



Financing Models for Higher Education Institutions in Andhra Pradesh: Alignment with NEP 2020 and Viksit Bharat@2047

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Abstract

This research paper looks at how institutions of higher education in Andhra Pradesh are financed in the light of the National Education Policy (NEP) 2020 and the Viksit Bharat@2047 vision. The paper examines existing funding systems, such as government grants, fee systems, and public-private ventures, and evaluates their sufficiency in the provision of education transformation. The paper will reveal serious gaps in the funding of higher education in the state through analysis of budgetary allocations, enrolment trends, and infrastructure investments. The study shows that although Andhra Pradesh has gone a long way in increasing the availability of higher education, the state faces difficulty in the area of quality and innovation due to funding. It is suggested in the paper that a multi-pronged financing framework is to be implemented, including higher levels of public investment, performance-based financing, new resource mobilization methods, and improved collaboration in the industry. These are the same recommendations as the NEP 2020 vision of making multidisciplinary universities world-class and Viksit Bharat@2047, which aims at turning India into a developed country by developing human capital. The results support the idea that sustainable and diversified funding systems should be in place to promote equitable access, quality improvement, and research excellence in the higher education sector of Andhra Pradesh.

Keywords: Higher education financing, Andhra Pradesh, NEP 2020, Viksit Bharat@2047, public financing, performance-based financing, educational transformation, resource mobilization.

1. Introduction

In any society, higher education is a pillar towards economic growth, social mobility, and the creation of knowledge. The National Education Policy 2020 of India promises to change the face of higher education in the country to focus on multidisciplinary learning, research excellence, and international competitiveness (Ministry of Education, 2020). At the same time, the Viksit Bharat@2047 program is supposed to make India a developed country by 2047, and education and skill development are the key components of this grandiose vision (NITI Aayog, 2023).

Andhra Pradesh, boasting of its rich educational background and large number of students, holds a very important place in higher education in India. There are around 675 colleges and 27 universities in the state, which have more than 800,000 students every year (Department of Higher Education, Government of Andhra Pradesh, 2023). Nevertheless, funding of these organizations is not easy, and it should be thoroughly analyzed, and new ideas should be developed.

Financial viability of institutions of higher learning relies on several sources of revenue, such as government grants, student fees, research funding, endowments, and industry alliances. The quality of education delivery that is instituted, the development of the infrastructure, the recruitment of the faculty, and research activities are directly influenced by the adequacy and stability of these funding sources (Tilak, 2022). The paper will analyse the existing financing schemes in the higher education sector of Andhra Pradesh and suggest alignment policies with the NEP 2020 and Viksit Bharat@ 2047 goals.

2. Literature Review

2.1 International Views on Financing Higher Education.

A global study of the financing of higher education depicts that various models exist in different countries. The Organisation of Economic Co-operation and Development (OECD) nations invest an average of 1.1 percent of GDP in tertiary education, and there are drastic differences between the amounts spent depending on the economic capacity and the priorities of the policy (OECD, 2022). Countries such as Finland and Norway have a largely public funding model and low tuition fees, whereas the United States heavily depends on the mixed model that includes public funding, high tuition fees, and donations (Johnstone & Marcucci, 2020).

Performance-based funding models have become popular all over the world, and the allocation of financial resources depends on such outcomes as the rate of graduates, research productivity, and employability (Dougherty and Natow, 2020). Australia and the United Kingdom systems of demand-driven and Research Excellence Framework are examples of outcome-driven funding methods that place incentives on quality and productivity.

2.2 Indian Financing of Higher Education Situation

The United States government's spending on higher education in India has been traditionally low compared to the suggested levels. The Committee on Financing Higher Education (2016) suggested the higher education allocation of 1.5% of GDP, but it has been at an average of 0.6-0.7% since the last decade (Ministry of Finance, 2024). This financing gap has seen the need to step up on the part of private contributions and other sources of finance.

The academic literature highlights the research by Tilak (2022) on the importance of poor investment in higher education by the population to create unequal growth and limit the ability to conduct research. The NEP 2020 recognizes these issues and recommends that the state should invest more in the education sector, reaching 6% of GDP, with some substantial part dedicated to transforming higher education (Ministry of Education, 2020).

