REVIEW OF LITERATURE

The first Education Commission (1948) under the Chairmanship of Dr. Radhakrishnan was appointed to examine the state of education in India and to make recommendations for its improvement. For the proper financing of education, the Commission recommended that education should be placed in the Concurrent List so that it welcomes the responsibility of both the Central and the State government.

Pillai et al., (1962) attempted to study the history and problems of educational finance in the primary and secondary education sectors in Kerala. It was found that the cost of education in relation to the total revenue of the state was far more excessive. The study made positive suggestions for reducing the expenditure on education and finding additional resources or bridging the gap between the expenditure and revenue.

Education Commission (1964-66) while commenting on the university finances, recommended that the University Grants Commission should be enabled to pay both development and maintenance grants and the State governments be induced to pay their share of the university expenditure by means of block grants. It also gave a rather innocuous recommendation that the Universities should be immune from direct public accountability of their expenditure.

Probably the first attempt on the part of the Government after Independence to look into the problem of financing of education in India was the constitution of a Committee on the Wages and Means of Financing Educational Development in India (1965). This committee recommended that ten percent of the central and twenty per cent of provincial revenue should be earmarked for education.

Panchamukhi (1965) while presenting the estimated cost of education in India from 1950-51 to 1959-60, figured our resources costs as well as opportunity costs of education. According to his calculations, the total cost of education constituted 6.2 per cent of Gross National Product (GNP) in 1959-60.

Kothari (1966) who made a study of the total cost of education in India for three independent years, viz., 1950-51, 1955-56 and 1959-60 after estimating separately
the components of costs of education, namely, private costs and institutional costs calculated the foregone earnings (opportunity costs) for male and female, rural and urban students separately, which according to his estimates formed a large part of the total factor cost of education. The total cost of education was found to form 5 to 6.5% of the national income in 1960-61 and not 2.5% as was generally believed based on calculations of institutional cost alone.

Shah (1967) stated that till conflict between the motives of reality and the dictates of ideology is resolved, it would be meaningless to have a guess regarding the financial cost of and the resources likely to be available, for a satisfactory programme of development in the field of higher education.

Indian Yearbook of Education (1968) also focused on the problem of educational finance specifically in the field of higher education. It lamented that, unlike other developing countries, India spent only three per cent of its Gross Domestic Product (GDP) on higher education, which was the main obstacle in meeting requirements of higher education.

The Robbins Committee (1968) appointed to review the pattern of higher education and to advise the Great Britain government regarding the rules to be adopted for a long term development of higher education so as to cater to the national needs and resources, pointed to the huge rise in public expenditure, both recurring and non-recurring, during 1954-63. This Committee also noted that expenditure on higher education in India was higher than Great Britain.

Vaizey et al., (1968) indicated the dramatic changes happening in Britain and the expenditure on education from 1920-1965, pointing to the rise of share of educational expenditure in GNP from 2.5 per cent from the wars to 5 per cent in the mid sixties while its share in total expenditure had increased from 13.5 per cent to 18.9 per cent during the same period.

Coombs (1968) has tried to assemble in one place the root facts about the world crisis in education to make explicit their inherent tendencies and to suggest some of the possible elements for a strategy to deal with the crisis. In his opinion, “sharp increase in polar aspirations for education which has laid siege to existing schools and universities”
is one of the reasons for crisis in higher education throughout the world. Severe scarcity of resources constraining the system of education from responding fully to new demands is the other reason for this crisis.

**Datt (1969)** analyzed the cost of education in colleges. Data were collected from 28 colleges and the expenditure was specified into salary, equipment and co-curricular activity and miscellaneous. He studied the factors influencing unit cost of education using the technique of correlation and regression and came to the conclusion that a positive relationship existed between unit cost and the entire factors other than enrolment and a negative relationship existed between unit cost and enrolment.

**Blaug et al. (1969)** computed unit cost of education to analyze the causes of graduate unemployment in India with the purpose of facilitating the estimation of rates of return to education. They relied on the data contained in the Report of the Education Commission in India (1964-66), studies conducted by the Institute of Applied Manpower Research and the official statistics available with the Ministry of Education, Government of India. They analyzed effect of wastages and stagnation on the cost of education taking into account social as well as private costs and found that the cost of education increased with the level of education and also found that while the social cost of technical education was higher in relation to general education; its private cost was lower.

