EFFECTIVE RESOURCE MOBILISATION

BACKGROUND

- There are several methods practised to finance higher education. It could be institutional financing (input based or output based) or student financing depending on policy guidelines and policy changes of respective governments.

BACKGROUND

- the rapidly growing higher education sector on the one hand and competing demand for public funds (e.g. health, infrastructure, defence etc.) on the other, has resulted in many efforts at policy level to explore alternative methods to finance the higher education sector.

BACKGROUND

- Financing of higher education for any nation is decided based on the simple principle; whether higher education is a public good or private good.
- Education is both a private and public good. It provides personal gains through employment and entrepreneurship, and gets the state returns through taxation and by creating more engaged, enlightened and responsible citizens. Education builds a reflective mind that discovers from books, dialogues, engagement and experiences.

BACKGROUND

- In India, higher education is considered a private good (that benefits more an individual than a society) and so there has been a decline in public subsidies, privatisation of public institutions, adoption of cost-recovery or cost-sharing or cost-reducing strategies and income generations by other sources in public higher education institutions.

BACKGROUND

- Various committees and commissions have been constituted to study financing of higher education in India with the objectives of access, equity and excellence.
- To address the fiscal constraints of government due to competing demand for public funds, the Kher committee in 1939 recommended methods of financing of education.

BACKGROUND

- Justice Punnaya Committee (1993) and Swaminathan Committee (1994) suggested cost-sharing measures by increasing fees and university-industry linkages. Till date, majority of HEIs are following the first recommendation of increasing fees and introducing self-financing courses.
- Subsequent committees have recommended new alternatives for resource generation by HEIs, such as public private partnerships (PPP) , research collaboration activities, intellectual property rights, philanthropic and alumni contributions, and corporate sector participation in higher education.

PRESENT

- The Rashtriya Uchhatar Shiksha Abhiyan (RUSA) launched in 2013 by the Ministry of Human Resource Development (MHRD) follows the objective of entitlement-based grants or outcome based funding.
- However, the pre-requisites for RUSA grants such as establishment of State Higher Education Council (SHEC), commitment to specific academic, administrative and governance reforms and mandatory accreditation (GoI, 2013) have resulted in RUSA grants being restricted to select State HEIs.

PRESENT

- Sources of funds for the universities:
  - grants from central government,
  - grants from state government,
  - receipts from fees from regular courses and self financing courses,
  - income generated from renting out university infrastructure,
  - alumni and philanthropic contributions,
  - affiliation fees from colleges,
  - research and consultancy activities, and
  - any other sources.

THE ISSUE OF MONEY

- How much should a public university spend per capita? In 2013, US universities spent approximately $11,000 annually per student, while India on an average spent only about $700. A big difference is that even a state university in US gets only about 25% of its funds from the State; the rest are raised through fees, endowments and consultancy. In India, very little comes from sources other than the government grants and fees.

CHALLENGES OF RESOURCE MOBILISATION

- Difficulties in raising fees in regular courses

Often increasing of fees of existing courses in State universities is based on fees charged by other universities located in the state and access by majority of students who hail from poor economic background. Frequent agitations and protests by students against any minimal fee hike also restrain university authorities to hike tuition fee. For more than one or two decades, the tuition fee has not been hiked in many such State universities.

CHALLENGES OF RESOURCE MOBILISATION

- Gradual decline in affiliation fee receipts

The receipt from affiliation fees has been a major contributor to the internal resources of State universities. Many State universities were affiliating bodies to a large number of colleges which created administrative difficulties for the university concerned and hindered their efforts for research and innovation.

During 12th Plan period, well performing autonomous colleges across several states were upgraded to universities. Further, newly established universities got the affiliation power for many colleges. It impacted the revenue of some well established State universities’ flow of resources in terms of affiliation fees as well as examination fees.

CHALLENGES OF RESOURCE MOBILISATION

- Contribution from self-financing courses

Fixation of fee for self-financing courses depends on the demand for the courses, fees charged by other HEIs in the vicinity for similar courses offered and ability to pay of the students. Self financing courses bring in a market competition and drive the HEIs towards marketable courses and restrict access to such courses by students from poor economic background. Unlike private HEIs, one third of the fees collected through self-financing courses are usually retained by the State university and rest of the fees collected are used by the departments for both recurring and non-recurring expenses.

CHALLENGES OF RESOURCE MOBILISATION

- Renting out University infrastructure

State universities rent out infrastructure such as guest house, auditorium, play ground, seminar hall, exam hall, classrooms, sports centre, health centre etc. to other institutions or private parties during holidays or vacations to generate some additional resources for the university. Many of the State universities lack infrastructure, while even if State universities have such facilities available, they are poorly maintained or at the verge of deterioration to rent out to outsiders.

To avoid the nuisance and chaos created by outsiders, some State universities avoid renting out their guest house, playground, sports centre and other infrastructures to outsiders.

CHALLENGES OF RESOURCE MOBILISATION

- Alumni contributions

Contribution from alumni is yet to be explored as a significant method of resource generation. If there is any contribution by any generous alumni once in a while, that usually is in terms of contribution for infrastructure purposes such as; developing the sports complex, construction of auditorium, seminar hall, gymkhana, swimming pool, etc.

CHALLENGES OF RESOURCE MOBILISATION

- Research and consultancy activities

The State universities are struggling with vacancies both in teaching and non-teaching positions. It has adversely affected teaching learning process in such universities. Apart from this, the cost-saving measures adopted by the State universities such as appointment of more contractual and part-time teaching and nonteaching staff in the institution has become a bottleneck in boosting research and consultancy.

