Chapter 3

State and Higher Education: Trajectory of Policies of the Government of India

3.1 Introduction

The previous chapter briefly dealt with how the Indian economy got closer to international market with the liberalization of the Indian economy, with the dismounted state centralism in economic system and with deregulation of economy (Nayyar, 1996). Such deregulation of economy facilitated increasing influence of international machineries like World Bank and other international bodies over the policy implications of the state of India towards its social sector spending which includes the education sector (Tilak, 2000). Moreover with the Indian society being increasingly influenced by the global culture and market, these have come to generate greater impact on the policy imperatives of the Indian government. The agenda of the international bodies have oriented the policy imperatives of the developing countries like India, towards the phenomena of privatization and marketization. India, too, could not escape this international influence on its policy imperatives. Significant weakening of the welfare state paradigm has been noticed as a result. The market has broken free from state control, regulation and direction. In the areas of services hitherto being the responsibility of the state, most prominently in social sector like health and education, market has been given increasing and greater inroads and space, with a simultaneous withering away of the state from these sectors. Higher education policies in India also underwent major changes under the spell of global forces.

A careful perusal of the context of policy formulation and implementation precedes a correct analysis of state policies. Talking of the context of policy formulation, come into
the scene various actors and bodies associated with policy making- their goals, ideologies and interests, their influence upon the objectives and policies of the state; and a number of forces and imperatives that act on policy formulating bodies and mechanisms (Taylor, 1997).

This chapter aims at tracing the origin and vision of higher education in India on the eve of independence and in the post- independence period, examining the policies of the government towards higher education since the time of independence and how the policies of higher education and also the vision associated with it underwent a change after the adoption of liberal policy reforms. It aims to explore the aims, objectives and purpose of higher education, the limitations and problems that came underway and the reforms that were necessitated in regard to the socialistic and welfare ideals of the constitution. The role and responsibility of the government towards higher education, and its policy with respect to funding of education, ensuring and enhancing quality of and equity in higher education, are catered to.

According to Roger Dale (1989), it is incorrect to say that the state is a monolithic entity. What the state does, professes, declares or is capable of doing is not an exclusive domain of the state, and is rather dependent on numerous complex political, economic, social as well as international factors. The challenge was even more complex for developing countries like India. The state in these countries is seen professing and attempting to usher in rapid and radical transformations- political, social and economic, driven by the force of democratization. It encounters myriads of impediments in the process from the entrenched classes in the society. The state finds itself in a critical juncture in view of the twin challenges of dealing with lack of capital and achieving rapid economic development on the one hand and meeting the strong demands of
redistribution of resources and social justice on the other. In this scenario, education
serves a double purpose; it serves as a vehicle to fulfil the goals of the state, and also
provides a political legitimacy to an equal and just society (Jules and Apple, 2000).
Accordingly, state’s capacity to formulate policies and to implement them can have a
big hiatus and also depend on a large number of factors.

3.2 Policies of Higher Education in India since Independence

An attempt here is made to analyze the policy imperatives of the Indian government in
regard to higher education. The analysis is based on the responsibility undertaken by the
government with regard to funding of education and towards expansion, quality,
democratization and equity in education.

Higher education constitutes a very significant tool of ensuring progress and prosperity
in virtually every aspect of society. For a country like India, higher education remains
crucial not only for economic development and prosperity of the country, but also for
the nation building process. It has the capability of ushering an era of knowledge and
skills and ensuring development of both physical and human resources. It is higher
education which can help a society to break free from the shackles of narrow
traditionalism and establish a renewed society informed by values of freedom, equality
and justice. It is only higher education which can take a society to newer heights by
promoting individuality and developing critical thinking. Thus, it was soon realized that
higher education carries the socio-economic potentiality of building a new society
characterized by knowledgeable and enlightened, conscious community with a
progressive outlook. It has come to be recognized as an indispensable part of Indian
national life; and government of India, itself, took the onus of ensuring its growth and
expansion. Efforts were made to make changes in and accordingly to reform Indian educational system after independence.

On the eve of independence, it was expected that education can and will be a crucial determinant of wholesome Indian reconstruction—social, political, economic and cultural. Education was expected to be a major tool of radical societal changes. Higher education was considered all the more as a constituent of radical societal changes in society; for it was expected to inevitably contribute towards scientific, technical and industrial development of the country—a vision that the newly adopted socialist model of development and state regulated mixed economy aimed to achieve visualized by the leadership of the nation. Higher education with a potential to bring about social mobility, modernize traditional India and to create a nationalistic aptitude amidst the young generations of the nation, was considered to be a principal tool of development and democracy.

Immediately after independence, the country realized the importance of education as a potential tool of social, political, economic and cultural resurgence. Education was considered to be indispensable for the due reconstruction of the country; which was intended to be brought about. The expectation from higher education was all the more as a potent mechanism of scientific, technical and manpower development—all of which are crucial for the much needed progress of a newly developed country like India. Higher education was thought to be inevitable to realize the vision of the Indian leaders as envisaged in the socialist model of development adopted after independence. Moreover, as India had the challenge of establishing democracy and ensuring economic development, higher education was considered as an agent of the much needed modernization and mobility of Indian society. However, India was educationally very
backward, and educational development during the colonial period was lopsided and
defective. It needed a thorough overhaul, a rapid expansion and democratization of its
base and substantial qualitative improvement in tune with a modern independent and
developing nation (Kamat, 1989). Higher education that was devised by the colonial
rulers was not coherent with the nationalistic spirit and ethos. Thus, to infuse young
minds with spirit of nationalism, a number of schools and colleges were established
with a clear patriotic and nationalist agenda, spearheaded by a nationalist movement in
this regard.

The education system inherited by the newly independent India was defective and was
marked by various kinds of imbalances. There were aims to develop a strong network of
higher educational institutions to cater to the needs of the country characterized by
diversities and differences. With very limited enrolment of population in general, and
that of women in particular, higher education in India at the time of independence was
led by only 20 universities and 500 colleges stretched all over the country. However, in
the post-independence period, Indian higher education witnessed significant expansion.

