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Growth, Development & Elitism: An Insight into Commissions on Higher Education

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ABSTRACT
Education plays a pivotal role through Mean Years of Schooling, Gross Enrolment Ratio (GER) in fostering Human Development Index (HDI). India after liberalization has witnessed several pioneering initiatives in this regard like Sarva Sikshya Abhiyan (SSA) and massive involvement of the private sector in technical education. However infrastructural deficit of state universities and quality shortfall in most of the universities has led to constitutions of several commissions to give doable suggestions for quality up-scaling. The Planning Commission has played a stellar role both in terms of allocation in pushing the agendas of Equity, Excellence through flagship programmes like RUSA & TEQUIP. The paper brings out the evolution of development economics and centrality of education in contributing to inclusivity and higher employability and the need to ensure that the elitist bias evidenced in various commissions report be abdicated infavour of development of state and private universities with knowledge clusters providing the requisite synergy. It has also identified areas through which the private corporate sector can play a more effective role to education through Corporate Social Responsibility (CSR), providing autonomy in charging of fees and a more pragmatic FDI & Public Private Partnership (PPP) model based on best global practices
Keywords*: GER, HDI, CSR, PPP, FDI, SSA*

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INTRODUCTION

Higher inclusive growth through major social sector programmes like MNREGA, Mid Day Meal Scheme, Sarva Sikshya Abhiyan have highlighted India's concern for improving human development index. The centrality of education in the wake of liberalization has been reinforced by Right to Primary Education and substantial increase in gross enrolment ratio in the higher education sector thereby buttressing the 12th plan objectives of access, equity and excellence. There have been three committee's viz. Ambani-Birla (2000), Sam Pitroda's Knowledge Commission (2009) and Narayan Murthy Committee (2012) who have emphasized the role of greater private sector involvement, global partnership, public private partnership to prop-up world class universities and knowledge clusters in India. Planning commission has been a major player in allocating substantial fund to UGC for general education, to technical institutions, elite institutions like IITs and IIMs. The recent decisions to windup this behemoth without putting place a credible alternative is causing serious concern.

The paper examines -

- Evolution of Development Concerns and Centrality of Higher Education
- Major recommendations by Commissions and Committees after Economic Liberalization for Quality Improvement
- The Road Ahead after Dismantling of Planning Commission

EVOLUTION OF DEVELOPMENT CONCERNS AND CENTRALITY OF HIGHER EDUCATION

The progress and material wellbeing of people and nations have been traditionally at the centre of economic writing and inquiry. For classical economists like Adam Smith (1776), Ricardo (1812) market economics and trade held the key to wealth of a nation and its enhancement. Economic growth and capital accommodation held the centre stage in the 1950 during which economic efficiency and productivity improvement through the neo classical concepts like Solow Residual and Total Factor Productivity held the centre stage. In the 1970s Baster, Seers and Morris highlighted issues like inequality, poverty and unemployment. In 1981 the concerns were on health care, shelter and education.
The real fillip to development economics came with the writing of Amartya Sen (1989), Mahbub-ul-Haq (1995) and Paul Streeten (1994). For Sen development occurs only when economic progress has contributed to a greater sense of self-esteem and expanded peoples entitlement capability and freedom. To quote Paul Streeten "We must never lose sight of the ultimate purpose of the exercise to treat men and women as ends to improve human conditions and enlarge human choices". The UN millennium goals further reiterated these concerns. As a riposte to Adam Smith's invisible hand of the market and trickledown theory Joseph Stiglitz had observed "It is not true that a rising tide will lift all the boats. A quickly rising tide when accompanied by a storm dashes weaker boats against the sour smashing them to smithereens".
It would be seen from the above that from Sen to Streeten to Stiglitz development economics has been more concerned about the quality of life rather than the growth numbers. The human development index flags education as a critical subset of inclusive growth of a country. India scores rather poorly in terms of HDI and public spending on education. Table-1 below provides the global comparison against these parameters

Table-1: Education Quality Index: Global Comparison*

Country	HDI	Public Spending	Reading	Math	Science	% Satisfied
USA	0.937	5.4%	500	487	502	62.8%
Germany	0.92	4.6%	497	513	520	65.6
Japan	0.912	3.8%	520	529	539	54.6
Korea	0.909	5%	542	546	538	50.5
China	0.7	3%	556	600	575	62.6
Russia	0.788	4%	459	468	478	38
Brazil	0.73	5.7%	412	386	405	53.7
India	0.554	3.1%	-	-	-	-