**Raj (1972)** while noting the ever growing growth in the number of students going in for higher education, laid stress on more allocation of funds on technical education.

**Coombs and Hallack (1972)** have given explanation as to why the cost analysis has become imperative in these changing times, how costs on education behave and why they behave as they do, how various system and educational institutions have used cost analysis and with what results, how educational analysts can go about applying cost analysis in their own institutions etc. They further recommended cost analysis as a powerful and necessary tool for effective educational management and planning so as to get better results from the available resources.
Pandit (1972) analysed the social and private resources put in the educational process during the first three five year plans and, for the first time, made an effort to estimate the capital cost of education by taking stock of the physical capital and highlighted the role of neglected inputs like the time spent by the students in education. He showed that the share of direct cost in the private cost had declined while the share of opportunity cost had risen and tried to prove that “student contribution in terms of their own time and effort is becoming more and more prominent in the private costs of education”. It was also observed that the current cost per student had risen while the capital cost remained constant during the period. The net finding was that quality input in educational process per student has not improved. The study also indicated increasing private participation in the educational process.

Kamat (1973) presented nearly accurate detailed analysis of the unit recurring cost of higher education at the degree and post-graduate levels in the University of Poona in 1964-65. He found that the cost in respect of Science stream was higher. It was because of the cost on laboratories and equipment. The lower cost in Commerce was due to the fact that Commerce course constituted a much more homogenous group allowing fewer branches of specializations. Annual unit cost of post graduation in a university was four to five times higher than that of post graduation in the colleges. Similarly, the cost of technical and medical education at the degree level was four to five times higher than that of general education in Arts and Science groups.

The Carnegie Commission on Higher Education (1973) studied the financial problems being faced by higher educator in the United States of America. The Commission amended that “over the course of the present century, the public share of college costs has been rising and this increase is largely due the growing proportion of students for tuition in public institutions and particularly to the expanding community college sector since world war”. It was also added by the Commission that “as a steadily rising proportion of the nation’s youth completes high school and chooses to go to college, the public cost of higher education grows much more rapidly than the national income.” The Commission called for a reappraisal of traditional views about the costing and financing of higher education. They also recommended for careful study of tuition
patterns in the private colleges and universities so that the tuition fees was relatively low for lower level studies, slightly higher for upper level studies and substantially higher for graduate and professional students.

Walter (1973) emphasized that quality of education can be raised by ploughing more funds and resources into it and also higher economic productivity can be produced through higher education.

Patel (1974) analysed the different aspects of university financing and suggested that additional funds should be made available to the institutions of higher learning for their proper maintenance, development and research and these should be put to efficient use.

Parikh (1974) suggests that the universities should come up with alternative sources of income to off-set the growing interference of the government and that the cost of higher education should be shared by the individuals and the society which stands to gain. He advocated increase in tuition fees charged from the students.

Mathur (1974) studied the cost of education in India during the period 1951 to 1961. This study analyzed (i) the growth and variation in educational expenditure during 1951-61 with respect to objects, institutions, states, sources and management; (ii) the pattern of expenditure from different sources of financing the education; and (iii) the relative performance of different states in education. It was revealed in the study that the total expenditure increased by 20% while expenditure per student rose by 16% during the given period and wide inter-state variations in the rate of growth of total expenditure were also observed. Out of the total growth of expenditure, 72.2% was direct and the rest indirect. Major part of the increase in expenditure was found to have been spent on school education, and the fees accounted for about 20% of the total expenditure which was however found to be declining.

Panchamukhi (1975) examined whether (a) the budget allocation on higher education in India was optimal; and whether (b) the expenditure incurred satisfied the objectives laid down through higher educational financing. He found that the contribution from fees and private charities is on the decline while that of state agencies
is on the continuous increase. He suggested that “the role of the government in the financing of higher education should be limited to the minimum, that is, to the extent of helping the underprivileged by scholarships and other facilities” and the fee rate should be high to cover the full cost.

In a paper presented in a seminar on “Higher Education, Social Change and National Development”, jointly organized by the “Indian Institute of Advanced Studies and the Indian Council of Social Sciences Research” (1975), Panchamukhi advocated the role of the government in financing of higher education to be the minimum, to the extent of helping the under-privileged class only by scholarships and study facilities.

