

Levels, Patterns and Trends in Public Spending on University Education in Southern India: An Analysis

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I. Introduction

The university education is a sturdily determining factor of and has an foremost impact on all round development of any country as this sector endows the individuals with the required capability for accomplishing the vital personal, social, and higher level professional goals. The university and higher education generates natural externalities (Tilak, 2004); improves productivity, governance; and strengthens civil society and helps in the attainment of vertical and professional mobility (Psacharopoulos and Woodhall, 1985; Psacharopoulos, 1988). It has been recognized that the challenges of the contemporary social order in the form of globalization needs to be addressed accurately and this is conceivable only through consolidating the university education sector of every country. It has, therefore, become imperative for the developing countries like India, to give due importance to both quantitative and qualitative development of this sector. The expansion and growth of the university education sector depends critically, if not exclusively, on the strength of financial funds injected into the system. It is, therefore, important to examine the whereabouts of financial resources made into this sector in India too.

The issue of the necessity and quantum of public subsidies in university education has assumed bigger prominence in the contemporary times. The market-oriented indulgence has given rise to the issue of weakened intervention by government and with this shifting of emphasis from long term objective of social uprightness to short term goal of financial judiciousness and micro-efficiency is terrified of unsympathetically affect



government distribution to not only university education sector but also at all stages of education whereby policy shifts similar to full cost pricing of education, privatization and commercialization of higher education are in offering. So, many who had long been indifferent or even antagonistic to higher education privatization have become believers, while many believers have become increasingly ardent and active (Levy, 1993). India's development approach and policy too beheld historic changes with the adoption of new economic policy since 1991. The conjoint roles of the state and market in the economic domain have been redefined and rearranged. The thrust of the reforms fundamentally has remained on providing the numerous goods and services on the principle of cost plus basis. The course of economic reforms broadened and expanded over the period and almost all of the economic sectors experienced considerable changes with the commercialization and privatization of the economic activities. The economic reforms in their stabilization phase have worked through the controlling of the fiscal deficits. The public authorities at various levels tried to maintain the overall level of public expenditure by adjusting the expenditure levels across the various sectors (Brar et al, 2008). This must also have impacted the government spending on university education in the country.

How the structural-cum-stabilization adjustment programmes (SSAPs), which were introduced in the country in 1991, have impacted on the outlook of the government towards the university education sector of the country (and consequently the public spending on university education), is thus a significant interrogation. The present paper makes an assessment of the scenario of university educational expenditure in southern India during the pre-reforms and reforms era. In this context, it also needs to be noted that despite the fact that several research studies (Prakash, et al, 1994, Gill, et al, 2005, Brar, 2008) have examined the public spending on education in the country, some (Prakash, et al, 1990) have even examined the determinants of public spending on education, but there is not study available focusing on the public spending on university education with a focus on the southern India. The present



study intends to fill this gap in literature.

For the purpose of better understanding, this paper has been systematized into eight sections. Section I makes available the introduction of the study. Section II deals with the data sources and methodology. The share of university education budgets in the income, general budget, higher education budget and other such indicators have been discussed in Section III. Section IV deals with the summary and the conclusion of the study.

II. Data Sources and Methodology

The study made the examination in comparative-descriptive manner. In India, the university network is fairly gigantic and diversified. It primarily comprises of central universities, state universities, deemed universities and institutes of national importance. Further, in the recent years, many private universities have also come up. So, the universe of study has been found to be quite large and extensive. In the present study, only the availability of public funds for university education in southern India have been examined. For this, the share of the public educational budgets in state incomes and state budgets has been worked out. Further, in the study, the public expenditure incurred on higher education on revenue account has been considered. The data sources make available statistics about public expenditure on education under two classifications, viz. Revenue Account and Capital Account. The Revenue Account consists of the expenditure incurred on the items such as administration, direction, and inspection; salary bill of teaching and non-teaching staff; scholarships and student aid programs; maintenance of buildings, apparatus, equipment and furniture; laboratory consumables; games and sports; and teaching and learning material, etc. This type of expenditure has to be incurred annually in order to run the system and hence called the recurring-expenditure also. The capital account includes the expenditure made on the construction of buildings, libraries and laboratories; purchase of equipment and furniture, etc. It is also known as non-recurring expenditure. It in fact signifies the physical capital



formation side of education system. It is to be noted that the greater part of the public expenditure on university education has been accrued under Revenue Account. Further, the study period is the period of last three decades, i.e. from 1981-82 to 2010-11.

