

ASSESSMENT OF HIGHER EDUCATION FINANCING MODELS IN SOUTH ASIA

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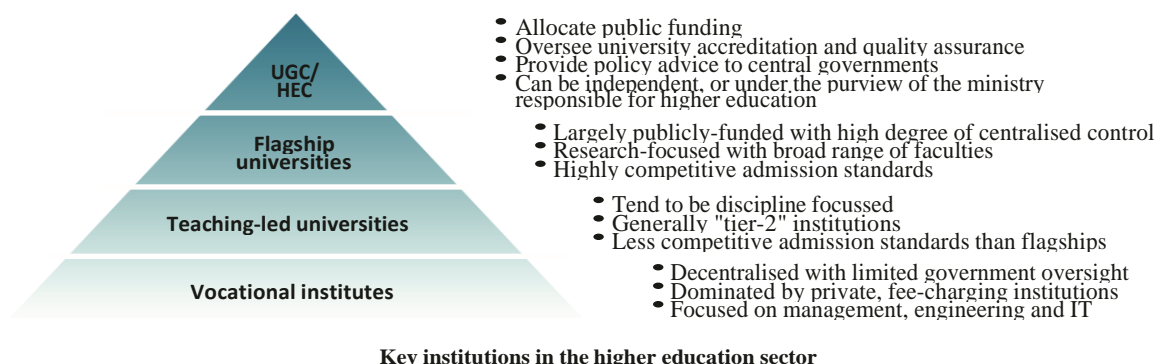
Abstract:

The aim of the present paper is to analyze higher education financing models and their characteristics in the countries of south-Asia. In the paper the existing higher education financing models in the south Asia has been analyzed. The existing differences in the higher education establishment financing models in south Asia countries regarding state direct and indirect financing has been discovered. Differences in the volume of financial support and tuition fees in different South Asian countries have also been identified.

Key words: Higher education, financing systems, financing Models, South-Asian countries.

Introduction:

As a general rule, the higher education sector is structured in a similar fashion across South Asian countries, with flagship universities sitting at the top of the hierarchy covering a broad range of subjects, with a heavy emphasis on research, and these are typically the biggest recipients of government funding. On the next tier sit the teaching-oriented institutions, frequently specializing in applied subjects and focusing on locally-relevant research. Beneath these sit the lower-quality, vocationally-orientated institutions. These are often privately funded, and in many cases established to absorb demand from those seeking tertiary education who cannot get into a more highly-regarded institution.



The institutional framework upon which higher education has been built in many South Asian countries is centred around a leading organisation (typically a University Grants Commission (UGC) or Higher Education Commission (HEC)) that often takes on a multifaceted role as ombudsman, regulator, policy

adviser and licensee. It either operates as an independent entity or reports into the relevant ministry, though its role differs by country. “Be it public or private universities, the HEC must play the key role to select vice chancellors, look into finances and encourage universities to become self-reliant as much as possible, providing a proper education and not misusing funds,” says Professor Khan, of the UGC in Bangladesh. “The first thing you need is to have is an institutional umbrella in place.”

Afghanistan	Ministry of Higher Education	Ministry of Finance	A new Higher Education Law is currently before parliament, but was rejected by the lower house in May 2013.
Bangladesh	University Grants Commission	Directorate of Secondary and Higher Education	President’s Order (P.O.) No. 10 of 1973.
India	University Grants Commission	Department of Higher Education (under the Ministry of Human Resource Development)	Higher Education and Research (HE&R) Bill, 2011. University Grants Commission Act 1956
Nepal	University Grants Commission	Ministry of Education	UGC Act BS 2050 Mangsir 7.
Pakistan	Higher Education Commission	Ministry of Education and Training	Higher Education Commission Ordinance, 2002.
Sri Lanka	University Grants Commission	Ministry of Higher Education	Universities Act No. 16 of 1978.

Key oversight body Other relevant institutions

Legislative framework

Source: Economist Intelligence Unit analysis.

Key institutions and regulations

While this type of arrangement is efficient as a mechanism for concentrating expertise and resources in countries where both are limited, such structures are also problematic when it comes to sectoral oversight, especially given the all-encompassing role of many of these bodies. Though India and Pakistan have made some concrete steps in this direction, the absence of an independent regulator or commissioner in most countries has resulted in issues around oversight and governance in the region. Politicising appointments in administrative positions (such as vice chancellor) or academic positions (such as professor) in the universities—particularly in the public universities—has the worst possible impact, observes a member of senior management at a Bangladeshi university. On the same token, the elements of competition introduced into private-sector financing will require independent monitoring and decision-making on the disbursement of funds. As noted by Pawan Agarwal, adviser on higher education to the Planning Commission of India: “To ensure that public funds are used efficiently, allocation of money needs to be based on competitive grants and performance contracts.”