2.3 NEP 2020 and Financing Implications

The National Education Policy 2020 has projects of a far-reaching nature that necessitate a huge financial outlay. The major ones are the creation of multidisciplinary universities, enhancement of research capacity, increasing the gross enrollment ratio (GER) to 50% by 2035, and internationalization of higher education (Ministry of Education, 2020). These reforms require new financing solutions other than the conventional governmental allocations.

NEP 2020 suggests diversified sources of funding such as philanthropic donations, corporate social responsibility (CSR), involvement of the alumni, and public-corporate alliances. Merit-based scholarships and need-based financial aid are also included in the framework of the policy, which provides equal access opportunities (Kapur and Mehta, 2021).

3. Methodology

This research design uses both quantitative and qualitative research designs since it will involve quantitative analysis of budgetary data with qualitative analysis of policy documents. The secondary sources of data are government budgetary statements, annual reports of institutions, University Grants Commission (UGC) publications, and records of the state education department. The study is planned to be conducted between 2018 and 2023 to reflect the recent trends and changes in policy.

Data analysis will include the review of budgetary allocations, enrolment, investments in infrastructure, and the number of faculty within the institutions of higher learning in Andhra Pradesh. Contextual consideration is achieved by comparing with other states. The policy document analysis aims at congruency between state-level action plans and national policy packages of NEP 2020 and Viksit Bharat@2047.

4. Present Financing Scenario in Andhra Pradesh.

4.1 Budgetary Allocations

The Department of Higher Education is the Government of Andhra Pradesh's investment in higher education. Table 1 provides the budgetary allocations of 2018-19 to 2022-23 and highlights the tendency in terms of investment by the population.

Table 1
Budgetary Allocations for Higher Education in Andhra Pradesh (2018-2023)

Year	Budget (₹ Crores)	% of State Budget	Growth Rate (%)
2018-19	3,245	1.78	-
2019-20	3,512	1.82	8.2
2020-21	3,689	1.91	5.0
2021-22	4,156	1.95	12.7
2022-23	4,523	1.98	8.8

Source: Government of Andhra Pradesh Budget Documents (2018-2023)

According to the data, there is a steady increment in the absolute allocations, with the budgets increasing in 2018-19 by ₹3,245 crores to ₹4,523 crores in 2022-23, showing a cumulative growth of 39.4%. Nevertheless, higher education enrolment as a portion of the state budget has been fairly stagnant at 1.8-2.0%. Such a small proportion raises the question of the sufficiency of the funds to carry out the transformative changes as envisaged in NEP 2020.

4.2 Enrollment and Access

Higher education in Andhra Pradesh has experienced massive growth in enrollment in the last 10 years. Table 2 shows the enrolment in various institutions under different categories.

Table 2
Higher Education Enrollment in Andhra Pradesh (2022-23)

Institution Type	Number of Institutions	Total Enrollment	GER (%)
State Universities	27	324,567	-
Government Colleges	156	189,432	-
Private Colleges	519	312,845	-
Total	702	826,844	32.4

Source: All India Survey on Higher Education (AISHE) 2022-23; Department of Higher Education, Andhra Pradesh

Andhra Pradesh has a gross enrollment ratio (GER) of 32.4% as compared to the national average of 28.4%, but it remains way below the target of 50 percent proposed by NEP 2020 by 2035 (Ministry of Education, 2023). To reach this grand objective, a huge amount of investment will be required in terms of infrastructure, faculty recruitment, and students' financial support schemes.

4.3 Public Institution Revenue Sources

Colleges in Andhra Pradesh have many sources of revenue. Table 3 gives a breakdown of the revenue sources of state public universities and colleges.

Table 3
Revenue Composition for Public Higher Education Institutions in Andhra Pradesh (2022-23)

Revenue Source	Amount (₹ Crores)	Percentage (%)
State Government Grants	3,245	64.2
Student Fees	1,156	22.9
Central Government Schemes	389	7.7
Research Grants	143	2.8
Industry Partnerships & Consultancy	67	1.3
Other Sources (Endowments, Donations)	55	1.1
Total	5,055	100.0

Source: Compiled from Annual Reports of State Universities and Department of Higher Education, Andhra Pradesh (2022-23)

Revenue analysis shows that the state government grants are heavily relied upon since they are equal to 64.2% of funding. Student fees are directly related to 22.9 per cent, whilst other sources of revenue, such as research grants, industry partnerships, and endowments, are only collectively 5.2 per cent. This reduces the revenue diversification and exposes institutions to fiscal limitations, limiting their innovation and growth.