Education received significant prominence in the post-independence period and was one
of the priority areas of government action. Accordingly education was made a public
good and was included in the state list. Given the fact India is a country strewn with
various diversities- social, economic and regional, aim was to make education
accessible to everyone irrespective of the differences. Sincere goals and corresponding
efforts were in place to transform education from being elite based to mass oriented. An
attempt was made to transfer elite system of education to large and popular
(Ramachandran & Ramkumar, 2006). In a bid to build a national education system by
catering to every strata of the society, various commissions were appointed.
The first commission, which was also one of the most significant steps towards the Indian higher education, was the University Education Commission established in 1948 under the Chairmanship of S. Sarvapalli Radhakrishnan. After independence, the country was in immediate need of highly skilled human resource in the areas of science and technology, and also humanities and social sciences for urgent socio-economic-political-cultural development (Kamat, 1989). The report recognized higher education as the most significant tool of modern civilization. The commission therefore attempted to entrust the universities with numerous crucial responsibilities to ensure overall progress of the nation-material, intellectual and spiritual. Crucial as higher education is to build a renewed progressive social and political order infused with values and principles of justice, equality and liberty, the commission aimed to build universities as centres of intellectual freedom and social transformation. According to the report of the commission, democratic ethos entails individual freedom to attain holistic upliftment facilitating necessary social change. Individual freedom, the report maintained, can never be devoid of social justice, which again calls for banishing social evils such as poverty, malnutrition, unemployment and ignorance. Individual freedom and development as well as societal welfare are the parameters of democratic stronghold; and the same should be the guidelines of higher education too. The report maintained that democratic state is founded on societal justice, and that education can become a potential emancipator thus paving the way for democracy to protect and uphold sense of equality in the society (GOI, 1962). The report expressed its commitment towards establishing an equal society devoid of hierarchies of caste and class. The report said that:
In a democratic society, the opportunities of learning should be open to not only an elite but to all those who have to carry the privilege and responsibility of citizenship. Education is a universal right; not a class privilege ... in distribution of educational opportunity there should be no caprice, prejudice, favouritism, special privilege or other arbitrary actions. In general each person should have the educational opportunities of the kind and extent, which represent a fair share of the total educational resources. (GOI, 1962, p. 50-51)

The report clearly maintained that the onus of higher education would remain with the state; state support however not denoting state influence or control over academic policies and practices. While it clearly underlined the responsibility and support of the state to higher education, the report also strongly advocated the cause of academic autonomy and spirit of free enquiry. The report considered higher education not only as a tool of material and intellectual development, but also as a facilitator of a just society. Significantly, the state, in the process, is entrusted with the responsibility of protecting and upholding the ideals of justice, equality and liberty as enshrined in the constitution. The report thus clearly pointed towards the responsibility of the state to fulfil constitutional values while establishing, promoting and expanding higher education. The report recommended that sufficient human and financial resources should be provided for the purpose of growth and expansion of knowledge; and also establishment of universities at the post graduate level as the centres of research. The report also aimed at establishment of similar institutions for the training of technological and professional personnel. It was recommended that autonomy and necessary financial assistance should be provided for the strengthening of the universities and technical professional institutions. Accordingly University Grants Commission was also
established as recommended by the report. The Commission put much importance on the finances of University colleges and affiliated colleges. Taking into account the recommendation of the commission that the state would be responsible for the financing of higher education, Government of India revived the central financial assistance to universities from 1951 onwards. In a bid to encourage donations for educational purposes, amendment of income tax laws was also suggested by the commission. The commission also suggested a contribution of additional 10 crores by the government during next five years for the improvement of university education. The report, very significantly, also suggested the use of regional languages at the university level with English as a library language. However, higher education scenario in India did not undergo any significant changes as per the recommendations of Radhakrishnan Commission, other than the establishment of UGC.

The next significant step towards revitalizing the higher education scenario of India was taken after fifteen years with the appointment of Education Commission (1964-66) which was entrusted with the responsibility of developing a national system of education. Aimed at bringing about a radical and comprehensive transformation of education system in India, Education Commission was appointed to advise the government of India on the pattern of national education and as to what will be the general principles and policies on which an overall development of education at all stages would depend on. The commission was of the opinion that a national education would need a much higher level of financial support. The report of Education commission took an account of the educational expenditure in India post-independence, and also the sources of educational finances in the country. The commission also made an assessment of the financial resources for the ensuing two decades, i.e. 1966-68. It
also recommended 6% of GNP allocation for education. The commission maintained that education should continue to be primarily a state responsibility in conformity to constitutional provision. However, the commission was against state absolutism in education, while it was also not in favor of including education in concurrent list. The commission was of the view that given the large and expanding resources given by the constitution to the central government, the government should direct enough financial support towards education. It maintained that central and state government funds should bear about 90% or more of total educational expenditure. The report suggested substantial increase in central and centrally sponsored sectors; and also utilization and stimulation of contributions of voluntary organizations so that development can be ensure through appropriate policies of grant-in-aid. The commission was in favor of equal distribution of educational expenditure between the three sectors of primary, secondary and higher education- one third of expenditure for each. The commission also maintained that utmost effort should be directed towards establishing institutions of optimum size at all levels which would generate large benefit with much less cost. The commission expressed concern over expansion of higher education and scarcity of resources. It was also committed towards equal educational opportunities and removal of inherent inequalities of education system. It stated that "one of the important social objectives of education is to equalize opportunity, enabling the backward and under privileged classes and individuals to use education as a lever for the improvement of their condition" (GOI, 1966, p. 108). In a bid to ensure equal educational accessibility to women and other weaker sections of the society like SCs and STs, the commission recommended availability and expansion of scholarship and free ship. While pointing out the responsibility of Government of India as the prime actor for post graduate
education and research, the report also recognized the significance of contribution from other sources of community and industry.

