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IMPACT OF POLICY OF LIBERALIZATION ON GROWTH AND DEVELOPMENT OF HIGHER EDUCATION

Occasional Paper



Centre for Higher Education Studies and Training
Society for Education and Economic Development (Seed)
Kh.No. 774/6, Village Mandi, Main Mandi Road
Near Toll Tax, New Delhi 110047, India
www.seededu.org, e-mail: seedicf@gmail.com

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Impact of Policy of Liberalization on Growth and Development of Higher Education

Introduction

Higher Education is a vital input in the development of quality human resources. People trained in higher education man the various professions and vocations. They are also engaged in the creation of knowledge through research and development. They help to solve the problems of society within a nation-state and globally. The knowledge generated and applied for the development of the country always spread throughout the world, if such discoveries are found to be helpful to mankind. India has a well-established system of higher education with more than 900 universities, 45 thousand colleges enrolling nearly 22 per cent of students in the eligible age group for higher education. It has a good stock of human capital and it hopes to add more with young age population profile of the country.

However, during the last more than a decade, several changes in approach, philosophy and support to higher education have taken place from the early period to British rule and in independent India. During independent period up 8th Five year Plans the state consistently and regularly worked for the promotion of higher education among the people under liberal democratic framework under the concept of education as an investment to develop human capital for the development of nation-state. Hence state and philanthropists provided the support for higher education of people by setting up universities and colleges, by giving grants aid to institutions set up by philanthropists. It also created a constitutionally mandated system of coordination and maintenance of standards in higher education. It set several apex institutions in different disciplines for coordination and development of higher education. A good deal of diversification took place through the initiative of the state-supported apex organization. All this was under the liberal democratic framework of the welfare state.

Since 1990, there has been a change in approach, philosophy, policy and practices. Partially out of its own competitive demand on limited resources and partly under the neo-liberal framework promoted by world organization like IMF and World Bank. This led to several changes in philosophy, approach, policy and practices adopted by central and state governments in India. This change also strengthened participation by philanthropists and educational entrepreneurs in higher education with the concept of recovery of the cost of education from the receiver of education. This was distinct from an earlier liberal framework where state and philanthropists largely met the cost of

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education of students. Not only this state and philanthropists provided scholarships to students for higher education.

This change, whereas provided opportunities to several students aspiring for professional education namely, engineering, medical, management and other disciplines, which they would have otherwise missed owing to shortage of supply such education programmes in state and grant in aid supported institutions of higher education. It has also given rise to the concept of education loans to students at prime lending rates. But it has also deprived those aspiring to get admission in these programmes, if they could not afford the cost of education or could not mobilize loan funds to meet the cost. This has given rise to several apprehensions with regard to an ethical financial practices that led to a view of commercialization of higher education. The latest document of draft National Policy on education has attempted to re-introduce the concept of state playing a major role in provision of higher education and philanthropists – genuine one are proposed to be encouraged. The concept of equity based funding of privatization of higher education has been put to rest.

How these changes in policy and practices have impacted the growth and development of higher is the theme of this paper. The paper is based on the detailed report of this study and added aspects of Draft NEP, 2019

The period of coverage of the study and this paper:

Initially it was thought to cover only 1990-2014 period for the study. However, keeping in view the nature of the problem of study, It was thought appropriate to extend the period to up to date as several changes were taking place at the end of 12th Plan and with the inception of NITI Ayog and through a policy of the present-day government. It was also thought appropriate to look back so as to understand the changes and their impact on the system and people in more comprehensive manner. Hence the study covers a larger period from the beginning of higher education in India to date. Since Draft NEP 2019 was not put in public till the study report was submitted, Draft NEP, 2019 was not reflected upon in the study report. However, this occasional paper reflects on the aspects Draft NEP, 2019.

Over the years India has passed through several changes in policy and practices in supporting education system both at school and higher education levels. The changes have occurred pertaining to the key issue of policy and practices during the early period, then in the colonial period. Again during the early period of independent India and then during the recent period of globalization and neo-liberalism. Under neo-liberalism, titled as liberalization under the WTO regime, the solution of problems of development is viewed through market mechanism and capitalism. An analysis of key issues of policy

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and practices impacting the higher education in the light of the above changes is presented here.

Liberal and “Social Good” Model of Education: Ancient India

Education has always been under the liberal framework from the beginning of concept education of students in groups. It is both in general, vocational and professional education in Gurukula, Craftsmanship and Viswavidyala in ancient Bharat. The community paid for the education of children and state/kings bestowed land and milch animals to those engaged in the education of students to meet Guru’s family and students’ expenses. Education was viewed as “social good.” The growth of education and higher education was in response to the discovery of knowledge and the need of society. Bharat had a history of three Vishwavidyalaya and more than a dozen centres of higher learning.

Liberal and Merit Good model of Education: British Ruled India

During the British Rule, after the Minutes of Macaulay were discussed and approved in the British Parliament in 1835.(1) ruling government of that time attempted to replace the indigenous system of education by the formal system of schooling and higher education to suit the need of governance of India. It kept a liberal model of education wherein both state and people could engage in the education of children, but it encouraged and goaded institutions to follow the British institutional model of education. It shifted from “Social Good” model of education under a liberal framework to a “merit good” model of education. Wherein students were also required to pay nominal fees, but most of the expenses of education were met from society/ philanthropists or state or kings and Nawabs of respective territories.

The growth of higher education in India during the pre-independence era was under the liberal framework, wherein both state and private people/philanthropists/ industries and social organizations- includig religious bodies, helped setting up of institutions of higher education. This is evident from the following Table No.1 and Figure No.1. However, growth in a number of colleges set up by Philanthropists/ Society was higher than government colleges.

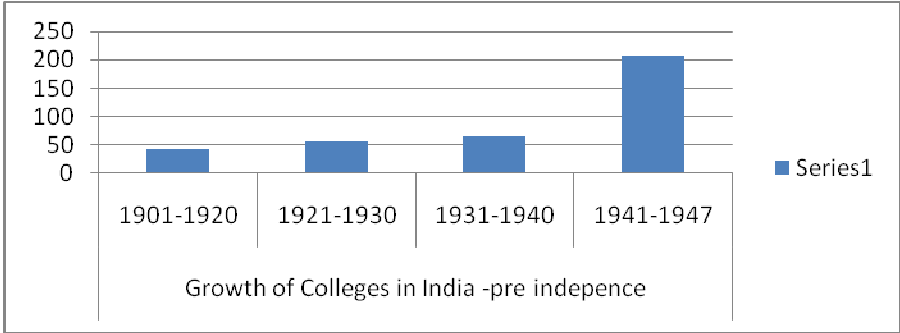
Table No.1 Growth of Colleges in India -pre-independence- 1900-1947

1901-1920	1921-1930	1931-1940	1941-1947
42	56	65	207

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Source: UGC list of colleges since their establishment

No.1 Growth of Colleges in India Pre-independence 1900-1947



The composition of government and Privately managed colleges was as under:

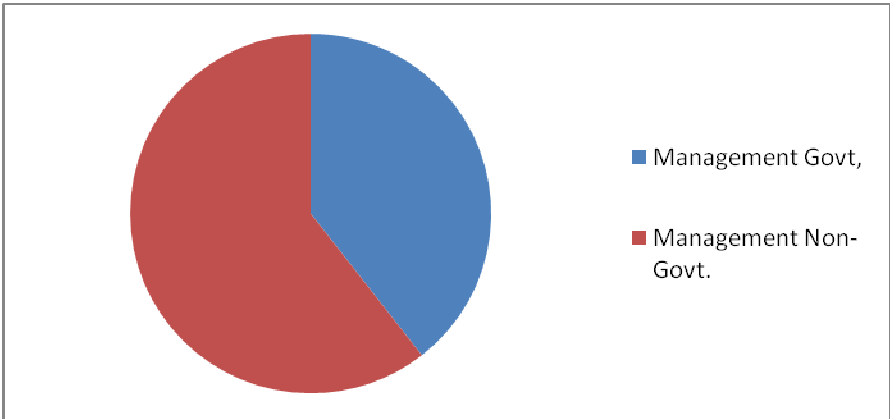
Table No. 2 College by type of Management

