual amount of Rs.10 crores during the next quinquennium for the development of university education.


The Government of India has appointed the Education Commission in July 1964 to advise on the national pattern of education and on the general principles and policies of development of education at all stages and in all aspects. The Commission was headed by Prof. D.S.Kothari, Chairman of the University Grants Commission and hence the report of the Commission is also called the Kothari Commission Report. The Commission submitted its report in 1966. The Report of the Education Commission made a survey of the growth of educational expenditure in India in the post independent period and the sources of educational finances. The commission assessed the financial resources likely to be available during the next two decades, viz. 1966-1986. The commission recommended allocation of 6% of GNP for education. The Commission was of the view that education should continue to be basically a state-responsibility as provided in the constitution. While it was not in favour of including education in the concurrent list, it was also
opposed to state absolutism in education. As the constitution vests the central government with large and growing resources, it should provide adequate financial support to education. This should be done by increasing the Central and Centrally-sponsored sectors in a very substantial way. The Commission has stated in its report that the funds of the central and state governments would have to bear about 90 per cent (or even more) of the total educational expenditure. Contributions of voluntary organizations must be stimulated and utilised for the purpose of development through appropriate policies of grant-in aid. The Commission found that a national system of education would need a much higher level of financial support. The Commission found that ultimately the total expenditure would have to be divided almost equally between the different sectors, one-third for elementary education, one-third for secondary education and one-third for higher education. It opined that vigorous attempt should be made to establish institutions of optimum size at all levels of education because these would be more efficient and less costly.

3.1.3 Committee on Alternative Models of Management (Gnanam Committee)  

The University Grants Commission appointed in January 1987, a Committee to make a detailed study of the observations and recommendations made by various Education Commissions and Committees on the various issues related to educational management. Prof. A Gnanam, Vice Chancellor of Bharatidasan University, Thiruchirapally was the Convenor. So the Committee is popularly
known as the Gnanam Committee. The Committee took note of the National Policy on Education (NPE) 1986, the Programme of Action (POA) and also made an extensive study of the Acts of Indian Universities. It submitted its report in 1990. With regard to finance, the Committee has made some of the recommendations like: (a) The universities in India are funded either by the Central or State governments and hence they have control in their functioning. Too much control of finance by these governments is affecting the administration of the universities. The Vice-Chancellors must have some freedom to re-allocate some of the funds for different purposes, and to create new posts or change the level of posts; (b) Specific norms regarding the basic grants ought to be evolved which may be made obligatory for the State Government to adopt; (c) The grants provided by the central and state governments should be reviewed every year. In addition there should be a regular increase of 10% every year; (d) The State Government should also provide a matching grant to the development expenditure provided by the UGC; (e) Steps should be taken to mobilise resources from trade, industry and development agencies for undertaking research, which would be useful to these agencies; (f) Permission be given to universities to raise their own funds through fees, funds from private industries, corporations, individuals and trusts.
3.1.4 Ramamurti Review Committee, 1990

Government of India has appointed a Committee on May 7, 1990 to review the National Policy on Education, 1986. The National Policy on Education Review Committee (NPERC) was headed by Acharya Ramamurti. Hence, the Committee is known as Ramamurti Review Committee. The NPERC submitted its report titled “Towards an Enlightened and Humane Society” on December 26, 1990. The commission maintained that it was justifiable to increase the fees of students in higher education and the increase must be related to the cost of higher education and the income level of the parents. Rich should, therefore, pay more and less privileged pay less. The Committee has recommended that at least 6% of the GNP should be provided for education. All technical and professional education should be made self-financing. It has suggested the alternate methods of funding higher education like Graduate taxes, Increase in fees, and Student loans. According to the Committee, an appropriate increase in the fees payable by students going in for Higher Education is a justifiable strategy and this increase should be appropriately linked to at least the cost of recurring expenditure and levels of income of the parents of the beneficiaries.

Ramamurti Review Committee opined that besides tuition fees, fees charged for specific purposes in the Higher Educational Institutions like laboratory fees, library fees, building fees, magazine and games fees, etc, also have to be increased on a rational basis with reference to the cost of providing the relevant facilities/services.
Examination fees can also be an important means of raising internal resources to meet the cost of Higher Education.