The commission was clearly against the idea of cost recovery from the students through fees or other such means. It recognized accruing revenue for education from fees as a highly regressive kind of taxation which falls mostly on the poor of the society. The commission considered it not only undesirable, but also against the ideals of democratic socialistic welfare state and recommended that the country should work towards a situation when all education is free (GOI, 1966, p. 111). Moreover, the commission was in favour of very limited role and contribution of private sector, as government of India was entrusted with complete responsibility of facilitating educational facilities. The report however recognized that a positive assistance of quality private institutions to the government can prove to be much helpful in adding value to higher education. Moreover the report also maintained that such private institutions as are aided by the government should merge with the latter, with fees getting abolished—which accrue extra income. The report said that "the growing educational needs of a modernizing society can only be met by the state and it would be a mistake to show any over-dependence on the private enterprise which is basically uncertain" (GOI, 1966, p. 446).

A detailed comprehensive action plan to guide the educational growth of the country was adopted after the acceptance of the Kothari Commission Report, known as The National Policy on Education, 1968. It pointed towards the onus of the state in maintaining the requisite balance between paucity of resources, growing demand of higher education and the requirements of quality and reform. The political deliberations over the statement of National Policy of Education of 1968, however, put importance on some of the recommendations only. According to Kamat (1989), the social and political
climate was not adaptable of the major recommendations of the Commission and was in fact in favour of continuing the status quo with measures which actually supported and complemented the dynamics of political economy of post independent India. Naik (1997) also points towards some basic flaws of the report, which, according to him, obstructed formulation of the report in one comprehensive policy statement. The overall comprehensive approach and perspective of the report got reduced in the process (Kamat, 1989; Naik, 1997).

1986 National Policy on Education was formulated after a review of the 1968 policy on education. The policy was critical of the existing system of higher education for its failure to bring about overall development along with an inefficient and outdated course and evaluation system, and emphasized on creating mechanisms to safeguard quality and efficient use of resources available (GOI, 1986). To enhance quality and standard of education, the policy stressed on expanding pre-existing institutional facilities as well as prevention of further deterioration. For maintaining and coordinating the enhancement of quality of education in all the states, a national apex body at the central government level and state councils of higher education at the state levels were proposed (GOI, 1986).

There was no clear specific mention in the policy about the funding and resources for higher education. No section in the policy statement was devoted towards funding and resources for higher education. 1986 policy emphasized on reducing state 'burden' towards education- partly by efficient use of resources and partly by additional sources. It also stressed on the idea of increasing fees at the higher education level. The policy made the maiden mention about the augmenting contribution of private enterprise towards state resources for the expansion of the system. This in a way facilitated further
relaxation of policy towards increasing fees and private enterprise in higher education (GOI, 1986).

The policy did not show any promise or commitment towards more fund or resources for higher education. 1986 education policy proposed to raise resources through donations, increased fee, effective use of infrastructural facilities et al. The policy was of the opinion that such measures will lessen the burden on state for financial assistance. It however lamented non fulfilment of recommendation of Kothari Commission report 1966 with regard to allocation of fund for education, and promised of achieving the target of 6 percent of national income for education, eighth plan onwards.

Keeping in view the role that higher education is expected to play and the tasks and responsibilities entrusted upon it, it was necessary that education at all levels be free or highly subsidized. As has been suggested in different points in time and also expected, “6 percent of the National Income” has never been allocated to education. Government was supposed to be the principal player in managing the financial administration of educational institutions. However that somehow did not turn out to be the case and the country has witnessed growth of private elite schools and colleges, while government schools and colleges lagged much behind due to paucity of resources and funds. The NPE, 1986 basically abdicated the state of the onus and responsibility towards higher education, which is clear from its prescriptions.

A committee on Alternative Models of Management was appointed in January 1987 by UGC, to provide a detailed report on the observations and recommendations made by various Education Commissions and Committees on various educational issues. The Committee is popularly known as the Gnanam Committee after the name of its
convener- Prof. A Gnanam, Vice Chancellor of Bharatidasan University, Thiruchirapally. The Committee submitted its report in 1990 taking note of the National Policy on Education (NPE) 1986, the Program of Action (POA) and also an extensive study of the Acts of Indian Universities. Regarding finance, the committee recommended granting of freedom to the universities to manage and allocate funds to reduce the control of the governments- central and state, over the universities. They also recommended yearly review of the grants provided by the government and also a yearly increase of 10% of the same. The committee report talked about mobilization of resources from other sources like industry, trade and development agencies; and it also suggested that autonomy be given to universities to generate their own revenue through fee, financial grants from individual, trusts, corporations and industries.

Government of India has appointed a Committee on May 7, 1990 to review the National Policy on Education, 1986, known as the National Policy on Education Review Committee (NPERC). Headed by Acharya Ramamurti, the committee came to be known as Ramamurti 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. The committee thus recommended the institutions to strengthen their resource base by utilising institutional facilities and mobilising institutional finance and community contribution.

A committee was appointed on 31st July, 1991 by the Chairman of the Central Advisory Board of Education (CABE) to review and take stock of implementation of various recommendations of NPE 1986, along with a review of the report and recommendations of the National Policy on Education Review Committee (NPERC). Regarding resources for higher education, the committee had certain suggestions like- (a) Allocation of governmental resources within the education sector should be done on the basis of prioritization; (b) Higher education including technical and management education should be made self-financing along with revision of fee structure. The needy students, must however be given appropriate support with student loans; (c) Improvement of educational infrastructure should be ensured by institutional finance; (d) Educational institutions must be encouraged to augment their income through consultancy and other studies; and (e) Cooperative as well as community sectors should be given incentives to extend financial support to education.

It was during this time that the government of India adopted the New Economic Policy (NEP) after receiving the Structural Adjustment Program (SAP) prescribed by the World Bank and the International Monetary Fund to deal with a severe financial crisis.
of balance of payments (Nayyar, 1995). With the adoption of NEP, India has started the process of the phase of economic liberalization. Along with other numerous repercussions, the trend of liberalization also carried serious implications for the higher education sector of the state as well as the governmental policies towards higher education.