Govt,	Non-Govt.
149	229

Source: UGC list of colleges since their establishment

Figure No. 2 Colleges By Management -1900-1947

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**Liberal and Merit – Social Good Model of Education: Independent India
Role of the State:**

Though independent India opted for liberal and Merit Good Model of education, yet its approach was tended more towards “Social Good Model” as state positively intervened in the development of school and higher education through the planned process of development. Under this process, the State government and Central government prepared the plans for the development of education and higher education along with the development of other social and economic sectors. State allocated resources for the development and central government also provided funds to the state government for the development of education. Initially, education was in the state list of activities and central government by setting up University Grants Commission provided funds for development universities and colleges under plan schemes. Subsequently, when Education was brought under concurrent list Central Government directly established schools and institutions of higher education and provided funds for their development. This approach enabled the government to positively intervene in the development of higher education under the concept of education as social and merit good. All the development and diversification one observes in higher education and as mentioned in the second were an outcome of this approach. The main approach was supporting the development of universities and colleges for improving quality of higher education through the various schemes and also ensuring the remuneration given to teachers is attractive enough to recruit and retain talented teachers in higher education. Schemes were also launched for quality improvement of teachers through research funding, faculty exchange programme, summer schools and academic staff development

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programme. It also positively intervened in carrying reforms under New Education policy, 1986 and 1992(2) for introducing the concept of autonomy to colleges and setting up the coordinating institutional set up in the form of State Council of Higher Education and provided initial funding for the same. Central government besides setting up of institutions of national importance like IITs, IIMs, Institute of Science, Central Universities. University Grants Commission also set up inter-university centres in new and emerging areas to support the development of higher education. State also set up institutions of importance in the field of Medicine, Agriculture and emerging technology of space, astronomy biotechnology and environment areas. State also provided scholarships for doctoral and post-doctoral research work. Beside this, it also provided funds for social sciences and science and technology research. Hence approach was that of the positive intervention of state through funding and creating institutions of higher education and promoting R&D through research scholarship, research project funding and setting up of institutions to carry out research.

Role of Private Trusts/Bodies:

Along with this, the private sector under the liberal and not for profit framework with nominal cost to the receiver of education significantly contributed to the development of higher education until the seventh five-year plan. Development during the first three plans was relatively smooth until India faced problems of draught and two wars namely, Chinese-1962 war and Pakistan-1965 war. During 4th and subsequent plans, there was a fall in growth of government colleges. Still, this model of education was sustained until the seventh five-year plan. After the seventh plan, there was a major shift in "merit – social good" model of education. This is evident from the following tables.

Table No.3 Growth of Colleges during the first three five year plans

Plans	Govt	Non-Govt.
First Plan	91	145
Second Plan	204	306
Third Plan	263	654

Source: compiled from UGC list of colleges with year of establishment

Figure No. 3 Growth of Colleges during the first three plans

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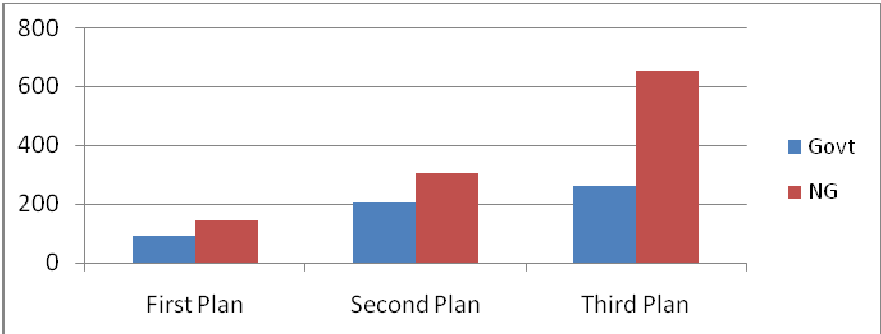


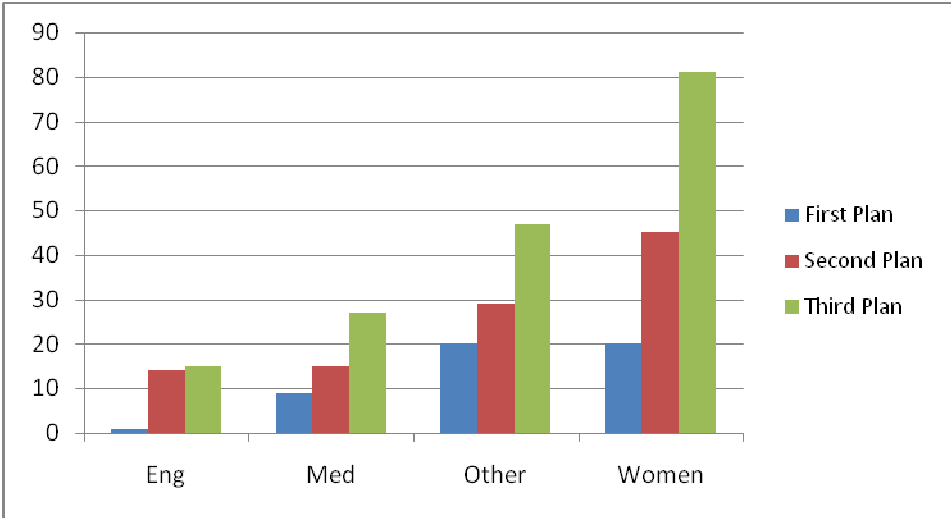
Table No. 4 Growth of Engineering, Medical, other professional colleges and women colleges

Plans	Eng	Med	Other	Women
First Plan	1	9	20	20
Second Plan	14	15	29	45
Third Plan	15	27	47	81

Source: Compiled from UGC List of Colleges with their year of establishment

Figure No.4 Growth of Engineering, Medical, other professional colleges and women colleges

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The growth of professional education institutions was slow owing to reduced funding by state exchequer and inability of the private sector to set up such institutions due to relatively higher investment requirement. There was a pent-up demand for professional education colleges namely Engineering and Medical Education colleges.

The backdrop of Shift:

The debate on who should pay for education has been going on for the last three decades or so.⁽³⁾ The practice of full cost recovery from students of higher education in some of the developed countries was well known to economists and policymakers. To begin with, many economists viewed that low fee charged from students also subsidised those who could afford it. One view was that let there be full cost charging institutions for those who can afford it and let the public sector cater to those who can not afford it. But such debate remained inconclusive as many of those who could afford it preferred public supported institutions as also public institutions had their name and fame as centres of quality higher education.

Pressure for Admission

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When the population expanded, school education expanded, aspirants for higher education also expanded. Government both at centre and states level took the recourse to provide support for general education. Philanthropists also helped the expansion of colleges in general education namely, Arts, Science and Commerce and very few attempted to set up Engineering and Medical Colleges and other professional Colleges. This led to fierce competition for seats in the professional education colleges. Many aspirants for such education were either left out or those who could afford the cost of education went abroad for studies. But at the same time pressure for setting up engineering and medical colleges increased. Some of the Philanthropists and educational entrepreneurs saw it an opportunity to start professional colleges under the provision of full cost + recovery courses for those students who could not qualify for merit seats under-regulated fees. They were popularly known as capitation fee colleges.

Judicial Intervention: There was a court case for admission under such a system – The famous case of Mohini Jain vs government of Karnataka. Which led to clearly working out the procedure for admission and regulation of fees both under merit and paid seats. Hence partial neo-liberalism started in practice with the concept of merit and paid seats in professional colleges. Such colleges were mostly set up in the South part of India and Maharashtra. The likely impact of high fee-charging institutions was deliberated in one of the papers published in University News(4).