3.1.5 CABE Committee Report\textsuperscript{7} on Policy, 1992

The Central Advisory Board of Education (CABE) in its meeting held on 8\textsuperscript{th} and 9\textsuperscript{th} March 1991 decided that a CABE committee be constituted by the Chairman, viz., the HRD Minister, to consider the recommendations of the National Policy on Education Review Committee (NPERC). On 31\textsuperscript{st} July 1991, the Chairman of the CABE, appointed a Committee to review the implementation of various parameters of NPE taking into consideration the report of NPERC. Shri. N. Janardhana Reddy, Chief Minister and Education Minister of Andhra Pradesh was appointed its Chairman with 15 members.

With regard to resources for education, the Committee made these recommendations: (a) In the matter of allocation of governmental resources there should be prioritization within the education sector; (b) Higher education, technical and management education must be made largely self-financing by revising fee structure. At the same time the needy students must be given appropriate support by way of student loans; (c) Educational infrastructure should be developed through institutional finance; (d) Academic institutions must be given incentives to increase their income through consultancy and other studies; and (e) Community and the cooperative sectors must be encouraged to come forward to extend financial support to education.
3.2 Policy Perspective of Financing Higher Education in Post-economic Reforms Period

As the national and international agencies began expressing their commitment to education and faith in human capital for development, the countries like India has introduced many new economic policies, familiarly known as adjustment polices in the early part of 1990s. This structural adjustment programme included the curtailment of government expenditure by way of withdrawal of subsidies and price support programs, reduction in investment of socioeconomic overheads, disinvestments in state owned enterprises, reduction in import duties for capital goods and raw materials, increased incentives for inflow of foreign capital and technology, etc. The states started gradually withdrawing from those sectors that were seen as non-profit making and burden on its treasury and as a result social sector becomes the obvious target. In the field of higher education these policies made a direct impact and as a result drastic reduction in public subsidies accompanied with shifting the burden of financing and delivering educational services from Government to parents, communities, NGOs and the private sector.

In post-economic reform period (i.e. from 1992 to till today), different commissions/committees have been constituted by Government or its agencies on education. The review of important commissions and their recommendations with regard to financial aspects of higher education are as follows:

Programme of Action (1992) for the National Policy on Education provided that, “All institutions will be encouraged to achieve maximum self reliance by generating resources through measures like enhancement of fees coupled with provisions of soft loans to needy students; consultancy; testing; sponsored projects; community contributions; institutional chairs; raising donations for infrastructural development with a provision for tax exemption; establishment of industrial foundation; charging fees for specific facilities such as laboratories, library, games, magazines etc. The grant in aid institutions will be allowed to utilize additional income generated from infrastructural and other developmental activities without linking it with government grants. As with higher education, a High Powered Committee would be set up to consider steps for mobilization of additional resources for technical education, to bring about a better balance in the funding of institutions for technical and management education and research, and to improve cost efficiency of the technical education system. Efforts will also be made to streamline the scheme of educational loans with a view to making it more customer friendly” (quoted in AICTE, 1994).

In pursuance of the provision in the POA two committees were set up by Government of India in the year 1992 to make recommendations regarding the mobilization of additional funds for universities and technical institutions. Both these committee and
various other policy documents, committees and commissions made significant recommendations regarding the funding of higher education.

3.2.1.1 Committee on UGC funding of institutions of Higher Education (Punnayya Committee, 1993)⁹

Committee on UGC funding of institutions of Higher Education, popularly known as Punnayya Committee, while recognizing that the State must continue to accept major responsibility for funding the essential maintenance and developmental requirements of the universities, recommended that universities should be encouraged to augment their resources for covering a larger proportion of cost of education than what prevails. It further recommended that for generating internal resources fees for library, laboratory, sports should be revised upwards to recover a significant part of recurring cost. Hostel fees should be revised to meet all the actual recurring cost and in due course of time a part of capital cost as well. The committee emphasized that for generating income, universities should let out their infrastructural facilities like playgrounds, auditoria etc. and also organize short term courses for which there is demand. It also opined that resources generated by the universities should constitute at least 15% of the total recurring expenditure at the end of first five years and at least 25% at the end of 10 years. The Punnayya committee made it clear that increased burden of fees and charges must be borne mainly by those who can afford. Besides, UGC may explore the possibilities of introducing soft loan scheme in collaboration with nationalized banks.
3.2.1.2 High Power Committee for Mobilization of Additional Resources for Technical Education (Swaminadhan Committee, 1994)\textsuperscript{10}