During that time the national and international bodies also started expressing their faith in human resource to ensure development and commitment to education. The international bodies suggested structural adjustment program to countries like India which included among others the curtailment of government expenditure by withdrawing subsidies and price support programs, reduction in public investment in socio-economic fronts, reducing investments in state owned enterprises, depreciation of import duties on capital goods and raw materials, rising incentives for inflow of foreign capital and technology, etc. The states were witnessed to have gradually withdrawn from and to have stopped funding those sectors which were seen as non-profit making and was therefore considered a ‘burden’ on its treasury. As a repercussion of such attitude on the part of Indian states, social sector came to be most affected. Higher education sector came to be directly affected in this hanged scenario and has witnessed not only a drastic reduction in public subsidies, but also a shift of service and financial responsibility from Government to students and parents, communities, NGOs and the private sector.

Like pre economic reform period, post-economic reform period also saw constitution of various commissions/committees on education by Government or its agencies. Different commissions reviewed and forwarded different recommendations regarding financial aspects of higher education. Various reports and discussion papers in the post
liberalisation period discussed the issue of the role of the state in education which
carried serious implications for the position that the state holds in relation to education.
Such discussions have primarily been revolving around state funding of higher
education and the need for reforms to deal with the issue of resource crunch.

The central government prepared a Program of Action (1992) for the National Policy on
Education after a review of the recommendations of the Ramamurthi Committee, and it
made certain provisions regarding financing of higher education. It maintained that the
institutions should be permitted and encouraged to generate revenue and become self-
reliant through various measures raising fees, consultancy, contributions from
community, and loans for needy students, specific fee for specific facilities like library,
laboratory, games etc. consultancy services, and donations to meet the needs of
infrastructural development. The grant in aid institutions receiving government grants
would have the autonomy to utilize the funds generated from various developmental as
well as infrastructural facilities. It also recommended setting up of a High Powered
Committee regarding higher education to take initiatives towards mobilizing funds for
technical education and to improve its cost efficiency; and also to make efforts to
restructure the scheme of educational loans to make it more customer friendly (AICTE,
1994).

In accordance with the provisions in the POA, Government of India constituted two
committees in 1992. These committees were entrusted with the responsibility to make
recommendations regarding the mobilization of additional funds for universities and
technical institutions. These two committees along with a number of other committees,
commissions and policy documents put forward various significant suggestions regarding funding of higher education.

Punnayya Committee, also known as the Committee on UGC Funding of Institutions of Higher Education was the first report on higher education after the adoption of neo-liberal agenda. The committee unequivocally maintained that state funding of higher education would continue to be essential and mandatory; also that the quality of primary and secondary education is dependent on that of higher education. However while recognizing the State responsibility to fund the essential maintenance and developmental requirements of the universities, the report also suggested that universities should be encouraged to generate their resources which 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. Recommending universities to cover a larger proportion of cost of education than what is in existence, the committee suggested that the universities can generate additional resources by letting out infrastructural facilities like class rooms, auditorium, hostels, guest houses etc. To further augment generation of revenue, the committee suggested other mechanisms like starting short-term courses, raising the tuition fees and other fees, to be paid by the students, taking into account the rate of inflation. The Punnayya committee however maintained that increased fees and charges must be borne mainly by those who can afford. The committee also referred to the possibilities of introducing soft loan schemes by UGC to support financially weak students.

The High Power Committee for Mobilization of Additional Resources for Technical Education (Swaminadhan Committee, 1994) reiterated what Punnayya Committee recommended when it stated that absolute dependence on Government support has led
to not only inadequacy of resources for academic development, but also gave rise torigidity in allocation of resources to various education sectors. It maintained that the
institutions need to reduce over dependence on public fund and raise internal and
external resources like contributions from industry alumni and charitable trusts etc.
Internal resources, the committee stated, can be enhanced by revising the tuition fees in
all government funded and aided institutions in all the states. The institutions can and
should also generate revenue through other initiatives like consultancy, testing and
certification, sponsored research projects, part time courses, development of software
etc- the committee recommended.

Both Punnayya and Swaminadhan committees pointed towards reduction of over
dependence on government funding for higher education and suggested exploring
alternative sources of funding. Significantly, these recommendations were in
consonance with the recommendations of World Bank policy paper as well as tenets of
structural adjustment policy adopted by the government of India during that time. The
government therefore was very much in favour of following the suggestions put forward
by both the committees.

Another significant event was the introduction of The Private Universities
(Establishment and Regulation) Bill in Rajya Sabha in August 1995. The bill upheld the
case of private universities in India and it clearly stated that the private universities
would be self-financing universities and would run without any financial support and
resource from the Government. According to the bill these private universities were to
provide education in “emerging areas of science and technology” by “making available
additional finances.” Though there was a willingness on the part of the government to
get the bill passed, the Bill remained pending in the Parliament. It remained pending
largely due to dissatisfaction of the private sector with some of the clauses of the bill like- the requirement of permanent endowment of Rs.10 crores, 30 percent full freeships, and government control and monitoring over these private universities. However, several private universities got established in different states in past years through State Acts.

Another significant initiative on the part of the government carrying remarkable implications for policy making regarding financing of higher education was a discussion paper entitled “Government Subsidies in India”, which was issued by Ministry of Finance, GOI in May 1997. This paper was aimed at differentiating between merit goods and non-merit goods on basis of their externalities or social returns. The paper outlined education beyond elementary level as non-merit as the benefit of subsidies is enjoyed primarily by the recipients; whereas, the benefits of elementary education go much beyond the immediate recipients. The report suggested cutting down of subsidies on non-merit goods, which, it was thought, could reduce fiscal deficits. Subsidy on higher education was proposed to be reduced to 25% from 90% in five years period. The report also opined that the subsidies on higher education are often appropriated by the rich, and do not reach the target population. Since public spending is financed by public tax, subsidizing higher education would actually amount to subsidizing the rich by the poor (Joseph, 2002).