Pickford (1975) discussed the economic aspects of administration in the universities in the Greater Britain, mainly; the potential economies of the cost of producing students in a university. The first part of study focused on a detailed analysis of cost on activities of teaching and research and the courses of education; and the second part explained the scope for economies of scale in certain university resources and proposed changes in the existing systems of finances so as to improve the efficiency of utilization of these resources.

Azad (1975) studied the various problems related to the financing of higher education in India during the period 1948 to 1969. The main findings of the study are that the annual growth of expenditure over the years under study on higher education was highest (11.9 per cent) as compared to 8.3 per cent in case of overall education. In terms of per capita expenditure on education, there has been material change in the position of the states, that is, the states have been spending more on higher education. The universities have been spending larger part of their funds on staff salaries and conduct of examinations as compared to investment on equipments and libraries.

Nanjundappa (1976) conducted a study of the financing of Karnataka University taking into account the cost and performance factors. The financial relationships between the university and the government were examined for the purpose of meeting the ever-increasing expenditure on higher education. A continuous gap was found between the cost of higher education and the fees charged and a sharp dichotomy
was noted between the output of university and the needs of the economy. He pleaded for the rise in fees and the introduction of financing the students through cheaper loans so as to cover full cost of education, repayable out of their future earnings. Such a system may preserve the financial autonomy of the university and help redistribute the income structure of society.

Sharma (1977), in his study, stated that there was a positive relationship between the expenditure on higher education and the enrolment and there was a negative relationship between the fees paid by the students and enrolment.

Padmanabhan (1977) pointed out that almost all universities were incurring more expenditure than their receipts and suggested that proper and efficient use of resources can be made by the application of techniques like proper planning and budgeting etc.

In a National Seminar (1978) on “University and Colleges Finances” organized by the “Association of Indian Universities and the Indian Council of Social Sciences Research” recommendations were given that steps should be taken to increase the tuition fees for courses in higher education and also suggested a uniform policy in providing grant-in-aid by all the states as the prevalent practice is faulty because it neither meets the deficit of an institution nor does it help to take initiative in academic field.

Chalam (1978) analyzed the cost of education in the colleges under the Andhra University. The main objectives of the study were: (a) to examine the social and private costs of university education; (b) to compare inter se the costs of education between the colleges; and (c) to figure out the effect of students’ socio-economic background on the expenditure on education. The university budget for the year 1976-77 was made the basis of the study and a questionnaire was given to the students of two post-graduate colleges of the university to calculate the private cost. Opportunity cost was assumed to be Rs. 4000 per year, equivalent to the salary of a matriculate. The study revealed that the institutional cost per student in a science college was double than an Arts college. While the private cost of Science college students was less, their social cost was more vis-à-vis their counterparts in Arts colleges. The study also found that the expenditure
habits of the students in both Science and Arts colleges mostly depended on their socio-economic background.

Ramanujam et al., (1979) carried out a study of the expenditure pattern per student of educational institutions in Jammu and Kashmir. The study revealed that the salary component was more than 80% of the total expenditure and thus very little was left for library and laboratory facilities of the institutions. Teaching cost, the study showed, might rise due to socio-political pressures; similar pressure was not exerted in getting the supporting facilities. The authors expressed the view that teacher cost and non-teacher cost of education was yet to be conceived for different levels and types of education.

Charles (1981) held views almost similar to Walter W. Heller. He identified resource availability and its effective utilization as the two important factors that can help to meet the aspirations of the people that they hold for higher education.

Mukherjee, (1981) argued that crucial appraisal of the financial aspect of the universities is not possible without relating the finances to the goals of the Universities. There is a cause and effect relationship between financing and educational outcomes. Further, analysis of the financial aspects of the university is not possible without a clear understanding of the requirements of university in physical terms i.e. physical requirements per pupil or per university.

Miraduala (1981) has studied the university financing with a thrust on the system of grant-in-aid. The study demands a balanced and rational budget on the part of the university as well as relatively lesser dependence on the government grant-in-aid and its effective and meaningful utilization by the universities, while cautioning the government not to interfere with the autonomy of the university using the grant-in-aid as a tool.