The Neo-Liberalisation:

The changes started taking place in practice about funding of education. Under the neo-liberal framework, the receiver of education is expected to pay for the cost of education. This encouraged philanthropists and educational entrepreneurs to set up professional Education colleges more particularly Engineering and Technology Colleges and Medical Colleges. under the existing provision of admission, they could charge full cost from those who could not qualify for admission to limited seats available under the regulated fee structure.

The Impact of the New World Economic Order:

With the world Leaders coming together on the issue of new economic order and trade liberalization led to the formation of the World Trade Organization and General Agreement on Trade in services. Liberalization was the main thrust of the new economic world order under the WTO. The World Bank and International Monetary Fund supported a study by George Psachropolous(3) on returns to investment in education. This study pointed out that social returns on school education was higher whereas, for higher education private returns was higher. That means the receiver of education had a

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higher returns than society. This, in a way, adversely affected the positive approach towards education financing adopted by many countries of the world including India after the publication of Investment in Human Capital, by T.W.Schultz in 1960(5).

This gave legitimacy to WB and IMF approach to reducing subsidy on higher education and on many other social services. This also became one of the conditions of providing loans to countries and advised borrowing countries to follow this policy for better budget management. India, who received a loan from IMF agreed to reduce the funding on higher education. The equity and quality principles-education as merit and social good, which guided the development of higher education until the 8th five-year plans gave way to new approach that is partial neoliberalism which later on culminated to Neo-liberalism in higher education i.e., ***market orientation and a private good model of higher education.***

The Shift in Approach by Planning Commission:

During the 9th Five year Plan, a white paper on subsidies in the social sector was issued by the Planning Commission. It was authored by Shri Bimal Jalan.(6) This, in fact, led to, in principle, accepting the policy of increasing the recovery from the receiver of education. It also gave rise to practice in publicly funded institutions to mobilize more funds through increasing fees from students. It reduced budgetary support to grant- in-aid institutions- which were basically run under Trusts and Societies Acts under the policy of nominal fee from the receiver of education. This approach forced Trust and Society to run colleges to appoint ad-hoc teachers and launch self-financing courses. The government also encouraged universities and public sector colleges to start self-financing courses. Under the pressure from the government for mobilization of funds by aided and government colleges, many self-financing i.e. full cost recovery courses were introduced in these colleges. State-supported universities also started self-financing courses.

Partial Market Orientation – Neo-liberalism – The Private Good Model

Thus partial neo-liberalism practices started in higher education. Within the same institution, there are two sets of students studying self-financing courses and other under normal fee paid courses. As also some of the people who could afford (through family support or loan funding from Banks) higher fees could have access to professional education and those who could not have to compete for limited seats in public sector institutions or change their choices of courses of studies. With the passing of private University Acts by many states, neo-liberalism took its full form and a door for self-financing universities was opened.

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State Private Universities Acts:

Many states on their own framed Private Universities Acts to allow for setting up of full cost + recovery from students of their universities. This happened after the debacle of Chattisgarh Private Universities Act-which was struck down by supreme court owing to legal infirmities - and learning lesson from the failure in framing Private Universities Act many states became wise and framed their Private Universities Act which could stand the scrutiny of law. As of 2018, there are 24 states that have Private Universities Acts and there is a guiding Private University Act given by the University Grants Commission. The University Grants Commission also approved Deemed to be Universities charging full cost + recovery from students. Self Financing Deemed to be Univesity also grew under this framework.

The Deemed-to-be-Universities under Self-financing Model :

With the practice of neo-liberalism within the central sector, the Deemed to be universities - with full cost recovery institutions under the provision of section 3 of University Grants Commission Act,1956 were approved by the MHRD. This led to the very fast growth of the number of Deemed to be universities during 10th to 11th plans. The fast growth made many academics to question the quality of these institutions. Ministry of Human Resource Development, Government of India set up a committee to assess the quality of all the deemed to be universities in India. The Committee headed by Dr Tandon, on the basis certain criteria of quality categorised all the deemed to be universities under three categories. Those which are good and can continue to work as deemed to be universities. The other those who needed to improve should be given a chance to improve and the third category of those institutions which need to be closed. The Deemed to be universities under these three categories was also made public. The findings of this committee were questioned by affected deemed to be universities in a court of law. The court also asked UGC to assess the quality of these institutions and let the court know about it. The contention of petitioners was that they have been approved by UGC and the UGC is appropriate authority to assess the institutions of higher education and the criteria adopted by the Tandon Committee suffers from several limitations. Hence the matter is required to be adjudged by the Supreme Cout of India. This case also affected the growth and development of self -financing deemed to be universities during 12th Plan.

Growth and Development under Neo-liberal Framework:

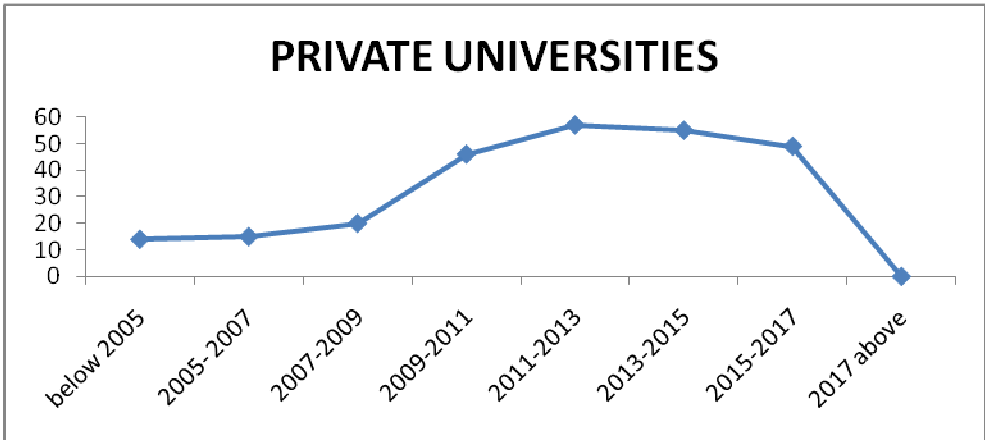
The growth of these institutions has surpassed the growth of public sector universities in just one and a half decade. This is evident from the following table No. 5 and figure No. 5

Table No. 5 Growth of Private Universities

YEAR	NO. OF UNIVERSITIES
below 2005	14
2005- 2007	15
2007-2009	20
2009-2011	46
2011-2013	57
2013-2015	55
2015-2017	49
2017 above	0
TOTAL	260

Source: Compiled from UGC list of Universities with a year of establishment

Figure No. 5 Growth of Private Universities from 2005 to 2017



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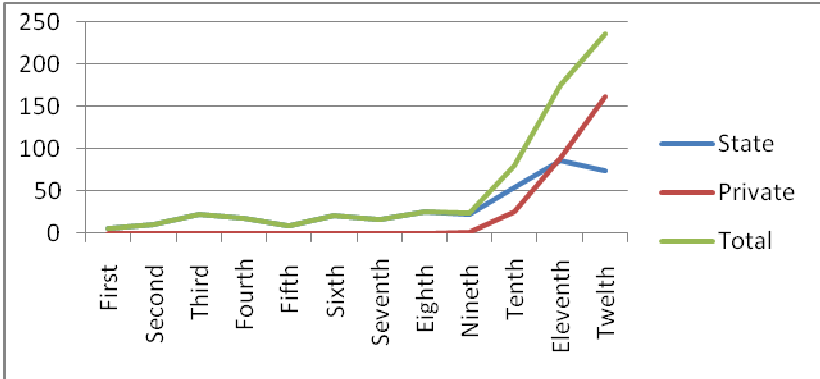
A comparative position of growth of Public and Private Universities is given below in Table No.2 and Figure No.2

Table No 2.Growth of State and Private Universities for over 5 years Plans –1st to 12th Plans

Plan	First Plan	Second plan	Third plan	Fourth plan	Fifth plan	Sixth plan	Seventh plan	Eighth plan	Ninth plan	Tenth plan	Eleventh plan	Twelfth plan	Total
State	6	11	23	18	9	21	16	25	23	55	86	74	367
Private	0	0	0	0	0	0	0	0	1	25	90	162	278
Total	6	11	23	18	9	21	16	25	24	80	176	236	645

Source: Compiled from UGC list of Universities with their year of establishment.