** 15years students in subject essential for participation in society*
Source: HDR 2013

There is a perception that after economic liberalization while the economic growth momentum in terms of GDP, savings and exports have really picked-up the human development parameters in terms of education and health; particularly of children and women, have really suffered a setback, as Table-2 below would demonstrate-

Table-2: Development Indicators: India

Sl. No.	PARAMETER	1988-1989	2012-2013
1.	Literacy Rate	51	67
2.	Gross Enrolment Ratio (Higher Education)	7	16.7
3.	Dropout in Primary Education	44%	36%
4.	Life Expectancy	51	66
5.	IMR (1000)	53	44
6.	MMR (1 lakh)	260	212
7.	% of Under Nourished Children	42.7	48.0
8.	Total Fertility Rate	2.5	2.4

Source: HDR 2014

It would be seen from the above that improvement in literacy has been modest while GER has improved substantially due to massive influx of technical and management institutes through the private sector. However there are serious concerns regarding the state of infrastructure, quality of teaching and research in higher education in most of the state universities. Several committees appointed by the government like Ambani-Birla (2000), Sam Pitroda (2009) and Narayan Murthy (2012) have given definitive recommendations on improving the quality of education in the colleges and universities.
The Planning Commission has been at the vanguard of massive central allocation to higher education with the objective of bolstering **Access, Equity and Excellence (12th Plan).** The trend of allocation by the planning commission during the last three years and is given as under-

Table-3: Overview of Plan & Non Plan Allocation: Higher Education (Rs. Crore)

Agency	2012-2013			2013-2014			2014-2015		
Major Programme	Plan	Non-Plan	Total	Plan	Non-Plan	Total	Plan	Non-Plan	Total
1. UGC	4990	4686	9677	5147 (4720)	5066 (4808)	10213 (9528)	3520	5457	8977
2. IGNOU	105.2	52	157	100 (73.5)	1 (0.3)	101 (73.8)	112.5	1	113.5
3. ICT	191.8	-	191.8	339 (106.2)	-	339.9 (106.3)	180	-	180
4. Technical Education	5390	2582	8513	65181 (5636)	2872 (2805)	9390 (8441)	6385	3078	9463
Plan Outlay									
(a) General	6800	-	6800	8115 (7642)	-	8115 (7642)	7059	-	7059
(b) Technical	5910	-	5910	6518 (5635)	-	6518 (5635)	6385	-	6385
(c) NE Areas	-	-	-	1576 (1424)	-	1576 (1424)	1255	-	1255
5. Total Budget Allocation	-	-	25275 (20423)	-	-	26750 (24485)	-	-	27656

Source: http://finmin.nic.in : India Budget
Figures in bracket shown actual utilization

MAJOR RECOMMENDATIONS BY COMMISSIONS AND COMMITTEES AFTER ECONOMIC LIBERALIZATION FOR QUALITY IMPROVEMENT

Ambani Birla Report (2000)

Ambani-Birla envisioned the creation of a knowledge based economic and society, induce competitiveness yet foster cooperation. The report championed the principle of use pay policy supported by loan schemes and financial grants for economically backward section. Government should support and partially fund centres of higher learning, provide financial guarantee to student loan, ensure uniformity in content and quality and education development planning. While proposing to legislate private universities bill to encourage establishment of new private universities in the field of science and technology, management and finance area. The report also propounded foreign direct investment but limited to science and technology and research should start from the under graduate level with a independent rating agency for universities which is linked to funding. Moreover excessive regulations discourage private spending, encourage freedom in operation and flexibility to innovate, with the report emphasizing that the government should play the role of a facilitator.

Sam Pitroda Knowledge Commission (2009)

Some of the striking features of the Knowledge Commission are growth of private and foreign universities and reduced role of the state. The commission also recommends expansion of the number of universities to 1500 in the country. The assumption is based on the fact that there are about 350 universities with enrolment of 10 million students so four times increase in enrolment will need four times increase in number of universities. The commission also recommends the establishment of 50 national universities by government or by private sponsoring bodies to be set up by society or trust or section 25 companies. The commission preference seems to be of private universities. The commission also strongly put forward reduced role of the UGC and recommended the establishment of an independent regulatory authority for higher education as independent regulatory authority for higher education (IRAHE). The commission also recommended added 1.5% of GDP to higher education and that students fees should meet 20% of the total expenditure of the university. The commission further recommends autonomy for the universities to set student fee levels, and commercial use of university facilities, the government providing land and private sector finance to attract not for profit private investment.