George (1982) analyzed the impact of economic background of students on the choice of courses and studied the estimated private and social costs for obtaining higher education. He carried out his analysis taking into account the government expenditure on education at all stages except at primary education level of studies and found that the private expenditure on professional education was more than that incurred on general
The study also revealed that backward communities lagged far behind at every stage of education; and the urban based students benefited the most from the benefits of higher education.

**The National Commission for Excellence in Education (1983)** in its report, “A Nation at Risk—the Imperative for Educational Reforms” observed a close and intimate relationship between quality of education and its funding. It further suggested that, education as an industry has to interact with economic and political environment.

**“The Vice Chancellors” Conference (1984)** also took up the issue of University finances and related matters and made meaningful suggestions. It suggested that the critical hundred per cent maintenance grant should be provided by the UGC. It further recommended that the state governments should be made more responsive to the needs of the university for funds. The Conference expressed distress over the financial affairs in most of the Indian Universities.

**Garg (1985)** studied the unit cost of education for the Punjab University. The objectives of the study were (a) to examine the trends of expenditure incurred on the fulfillment of main objectives and functions of the university; (b) to investigate these trends with regard to the level, variation and subsidization of unit cost; (c) to analyze the suitability of cost functions in relation to the optimum use of the resource inputs; and (d) to estimate the level of private cost on various courses of studies. The period of study was from 1950 to 1975. Both the plan and non-plan expenditure were found to rise every year; science departments had higher unit cost than other departments: salary components dominated in all departments: subsidization of unit cost from public funds increased every year except in a few departments; economic status of the students studying on the university campus was better than those studying in the affiliated colleges: and demand for higher education was higher from households whose heads were in administrative and professional services and those practicing farming and business.

**The New Education Policy (1986)** stressed on the appraisal of the prevalent education scenario and to make an assessment of the financing of the education. Two
basic achievements of this Policy can be summed up as advent of computer revolution in India and the spread of distance learning system of education.

**National Institute for Educational Planning administration (NIEPA) (1986)** sponsored a study that made a comparative analysis of the financial situation of higher education in Haryana and Kerala. The study reported the following findings:

a) There was a decline in private initiative in higher education and thus a loss of major source of revenue.

b) To make a break through in equity, there was the need for compensatory financing.

**Shah (1987)** made a study relating to financial resources catering to education, the allocation of funds between various levels of education, financing of education by public and private sector and the growth of educational expenditure over the period 1950-1951 to 1960-61. He concluded that the total educational expenditure in India increased by 204 percent in current prices over the decade.

**Ramachandran (1987)** made a study into the vital problem in areas of higher education, such as, enrolment, expenditure, financing and planning; to assess the total cost in higher education under different budget heads; and to make comparison of expenditure in those budget heads. He also compared the amount of grants provided by different state agencies in higher education like the state government, the University Grants Commission etc. His findings suggested that the average annual expenditure on higher education showed increase both as a percentage of the total expenditure on higher education as well as in absolute terms.

**Tilak (1987)** while analyzing the economic returns of investments in education by the weaker sections vis-à-vis others estimated the cost by level of education, gender and caste groups. He found that while total social cost increased with the level of education, private cost remained a major component and institutional cost formed only a small part of the total social cost. The total social cost of women’s education was higher than men’s education at school level while at the intermediate and higher education levels, the two costs were almost equal. But the private cost per student was
higher for men than for women except at secondary and higher professional levels whereas the institutional cost was larger for women than for men all levels. The private and social costs of education of the backward castes were lower than those of non-backward classes. The study made an interesting revelation that in spite of the existing discrimination in employment and wages against the weaker sections of society, investment in education of the weaker sections pays higher dividends. The study calls for reducing inequalities in investment in education among different groups of the population and for reducing discrimination in employment and wages, so that economy may reap maximum gains from the investment in education.

Shankar (1987) made several suggestions to enhance the sources of finances. He suggested that potential consumers of university output should contribute to the university finances so as to bridge the gap between the receipts and its ever growing expenditure. He is also of the view that the universities should adopt zero base budgeting and depreciation fund on assets like equipment, building machinery etc. should be provided.