This position taken by GOI regarding the categorization of higher education as non-merit was undoubtedly in line with the idea outlined by the World Bank in its document ‘Higher Education: The Lessons of Experience’ (1994), which stated that the developing countries should stop investing their scarce resources in higher education. The document read- 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)

The policies and programs initiated by the Indian government in the post-liberalisation period reflected a willingness to privatize higher education sector. A ‘special subject group on policy framework for private investment in education, health and rural development’ was constituted by the Prime Minister Council on Trade and Industry (PMCTI). Noted industrialists Mukesh Ambani (Convenor) and Kumaramanglam Birla (member) came to constitute this special subject group, who submitted their report to PMCTI in April 2000. The report turned out to be another significant event in education policy making in India. This report was also by and large in tune with the World Bank report when it suggested 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’. Privatization of higher & professional education, the report maintained, can redirect government funding from higher education to utilization for primary education and for improving literacy. Ambani-Birla report put forward the case for complete cost recovery from students, and suggested privatization of higher education sector. They even referred the government to legislate a private university bill so that new private universities in the field of science & technology, management and finance areas could be set up. Education was considered a profitable trade which should be controlled only by the corporate sector and any form of political activity on
educational campuses needed to be banned. Student loan to support beneficiaries of higher and professional education was also suggested by the report. The report in a way tried to reconcile the tenets of global economy and the interests of local corporate sector.

As WTO-GATS as well as move towards privatization and commercialization of higher education faced bitter and severe criticisms, the World Bank came out with its Report ‘Constructing Knowledge Societies: New Challenges for Tertiary Education’ in 2002. The report stated that the trends of global environment have affected developing and transition countries. These global trends have come to influence not only the shape and mode of operation, but also the purpose of tertiary education sector.

The report talked about a comprehensive and coherent policy framework, an enabling regulatory environment, and appropriate financial incentives. It suggested that the regulatory environment should be such that the private sector should be encouraged to expand access to good-quality tertiary education. Advocating elimination of barriers to entry of new private institutions, the report suggested that in the public sector, revenue may be generated from institutional assets, students and their families, and donations from third party contributors. All the developing countries were thereby directed by the World Bank to build such a framework which will enable the higher education institutions to be more innovative and to be responsive to the needs of global economy and the changed market requirements which calls for a competitive knowledge economy and skilled human capital.

A Concept Paper was issued by the University Grants Commission (UGC) in October 2003 titled “Towards Formulation of Model Act for Universities of the 21st Century in
India” in accordance with the World Bank report. It aimed “to prepare the Indian University system for the future”. Regarding governance of universities the report upheld the case of “commercial culture and corporate culture”. Mobilization of financial resources by the universities to become self-sufficient was to be one of the main objectives of the model act. The Model Act in a way was a tool to implement the design of higher education as proposed by the Birla-Ambani report.

Indian government reviewed and revised its earlier classification of higher education as a non-merit good, reportedly as a response to strong criticism and resistance of its stand and also in view of the revised statement of World Bank regarding the nature of higher education. In a revised report on Central Government Subsides in India 2004, by the Ministry of Finance, higher education was reclassified as a ‘Merit-II good while primary education was termed as, ‘Merit-I good. While recognizing that Merit-II goods also need to be subsidized, the report however stated that the extent of subsidy in Merit-II good would be much less in comparison to Merit-I goods.

The CABE committee took a comprehensive view of the problems associated with financing of higher and technical education in the country. It stated that for expansion and improvement of quality and excellence and also preserving and promoting equity in higher education, generous state funding is of crucial importance. The committee therefore suggested raising the total allocation to education sector to the level of 6 percent of GNP from the current level of about 4 per cent. It also recommended allocation of twenty five percent of the total budget to higher and technical education together - about 1.5 percent of GNP approximately one per cent for higher education and 0.5 percent for technical education (CABE, 2005). The committee stated that the scope of further increase in cost recovery in higher education is limited as the rates are
already high. The committee warned against revenue generation through student fees beyond twenty percent, as it would seriously affect access to higher education. It recommended 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 provide scholarships and soft loans to students, and to coordinate the student loan schemes being operated by several banks. Regarding generation of additional resources, the committee opined that universities might mobilize additional revenue from non-governmental sources, provided equity and other academic aspects of institutions remain unaffected.

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.

National Knowledge Commission (2007), which was established as an advisory body to the office of the Prime Minister, was of the view that the expansion of higher education in India requires enhanced levels of financing and such financing must necessarily come from both public and private sources. According to the commission, 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). However the commission maintained the case of raising the fee levels in higher education institutions and emphasized the need for rationalizing fees in universities and other higher institutions. It was of the opinion that fees should constitute at least 20 percent of the total expenditure in universities. The commission was also in favour of tapping alumni contributions, licensing fees, or user charges for facilities in universities used by people from outside and creating supportive institutional mechanisms- as additional resources. It was also in favour of mobilizing private investment and building public private partnerships where the government provides the land, while the finance is provided by the private forces. The commission, thus, put forth the argument of autonomy of universities to manage its affairs like setting up fee levels, tapping other sources for resource mobilization and also facilitating university facilities for commercial use. Pointing out to de facto privatization of engineering medicine and management education, the commission favoured similar privatization of university education by setting up private universities and enabling public private partnerships (Tilak, 2007). NKC suggested restructuring higher education by creating a synthesis of state and market endeavours; however what it did not talk about is the synthesis of the state with societal goals and needs. (Bhushan, 2009, p.4)

A committee was appointed by the Government of India to Advise on Renovation and Rejuvenation of Higher Education under the chairmanship of Prof. Yashpal which submitted its report in 2009. Yashpal committee put forth a different perspective of higher education. It considered higher education as a means to eliminate the evils like caste and class hierarchy, patriarchy and other cultural prejudices. The committee moreover maintained that higher education can also become a harbinger of new
knowledge and skills, and provide a space for creativity and innovations. Yashpal committee, therefore, considered that higher education would remain a national responsibility and the state has to make necessary provisions to realize its potentials (YCR, 2009).