Narayan Murthy Report (2012)

The areas identified by the Narayan Murthy report are quality deficiency, quantity mismatch and funding gaps. The NMR argues that many challenges faced by the government remain unsolved because of the scarcity of resources which is the biggest factor for alluring corporate sector to invest in higher education through direct ownership, collaboration through research, faculty development, infrastructure creation, student scholarship and governance. In 2011-2012, the planning commission draft notes that it has spent 1.22% of its GDP in higher education and it's interesting to note here that in recent year's house hold investment by the private sector is more than the government spending on higher education.

The table below would provide a bird's eye view of recommendations of various committees.

Table-4: Overview of Industry and National Commission Perspective (2000-2013)

Ambani-Birla Report (2000)	Knowledge Commission (2009)	NMR (2012)	FICCI (2013)
• Private University Bill in Science &Technology & Management • Role for UGC in General Education & Liberal Arts only • FDI, Limited to Science & Technology & Management • Use-Pay policy • Loan scheme to be increased • Increase Government grants • Existing centres of excellence to establish international centres • Required investment in education (1.5 lakh crore) recurring + 0.89 lakh crore capital expenditure): 2015	• Independent Regulatory authority (IRAHE) • Well funded Scholarship Schemes • Improve Maths & Science knowledge • Create National ICT infrastructure for ODL • Leverage global open education sources • 50 national universities • World class IPR infrastructure • National science & social science fund • +1.5% more allocation by government for higher education	• Collaborate with top class universities • 20 world class universities • 75 to class universities • CIHEC (PPP) • Land, connectivity support by government • Emphasis on Research & faculty development • Improve employability • 40000 Cr Investment PPP, 50:50	• Multi-dimensional, industry oriented course • Internationalization of education • Flexible faculty recruitment/ incentivize recruitment • Merit based student financing • New pedagogic techniques • Incentivize PPP/Fiscal incentives • Competitive access to public research grants • Simplify regulatory requirements • Improve Employability

Review of the Recommendations:

The Knowledge Commission and the Narayan Murthy committee report show a distinct bias for industry attraction for FDI in technical education and for promoting cause elite institutions. Thomas Josephs (2013) has observed that the concepts of Centres of Excellences by Knowledge Commission will be at the expense of a large number of institutions run by the states and private sectors. He observes that the Knowledge Commission draws experience of global trends which favor privatization of higher education, prioritization of skill development over intellectual training. While UGC emphasizes expansion and inclusion, the Knowledge Commission completely overlooks these concerns. Pathak (2013) has observed that "NMC presents blossomed trees whose saplings were planted by Ambani-Birla report and watered by Knowledge Commission". Similarly Mathew and Dey observes that the NMC overlooks completely the concerns of equity while pursuing the Utopians idea of excellence. Further the CIHEC which is supposed to serve as a nodal agency for facilitating collaboration between industry and higher education, based on UK model, will only foster islands of excellence.

It is also unfortunate that the three committees only seek to foster higher education in S&T and Management to the neglect of social sciences. Social sciences have to be an integral part of the overall knowledge base in higher education as learning has become inter disciplinary. Norman Mackenzie (1966) observes "Men are not molecules; they are living organisms which are sensitive to their experience, and capable of modifying that experience by their conscious and unconscious reactions to it. The social sciences themselves are agents in this process". MoU with reputed universities should therefore be both for social sciences and science and technology and management.

Total Factor Productivity:

Romar & Lucas (1988) in their Endogenous Growth Theory had highlighted the role of increasing returns to scale education, research and innovation for improving productivity of labour. **Robert Solow through his equation $Y=A*(K^{\alpha}, L^{\beta})$** where Y is the national income, A is the scale of production α and β are factor intensity of capital and labour had identified improvement in Total Factor Productivity as the most critical element in factor productivity. Experience of high growth in China in 1980-1990 demonstrates this aspect as the table below would reveal:

Table-5: Sources of Growth in China

Parameter	1953-1978	1979-1994
Output Growth	5.8	9.3
Capital Input Growth	6.2	7.7
Labour Input Growth	2.5	2.7
TFP Growth	1.1	3.9
Contribution of Production	18.0	41.6

Source: A.P. Thirlwall - Economics of Development-Theory and Evidence

Therefore skill up-gradation, research and innovation would be the key to India's growth and development story.

THE ROAD AHEAD IN THE NEW DISPENSATION

(a) Corporate Social Responsibility

The corporate social responsibility provision has been incorporated as Section 135 of Companies Act 2013 as per which the companies with annual turnover of Rs.1000crores and above are expected to contribute 2% of their net profit to CSR schemes. It would be worthwhile to mention that UK has been a pioneer in this regard where many of the retail companies are actively engaged in providing health care to about 9.8 million people.