5. Difficulties in Contemporary Financing Formulas.

5.1 Suboptimal Public Investment.

Although there has been steady growth in absolute amounts of allocations to higher education, the amount of government expenditure in higher education is inadequate to satisfy the infrastructure needs, faculty needs, and quality improvement needs. The average amount spent on students in the government institutions stands at around ₹61000 a year, which is much lower than what is suggested in terms of quality education delivery of 150000, which has been recommended by many expert groups (Agarwal, 2021).

Shortages in the faculty continue to be observed in all institutions, with around 35-40% being the average vacancy rate in government colleges (Department of Higher Education, AP, 2023). The shortage of infrastructure, especially within the laboratory facilities, library facilities, and digital facilities, limits the quality of education and research output.

5.2 Low Diversification of Revenue.

The high reliance on the granting of state government makes it financially weak. No matter how well the institutions in Andhra Pradesh can raise funds in other ways, compared to major institutions in developed countries, which bring together large volumes of funds through endowments, alumni, and commercialization of research, the institutions in Andhra Pradesh can do little (Varghese, 2020). There is a lack of industry-academia cooperation, involving consultancy and sponsored research, and its impact on institutional budgets is minimal.

5.3 Equity and Access Concerns

Many disadvantaged backgrounds cannot access higher education simply because of a lack of finances. Although there are scholarship programs, these are not adequate because of their coverage and amount. It offers about 45,000 scholarships each year, yet the number of applicants is estimated to be 40 times greater than the number of opportunities (Social Welfare Department, AP, 2023). Self-financing institutions raise charges, which further deter access by the economically weak units.

5.4 Lack of infrastructure and Quality Shortages

According to the assessment by the National Assessment and Accreditation Council (NAAC), it can be seen that just 23 per cent of the colleges in Andhra Pradesh are A-grade accredited, with 41 per cent not being accredited (NAAC, 2023). Quality concerns are the result of infrastructure gaps, obsolete curriculum, and poor research facilities. Investment in digital infrastructure, which is required to facilitate the provision of technology-enabled learning provisions of NEP 2020, is pathetically poor.

6. Correspondence with NEP 2020 and Viksit Bharat@2047.

6.1 NEP 2020 Financial Implications

The National Education Policy 2020 is a vision of a total change of higher education, which involves major financial expenditure. Some of the critical provisions that have high cost implications are the setting of MDRUs and enhancing the National Research Foundation with an inclination of 50,000 crores over five years, raising GER to 50% by 2035, and providing regulatory frameworks in the form of the Higher Education Commission of India (Ministry of Education, 2020).

These reforms in Andhra Pradesh would need an amount of 8,000-10,000 crores of estimated investment over ten years, with proportional share calculations (Kapur & Mehta, 2021). Such a large financing need makes the use of innovative funding systems other than the conventional government allocation.

6.2 Viksit Bharat@2047 and Human Capital Development.

Viksit Bharat@2047 vision makes education and skill development key facilitators of the transformation of India into a developed nation. The action plan focuses on the development of global-level educational infrastructure, the increase in the research and innovation potential, and the correlation of the results of education with the needs of the economy (NITI Aayog, 2023). These goals can be achieved through a concerted effort in infrastructural development, development of the faculty, research facilities, and internationalization efforts.

In the case of Andhra Pradesh, strategic positioning of higher education institutions as hubs of excellence of emerging technologies, sustainable development, and innovation is required towards alignment with Viksit Bharat@2047. This involves not only funds, but also essential reorganization of the mechanisms of financing to make quality, productivity of research, and social impact incentives.

7. Offered Financing Framework.

7.1 Enhanced Public Investment

A sustainable financing model should be based on sufficient investment by the people. The state ought to gradually raise the funding towards higher education to 3 percent of the state budget by the year 2030, as recommended by the nation. This allocation should be better accompanied by better utilization efficiency implemented by performance-based budgeting and open financial management systems.

7.2 Performance-Based Funding

Organisation of performance-based funding systems may provide incentives for quality improvement and accountability. About 30 percent of government grants must be given on the basis of quantifiable results such as student learning results, research publications, placement rates, accreditation grades, and community engagement initiatives. This practice will motivate institutions to focus on excellence and innovation (Sanyal and Johnstone, 2021).