However, recognizing the increasing cost of quality education in India, the committee recommended devising imaginative ways to generate complementary funds and resources, notwithstanding the inevitable role of the state in financing higher education. Philanthropy from society can be encouraged by bringing changes in regulatory systems. It also recommended that universities and other academic institutions should hire professional fund raisers and professional investors to attract non-government funding. The committee was in favor of existence of differential fee structure so that rich and poor students can be placed at different levels and categories of financing their education, the absence of which has led to the subsidization of a segment of student body that can afford to pay for its education. In view of popular discourse the Yashpal Committee also recommended guaranteed student loans at low interest for those who could take loans, though it also recommended free education for those who cannot afford it. In view of popular discourse the Yashpal Committee also recommended guaranteed student loans at low interest for those who could take loans, though it also recommended free education for those who cannot afford it.

Liberalization of Indian economy under the spell of structural adjustment programs came to have a significant effect on financing of higher education in India. This shift of policies was also a result of the influence of World Bank and International agencies. Recommendations of various policy documents in the post economic reforms period clearly reflect the impact of neo-liberal ideology on higher education policy making in
India. These policy documents have highlighted government’s inability to promote and expand higher education; and have emphasized the need of introducing measures like-cost recovery mechanism in public higher education institutions, educational loan schemes and mobilization of non – governmental resources by the institutions to meet their financial requirements. While the primary areas of thrust in these policy documents are privatization, deregulation and introduction of cost recovery mechanism, enhancement of public spending on higher education as well the issues of equity and accessibility also find their place in these policies. However, the policy shifts in financing of higher education have definitely led to an unprecedented emergence of new paradigms in financial management of higher education in India.

3.3 Vision of Education in the Pre-liberalization Phase of Policy Initiative

India’s vision of higher education was reflected in the vision of the torchbearers of education system on the eve of independence and in the post-independence period. The first education minister of India, Maulana Abul Kalam Azad laid down the foundation of educational vision of India. He maintained that independent India was more in need of an appropriate education policy, than an industrial policy. He was strongly in favor of a democratic education system which would eventually universalize education and would bring Indian society out of the shackles of social evils like caste and class hierarchy. For Azad, education was crucial to inculcate among the people the sense of citizenship among the people, and also the values of equality and respect for diversity.

As an Education Minister, Maulana Azad had significant amount of contribution and emphasized on ensuring such educational policies and programs which would build the foundation of a fast, wholesome and an all-inclusive educational system in the country. He was fully convinced that democracy cannot function as expected without an
educated electorate. With the immense faith that he had on secular constitutional and political set up of the country, Azad’s vision of setting up a secular and all inclusive educational system in the country was well reflected in his Convocation Address at Aligarh Muslim University in February 1949- “I think you will agree that the educational set-up for a secular and democratic State must be secular. It should provide for all citizens of the State the same type of education without any distinction. It should have its own intellectual flavour and its own national character. It should have as its aim the ideal of human progress and prosperity. The Indian Union has set before itself such a scheme of common education for all without distinction or discrimination in favour of any community or group” (Chatterjee, 2010, p. 5).

Azad wanted to lay a solid foundation of an all-round democratic and humane education system. Not confined only to structural design, Azad’s was a balanced educational vision of a new pattern of education combined with democratic values and ethos. He espoused the cause of ‘social education’ to be inculcated among Indian citizens, by which he meant inculcating rights and duties of citizenship along with an understanding of social phenomena and conditions with significant emphasis on mutual appreciation and tolerance. He aimed at creating individuals who will have the qualities of vision, courage, tolerance, integrity and building of a social order which will be inspired by the ideals of social justice, co-operation, broadmindedness and rationalism. He reiterated in his speeches that the central purpose of Five Year plans is not the production of material wealth and resources but the creation of a new mind and a new character for which right education is more important than the development of agriculture, industry and trade.

Azad wished to build an education system which will be characterized by social ethos, democratic ideals. Emphasizing on India’s age old tradition of Unity in Diversity, Azad
wanted Indian educational policy to include the principle of recognizing and respecting differences by large and wide hearted toleration. A strong believer of democracy that he was, Azad believed that true democracy will penetrate in the nation only through democratic education system. By directing his efforts towards democratization of education, Azad wanted to universalize ‘achievement’ as the basic criterion in the social selection process, and thereby wanted to do away with the hierarchical structure of Indian society. He therefore was a staunch advocate of equalization of educational opportunities. Education, according to Azad, should contribute towards making of man with the values of pursuit of truth, justice, unity and co-operation. Reiterating his opinion that only a democratic education can ensure true democracy in the country, Azad was equally hopeful of bringing about development and prosperity of the nation through education. He encouraged the growth of science and technology at all levels of education and believed that scientific and technical education will both solve national problems and attract international attention. Azad also believed that national education of India should promote and encourage the values of secularism and national integration amidst the diversities. He also wanted education to break the nation free from narrow prejudices and lead towards internationalism, world unity and global citizenship (Chatterjee, 2010).

When Azad appointed University Education Commission under the chairmanship of Dr. Sarvpalli Radhakrishnan, the report of the Commission outlined the aims of higher education as- (a) Higher education policies and programs should be in line with the social purposes which we profess to serve, (b) There should be a sufficient unity of purpose in the diversity to produce a community of values and ideas among educated men and women (c) Institutional forms may vary as time and circumstances require, but
there should be a steadfast loyalty to the abiding elements of respect for human personality freedom of belief and expression for all citizens, a deep obligation to promote human well-being, faith in reason and humanity, (d) mere vocational and technical education, important though they are, do not necessarily serve the spirit. We might have a number of scientists without conscience and technicians without taste who would find a void a moral vacuum, within themselves; (e) we should preserve the values of democracy, justice and liberty, equality and fraternity. Universities must stand for these ideals, which can never be lost so long as men seek wisdom and follow righteousness; and (f) the Indian Constitution lays down the general purposes of the state. The Universities should educate people on the right lines to make the understanding and vision of the framers of the constitution, the common possession of all the Indian people.