Higher education financing in South Asian countries

For the current paper Afghanistan, Bangladesh, India, Nepal, Pakistan and Sri Lanka has been selected as representative South- Asian countries.

Seven south Asian countries Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, and Sri lanka launched the economic and political organization, South Asian Association for Regional Cooperation (SAARC) on 8 December in 1985. The SAARC countries share certain common social and economic problems, including

those related to low literacy rates, poor infrastructure, substandard quality of education, heavy dropout rates, and inadequate financing. The pressing demand for higher education and a strong desire for foreign qualification by youth are common issues. Opportunities are limited in this area with gross enrolment ratios varying among SAARC countries being less than 5% to 10%. Spending on education ranges from 2% to 4% of the gross national product, which is less than the UNESCO standard of 6% for developing nations. So far, almost all SAARC countries have been financing their education systems out of public funds. But allocation of public funds for education is very low. Keeping in view the degree of underdevelopment, all governments must consider devoting more funds to education. In India public funding of education, in the form of subsidies, has been to the extent of 90 to 95% of total expenditure. And still universities are short on funds. The government has proposed to increase public funding on education from the present 3.9% to 6% in due course. Other countries of the region should also work on similar strategies.

In Pakistan, both public and private foreign institutions are allowed to operate and collaboration between foreign and local education providers is encouraged by the higher education commission. In Bangladesh internationalization of higher education sector has resulted proliferation of private institutions that have partnership arrangements and joint ventures with foreign providers. In Sri Lanka, there are several higher education degree programs that are offered by foreign universities in partnership with Sri Lankan institutions, as well as foreign institutes which offer higher education qualifications.

Discussion

Traditionally governments in South Asia have played a dominant role in funding higher education, and continue to do so across a number of countries in the region. Afghanistan serves as the most striking example, where funding for public sector higher education is provided exclusively by the government (with exception of post graduate courses, where fees are charged). Despite pressure on public-sector budgets in Bangladesh, where the share of higher education as a proportion of the overall education budget has declined considerably, the government continues to fund public universities. Students are required to pay just a nominal fee for attendance, with the exception of the national university, where students pay full higher fees reflective of the cost of provision.

In Nepal the proportion of education funding allocated to higher education declined steadily throughout the 2000s, as the government shifted away from a policy of fully funding higher education to one of the cost recovery. Still constituent campuses of public universities receive government funding, though affiliated offshoot campuses do not.

Pakistan is perhaps the clearest example of system that has evolved to wean itself of a dependence on public funding. After a large boost in funding between 2002 and 2008, in the HEC's budget was then drastically slashed (including a reported 83% reduction over a one-year period) as universities were told to reduce their dependence on the government and generate funding themselves. To end this, universities are now

increasingly funded through their boards of trustees, who generate income through fees and commercial ventures.

In Sri Lanka, where higher education has historically been fully state-funded and free, resistance to the concept of privatization of education has manifested itself in strikes by academics as recently as 2012, resulting in a three month shut-down of state funded universities.

In India, public universities are managed and primarily funded by a combination of central and state governments. Fee levels vary among public universities, with greater levels of cost recovery in professional and technical courses. However, fees generally remain low and institutions face intense political pressure not to raise fees. Private universities are normally self-financed almost entirely from tuition fees, but often receive support in the form of capital or land grants from governments in the start-up phase. State committees play a role in setting fees, and generally require a minimum percentage of places to be reserved and disadvantaged students a lower rate, with the remaining places offered at a capital cost.

Even in countries where private sector has actively been minimal there is growing recognition of the need to consider new financing models that require higher education to at least partially finance their own activities, drawing on non-public sector sources of funding. But while there has been a debate and experimentation around new ways of financing higher education, given the dual challenges of poverty and wealth inequality in the region, it is understandable that there is resistance to models that restrict access to the poorest potential students.

Conclusion

Higher education in South Asia is at crossroads. Driven by a confluence of demographic, political and economic factors, governments across the region are recognising the need for higher education as a matter of national competitiveness. In the face of significant financial constraints, governments need to explore alternative models of financing, including appropriate mechanisms for enabling and managing private-sector participation in the higher education. The current financial models are insignificant keeping in view the demand and complexities of higher education. The governments in this region have been continuously expressing its inability to provide sufficient funds to the higher education institutions which resulted in to the growth of private institutions to absorb pressure on public sector places, shifting the costs of tuition away from state, onto students and their families.

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