Percy et al. (1988) in their book entitled “Financing Education in a Climate of Change” recognized training and education as investments that can to a large extent assist in generating higher productivity, higher profits and better quality of life. They further identified trained hands and educated minds as the greatest need of the U.S. economy.

Nand (1988) suggests contributions of local bodies, community contribution, revision of students’ fee structure and imposition of education tax as a means to reduce burden on state governments and other government agencies regarding the financing of higher education.

Kiran (1989) states that an important area where the universities are facing severe problems relates to grants-in-aid policies. The study concluded that there was a lot to be improved with regard to both central and state grants-in-aid policies towards the universities in India. While commenting on the form of university budget as suggested by the UGC, the author suggested revision of the format of the budget which
was decided several years ago when the amount of expenditure involved was not very high.

Mohd. Mohzammil (1990) analyzed the realm of financing education in India and its comparison with foreign countries. He noted that among the states of India, educational expenditure in primary and higher education accounts for less than 20 per cent of the total education budget in some of the states. Financing of education is largely the function of local governments both in Britain and the United States; while in India, it is chiefly the responsibility of the states.

Raja (1991) commenting on an article by another educationist M.M. Ansari, stated that there were pronounced differences in levels of expenditure among the states. The universities that are funded by the Central Government through the UGC are financially better off than those financed by the state governments.

Ramamurty Commission (1992) maintained that increase in fees of the students in higher education must be related to the cost of higher education and income level of the parents. It implies that rich should pay more and less privileged should pay less.

Justice Punnaya Committee (1993) which was set up by the University Grants Commission to look into the funding of institutions of higher education recommended that a university or college should generate 15 per cent of its annual maintenance expenditure through internally generated resources and this percentage should go up to at least 25 per cent at the end of 10 years. The increase should not be steep or one time but may be done on a graded basis every year. The committee also recommended that the students receiving higher education should bear a reasonable cost of higher education.

The Swaminathan Committee (1994) recommended creation of corpus fund in institutions, establishment of Educational Development Bank of India with an initial capital of Rs. 3000 crores, reducing the share of salaries in recurring expenditure from 80% to 60% and enhancing fees to recover at least 20% of the recurring expenditure.
Govil (1994) in a news analysis draws the attention towards the present critical situation in the universities. On the one hand, there is a financial crunch and on the other, the research grants sanctioned by the central agencies to a teacher after a lot of efforts and stiff competition are delayed inadvertently in the implementation process, leading to frustration in the minds of teachers. He urged the universities to mend themselves and bring about radical changes in their working system.

Jai Singh (1994) in the editorial columns of “The Tribune” under the title “University Blues” while commenting on the resignation of Professor Baxi from the Vice-Chancellorship of Delhi University, wrote that Dr. Baxi had sought to draw the attention of the nation to the brewing crisis of resources in the seats of higher learning. Hari Jai Singh noted that the universities suffer from a variety of debilitating illness and without emergency treatment; they may collapse. He further added that while expenditure on each student every year has been going up, the UGC had been freezing its grants in real terms at the 1990-91 level due to steady shrinkage of allocation from the Centre. He concluded his editorial with the following observations: “The increasing enforcement particularly in higher education has no relation to the country’s needs in skills and learning. Professor Baxi’s resignation warrants a searching look inwards and a concerted attempt to breathe academic life into the university”.

The reform measures suggested by World Bank (1994) for developing countries included (i) encouraging greater differentiation of institutions of higher education, including development of private institutions; (ii) cost recovery mechanisms including cost-sharing with students; (iii) redefining the role of the government by evolving a policy framework to make the sector more market friendly and public institutions more autonomous; and (iv) prioritizing investments towards quality improvement.

Panchamukhi in his paper on “University Finance in India” (1996) observed that all the universities in India were confronting with major resource crunch and identified unsound financial management as the major reason for this crisis. He also suggested three principles on which the financial management of university should be based:
a) The principle of adequacy of resources

b) The principle of built-in flexibility of the resources.

c) The principle of autonomy in respect of resource mobilization and use.