The times of Azad were characterized by the urgently felt requirement of nation building. Faith as he had on the principles of secularism, humanism and institution building, Azad fortunately was also assisted by spirited leaders who shared his purpose. Public policy in India came to be determined by the vision set by freedom struggle. Policies were influenced by the desire of ensuring development along with the reigning goal of nation building (Chatterjee, 2010). Educational policy during Azad’s time was solely concerned with nation building and upliftment of the marginalized sections of the society. Utilitarianism was not the dominant factor in the politics as well as in the minds of the leaders. Times and circumstances have changed, and so has the nature and context of development. Political leaders now are guided not by the nationalist urge to ameliorate the conditions of poor; and rather by pursuit of power. The process of globalization has unfolded various other facets which have turned education into a tool
to earn profit; and higher education has come to face the pressure of ever growing commodification. Moreover financial and resource crunch has led to privatization and liberalization of higher education. The state has started getting pulled from different vested interests and market forces came to dominate and acquire spaces hitherto reserved for the public. The new phase of development and policy is guided by the factors of globalization, privatization, deregulation, decontrol, public-private partnership et al. State control and regulation has lost its rationality and relevance in this phase. Rather the new argument favours greater efficiency and for which it recommends dismantling state control and regulation. The educational policy during the time of Azad can be said to have been characterized by the following facets-

**Nationalism**

The immediate post-independence period largely stemmed from and was shaped by the freedom movement. The ideology and purpose which reigned in the freedom struggle as well as in the minds of political leaders were nationalism and nation building. The struggle between foreign and national existed for long. Though foreign exploited and exhausted the nation from all fronts, finally gave in to the spirit of nationalism. The nationalist ideology tried and exhausted itself to recover from colonial baggage, but could not survive for long. Leaders like Nehru and Azad and other front leaders of national movement kept alive the spirit of nationalism during their times in the process of development and policy making. However it soon waned and got lost in the vicissitudes of time and circumstances.
Welfare State Ideology

The period of early post independent India was also characterized by the philosophy of welfare state. The post-World War II reconstruction of the world was encapsulated on the premise of active role of state. The market evils were thought to have shaken the stability of national as well as global economies. Moreover, for the development of countries like India, state had to play a major and significant role in the industrial as well overall development of the country; which also resulted in Five Year economic planning. Similar active role of the state in the education system of the country was thought to prove beneficial for shaping the national education, and it was truly so when it came to designing and restructuring the same. Educational set up was put under the regulatory framework of state control.

The process of educational reform in the immediate post-independence period was thus characterized by a number of positive ideological forces. With the nationalist spirit and ideology reigning supreme, this period witnessed welfare agenda of state control along with cumulative collaborative political commitment of organizational reform.

3.4 Vision in the Second Phase of Policy Initiative

The second phase of policy initiative and institution building is guided by the philosophy of neo-liberalism. Policies under the influence of neo-liberalism came to devise certain new policy perspectives regarding higher education in the country.

The post-liberal phase of educational policy emphasised upon *Deregulation* as a policy perspective in the higher education sector. National Knowledge Commission and Yashpal Committee Report commented upon the adverse effects of over regulation and
control of institutional bodies like UGC over institutions of higher education. The reports maintained that the control and regulation of higher education institutions have in fact worked against the underperformance, inefficiency and corruption in the higher education sector. Pointing out that over regulation is not contributing towards knowledge generation and efficiency, both the reports emphasised upon the need of an independent regulatory authority namely National Commission for Higher Education and Research, free from any sort of government intervention. NKC envisioned NCHER as an authority to confer license to higher education institutions to enable them to confer degrees and also an accrediting authority; and YCR recommended that NCHER should be an advisory and supportive body to the higher education sector. The prime motive behind recommending the establishment of NCHER was to deregulate the higher education system of the country, though the proposal did not materialise. The NKC was of the view that improvement of the quality of higher education can be facilitated by encouraging competitiveness in the sector by promoting free entry and exit of institutions. The drive for deregulation can also be envisaged from the drive for privatisation of higher education. Facilitating the establishment of private institutions and keeping them outside the purview of government control has given rise to a deregulated system of privatised higher education in the country.

The later education commissions also suggested Transparency to be a necessary criterion of higher education. To this end NKC recommended the establishment of an Independent Regulatory Authority for Higher Education (IRAHE) to carry out accreditation and assessment of higher education institutions. YCR envisioned NCHER as the body to design the necessary norms and to accredit universities to ensure the quality of the institutions. The commissions emphasised on mandatory assessment and
accreditation of higher education institutions as necessary to ensure transparency in the
system. This is believed to not only make the students more informed about the quality
and status of the institutions of higher education to take better choices, but also make
the institutions as well as the teachers more accountable. The regime of transparency
coupled with deregulation and autonomy, the commissions maintained, would ensure
quality and accountability in higher education. The Indian government in a most recent
policy initiative has decided to replace UGC with Higher Education Commission of
India (HECI) which is supposed to focus on the academic matters of the higher
education institutions, while the monetary matters will be under the purview of the
government. The new body is expected to bring about the much needed reforms in the
higher education sector with its soul focus on academic matters. However there are
apprehensions in different quarters regarding the possibility of increased interference of
the government in academic matters and the increased burden of resource generation on
the educational institutions-two most possible implications of the proposed policy
reform.

Post-liberal policies on higher education also envisaged an important role of
Competition in improving the quality of higher education and they maintained that
competition can be encouraged by ensuring deregulation, autonomy and transparency.
With globalisation putting thrust on competitive endeavour to meet the demands of
global system, the policy prescribed devising policy to regulate the entry of foreign
universities so as to promote a competitive drive in the domestic higher education
institutions. The government also envisaged new measures to attract students from all
over the world to the institutions in India under the brain gain policy which is expected
to enhance the standards of the higher education institutions in the country.
The post-liberal phase attempted to ensure *Inclusiveness* in the higher education by making more and more students get an access to education. The government recognises the fact that in the new education system informed by the market rules and global standards, there is a considerable bulk of mass that cannot afford the education and cannot compete in the global market and there is need for resources to support them. To ensure equity in the system, the government envisaged a new scheme of loans with subsidised interest to the needy students pursuing professional courses. While the government realises the need for expansion of higher education to meet up the demands of economic growth, it maintains that there is however a limit to public financing. Accordingly, expansion of education through active intervention of the private players seemed to be the only rational alternative to carry out the much desired expansion. In this connection, commissions like NKC and YCR also suggested dismantling of the existing structure of control and regulation and also removal of barriers to entry of private institutions. Public private partnership within the public sector is considered to be another viable measure to contribute towards expansion. The government envisages dismantling of existing system of control and regulation through abolition of institutions like UGC and replacement of the same with new institutions like HECI, though it has not yet been materialised. The government also plans to initiate policies to facilitate hassle free entry of foreign capital and institutions in the country and to attract foreign students.