Figure No.2 Growth of State and Private Universities for over 5 years Plans –1st to 12th Plans



Private colleges also grew faster than government colleges during 4th 12 plan period

Table No.7 Growth of Government and Non-Government Colleges during 4th to 12th Plans

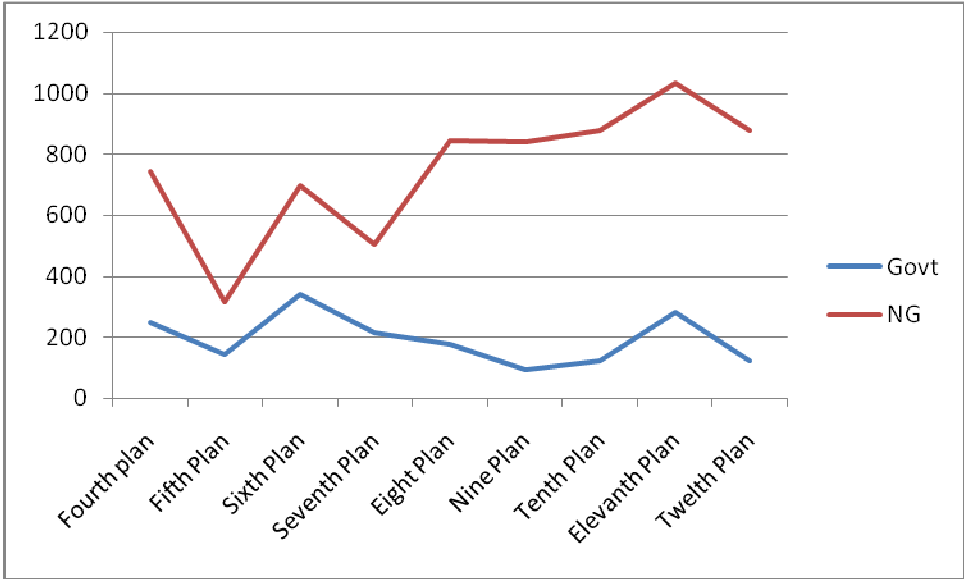
Five Year Plans	Govt.	Non Govt.
Fourth plan	247	743
Fifth Plan	143	315

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Sixth Plan	342	694
Seventh Plan	213	505
Eight Plan	175	842
Nine Plan	92	837
Tenth Plan	123	878
Eleventh Plan	281	1031
Twelfth Plan	123	878

Source: Compiled from UGC list of Colleges with their year of establishment

Figure No. 7 Growth of Government and Non-Government College during 4th to 12th Plans



Philip to the concept of Autonomy to colleges: Another feature one observe is that the concept of autonomy was seriously persued by the state since the announcement of New Education Policy in the year 1986. In spite of several attempts the progress on seeking and giving autonomy to colleges was slow.

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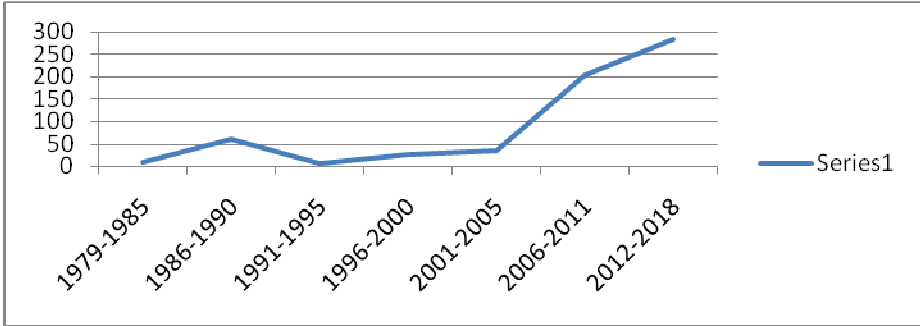
However, after growth of self- financing colleges, this concept seems to have gained strength. This is evident from the following figure.

Table No.8 Growth of Autonomous Colleges over the period 1979-1985 to 2012-2018- All India.

1979-1985	1986-1990	1991-1995	1996-2000	2001-2005	2006-2011	2012-2018
8	61	6	25	34	204	283

Source: Compiled from UGC list of Autonomous Colleges with the year of grant of Autonomy.

Graph No.8 Growth of Autonomous Colleges over the period 1979-85 to 2012-2018



The Diversification of Higher Education

Diversification of higher education has been in response to developmental needs of India and progress made in various streams of disciplines. Public sector institutions and its coordinating apex organization and the process of planned development have helped the diversification of higher education in several streams of disciplines.

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Universities and Deemed to be universities are offering specific discipline oriented courses like, Sanskrit, Yoga and Sports, Skill Based Courses, Foreign Languages, Sciences and Biotechnology disciplines.

Some of the new disciplines fashion and design subjects, mass communication and film and television education started as diploma awarding institutions and later on became university level degree awarding institution.

Diversification also happened through Distance and Open mode of education. Digital mode of education has progressed from enrich programmes to Massive Open Online Courses to be taken by the regular students at under graduate and post graduate studies through Choice Based Credit System and students can earn 20 percent of credits through MOOCs courses.

Diversification during Neo-liberal Period

Diversification of higher education during neo-liberal period was mainly through programmes of studies being offered by private self financing colleges and universities. A large number of single faculty colleges namely, teacher education colleges, management diploma and degree awarding institutions. Most of private self financing institutions offered engineering and management courses and a very few offered liberal arts courses.

Students' Enrolment in Academic and Professional Courses

The data available for enrolment by general academic and professional education for higher education reveal a similar trend. The government managed and government aided institutions have a more number of students in general Academic Programmes than in professional programme. Whereas, at the Under Graduate level, Private institutions have almost three-time enrolment in professional courses than government and government-aided institutions.. The proportion of enrolment at PG level in professional courses in private institutions is more than two times that of government and government-aided institutions of higher education. This is evident from the Table 4.5 and Figures 4.3 to 4.8 given below.

Table 9 Enrolment by Management, Level, Academic and Professional courses, 2017-8

Level	Management	Academic/ Gen.	Professional	Total	Academic	Professional
Under Graduate	Government	9949660	2065870	12015530	82.81	17.19
	Government-aided	4491548	826772	5318320	84.45	15.55
	Private	6330942	6237877	12568819	50.37	49.63

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Post Graduate	Government	1800694	707814	2508508	71.78	28.22
	Government-aided	451238	130920	582158	77.51	22.49
	Private	413888	981616	1395504	29.66	70.34
		23437970	10950869	34388839	68.16	31.84

Source: Ministry of HRD, AISHE, 2018, New Delhi.

Fee Cost to students in Public and Private Universities:

The impact of neo-liberalism on fee cost to students in public and private universities an select sample universities show a huge difference in fee cost paid by students in Private and Public institutions.