High Power Committee for Mobilization of Additional Resources for Technical Education (Swaminadhan Committee, 1994) was also in similar of tone with those of Punnayya Committee and it stated that over dependence on Government support has led to both inadequacy and rigidity in resource allocation to various sectors of academic activity. It is essential that institutions should reduce this dependence through raising internal and external resources like contributions from industry alumni and charitable trusts etc. For enhancing internal resources the committee recommended that the tuition fees in all government funded and aided institutions in all the states should be revised to a rational level of at least 20\% of the annual recurring cost per student. Besides, the institutions should generate revenue through such activities as consultancy, testing and certification, sponsored research projects, part time courses, development of software etc.

Another significant recommendation of this committee was regarding the establishment of an Educational Development Bank of India (EDBI) and it also opined that a National Loan Scholarship Scheme may be introduced under EDBI and the needy students should be provided soft loans through this scheme,

From above observations we can very well say that both committees emphasized the need for reducing reliance or public financing in higher education sector and advocate exploring and
mobilizing alternative resources. The government found it very convenient to accept these recommendations and to act upon them as these recommendations are also in conformity with some of the important components of the macro-economic policies of structural adjustment that were adopted by the government at the same time and also with recommendations of World Bank outlined in its policy paper.

3.2.2 Discussion Paper on Public Subsidies (1997)

Another significant development having implications for policy making pertaining to financing of higher education was a discussion paper entitled “Government Subsidies in India” issued by Ministry of Finance, GOI in May 1997. This paper sought to differentiate between merit goods and non-merit goods on basis of their externalities or social returns. The paper suggested that cutting down subsidies on non-merit goods could reduce fiscal deficits and education beyond elementary level was classified as non-merit good because here the benefit of subsidies accrues primarily to the recipients. On the contrary, the benefits of providing elementary education spread well beyond the immediate recipients. Therefore, it was argued that the subsidy on higher education should be reduced from the existing 90% to 25% over a period of five years. In justification of the stand, it was also pointed out that the rich often appropriate subsidies in higher education and the target population is not actually benefited by the subsidies. Since public spending is financed by public tax, subsidising
higher education would actually amount to subsidising the rich by the poor (Joseph, Thomas, 2002).\(^\text{11}\)

Such a position adopted by GOI regarding the nature of higher education was undoubtedly based on the idea set out by the World Bank in its document Higher Education: The Lessons of Experience (1994) that the developing countries should not invest their scarce resources in higher education. To quote: Indeed it is arguable that higher education should not have the highest priority claim on incremental public resources available for education in many developing countries, especially those that have not yet achieved adequate access, equity and quality at the primary and secondary levels. This is because of the priority that countries attach to achieving universal literacy; because the social rates of returns on investment in primary and secondary education usually exceed the returns on higher education (World Bank, 1994).\(^\text{12}\)

3.2.3 Report on Policy Framework for Reforms in Education (Ambani-Birla Report, 2000)\(^\text{13}\)

The policies adopted by GOI regarding higher education are a boom to private sector that is ready to enter into the field of higher education as they took it as a industry alike steel, petroleum or automobile manufacturing industry without thinking about the very fact that in education input are human being, process is on human being and output are also human being which cannot be managed by the business principle alone. But government was keen to privatise
higher education and so it through the Prime Minister Council on Trade and Industry (PMCTI) constituted a ‘special subject group on policy framework for private investment in education, health and rural development’. The Prime Minister found no experts in the concerned areas but the noted industrialists Mukesh Ambani (Convenor) and Kumaramanglam Birla (member) to constitute this special subject group. The report was submitted to PMCTI in April 2000 and it proved to be another significant development in education policy making in India.

