Economic Recession and Higher Education in India

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Global Financial Crisis

- Fall in Share/Stock values.. Stock Exchanges
- Loss of confidence in banking systems
- Decline in foreign remittances/foreign exchange reserves//FDI/Aid
- Currency depreciation

- Government Revenue decline
- Decline in Growth in GDP/GNP

- Cuts in employment/Reduced growth in employment
- Cuts in salaries
The Context before the Crisis: Vision for India

- 2020: to become a developed country
- high economic growth (> 8%)
- Growth with equity – “Inclusive Growth”
- Reduction in poverty
Recent Initiatives/Proposals

- Setting of ABC
- Setting up of NKC
  - Advisory body to the Prime Minister
- Eleventh Five Year plan: INCLUSIVE GROWTH!
- Expansion of higher education (XI Plan/NKC)
  - 15% GER by 2012
    - Enrolment to increase to 21 million from 14 million;
    - Annual growth rate: 9% in general
      15% in Technical/Professional
  - 1500 universities! (one per district!) [NKC]
  - 30 new central universities (at least one in each state)
  - 14 world class universities
  - 374 New colleges in all low enrolment ratio districts
  - Colleges: at least one in each district (e.g., AP)
Proposals for Expansion (XI Plan)

- Indian Institutes of Management: 7 (New) 6 (Existing)
- Indian Institutes of Technology: 8 (New) 7 (Existing)
- National Institutes of Technology: 10 (New) 20 (Existing)
- IISERs: 5 (New) 2 (Existing)
- Indian Institutes of Information Technology: 20 (New) 4 (Existing)
- Schools of Planning and Architecture: 2 (New) 1 (Existing)
- Engineering & Tech colleges: 1000 (New) 1617 (Existing)
- Polytechnics in each district: 700 (New) 1292 (Existing)
- Research Centres in Frontier Areas: 50 (New) 1292 (Existing)
- ‘Knowledge Cities’ and ‘Knowledge networks’
National Knowledge Commission

- **1500 universities**
- **50 National/World class universities**
- **IRAHE**
  - Reduced role of UGC, BCI, MCI etc.
  - Abolition of AICTE
- **Central Board of Under-Graduate Education**
- **State Boards of Under-Graduate Education**
A More Recent Committee: Yashpal Committee

• National Commission for Higher Education & Research
  ▪ Self regulation of universities

• Curb on deemed universities

• Less reliance on private education
  ▪ Private education = business entities

• Selective approach on internationalisation
What Happens to Higher Education?

- Expansion plans to be put off
- Expansion to be scaled down
- with thin resources and diluted quality
- Expansion essentially with the help of private sector
Effects of Economic Crisis

- Increased allocations to meet/run the existing institutions
  - 6th pay revisions

- Put off plans for expansion
  - World class universities

- Planned new institutions
  - May get delayed
  - May be set up with poor infrastructure
  - May rely on private or PPP models for development
Effects of Economic Crisis

- Cuts in allocated resources
- Limits on travel/seminar expenditures
- Limits on library budgets/foreign journals
- Austerity

- Significant –ve effects on higher education are yet to be seen
- Some developments are not altogether new/not in response to the economic crisis
- But some policies/trends are accentuated
What Happens to Higher Education?

*Seven Postulates*

1. Quantity
2. Quality
3. Equity
4. Attitudes
5. Reforms
6. Changes in Education System
7. Importance of Higher Education
# 1: Education gets neglected

- During phases of recession, soft sectors like education get neglected
  - Focus shifts
  - Resources become scarce
Shifts in Focus
From Social Sector to Financial Sector

What is Hot?
- Financial institutions
- BSE, SENSEX
- FDI
- Credit Ranking
- Bank Rates
- Exports/Imports, Tariffs

What is Not?
- Education
- Quality
- Equity
# 2: Quality gets traded-off

Quantitative expansion takes place due to democratic compulsions, but quality gets traded off:

- As quality is less visible
- Cheaper methods get approved
- Reduced expenditure per student
# 3: Equity a great casualty

- Equity suffers the most in education policy and programmes
- Cuts in scholarships
- Reduced budgets for student welfare activities
- Increased cost recovery/user charges
In and Out

**OUT**
- General Subsidies
- Specific Subsidies
- Scholarships
- Loan scholarships
- Government/Ed Dept loans

**IN**
- Fees
- Cost recovery
- Loans
- Bank loans
Uneven Effects of the Crisis

- Increase in costs on education for the families
- Increase in inequality in education (demand for more educated/skilled and no (or less) demand for low educated/skilled)
- Increase in inequality in earnings
- Demand for domestic/foreign education?
- Demand for public/private education?
During economic recession period, a drastic change in attitudes takes place; concepts are defined and redefined....
Changing Attitudes about Education

<table>
<thead>
<tr>
<th>OLD</th>
<th>NEW</th>
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<tbody>
<tr>
<td>Public good</td>
<td>Private good</td>
</tr>
<tr>
<td>Merit good</td>
<td>Non-merit good</td>
</tr>
<tr>
<td>Social service</td>
<td>Commercial/tradable good</td>
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<tr>
<td>For welfare</td>
<td>For profit</td>
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<tr>
<td>For national development</td>
<td>For individual profit</td>
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</tbody>
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# 5: New Education Reforms get introduced

Questionable reforms get introduced in education without even public debate

- Privatisation
- Foreign education providers
- Vouchers
- PPP
- Restructuring of some bodies (e.g., NCHER, UGC, AICTE)
# 6: Overall Changes in Education Systems

**INTO OBLIVION**
- Public education
- Private State financing institution
- Private Government recognised instns
- Private instns based on philanthropy (non-profit making)
- Scholarly academic disciplines of study

**INTO FOREFRONT**
- Private education
- Private *Self* financing institutions
- Private instns without Govt recognition
- *Profit* making private institutions
- Commercially viable courses of study
# 7: Importance of Education dramatically increases

* Education is the *best cushion to deal with disequilibria* (Theodore Schultz) caused by all shocks, including international shocks (e.g., East Asia)
Thank you