What needs to be understood is that neo-liberalism is a manifestation of capitalism; it is said to be a novel form of capitalism. The developed north has been enthusiastically following the neo liberal agenda and has been trying to blend the state and the market. However, neo-liberalism has its own downside, which manifests its ill effects in the
developing countries in an all the more aggravated manner. Given that developing countries are characterised by great amount of differentiation, the same runs the risk of even higher differentiation coupled with inequality as a result of neo-liberal policies. It thus naturally gives rise to scepticism as to what extent neo-liberal policies can be practised in the developing countries. Neo-liberal agenda of higher education is based on the criteria of improving the efficiency of higher education institutions to better serve the needs of the consumers that basically consists of the privileged section. Improvement of quality of higher education is measured by new criteria of restructured curricula, new system of accountability and a new competitive system.

The NKC was of the view that it is inevitable that there will be some kind of diversity and differentiation. The commission also encouraged pluralism and diversity in managing educational institutions rather than adopting a uniform model to administer all the institutions. Though the commission suggested avoidance of ‘one size fits all’ model of administration, it needs to be seen that pluralism and diversity do not give rise inequality and disparity in the education system (Bhushan, 2010, p. 125). It is pertinent that the distinction between the two is deciphered and taken into account. The inequality and hierarchy of the education system is not only characteristic of the public private dichotomy; rather the inequality phenomenon is clearly discernible within the public education system as well. NKC in its report says that ‘higher education is about a quest for excellence. It is, at least in part, about distinction and not always about levelling’ (NKC, 2007). However, if higher education aims to ensure an inclusive approach of development, then inequality and hierarchy can never be the acceptable criteria. There should be level headed treatment for all the educational institutions with equal opportunities, though there is bound to remain some form diversity and discrimination.
There are strong limits to how neo-liberal agenda of higher education will be beneficial for a country like India. It tends to be devoid of the ground reality with aims that are likely to be more jeopardising than beneficial. Decision making is distant from the organic issues and are taken at the top without taking into consideration the concerns of the stakeholders. It has least to do with the much needed institutional and organisational reforms of the system. It is strongly committed to reinstating or farther entrenching the already existing class hierarchy of the society by catering to the interests of the dominant elite class of the society.

Thus, state policy towards higher education slowly gradually but surely oriented itself towards a tacit acceptance of globalization, privatization and marketization. Though the policy decisions regarding higher education did not get exclusively influenced by documents like 'discussion paper' and the 'Report for policy framework for reforms- in education', they surely shaped a crucial ideological condition under which contemporary policies are formulated. They are an indicator of what may come in future, especially in the context of the silence of the state towards increasing privatisation of higher education in India (Sharma, 2000). Policy shifts in regard to higher education can be deciphered from a comprehensive pattern consisting of a number of phenomena including gradual withering away of the state from its initiative, responsibility and innovation on matters of higher education, and the priorities and modalities of funding.

The changing times and changing priorities can be deciphered from the focal point of the Radhakrishnan Commission and the National Knowledge Commission. While the Radhakrishnan Commission report emphasised on the role of a university to enable a
country to attain freedom from ignorance, want and disease by the development and application of scientific and technological knowledge, it has also reiterated the pursuit of fundamental values and ideals- if in the quest for practical knowledge, we neglect the ‘higher values of life’, we will end up with individuals devoid of conscience, purpose and with a moral vacuum. Civilisational development, the commission stated, is possible only through individuals seeking wisdom and pursuing the higher ideals of democracy, justice, equality, liberty and fraternity. Time however replaced moral education with ‘useful’ education as the focal point of attention. The National Knowledge Commission stated that applied knowledge needs to be facilitated in the sectors of agriculture, industry and health, because empowerment of citizens can only be achieved by enhancing human capability by using and creating knowledge capital.

3.5 Conclusion
Higher education policy in India initially was directed towards considering higher education as a tool of an all encompassing development of the nation- social, economic and cultural. And state was supposed to steer the process of higher education with adequate support, expansion and innovation. However, nothing much and significant has been done and achieved relating to organisational structure and needs of the nation, other than planned and unplanned expansion of higher till the formulation of the National Educational policy in 1968. While the country realized increased demand for higher education, the same has not been achieved without compromising the quality. There has been no attempt to bring about micro level reforms with any plan policy or program. While there has been a trend of unplanned growth and compromise on standards, education has more or less been
treated by the state as residual. Higher education has been facing resource cut in total expenditure since the late 80s, and has since been clamouing for more funds. While government policy has been beneficent towards the other levels of education, higher education continued to deteriorate and expanded with decreasing quality. General and professional higher education has suffered much due to the dual loophole of resource crunch and expansion of poor quality education. This has facilitated the growth and expansion of private enterprises, which ushered in an era of education system thriving on class and giving rise to social inequality and injustice.

With the coming up of liberalisation under the policy prescriptions of the World Bank, the state further relinquished its responsibility towards expansion, funding and improving the quality of education policy implications have come under the spell of conditions like stringent and efficient use of resources, self financed education and 'doing more with less' in the words of Michael Apple. Reallocation of resources that was realised within the given expenditure on education was also diverted towards the private sector which further enhanced its expansion. But it has overlooked that private education was never an agenda in any of the policy decisions before 1992, and policies were largely aimed at ensuring quality education in an environment of democracy and social justice. What has also been neglected or overseen is fallout of privatization and marketization drive of higher education on the weaker sections of the society, the minorities and the women; and also the middle classes to a considerable extent. The capacity and ability of the weaker sections of the society, especially the first generation learners, to use higher education as an avenue of social mobility an all round development- social, economic and cultural, has further been jeopardized under such scenario.