PREFACE

The subject of economics of education lies on the borderline of Economics and Education and is a field of study, which attracts the attention of scholars from both the disciplines. Its different aspects are often a matter of discussion at various levels and occasions among students, teachers and researchers. Yet many areas of this discipline remained unresearched for long, and many are still lying unattended. Since this is a subject of day to day discussion in universities and colleges, attention is also drawn of those who are not particularly specialized in these areas. Students’ fees, government educational grants, plan allocations and other educational support programmes with their cost considerations are often debated among the enlightened scholars.

It was in 1990 when I was attending the Academic staff orientation programme at The Aligarh Muslim University, Aligarh, that I came across with subjects like financing of education, educational costs, quantity and quality dimensions and financial management of universities which were being debated in lectures and group discussions. Earlier I had occasions to read books related exclusively with financing of education. Thus the old ideas stored in the mind were renewed and I got particularly attracted to study this subject in greater detail.

Increasing student enrolment year after year, deteriorating laboratory facilities, dwindling resources in the library and similar problems in other areas of higher education have been important concerns for the teaching community and policy makers alike. To meet these requirements government expenditure in this area has increased enormously over the years. The educational budget has been increasing consistently. With other sectors in the economy being equally needy and with expanding governmental functions, the question is how long can the government extend increasing support to the educational sector and subsidize its services, the beneficiaries being the rich as well as poor students.
If all the three aspects of quantity, quality and equality in higher education have to be taken care of with increasing population, there is bound to be an increase in the demand for higher education and greater entry of students at the tertiary level, more so because higher education is viewed as the only means to effect vertical social mobility. The resultant additional demand for resources from the government thus becomes inevitable. With increase in enrolment unless more resources are obtained, quality is bound to deteriorate. Thus maintenance of the same standards of education will require greater flow of funds into this section. And if improvement in standards is desired, still larger resources will be necessitated. The question arises whether this would be possible for the government to manage all these along with its other regular and more important responsibilities as well.

The question of maintaining equality in higher education is no less important. While economics of education demands that some resources should come from the beneficiaries of higher education themselves in the form of higher fees and related user charges, equality demands that fees should be kept reasonably low for the poor sections of the population. In the face of these conflicting issues, efforts need to be made to comprehend and analyze the entire fee structure, so that some pragmatic solution is arrived at as a compromise between the two. There would be no disagreement that the rich should not be allowed free access to higher education and at the same time for the needy and deserving students the fee should be subsidized by the government. The implementation of this type of solution would require great care and precaution so as to obtain the desired result. The subject thus offers great scope and opens up for in-depth study and research in its various aspects.

In order to meet these challenges, government expenditure on higher education has increased enormously and the size of educational budget (as percent of total state budget) has been increasing continuously. But the question arises how long this increasing trend will continue. There are pressing demands from other sectors of the economy for more funds from the government budget and within education, higher education has to compete with lower levels of education which have more legitimate sanction for relatively liberal government support. All these
will necessarily put a brake on the increasing share and even absolute amount of public expenditure on higher education.

This is the reason that, subsidy to higher education is likely to be reduced because it is argued as to why higher education should be subsidized for all students across the board. With the wave of liberalization sweeping the country since 1991 social sectors are likely to be adversely affected with a possible reduction in public expenditure on these heads. Since 1991 in Central and State government publications relatively more emphasis seems to be given to lower levels of education. Moreover, no exclusive mention is made of higher education as an independent sub-category. Further, under the new policy it is argued that financing of higher education should be internalized and government should take care only of the elementary level, which in India is also a constitutional obligation. Thus in all likelihood public expenditure on higher education is to be reduced, at least in relative terms and the larger reliance of its financing is to be placed on private shoulders including the students. The predicament of such a situation may be much more serious for the most populous and relatively backward State of Uttar Pradesh where higher education age-specific population is increasing fast and public support for maintaining and increasing the services of higher education is on a decline. Uttar Pradesh therefore appears to be an appropriate State for the study of economics of higher education under the present setting. With these ideas in mind the present modest academic exercise is undertaken. The present study pertains to general higher education. Technical education is outside the purview of this study.

Needless to stress that the subject of economics of higher education is thus of great concern for the individuals, the society, policy makers as well as the government. Not only is the subject important, it is contemporary as well. The issues involved concern the whole society and have implications for the future generation too. As a subject of study and analysis I realized it would be of great interest and challenge and a worthwhile effort.