Department of Economic Affairs, Ministry of Finance, Government of India (1997) issued white paper “Government Subsidies in India” that favoured reduction of government subsidies to higher education from 90 percent to 50 percent in the first three years of the plan period and to 25 percent in the following two years. As per this paper, all goods have been divided into three categories i.e. merit, non merit and public goods and higher education was included under the category of non-merit good. Higher education being a non-merit good is consumed by the rich and poor are deprived of their use. Thus, subsidy for higher education provides benefit to the rich only and hence it should be reduced.

The Ninth Five Year Plan (1997-2002) treats education as the most crucial investment in human development. The Prime Minister’s Special Action Plan stressed the need for expansion of improvement in social infrastructure in the field of education. Towards this goal, National Agenda of Governance committed itself to the total eradication of illiteracy by gradually increasing governmental and non-governmental spending on education up to six per cent of the GDP so as to provide education to all. The priority for Ninth Plan was the expansion of education mainly in the un-served areas and with the focus on improving the lot of women and the disadvantaged group, using financial assistance as a leverage to secure better performance of the system.

Tilak (1998) in the article, “The Dilemma of Reforms in Financing Higher Education in India” observed that the higher education systems all over the world including India are increasingly starved of finances. The trends in financing of higher education are disturbing. Although important proposals are being made in this context both by national governments and international organizations but author is of the view that international experience can help assist a lot in formulating new policies. He further narrated the effect of reforms on higher education in the light of national and international experience. The study stated that significant stress was being experienced by the higher education in India, especially after the implementation of the New
Economic Policies from 1991. The study highlighted some major trends in higher education of financing in India:

a) The total expenditure on higher education increased remarkably in the years following independence.

b) The priority given to education had been steadily falling.

c) The growth of expenditure on higher education had been showing erratic trends in 1980s.

d) The 1990s saw a period of austerity because of which higher education had to suffer a lot.

The author also enumerated a number of suggestions which have been listed below:

a) Reduction of State expenditure on higher education (subsidies)

b) Increase in fees in higher education (cost recovery)

c) Introduction of efficient scholarship schemes along with the enhancement of fees

d) Introduction of students’ loan scheme.

e) Reduction in the demand for higher education

f) Concentration of all efforts on basic education until its universalization.

It is further observed that suggestions that are being made for developing countries do not have any empirical validity, if the practices of developed countries are taken to provide any guidance.

Bhalla, G.S. (2000) while commenting on allocation of funds on higher education has pointed out that there is no uniformity of pattern of allocation of funds to educational programmes among different states. The share of State Domestic Product that the states have been spending on education is meager. The proportion of State Domestic Product provided to higher education, expenditure incurred on higher education to the total expenditure on education, trends of such expenditure and the
inter-state comparison helps to understand the relative significance attached to financing of education in different states of India.

Subramanian (2002) in his article, “Financing of Higher Education” in the online edition of “The Hindu” focused on the transformation required to make the higher education socially more relevant, informative and technology oriented, diversified and of high quality. He further suggested that the challenges posed to the established education systems and practices by the new development in the education sector require the re-appraisal of their rate and functions and the present administrative structure/finances of university management. The study stated that there is inadequacy of the investment in higher education. Faced with financial crisis coupled with competing demands for funds from different sectors of the economy, the state and central governments have not been able to allocate adequate resources for higher education that often leads to poor infrastructure and physical facilities, low investment in research and development, having adverse effect on the quality of the higher education system. The author opines that financial assistance to universities should be based on vigorous assessment of their performance.

Tenth Five Year Plan (2002-2007) lays stress on and deals with the basic issue of quality improvement through the modernization of syllabi, increased research, networking of universities and departments and increased allocation of funds. The Tenth Plan also lays emphasis on improving the infrastructure and more rationalized funding of research and development. In view of the resource crunch, it has been proposed to give incentives to universities and colleges which make efforts to generate internal resources.

Murthy (2003) that the only function of the government must be to regulate the quality of higher education by setting standards. Also, higher education must function, as an industry in a free market environment rather than getting any subsidies.