The company may explore other revenue-generating avenues such as the sale of t-shirts and t-mugs (Graham and Strickland 2008, pp. 247).

The institutions need to be enabled and motivated to produce alternative revenues in a variety of ways, such as consultancy work to industry and government, commercialising research by patenting and transferring technology, executive education and continuing professional development programs, rental income, facilities and campus infrastructure, and the growth of corpus funds by soliciting alumni donations and endowments.

7.4 Public-Private Partnerships

Public-private partnerships can be used strategically to ensure that they supplement public investment without institutions losing their autonomy and public interest. PPP models can be implemented in terms of infrastructure advancement, especially in the new technological fields, namely artificial intelligence, biotechnology, and renewable energy. The relationships between industries in terms of skill development, research cooperation, and infrastructure development must be established using transparent structures that safeguard the academic integrity of colleges and universities and use the resources of the private sector (Kumar and Ambrish, 2021).

7.5 Student Financial Assistance

An entire system of student financial aid must consist of need-based scholarships to cover the entire cost of attendance for students in economically weak segments, merit-based scholarships to any student irrespective of economic standing, education loans that are dependent on the income with a government guarantee, and reduced interest rates and work studies that allow students to work and learn at the same time.

The Research and Innovation Funding will support the development of this plan and enable it to achieve its objectives.

7.6 Research and Innovation Funding

The Research and Innovation Funding will assist in developing this plan and empower it to meet its goals.

Research can also be triggered by the establishment of a State Research and Innovation Fund with a starting corpus of ₹500 crores. This reserve must be used to fund competitive faculty and research scholar grants, seed grants to support translational research and start-up incubation, and international collaborative research projects and infrastructure grants to create centers of excellence in strategic areas. It would be optimally mobilized by integration with the proposed National Research Foundation.

8. Implementation Strategy

8.1 Institutional Reforms

Institutional capacity building that must be done to ensure successful implementation includes the creation of professional financial management units in every university, the introduction of transparent accounting and auditing systems, the development of institutional development plans with well-defined financial roadmaps, and the empowerment of institutional governance structures such as the board and the academic councils.

8.2 Policy and Regulatory Framework

The state must come up with an elaborate law that allows a flexible fee system with protection against exploitation, allowing autonomy in terms of revenue generation and accountability, develop regulatory bodies to ensure quality control, and create enabling systems of partnership with the private sector. It should be able to regulate itself coherently with national structures, but meet the needs of the states.

8.3 Monitoring and Evaluation

A strong monitoring and evaluation system must contain the following: financial audit and performance evaluation on an annual basis, disclosure of financial statements and performance indicators to the public, external review of financing mechanisms and their efficiency carried out periodically, and consultation with stakeholders, which include students, faculty, industry, and civil society. Resource allocation and policy changes must be done based on data.

9. Conclusion

The issue of financing higher education in Andhra Pradesh is complex and needs a multidimensional approach to solutions. Although the state has adopted praiseworthy changes in the access to higher education, existing funding mechanisms cannot meet the transformational plans of NEP 2020 and Viksit Bharat@2047. The major consequence of the reliance on government grants, the lack of revenue diversification, and inadequate expenditure on each student restricts the enhancement of quality and research excellence.

The financing structure suggested in this paper includes a multi-pronged approach to financing with greater focus on using public investment, performance-based financing structures, alternative income generation, strategic public-private collaborations, wholesale student financial aid, and research-only financing. These recommendations need institutional capacity building, making policy frameworks, and having powerful monitoring systems to implement them.

The idea of changing institutions of higher learning in Andhra Pradesh to become globally competitive learning and innovation hubs is real, but requires long-term commitment, proper resources, and planning. By matching state-level financing systems with national policy frameworks, synergies can also be developed to propel the process of achieving educational excellence and inclusive development.

With India being a dream state to be a developed nation by 2047, the development of human capital, knowledge creation, and innovation will be left to the role of higher education. Being a state with an educational background and institutional base, Andhra Pradesh can become a leader in transforming higher education through the introduction of sustainable and equitable financing models. It is high time to take action because the investments in education today will define the prosperity of the state and the nation in future generations.

The next step of the research must be the comparative analysis of financing models in different states of India, the impact analysis of performance-based funding systems, and the evaluation of the results of public-private partnerships in the sphere of higher education. Longitudinal research on the progress of NEP 2020 reforms implementation and its effects will be used as useful information to adjust and improve the policy.

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