As par as the perspective for financing of higher education is concerned, the report also echoed the World Bank’s version by suggesting that ‘given the sustained fiscal deficits the government must focus strongly on primary and secondary education and leave higher and professional education to the private sector’. Such privatization of higher & professional education can relieve government funding from these areas, which can be used for primary education and improving literacy. It also sought to convert the entire system of higher education in the country to a market where profit making will be the only consideration. That is why it referred the government to legislate a private university bill to encourage establishment of new private universities in the field of science & technology, management and finance areas.

The report suggested two methods in order to overcome the problem of financing higher education. It stated: “Subsidies for higher education should be gradually withdrawn through higher fees and change in fee structure” and “User pay principle to be enforced strictly
for higher education supported by loan schemes as well as financial grants for economically and socially backward sections of the society”.

In this regard, the report proposed that the financial institutions should be encouraged to offer assistance in the form of loans to students in higher education and professional streams.

Thus the Ambani-Birla report outlined the contours of educational development in the country as commensurate with the needs of emerging global economy on the one hand and those of local corporate sector on the other.

3.2.4 **Report on Central Government Subsidies in India**¹⁴, 2004

The Government of India revised its earlier position of defining higher education as a non-merit good probably by taking into consideration the revised version of World Bank’s conception regarding nature of higher education and also responding to strong criticism to its earlier stand. In its report on Central Government Subsidies in India 2004, the Ministry of Finance, reclassified higher education as ‘Merit-IP good while school education was termed as, ‘Merit-P good. It was recognized that Merit-II goods also need to be subsidized, but the extent of subsidy could be much less than that in case of Merit-I goods.

3.2.5 **Report of the CABE Committee on Financing of Higher and Technical Education, 2005**

The CABE committee took a comprehensive view of the problems relating to financing of higher and technical education in the country.
It recommended that generous state funding of higher education was critically required for quantitative expansion, for improvement in quality and excellence and for preserving and promoting equity in higher education and the total allocation to education sector should be raised to the level of six percent of GNP from the current level of about four per cent. Twenty five percent of the total budget should be allocated to higher and technical education together. This would mean that higher and technical education would together get about 1.5 percent of GNP approximately one per cent for higher education and 0.5 percent for technical education (CABE, 2005).15

While dealing with the issue of cost-recovery in higher education, the committee categorically stated that the rates of cost recovery in higher education were already fairly high in many universities and the scope for any further increase in cost recovery is extremely limited. The committee observed that revenue generation through student fees beyond twenty percent may seriously affect access to higher education.

The committee emphasized the need for developing careful monitoring mechanisms so that loans are available mainly to economically needy and educationally deserving students to pursue higher education and also suggested setting up of a body like Higher Education Finance Corporation (HEFC) with contributions from Government and corporate sector, to coordinate the student loan schemes being operated by several banks and to provide on its own scholarships and soft loans to students.
Regarding mobilization of additional resources, the committee proposed that universities might to be encouraged to generate additional revenue from non-governmental sources, without affecting equity and other academic aspects of institutions.

Overall CABE committee was of the opinion that state funding of higher education out of tax and non-tax revenues should remain as the best and only sustainable way of financing higher education.

So, this report exhibited some points of departure from the earlier policy stances in the post-economic reforms period. These may be the reflections of the shift in the notion of higher education at the international level, especially with the publication of the World Bank reports i.e. Higher Education in Developing Countries: Peril and Promise, 2000 and Constructing Knowledge Societies: New Challenges for Tertiary Education, 2002. These reports highlighted the importance of state funding of higher education and argued for almost a U-turn in the policies on higher education in developing countries.

3.2.6 CABE Committee on Autonomy of Higher Education Institutions (2005)\textsuperscript{16}

Central Advisory Board of Education (CABE) Committee on Autonomy of Higher Education Institutions was set up by Ministry of Human Resource Development, Government of India to suggest measures for enhancing the autonomy and accountability of institutions of higher education. The Committee headed by Shri. Kanti Biswas submitted its report in 2005. It has made many
recommendations relating to academic, administrative, financial and
genral aspects on autonomy of Higher Educational Institutions. With
regard to financial aspects, the Committee has made the following
recommendations.