Rao (2004) discussed about the shortage of funds in the article “Looming Funding Crisis in Professional Higher Education in India” Private engineering and medical colleges in Tamil Nadu and Karnataka argue that they will not be able to run their institutions. Many colleges in Kerala closed for want of funds. The relative shares
of various sources in the total expenditure on higher education in India have changed considerably over the years. The share of the government has increased in financing higher education and correspondingly that of every other source has declined steeply, though in absolute money terms there has been a significant increase in the contribution of these sources as well. The central government argues that generally the levels of fees in higher education in India are very low and that there exists a scope for increase in the fee and for rationalization of the fee structure, especially in higher technical education. University Grants Commissions (UGC) and All-India Council of Technical Education (AICTE) committees have recommended that at lest 20 per cent of the recurring expenditure per student should be generated through student fees and other sources. Although raising tuition fee is one option there is potential for efficient institution of resources in educational institutions.

Goswami (2004) in the article titled “Industry lobbies for role in higher education,” stated that when the government is focusing on primary education, the private sector has decided to stake its claim in the higher education. Further, aiding the private sectors move in the realization in the government that public expenditure on higher education has been far from adequate.

M.R. Narayan (2005) in the article “Financing higher education – Law needed on Cost Sharing”, published in the internet edition of “Business Line”, suggested basically the three instruments of financing the fee. First, cent per cent subsidy by State Government; secondly, cent per cent financing of education by students themselves or by their parents. This is possible for those who pay the fee from their own resources or those who borrow from financial institution. Thirdly, extra fee collected from management quota students.

Tilak (2005) emphasized liberal government funding to empower higher education, but this funding is far from satisfactory. He further stated that the financial crisis faced by higher education is a result of escalating costs, increasing needs of the system and shrinking budgetary resources.

Central Advisory Board of Education (CABE) Committee (2005) recognized the limitations of non-governmental funding, and the importance of state financing of
higher education to promote equity and growth. The Committee strongly urged Union and State governments to make a firm commitment to sustained funding of education and allocate 6 percent of national income to education, 3 percent for elementary education, 1.5 percent for secondary education, 1 percent for higher education and 0.5 percent for technical education. It also suggested that norms be developed regarding the share of education, and different levels of education in the total government budgetary resources, to ensure a steady flow of funds. Further, a proper mix of block, maintenance, matching and development grants has to be evolved to promote excellence in research, teaching, innovation, equity in the system and reward efficiency. The committee suggested a significant increase in the allocation for research. The committee further emphasised the need to regulate the growth of self-financing courses and distance education programmes and also the unbridled growth of private sector in higher education. It argued that the best and only sustainable method of funding higher education is through progressive taxation system.

Thorat (2007) Chairman, UGC in his study on “Emerging Issues in Higher Education- Approach and Strategy of 11th Plan”, is of the view that financing of higher education and funding mechanism are the most crucial aspects for development of higher education and its capacity to reform often impinges adequate and timely resource availability. Although the demand for higher education has grown up, the central and state government financial support to the institution of higher education has decelerated in real terms during 1990s. On the one hand, the public funded institutions suffered from under investment that adversely affected their quality and on the other hand, demand-supply mismatch prompted increasing participation of private institutions. This has led to demand for revisiting the whole issue of financing and funding mechanism.

Parkash (2007) in his article, “Trends in Growth and Financing of Higher Education in India”, argued that without appropriate policy interventions in school education, it would be of little use to have interventions at the higher education level, which discriminates in favour of girls, SCs and STs.
Walia (2010) in her article, “Unshackle the Varsity System”, in “The Tribune”, stated that undoubtedly, higher education has made significant contribution to economic development and social progress but there are serious problems plaguing the system and time is running out for finding ways of refurbishing it. She further pointed that Nobel laureates along with about a thousand academicians including Indian scientist, Prof. Venkatraman Ramakrishnan, have sent a petition to the British Government not to base its funding policy on the basis of the economic or industrial relevance of research. The writer observed that quality assurance of courses studied at the university level can only be possible if the university is allowed to develop its own curriculum and examination system.

Panagariya (2010) in his article, “Raising Investment in Higher Education”, states that although the ailments of Indian Higher Education System are wider and deeper than those of the British system, there are useful lessons for us to learn from the report of an independent panel headed by Lord Browne that made recommendations to increase investment in education, ensure that the quality of teaching is world class and make higher education accessible to anyone with the talent for it.

University Grants Commission (UGC) (2011) in the study, “Need to Improve Quality of Higher Education”, states that as per the report of the University Grants Commission, more students are opting for higher education, but this number is inadequate to reap the country’s demographic dividend in full measure.