While all the committees look for government support for land at very concessional rate and infrastructural support and recommend replication of the US model for privatization in higher education, none of the reports draw any reference to corporate philanthropy in US. Mathew brings out how close to 400 billion dollar has been contributed by around 59000 private grants by the private corporate sector which has seen growth of universities like Cornell and Chicago.

(b) PPP Model

For the PPP model to succeed there is a need for harmonious state corporate sector partnership, promotion of private sector philanthropy on lines of USA with strong handholding by government. It would be worthwhile to draw experience of other countries like Sweden, Germany, Singapore & China where the PPP model has worked wonders. The key success factors have been agreement on shared objectives from the beginning of the partnership and political will for participation of the private sector, transparency and accountability within the PPP. Sweden has regarded higher education as a 'merit good' and has a long tradition of substantial public spending. It has substantive relationship with the private sector which includes sharing of roles, responsibility, risks and rewards. In Germany, public commitment to take most risks has encouraged many small private enterprises to participate in the PPP model. Such models have important lessons for India.

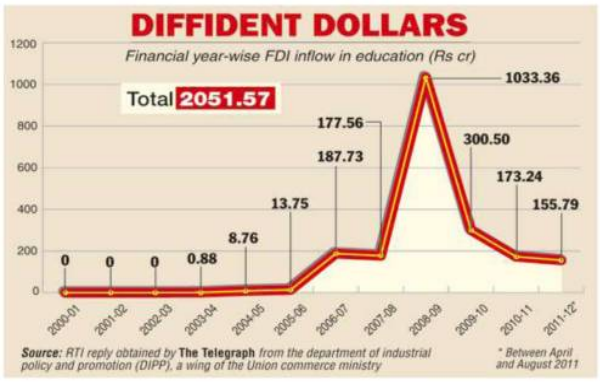
(c) Education for Profit

This debate has gone to the Supreme Court which has constantly castigated any tendency to commercialize education. Sudhansu Bhusan (2013) has brought out the dichotomy in judicial thinking and need for pragmatism in terms of charging of fees in colleges/universities to improve infrastructure and academic content. The 12th plan recommends that once a university assumes infrastructure status under Section 25 of Companies Act they can be taxed and such proceeds can be given as scholarship to deserving students. This model is adopted in Brazil & China with great success. However it must be mentioned that autonomy in charging fees is a double edged sword "either it will encourage excellence or lead to proliferation of substandard high cost education as many private universities are witnessing presently in India.

(d) FDI in Higher Education:

Suhag and Rani (2013) have brought out that FDI in higher education will bring in quality programmes from foreign universities of repute and will improve market orientation. As per DIPP, higher education accounts for only 0.7% of India's total FDI inflow so far with 75% from Mauritius to Manipal University. There is therefore a need to encourage inflow of FDI and setting up viable Joint Venture enterprises & MoU with these companies. The position of FDI inflow over the years is as under.

Figure 1: Trend of FDI Inflow into Education



Source: RTI reply obtained by The Telegraph from the department of industrial policy and promotion (DIPP), a wing of the Union Commerce Ministey-April-Aug-11

CONCLUDING THOUGHTS

Adam Smith though the high priest of market economics had emphasized the importance of education by stating that "for a very small exposure to public can facilitate, can encourage the necessity of acquiring those most essential parts of education". Prof. Sen has been constantly clamoring for substantially higher public allocation to education to around 6% of GDP as against around 3% on a historical basis. Japan which has been a manufacturing power house was investing handsomely (around 43% of their budget) during MEJI Era (1868-1902). Similar has been the approach of South Korea and China who have become global manufacturing power houses in 1980s and 1990s respectively. There is a clear elitist approach in the various reports of commission submitted to the government on higher education. Development has to be dispersed instead of getting confined to a few elite universities/institutions only. Since State Universities constitute nearly 50% of the total number and critically deficient of allocation, infrastructure and quality, there is a need for Big Push investment and the proposed setting up world class universities and elite institutions should provide the requisite handholding support and synergy to State and Private Universities in the matter of exchange of faculty, research, quality academic material and training. As Jeffery Sachs observes in the context of USA, **"**Our greatest national illusion is that a healthy society can be organized around the mindless pursuit of wealth". The Planning Commission was set-up to ensure a healthy society through balanced economic growth. The dismantling of this behemoth and elitist recommendation of Knowledge Commission and Narayan Murthy Report should not bid adieu to concerns of equity in the pursuit of crony capitalism.

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