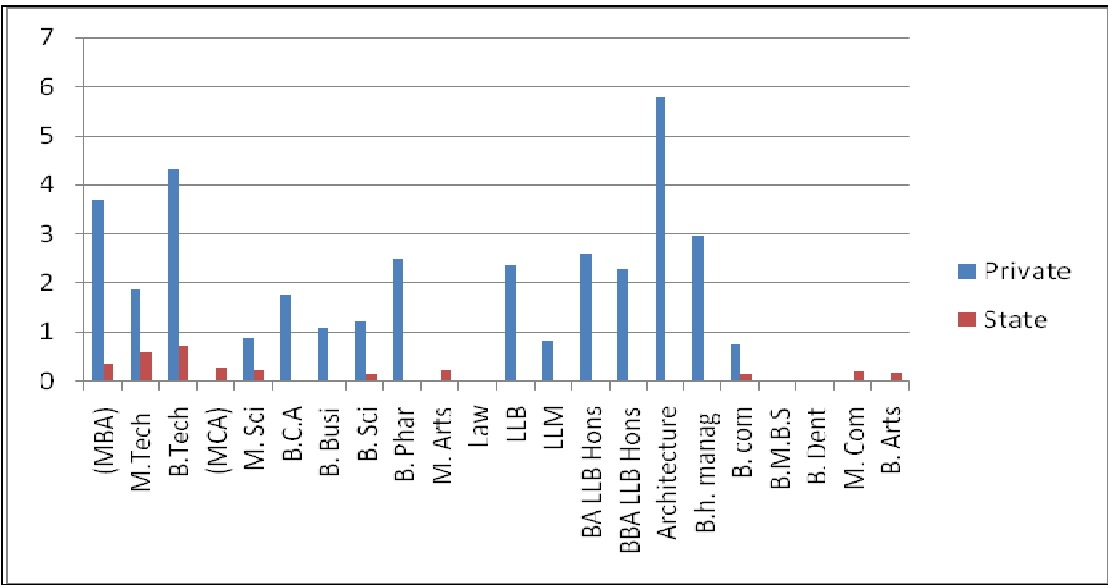
The comparative average fee structure for State Private and Public Universities given in Table 9 and Figure 9 below, reveal a bing difference in almost all the courses. For the MBA degree of 2 years programme, the average total fee for private Universities is Rs.3.69 lakhs wherea, for state public universities it is Rs.0.35 lakhs. Thus there is difference of almost 10 times. Students studying in private universities pay almost 10 times more than those studying in public universities. For M.Tech. programme of 2 years average fee in private universities is Rs.1.86 lakhs as compared to Rs. 0.58 lakh in public universities.

Table 9 Average Fee Structure of Private and Public Universities ,2018

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Subject	Years	Private	State
(MBA)	2	3.69	0.35
M.Tech	2	1.86	0.58
B.Tech	4	4.32	0.71
(MCA)	4		0.26
M. Sci	2	0.87	0.21
B.C.A	3	1.74	
B. Busi	3	1.07	
B. Sci	3	1.21	0.14
B. Phar	4	2.47	
M. Arts	2		0.21
Law			
LLB	3	2.36	
LLM	2	0.8	
BA LLB Hons	5	2.58	
BBA LLB Hons	5	2.28	
Architecture	5	5.77	
B.h. manag	2	2.95	
B. com	3	0.73	0.14
B.M.B.S	5		
B. Dent	4		
M. Com	2		0.17
B. Arts			0.15

Figure 9 Average cost of programmes charged by Public and Private Universities



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That for B.Tech. programme of 4 years the difference is relatively is more as students on average in private universities pay Rs.4.32 lakhs as compared to Rs.0.71 lakhs in public universities. Difference of fee for M.Tech programme between public and private university is relatively less as compared to B.Tech. In Private university on average a student pay Rs.1.86 that in Public universitie it is Rs.0.50 Lakh.

For master of Science programme, the total is Rs. 0.87 and Rs.0.21 respectively for private and public universities. That for B.Com. course average total fee is Rs. 0.74 lakh as compared to Rs.0.14 lakhs for public universities. Data for many of the courses are not available either in private or public university. But general trend of difference in fee is very visible.

The above analysis brings us to important issue of policy of financing of Higher Education. There are several policy views, as described above. Under neo-liberalism as stated above students are expected to pay for their education. Under democratic liberalism state owned responsibility to support the higher education along with initiative from philanthropist and community and partly from students also. Many countries followed varying policy under these two broad approaches. In a meeting held in UNESCO in the year 1998 member countries made resolutions with regard to funding of higher education. It may be pertinent to discuss the same here.

UNESCO View of Public Support to Higher Education:

As many countries started making higher education a self-financing system, a conference on higher education organised by UNESCO in 1998 (6) resolved that states should continue to support higher education as it is a key to the future development world. Hence it became imperative on many countries to continue supporting higher education and at the same time allowing private initiatives of setting up an institution to recover full cost+ from students.

Funding Policy and Practice Approach of India:

Public Sector: Under the pressure from within – students, parents and politicians- India followed a dual model of supporting and expanding public sector institutions. The Rashtriya Uchttar Shiksha Abhiyan, and setting up of eminent professional institutions in each of states is part of public sector model of higher education. There was in eleventh and 12 Five year plans a significant growth of

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IITs, IIMs, IIIT and institute of eminence. RUSA also distributed a significant amount for supporting universities and colleges mainly in the public sector as also setting up colleges in an underserved areas.

Private Sector: The other p, under the neo-liberal framework, is to allow private initiatives, of course under the Trust, Societies Act, and under certain sections of Companies Act to have a full cost + recovery institutions. The other condition is that these should not be for profit. The growth of Private Universities and Colleges has been very high as is seen from the above figures. As an outcome, there is strong emergence of private universities and colleges in many states.

Debate on” for profit” institutions: There was also a debate (published in Economic Times) to allow institutions to be set up “for profit” under Companies Act. This debate is still inconclusive in spite of several press reports that “not for profit” institutions are in fact running for profit and are not accountable to laws of Companies Act.

Hence we have a model of Public Sector institutions charging normal fee keeping in view the equity considerations under the framework of the welfare state. These are also supported for enhancement of quality. There is another model of Private Universities and Colleges with market responsive infrastructures and courses to attract students who can afford higher fees. These institutions also provide students with access to courses of their choices. And in between the two, we have a model of partial neo-liberalism having courses with a nominal fee and full cost+ charging courses in the public universities and public supported (grant in aid) colleges.:

The neo-liberalism led to high growth of private self-financing Universities and Colleges in India both for general and professional education from 10th till the Eleventh Five year Plan. During the 12th five-year plan, due to oversupply and side effects of privatization pertaining to quality of Universities and Deemed to be Universities became an issue. This led to the tapering of growth of institutions of

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higher education. The year 2017- and 2018 show a trend towards further push of the neo-liberalism framework through various pronouncements like the Higher Education Commission of India and the Higher Education Finance Agency.

Allocation of Public Funds on Higher Education:

The model of financing, as stated above changed through the introduction of full cost recovery from students by private self-financing universities and self-financing courses. The system of financing also underwent a major change during the neo-liberal framework. Whereas support of funding for maintenance and coordination of higher education through University Grants Commission (UGC) was shifted to the Ministry of Human Resource Development during the year 2013 under the scheme of Rashtriya Uchhtar Shiksha Abhiyan. Wherein project-based funding was contemplated to be given to universities and colleges for improving infrastructure and another component of quality through State Council of Higher Education or a special agency created in the state education department for such funding. Thus not only system of funding changed, but the amount of funds given for higher education was also reduced. It is evident from the following Tables 10 & 11.

Policy Brief - Impact of Policy of liberalization on Growth and Development of Higher Education**Table 10: Central Plan Expenditure of Higher Education: Component-wise Rs. Crore**

		2011-12	2012-13	2013-14	2014-15	2015-16 (RE)
1.	University and Higher Education (UHE)	6094	6112	5129	3613	3829
1.1	UHE of which UGC	5341	4990	4966	3474	3605
2	Promotion of Indian Languages	165	227	240	183	295
3	Student Financial Aid (SFA)	163	115	1719	1737	2188
3.1	SFA of which interest subsidy	-	-	1524	1544	1960
3.2	SFA of which scholarship to students	163	115	194	193	228
4	Planning, Administration and Global Engagement	24	27	104	79	96
5	Open and Distance Education	471	296	205	206	430
6	Technical Education	5711	5926	6578	6354	6533
7	RUSA			267	416	1055
8	Total	12575	12726	14244	12591	14428

Source: Outcome Budget, 2014-15, 2015-16, 2016-17, Department of Higher Education, MHRD, Government of India, available on http://mhrd.gov.in/documents_reports?field_documents_reports_category_tid=11
Prof. Sudhanshu BhusanNIEPA, New Delhi-110016.