• One-third of entire investment in education sector should be made
  on higher education.

• Since full public financing of higher education to manage growth
  and diversity within the context of overall funds constraints is no
  longer possible, universities and colleges have to search for
  alternate funding sources.

• Funding to individual institutions should be provided on block
  grant pattern so that they have greater degree of freedom to set up
  their own priority.

• Higher education institutions should be encouraged and facilitated
to generate internal resources. The scheme for promoting internal
generation should be made more broad based and be re-designed
so as to provide financial incentives for overall performance of the
institution against objectively defined parameters that may be
captured through the performance radars mechanism. The internal
resources generated by an institution under no circumstances
should be adjusted with any other grants and institutions should
be allowed to use it exclusively for developmental purposes.

• The Central Government and the State Governments or their
authorized agencies as the case may be could be empowered to set
ceilings on fee levels. All institutions should be required to adopt
certain disclosure standards with a view to containing malpractice in relation to fees.

- All institutions should have the provision to provide free-ships and scholarships to meritorious and deserving students coming from lower socio-economic strata of the society.
- The practice of financial disclosure standards should be introduced in self-financing institutions with a view to bringing greater level of transparency in their financial management.
- The audit systems including system of internal audit should be strengthened with a view to ensuring proper expenditure management and compliance of financial rules and regulations.
- Higher education institutions should be given complete autonomy to undertake consultancy assignments and sponsored research projects.

The recommendations made by the CABE Committee, some of which question the present policies, will go a long way in moulding public policy towards higher education.

3.2.7 National Knowledge Commission, 2007

In National Knowledge Commission’s view the expansion of system of higher education in India is not possible without enhanced levels of financing, which must necessarily come from both public and private sources.

The commission recommended that the government support for higher education should be at least 1.5 per cent of GDP from a total of
6 per cent of GDP for education (NKC, 2007). But at the same time commission also argued for raising the fee levels in higher education institutions. In its view, on an average fees constitute less than ten percent of total expenditure in our universities. So, it stressed the need for rationalizing fees in universities and other higher institutions. It suggested that as a norm, fees should meet at least 20 percent of the total expenditure in universities. In addition, fees need to be adjusted every two years through price indexation.

Furthermore, the commission recommended tapping such sources as alumni contributions, licensing fees, or user charges (for facilities in universities used by people from outside) and creating supportive institutional mechanisms that allows universities to engage professional firms for mobilizing resources. It also recommended for stimulating private investment and public private partnerships where the government provides the land and the private sector provides finances.

Thus, it is clear from report that commission strongly favoured autonomy for universities to set up fee levels, tap other sources and also for the commercial use of university facilities. Noting that college education in engineering medicine and management is de facto privatized, the commission favoured similar privatization of university education by setting up private universities and enabling public private partnerships (Tilak, 2007).
3.2.8 Report of The Committee to Advise on Renovation and Rejuvenation of Higher Education (Yashpal Committee Report, 2009)

Yashpal committee viewed higher education from different perspective. It stated that higher education is a means to overcome caste and class hierarchy, patriarchy and other cultural prejudices and also a source of new knowledge and skills, a space for creativity and innovations. Higher education, therefore, was and continues to be considered a national responsibility and the state has to make necessary provisions to realize its potentials (YCR, 2009)\textsuperscript{19}.

However, recognizing that the cost of providing quality-education is increasing it recommended that while the state cannot walk away from its responsibility of financing higher education, imaginative ways will have to be devised to find complementary sources of funds. Changes in regulatory systems are required to encourage philanthropy from society. Further it stated that universities and other academic institutions should be able to hire professional fund raisers and professional investors to attract funding from non-government sources.

The committee also argued that the absence of differential fee has led to the subsidization of a segment of student body that can afford to pay for its education and there is no reason why both of these two categories of students be placed on same level when it comes to financing their education.
Thus, following the popular discourse the Yashpal Committee also opined guaranteed student loans at low interest for those who can take loans. However, it also recommended free education for those who cannot afford it.