There is not much research initiative by the faculty members in the universities. This is partly due to lack of research orientation and awareness or initiative regarding research projects by faculty members.

CHALLENGES OF RESOURCE MOBILISATION

- Research and consultancy activities contd…

The workload of faculty members includes both teaching and administrative activities, particularly with examination duties including framing of questions and evaluation of answer sheets. This combined with the shortage of teaching and non-teaching staff creates further bottlenecks.

Further, a few faculty members who take initiatives for undertaking a project, face administrative difficulties related to processing of files for research proposal, management of financial bills, availability of infrastructure, and other miscellaneous items related to research project. All these difficulties in taking up a project serve as bottlenecks in contributing to university resources as overhead costs.

CHALLENGES OF RESOURCE MOBILISATION

- Cost saving Methods

Various cost-saving measures are being adopted by the Universities to manage the shortages of resources. They are; managing with temporary or part-time academic and non-academic staff, reducing subscription to print journals, cutting-down various academic, administrative and maintenance expenses of the university.

This has long term implications for growth and development of the university.

FUTURE

- Universities in India must start identifying non-government sources of revenue. The growth of philanthropy in India is one potential source. The Corporate Social Responsibility (CSR) Act requires companies with a turnover of Rs 1000 crore or more to support social causes by giving away 2% of their net profits. This fund in India is growing impressively from Rs. 6,000 crores in 2011 to Rs. 36,000 crores in 2016. About half of this goes into the education sector but very little supports higher education.

DRAFT NEP 2019

- All (currently) affiliated colleges, must develop into autonomous degree granting colleges by 2030, or merge completely with the university that they are affiliated to, or develop into a university themselves.
- An appropriately designed permanent employment (tenure) track system for faculty will be introduced for all college and university staff, including the faculty - this will be fully functional in all institutions by 2030, including private HEIs.

DRAFT NEP 2019

- The development of new institutional architecture across the country will be energised by the autonomy of the institutions, substantial increased public financial support, and encouragement of private philanthropic efforts.
- There will be a fair and transparent system for determining (increased) levels of public funding support for public HEIs. This system will give equitable opportunity for public institutions to grow and develop.
- Increasing financial autonomy will not imply cuts in funding, but rather the freedom to decide locally how best to spend funds to maximise educational attainments.

DRAFT NEP 2019

- A lack of funding sources, both public and private, to support outstanding research and innovation initiatives remains a major issue.
- The Policy envisions a comprehensive approach to transforming the quality and quantity of research in India.
- To build on these various elements in a synergistic manner, and to thereby truly grow and catalyse quality research in the nation, this Policy envisions the establishment of an National research foundation NRF which will fund competitive, peer-reviewed grant proposals of all types and across all disciplines.
- In addition to directly funding outstanding research proposals, the NRF will also help seed centres of research in select disciplines at various universities, through providing institutional funding.

DRAFT NEP 2019

- This Policy commits to raising investment in education substantially - including a significant increase in public financial investment, as also in philanthropic investment. It needs to be noted that this Policy considers all financial support and spend on education as investment', and not as 'expenditure'. Clearly, monies spent on education are all investment into the future of our nation.
- The extremely high overall benefits to society of investment in education - both economic returns and benefits that cannot be monetised - are quite clear. The Policy envisions an outstanding education system in India, fully backed by the investment that is required to make that happen.

DRAFT NEP 2019

- The large deficit in the public financing that is required versus what has been made available eventually manifests in compromised quality of educational outcomes and lack of improvement. A large proportion of public expenditure on education comprises salaries of people (including teachers) existing in the system, with grossly inadequate amounts allocated for other matters, e.g. learning resources, school maintenance, laboratories, midday meals, etc. Even lesser amounts are allocated for real changes and development of the system, which are necessary for improvement of key educational outcomes. Also, urgently needed manpower (e.g. teachers, support staff) is not added, or added with temporary contracts and low salaries. All of this is directly a result of inadequate financial resources being made available.

DRAFT NEP 2019

- While this Policy reaffirms the national commitment of 6% of GDP as public investment in education, it recognises that this would only be possible as India's tax-to-GDP ratio improves. Given the recent decisive actions and encouraging outcomes in this regard, it would certainly be possible to reach the 6% number in the mid-to-long term. It is more effective (and actionable) in the short-to-medium term to consider goals of public investment in education as a proportion of overall public expenditure. On this count, the policy envisions that the overall public expenditure on education must increase to 20% of all public expenditure - Central and State governments combined.

DRAFT NEP 2019

- Thrust areas to channelise private funding for existing institutions
  - Scholarships
  - infrastructure funding
  - faculty recruitment and development
  - teacher professional development
  - organisational funding

DRAFT NEP 2019

- Some specific sources of philanthropic funding
  - Business and industrial corporations

  The Companies Act, 2013 mandated every company, ‘private limited or public limited, which either has a net worth of ₹ 500 crore or a turnover of ₹ 1000 crore or net profit of ₹ 5 crore’, to spend at least ‘2% of its average net profit for the immediately preceding three financial years on Corporate Social Responsibility activities’. One of the important areas listed for CSR is ‘promoting education, including special education and employment, enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects.’

  - Alumni and local communities

  Appropriate measures should be taken up in order to facilitate the aspirations of alumni and the local community to contribute to education.

THANK YOU