Table 11 Non-Plan Expenditure of Higher Education: Componentwise Rs. Crore

		2011-12	2012-13	2013-14	2014-15	2015-16 (RE)
1.	Secretariat	58	62	66	67	99
2.	University and Higher Education	4471	4863	7387	7313	7397
2.1	UHE of which UGC	4400	4686	5124	5432	6095
3	Promotion of Indian Languages	85	93	103	104	115
4	Planning, Administration and Global Engagement	31	27	33	44	48
5	Open and Distance Education	4	5	6	6	7
6	Book promotion and IPR	17	30	215	275	300
7	Technical Education	2262	2582	2654	3013	3272
8	Total	6929	7718	10274	10577	10971

Source: Outcome Budget, 2014-15, 2015-16, 2016-17, Department of Higher Education, MHRD, Government of India, available on http://mhrd.gov.in/documents_reports?field_documents_reports_category_tid=11

Change in Funding for Higher Education

Next phase change which was announced by Government of India in 2017-18 and 2018-19 budget was the creation of a new capital fund for providing funds to universities on loan basis under the age of Higher Education Funding Agency.

HEFA – A Form of Pushing for Market Forces in Education

One of the changes in the approach of funding of higher education through HEFA has been to push higher education institutions to adopt market forces in education. Self

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Financing i.e. cost + recovery from students and also borrowing from HEFA for physical capital formation has been a policy in practice. Government of India created an agency named as Higher Education Funding Agency, with “ an equity base of Rs 10,000 Crores, the agency targets to mobilise Rs 1,00,000 Crores through a mix of government guaranteed bonds and commercial borrowings to ‘provide timely finance at low interest rates for capital assets creation in India’s higher educational institutions and supplement it with grants by channelling Corporate Social Responsibility (CSR) funds from corporate and donations from others’ It is established as a joint venture of MHRD and Canara Bank, HEFA is a not-for-profit non-banking finance company.

How HEFA is planned to Work

It is stated that “All higher educational institutions that are established, funded or referred to by the MHRD shall be eligible to receive funds for creation and renovation of physical facilities and infrastructure required for teaching, research and residences; library and laboratory equipment; and common facilities for students and other stakeholders. The maximum amount of loan that an institution can access is to be determined by the quality of projects it submits but more importantly by the cash flow stream from internally generated resources that it offers to service the loan. To ensure steady recovery of loans, the borrowing institutions are required to open an escrow account of the HEFA bankers and commit a portion of their cash flows for the repayment of the loan.”

The push has not materialised much as those who asked for funds from HEFA were a couple of institutes instead of about 100 institutes as planned. The total off take of the loan was Rs, 25 Crores instead of Rs.2000 Crores, . Given the state of higher education, this push may not materialise much.

Seeing this Government of India has come out with new scheme titled “Revitalising Infrastructure and System in Education (RISE) by 2022” with a slew of measures to reduce repayment burden to one fourth for certain level of institution and to one-tenth for grant-receiving Central Universities. Some the relaxation in serving of loan and loan payment given under rising are:

- (1) Technical Institutions more than 10 years old has to repay the principal amount of loan from internally generated resources
- (2) Technical Institutions created during the period 2004-2014 are required to pay 25% of the principal amount of loan and the balance may receive aa grant from the government

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- (3) Central Government Institutions started prior to 2014 pay 25% from internally generated resources and receive balance portion of the principal amount as grants from government
- (4) Other newly started institutions (after 2014) for funding construction of campus will be provided grants for a complete serving of loan. Other institutions of MHRD which have no scope for free revision or internal mobilization of resources also figure in this category?
- (5) Other educational institutions and grant in aid institutions of government – the sponsoring department has to give a commitment for complete servicing of principal amount and interest under their certain provision.

The government notification further states that institutions under II, III and IV category have to improve internal mobilization of resources and repay loan in 2/3/5 years from the date of completion of the project. MHRD further intends to assess the performance of the institutions for a fixed period and beyond that institutions will require taking full responsibility of loan and its interest repayment. Thus the new system of capital funding is directed towards making an institution in the above categories to orient themselves to the market model of capital funding. Budgetary allocation in the year 2019-20 (interim budget) allocation of funds to HEFA has also been reduced.

Internal Mobilization of Funds for Current Expenditure

The demand for internal mobilization of funds for meeting part of current expenditure has been suggested by several committees. A committee headed by Professor Pylee and Professor Majumdar had suggested for inter mobilization to the extent of 20 % per cent of Revenue Expenditure of the institution. However, this was not pressed much and linking grant with the mobilization of internal resources was made. Under neo-liberal framework level of internal mobilization, of resources have been raised to 30 per cent and it is being attempted to be linked with grants given to institutions. Universities which are receiving grants from the central government are being asked to sign a Memorandum of Understanding for internal mobilization of resources to the tune of 30 per cent of their revenue expenditure. There is some resistance from teachers of Delhi University, whereas many universities seem to have agreed to sign the memorandum of understanding.

The Quota for Admission and its Impact on Funding

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The affirmative action to give reservation for admission to students belonging to SC, ST, BC and OBC has been in practice for several years. When quota for OBC was introduced state committed to providing additional funds for admission of OBC candidates in the institutions of higher education. The quota students were not only admitted in state-run institutions but also in private self-financing colleges. The Social Welfare Department reimbursed the fees of the students admitted in private self-financing colleges. The fees for the courses, as mentioned above, were fixed by the respective state government based on certain parameters for the courses being offered by the self-financing colleges. Some of the states have a heavy burden of financing private self-financing colleges under this policy.

The recent announcement about 10 per cent quota for Economically Weaker Section of Society has been announced by the Government of India after amending the Constitution of India pertaining the reservations in job and admission in the institution's education. The EVS criteria mentioned has fixed gross annual income of the family to Rs.8 lakhs or amount of physical assets like land, house etc. The announcement also says this is without any burden on the exchequer. That means institutions themselves have to bear the impact of financial implications of reservation in institutions of higher education. Institutions funded by state exchequer are at a loss how to manage funds for additional infrastructure, faculty and teaching-learning resources. There cannot also be a separate fee for the students admitted under this new provision and those already studying. Alternatively, institutions will have to raise the general tuition fee to meet the additional financial need. This may be resisted by the existing students. The approach under the neo-liberal framework seems to be making institutions bear the implications of social affirmative action. Thus there is a shift from state bearing the burden of affirmative social action to pushing institutions to bear the burden of affirmative social action announced by the state. This betrays economic logic both under the socialistic and capitalist framework. Under the recent announcement and interim budget Gol has made provision of Rs.4660 crores of additional funds to central Universities for an incommoding additional number of students under EVS.

The Issue of Quality

Quality of Institutions

The concept of quality assurance in higher education during the liberal and merit and social good model was through financially supporting institutions of higher education, Under the constitutional provision of maintenance and coordination of standards in higher education Gol set up Univesity Grants Commission to do it. This model of quality assurance continued the five-year plans i.e.input and review of inputs on the quality of

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higher education. This model of quality assurance changed in due course of time owing to changes in the model of quality assurance in the world.

The model of quality assurance in the USA began with a group of self-supporting colleges either through fees of the students or endowment funding came together to assure the quality of higher education under market and private good of model of education. They started ranking colleges and institutions of higher education who are members of their association – i.e Association of Presidents of Colleges to rank them with a view to informing parents and public about the quality of institutions also to work as a pressure group to ensure the quality of higher education. This model, in fact, took a leaf from the system of quality assurance of firms in the market economy. This model of quality assurance, later on, took a formal form of quality assurance of institutions of higher education on the basis of an index of quality and benchmark of quality. This also gave rise to a literature on quality assurance of higher education and adaptation of a model of quality assurance by respective states where the private higher system was in vogue. The model of quality assurance also became important for those who were inviting students to study in their institutions from abroad. The General Alliance in Trade in Higher Education services evolved a system of quality assurance in higher education for institutions which were engaged in recruiting foreign students. Along with this, many countries having private higher education also evolved a system of quality assurance through indices of quality in higher education. Some went for institutional quality other for programmes and support system quality. South Korea went for detailed analysis of quality of programmes and infrastructure of institutions of higher education and gave a separate rank for quality of each of the departments and support service As parameter based system of quality assurance in higher education was evolved. Public higher education institutions also adopted the model of quality assurance through parameters of quality assessment and accredited quality of higher education. and an organization international quality assurance in Higher Education came to be set up.

National Assessment Accreditation Council

In India also it was felt that public institutions which are funded by the state should be assessed and accredited on certain parameters. Accordingly, to assess the quality of higher education an Inter-university centre – National Assessment and Accreditation Council were set up in the year 1994. However, quality assurance was made voluntary by the institutions of higher education. This was a shift from self-quality assurance by the universities and colleges to external quality assurance by NAAC. Till 2018 NAAC has accredited 573 Universities and 11,873 colleges in 1-4 cycles. Those universities rated as A grade accounted for 205 and 127 in B grade and 9 with C grade. That 1653 colleges

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were accredited with A grade and 5200 with B grade and 883 with C grade. Total universities accredited were 341 and total colleges accredited were 7695. Out of nearly 900 Universities and 40,000 colleges in India.(Souce NAAC website)

Though assessment was voluntary, many state governments made colleges and universities to get assessed and accredited by NAAC as a necessary condition to continue to receive support or to seek autonomy for the colleges. Many state governments on their own made it obligatory on the part of the government and government-aided colleges to seek assessment and accreditation from the external Quality Assurance agency ie., NAAC. The latest document brought out by NITI Ayog suggests making assessment and accreditation of institutions of higher education mandatory. Hence there is likely shift from voluntary and state-mandated obligatory for the colleges in some states to mandatory for all the institutions of higher education by the central government. The New India document of NITI Ayaog also suggests creating several accredited agencies to assess and accredit institutions of higher education. A similar recommendation was made by a committee constituted to give inputs in framing education policy.

In fact, the UPA government presented a Bill on this aspect to create multiple accrediting agencies. However, bill lapsed. But the intent of both NDA and UPA is towards making external assessment and accreditation for institutions of higher education mandatory under the neo-liberal framework

World University Ranking

World Univesity Ranking is a recent phenomenon. First World University ranking was published by Shanghai in 2003, and Quacquarelli Symonds(QS) in 204, Times Higher Education in 2009 and World University Ranking in 2012. Thus there are four well published WUR systems in practice. These are Times Higher Education WUR, QS World University Ranking, Hong Kong University, Shanghai Academic Ranking World Universities and World University Ranking by World University Ranking Centre. They follow certain parameters, the methodology of survey/ data collection and techniques of ranking based on parameters and data collected through various sources. It may be pertinent to mention briefly the parameters and methodology followed by each of them. A detailed discussion on them is available in India Higher Education Report, 2017(7) published by Sage, 2018 as also comment on Times Higher Education Ranking published in College Post-, July-Sept,2013.(8)

This World University Ranking list made many of the countries feel bad about their higher education system, as none of their university figured in the top 100 or 200 list.

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Many states heads started making observations on the quality of higher educational institutions of their country. India is one of them, whose head of the state and many politicians made observations based on the WUR about the system of higher education being no good as none of their universities found a place in world university ranking. This made them air their views about the quality of higher education in the country and making quality assurance as necessary conditions for certain benefit as also pleaded for setting up a body for national university ranking.

National Institutional Ranking Framework

Another method of quality assurance of higher education has been the ranking of universities and colleges under the National Institutional Ranking Framework. This framework started in the year 2015 and has brought out first National Institutional Ranking for the year 2016. The institutional ranking is done on certain parameters and on the basis of data supplied by institutions of higher education to NIRF body on the portal. On the basis of the formula of assessing institutions on the well-defined parameters ranking of the institution is published and made available to the public. The latest report is published for the year 2018.

World-Class Universities

The desire to figure in world university ranking has been very high among the policymakers in the government of India. During the presentation of the national budget for the year 2018-19 government India allocated funds for creating 10 world-class universities in the public sector and 10 world-class universities in the private sector. Publication of the latest list for financial support for making world-class universities in the private sector has raised some questions in academia as green field university yet establish was included in a world-class university project. The government of India has proposed to give Rs.1000 crores to university in the public sector to make them world-class university. The committee set up to recommend universities have recommended more than 10 public sector universities. The of the government of India may help some of the universities to figure in world university ranking among top 100 universities over a period.

Quality of Teachers

The concept of quality assurance of teachers in higher education was initiated through recruitment of teachers based on certain well-defined qualifications and experience of teaching and research and suitable remuneration to teachers under the pay scales. As also the scheme of quality up gradation through the seminar, summer schools and

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faculty exchange programme nationally and internationally. This process continued until 1988. In the year 1989-90 the screening of aspiring teachers started through National Eligibility Test, launched by the University Grants Commission. This test assessed the students to be eligible to be appointed as teachers in higher education as also those scoring high becoming eligible for the award of scholarship to pursue research degree programme. This practice continues till date. A large number of candidates aspiring to become teachers appear for the test. The rate of those clear the test is very low- say 6 to 10 per cent. This is also used as an indicator of the quality of education received by aspiring teachers. NITI Ayog New India @75 document suggests continuing and strengthening the system.

Staff Development Programme

Besides summer schools, seminar and conferences, the New Education Policy 1986 introduced the concept Academic Staff Development Programme for the training of teachers in basics of higher education as an orientation programme and subject refresher programmes in their respective subjects. This was also made obligatory to earn the additional increment in their salary and career advancement.

This step of quality assurance of teaching was taken prior to the neo-liberal framework as inputs in enhancing the quality of the teaching profession besides the research activities. Teachers attending Orientation programmes were given paid leave, travel and stay cost during the programme. Those who successfully completed earned two increments in their salary scale and also got the benefit at the time recruitment to a higher position. All this was under liberal and social good approach towards higher education. But under the neo-liberal framework, it is reported that Teachers have to pay for training programmes besides meeting the cost of their stay and travel. It is believed that as teachers will benefit in their career they would be able to pay for their training and for attending refreshers programme. It is further reported that under a new scheme new teachers have to attend an induction programme of one month before they start their teaching work.

Academic Performance Indicator (API)

Under the neo-liberal framework, a system of quantitative assessment of the performance of teachers in higher education was attempted to be introducing In 2013. This was later on modified owing to protest from teachers. Finally in 2016. Academic Performance Indicator (API) has been introduced by the University Grants Commission for appointment and promotion of teachers in higher education. Appraisal of teachers was introduced as Academic Performance Indicator- known as API. This became an

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outcome-oriented system of quality assurance of teachers on the pattern of appraisal of quality in the industry/market system. It changed the accountability of teachers from self-accountability to accountability to the profession through an index based system of appraisal. The API covers three categories of teachers performance namely, Category-I (GoI, 2016) deals with teaching, learning and evaluation related activities, Category II focuses on professional development, co-curricular activities and extension activities, and Category III deals with research and contributions to the field of knowledge” (9) Scores for each of these categories and expected level of achievement for each of the categories of teachers namely, Assistant Professor, Associate Professor and Professor has been specified. A detailed analysis of the same has been attempted by Chattopadhyay and Das in their paper on this subject. (10). The NITI Ayog document suggests the strengthening of the system of appraisal of the teachers through API.