The Government of Karnataka has appointed a Task Force specifically on financing of Higher Education in the State of Karnataka in 2004. The Task Force recommended that public expenditure on education in the state should be increased, in the first phase, to 6 per cent of the Net State Domestic Product and gradually to 10 per cent as state finances improve. Within expenditure on education, expenditure on higher education should be increased to 20 per cent at least. It has opined that all input funding in higher education should be considered as a form of productive human capital expenditure in the state budget and, hence, as an investment. With globalisation, increased competition and knowledge driven economies, this investment has become particularly necessary if the state is to survive in the new environment. The Task Force stated that higher education should be treated as one of the ‘high priority development expenditures’ in the state. Without appropriate funding, the state cannot be expected to survive in a knowledge society and a competitive world economy. Hence, it should not be subjected to reduction as a subsidy, but treated as its investment for development. The Task Force has suggested methods to increase funding for
collegiate education in particular and higher education in general. Some of its suggestions are: (a) Grant permanent affiliation to colleges and provide autonomy as funds can be accessed from the UGC on both counts; (b) Instead of loans, which have a poor history of returns in most countries, tax the educated employed over their working life taking into consideration the income earned; (c) Tax employers of those who employ graduates of the system based on the nature of the degree and the salary. Such a tax should include all employers, government and private companies; (d) Place a small tax on IT and other knowledge-based industries as they maximally employ graduates of the system.

3.2.10 Report of the Expert Committee on Reform and Rejuvenation of the Universities of Mysore and Karnataka, 2009

Report of the Expert Committee on Reform and Rejuvenation of the Universities of Mysore and Karnataka (Karnataka Knowledge Commission, 2009) appointed by Government of Karnataka has made few recommendations to the Government of Karnataka with regard to generation and management of the State Universities particularly University of Mysore and Karnataka University, Dharwad. Some of the recommendations of the Committee are as follows:

1. The ratio between teaching and non teaching staff in the University at any point of time should not exceed 4:1.

2. Outsourcing of certain non essential functions like housekeeping, transport, maintenance of civil constructions and equipments,
hostel maintenance, guest house, boarding etc., could be decided by the Board of Governors.

3. The capital expenditure of the University has to be less on buildings and constructions but more on augmenting facilities, laboratories and other equipments including ICT.

4. A full-fledged marketing and public relations division could be established in the University which will oversee the marketing efforts of branding and resource mobilization of the University.

5. Selling of publications on the model of Oxford University press is an important source of revenue while enabling the faculty and students to publish their research products.

The Committee commented that the planning and utilization of financial resources is an important area for the University. A perspective plan on the mobilization and utilization of the resources has to be prepared periodically. This could take care of the ratio between the plan and non plan expenditure which has to be biased in favour of the plan expenditure. The utilization of available resources has to be given maximum attention.

It suggested that the financial resources have to be mobilized from various sources like block and special grants from the government, research grants from various bodies, fees from students, contributions from alumni and consultancy work rendered to industry and other bodies. Philanthropic contributions and CSR funds of Corporate should also be explored. The University should endeavour to recover at least 25% of cost by the way of tuition fees. The
University could work out a scholarship scheme either with the government or with other bodies for financing the fees to be paid by the students.

3.3 Conclusion

Analysis of various policy documents clearly reflects that liberalization of Indian economy as a result of structural adjustment programmes lead to the policy shift regarding financing of higher education in India and this policy shift is also influenced by the ideas of World Bank and International agencies. On the one hand, the overall thrust in these policies is on deregulation, privatization, introduction of cost recovery mechanism and on the other hand enhancement of public financing and equity considerations also find their expression.

Thus, in the post – economic reforms period, the recommendations of various policy documents have clearly exhibited the impact of neo-liberal ideology on higher education policy making in our country. Consequently, these policy documents while emphasizing government’s inability to expand higher education, have been highlighting the need for introducing cost – recovery mechanism in public higher education institutions, introducing educational loan schemes and mobilising non – governmental resources by the institutions to meet their financial requirements. Such policy shifts in financing of higher education are resulting in the emergence of new paradigms in financial management in higher education institutions.
REFERENCES:


