

THE SUBSIDISATION OF HIGHER EDUCATION IN INDIA: A POSSIBLE WAY OUT

It is an amazing state of affairs that in a country where the literacy rates are as poor as in India, we spend an abysmally small amount of money on education. Within the sphere of education also, the bulk of the money is spent not on the primary or the secondary sector but on the tertiary sector, a classic case of the inverted pyramid in funding.

With the proliferation of universities, colleges and institutes, the spending on this sector can only grow. At the last count, there were more than 225 universities in the country together with thousands of colleges. The subsidisation of college going students extends in almost all spheres; from tuition fees which have remained static for several decades to free bus passes and even subsidised cinema tickets in some places!

Nowhere is this subsidy as glaring as in the IITs and other premier institutes of technology. Set up to provide world class engineering education to serve the needs of an industrialising country, these institutes have excelled themselves in providing training in the engineering sciences which compares with the best in the world. And at a fraction of the cost!

Till recently, the amount of tuition fees charged in these institutes was so low that one wonders if it even covers the cost of collecting it! A quick look at the socio-economic profile of the graduates of these institutes will show that a majority of them come from the upper one or two deciles (top 10-20%) of the population (in economic terms). The taxpayer is providing these well off people with subsidised education, food, hostel facilities, recreation facilities and finally placement! Another trend which is bothersome is the low percentage of the graduates opting for the engineering profession. A majority of them enter the management institutes and graduate to sell soap or join the high world of finance with mind boggling salaries. A significant percentage of them go overseas to get a degree and add to the technical pool of that country. In some fields like computer science, the percentage of students going abroad after their degree is almost 90%! Why should the state, given the paucity of resources available for education, subsidise well off students who ultimately go and become managers or settle overseas, is a very relevant question.

The problem itself is complex and multidimensional. What is needed of course is a complete rethinking of the role of the government in the higher education sector. But while such initiatives are not on the cards, there are still policy decisions which could be taken which do not require a major change in statutes or bureaucratic wrangling. The subsidisation, which is certainly a curious anomaly in a resource poor country such as ours, could be corrected in several ways. One could envisage an across the board increase in tuition and other fees to make realistic levels. The way to ensure that economically backward students are not squeezed, a means scholarship scheme or preferably a low interest loan can be initiated. This of course will be the easiest to implement but the hardest decision politically. Given the tremendous political economic power the bureaucracy and the other well to do sections of society (whose progeny make up the bulk of the entrants) exercise, this option is almost certain to be shot down.

It is claimed that in a country like ours, it is very hard to get an authentic idea of the economic level of the students. Notwithstanding the fact that this is a typical bureaucratic response to the problem, there could be a simple way to ensure the principle of "people who can pay, do pay". One simple, straightforward way to ensure that people who can pay, do actually pay for higher education, is to insist on a fee receipt from the school last attended. The CBSE can be asked to indicate the school from which the student has appeared for the high school exam and a fee certificate obtained for the average fees paid over the last two years. The tuition fees for the entering student can then be pegged at this level, and allowed to increase by say the inflation rate every year. This will ensure that a poor student with access to only a government school (and hence deserving of the subsidy) actually pays less than the one who pays over a thousand rupees

a month in class 12 and then suddenly finds himself the same amount per year in the institutes. Again, a low interest loan scheme could be started for deserving students.

Of course, a way to ensure that the recipients of this quality education end up giving something in return to the society is also to be found. A bond scheme whereby the graduate has to pay the whole amount that the state spends on him/her, in case he/she decided to go abroad for higher studies can be thought of. A time period of serving for three to five years within the country can be stipulated. This again will be hard to implement, given the bureaucratic wrangling involved, but certainly not impossible. After all, several medical colleges and even the National Defence Academy have similar schemes.

A system of low interest loans is the norm in many parts of the world as a means of financing the tertiary sector in education. In the US, for instance, there are student loans which a student can take at very low rates of interest and which he pays off over a long time span. The essential idea being that the state helps the student at the time of his/her need and bears the interest burden. The universities then charge a reasonable level of fees across the board. This scheme, augmented by a small number of means scholarships should go a long way in addressing the problem of subsidisation of higher education and targeting it properly to the really needy. It is an amazing anomaly that a student has no problems spending upwards of ten-twenty thousand rupees on tutorial classes for getting into the institutes but has to pay only a tiny fraction of this in the institutes themselves.

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