Graded Autonomy

The concept of autonomy has been in practice for giving autonomy to colleges and departments in the university so that the colleges can frame courses relevant to their respective area and market needs. This concept has received a big push as stated in previous chapters in recent years under the neo-liberal framework. The colleges charging full cost + are required to ensure that courses being offered by them are in need in the employment market. Autonomy gives them the power to change academic programmes and system of evaluation. Recently a new concept of graded autonomy has also been introduced by Ministry Human Resource Development.

Under the announced concept of graded autonomy, MHRD order has put two categories namely I and II Those which are having been accredited by National Council of Assessment and Accreditation 3-50 and above score or those listed among 500 ranked universities in Times Higher Education or QS ranking and second those accredited with 3.26 and up to 3.49 score and all other in Category III. This also included recently set up Private Universities. A list of universities which are given graded autonomy is published. The graded autonomy offers the following privileges to universities to start new courses, conduct examination, collaborate with other institution and foreign institutions, open off-campus centres, admit foreign students I without seeking approval from the University Grants Commission – an apex body overseeing the maintenance and coordination of standards in higher education. It encourages universities to carry out innovations without support from the government. The details of the provision may see in Appendix-5.1.

Autonomy to IIMs

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With the passing Indian Institutes of Management Act IIMs have been given authority to award degrees instead diploma in management. IIMs have been given autonomy of self-governance through the appointment of chairman by the Board of Management and Director by the Board of Management. Representation government on the BOG has been balanced. This has led to IITs to seek similar autonomy in their management. A recent committee headed by IIT, Kanpur chairman has recommended for a similar level of autonomy to IITs.

Policy of Education and Training of Youth through Skill India Mission

During 12th Plan, the concept of skill development among youth was started by setting up National Skill Development Council and creating several skills groups linked with industrial development and funding of skill development of youth through these skill councils. After 2014 a Ministry Skill development was constituted for developing skills among the youth to meet the changing skill need in the development process. Separate funding for skill development was provided by the Central Government. Many states have set up Skill Universities. In the private sector also two universities have been set up for skill development The future thrust is development skill among youth after higher secondary education. These initiatives are part of the Make in India policy.

Draft National Policy on Education,2019

The draft NEP,2019 proposes to transform education and higher education significantly through several structural changes at the apex level, at the level of coordination and regulations of institutions and at the institutional level particularly by introducing liberal education programmes by introducing inter and multidisciplinary approach in the processes of education and linking it with industry and society. It also proposes to reform present institutional structure by giving autonomy to colleges and doing away with system affiliation of colleges. It suggests to make autonomous colleges as degree granting under graduate programme institutions of higher under three tier structure of university system. Namely, Research and Teaching Universities, Teaching and research universities and autonomous degree granting institutions of higher education. It proposes to have large universities offering all the courses of studies on the pattern of old Indian Universities and present Ivy League universities offering three and four year multidisciplinary degree programme. On funding it proposes to enhance public expenditure by another 10 percent in 10 years time frame and proposes to allocate 6 percent of GDP on education over a period of 10 years. It proposes encourage philanthropist (Genuine one) to set up higher education institutions and proposed to cap fee of private self financing institutions. These pronouncement sounds well but structural changes as proposed at the apex level may in practice take away autonomy of present apex funding and regulating body namely UGC as Higher Education Commission is

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proposed to under Education Commission to be headed by the Minister of Education. A sort of complex structure on the pattern of NITI Ayog but without the autonomy of NITI Ayog is proposed by the draft NEP,2019. Innovations and Research flourish if autonomy and funds are made available to institutions. In absence of it institutions always look at the state for direct and indirect expectation and support which divert their focus on larger good for larger number to good as appreciated by the government of the time. Having pointed out possible limitation, it may be said that broadly the Draft NEP,2019 recommendation may do good to system if sincerely implemented.

The Challenges of the Fourth Industrial Revolution

The new policy of education is yet to be announced by the present government. Meanwhile, new technologies are fast changing job profiles in the economy and rising demand for high quality of graduates to grapple with new technology. The new technology of Internet of things, artificial intelligence, machine learning, Robotics computer –biotechnology interface is fast changing the way we learn, the way we work and communicate, way we manage the economic, social and political systems. The new technology will replace human being engaged in various vocations and professions. It also demands a highly educated workforce to man the new technology. The manual, cognitive skill jobs performed by a human being are being replaced by Artificial Intelligence. Higher education which is mainly preparing students to do high-end cognitive skill jobs will now be performed by AI and Robots. Human intensive nature of education and training jobs is also likely to perform by new technologies. Under this situation, the higher education system needs to undergo significant change in the content, processes, delivery and evaluation of students. It has also to develop new content for dealing with new technology and acquire decision-making abilities. The World Economic Forum(11) dealing with education aspects under the fourth industrial revolution has pointed towards new skills for the future. Some of them are:

Ten Top Skills students should acquire.

1. Complex Problem Solving
2. Critical Thinking
3. Creativity
4. People Management
5. Coordinating with others.
6. Emotional Intelligence
7. Judgment and Decision-making
8. Service Orientation
9. Negotiation
10. Cognitive Flexibility

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It is a matter of deliberation and policy on how the new situation is going to be managed particularly who should support higher education students? Should it be left to market forces? Market forces are not yet matured in developing the country as in the capitalist and developed countries. Therefore, the state would need to come forward to address the new situation very positively.

Draft New Education Policy,2019

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To Sum Up

- a. India, after independence, started with the concept of education as Merit and social good and supported higher education under the liberal democratic framework up to the 8th five-year plan.
- b. After the implementation of the New World Economic Order and push by the World Bank and IMF, it changed its course and attempted to reduce funding for higher education.
- c. The lack of growth of state-supported professional colleges and pressure of students for admission in these colleges gave rise to quasi neo-liberalism under which merit and paid seat concept came into practice.
- d. The neo-liberalism of full cost + recovery institutions started in the late nineties and early 2000s wherein many state government set up private self-financing universities and UGC and MHRD approved self-financing Deemed to be Universities under section 3 of UGC Act.
- e. The shift in approach from liberal social good to the private good concept of education is visible on the various aspects of higher education namely, practices of quality assurance of institutions and teachers through the introduction of external quality assurance by NAAC, Ranking of Universities by National Institutional Ranking and quality of teachers through NET and Academic Performance Indicator (API)
- f. The recent announcement of 10 % of seats for Economically Weaker Section of society is further pushing institutions of higher education toward market orientation.
- g. Practices of capital funding also changed from state funding to pushing institutions to follow the market model of capital funding through the Higher Education Funding Agency.
- h. Practices of funding of running the institutions with state support also attempted to change by making institutions to mobilize at least 30 per cent of their revenue expenditure. The government approved self-financing universities to be set up under the Private University Act and self-financing Deemed to be universities under the UGC Act.

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- i. The system of quality assurance in higher education changed from supporting institutions of higher education for quality improvement in higher education to quality assurance through external quality review by NAAC. Followed by this serious view was taken for the absence of universities of India in the ranking by World University Ranking systems. Finally, India introduced the concept of National University Ranking. It has also made provision of funding for 10 world-class universities in the public and private sectors.
- j. Grades Autonomy Concept distinguishes institutions under three categories. Institutions under category first and second get relatively better treatment in funding and managing the institutions They are also made free from some of the general provisions of UGC in particular for Private Universities.
- k. IIMs have been given autonomy of self-governance by appointment of Chairman and Director by the Board of Governance.
- l. The intent of Draft NEP,2019 is positive and may help transform school and higher education, provided this intent is implemented sincerely.
- m. Fourth Industrial Revolution will impact the organization and functioning of the higher education system. The system needs to more responsive to new situations of providing new skills among students through higher education. Should this be left to market forces or state should intervene more positively? This is issue needs to be addressed by the New Education Policy.