The study has been narrowed down to expenditure which is incurred by the education departments of the respective states on the development of university education in their respective states. The study does not take account of the expenditure incurred by the government departments other than the education department such as labour, agricultural, rural development or any other on the formal and on job training of their respective person power. The results have been offered into tabular forms by using the methods of percentages and ratios. The analysis pertained to the period from 1981-82 to 2010-11. The study used the following sources of data: (a) Analysis of Budgetary Expenditure on Education, MHRD, New Delhi; and (b) Economic Survey, Government of India, New Delhi;

III. Discussion

The state-wise scenario of the percentage of Net State Domestic Products (NSDPs) expended by respective state governments on university education during the reforms period from 1990-91 to 2010-11 has been presented in Table 1. A peep into the statistics on public expenditure on university education given in the Table endorses that over the years, the public expenditure on university education as a proportion of NSDP has not only been tiny but diminishing also. This can be understood as the effect of new economic policy being implemented in India since 1991, which ambitions at tumbling the extent of public expenditure and depending on more on private sector. Moreover, the scenario of the proportionate income spent on university education within region is also of the same kind. This proves the finding of Coombs right what he concluded during 1985 “The priority a particular society attaches to education in comparison to other public goods and services is most strongly influenced by that society’s cultural background and traditions, its present goals and aspirations and the nature of its political system and climate. With other things



being equal, some societies, including some of the poorest, will undoubtedly spend considering more of their scarce resources on education than other societies”.

Table 1: Public Expenditure on University Education as Percentage of Income in Southern Region, 1990-91 to 2010-11 (Revenue A/c) (Per Cent) (T.A.)

STATE/UT	1990-93	1993-96	1996-99	1999-02	2002-05	2005-08	2008-11
ANDHRA PRADESH	0.21	0.19	0.17	0.19	0.09	0.10	0.07
KARNATAKA	0.2	0.17	0.13	0.14	0.08	0.06	0.04
KERALA	0.16	0.15	0.15	0.15	0.09	0.10	0.08
TAMIL NADU	0.04	0.03	0.02	0.03	0.03	0.02	0.02
TOTAL	0.15	0.13	0.11	0.12	0.07	0.07	0.05

Source: *Analysis of Budgeted Expenditure on Education*, MHRD, New Delhi (various issues).

The prominence given to university education sector becomes further clear by scrutinizing the share of university education budget in the general budget. Tan (1985) found that the share of education in public budget was higher in developing countries than developed countries whereas the opposite patterns was observed when seen in terms of proportion of the GNP. Tamil Nadu (0.16 per cent) has been found to be providing the lowest proportion and Kerala (0.53 per cent) the highest during 2008-11 (T.A.). When compared over the years, the figures are very less vis-à-vis the 1981-84 (T.A.) figures. This tendency may be due to the pronouncement of the government of India to slowly but surely reduce the public allocations to university education and allow the universities to charge larger fees from the students (also see Rani, 2007). But this resolution may disturb the evenhandedness facet of university education since in such educational establishments, the deprived students will not be able to take admissions owing to the high rate of fees and other payments.

Table 2: Public Expenditure on University Education as Percentage to the General Budgets in Southern Region, 1990-91 to 2010-11 (Revenue A/c) (Per Cent) (T.A.)

STATE/UT	1990-93	1993-96	1996-99	1999-02	2002-05	2005-08	2008-11
ANDHRA PRADESH	1.00	1.06	0.91	0.99	0.46	0.54	0.42



KARNATAKA	0.86	0.83	0.65	0.71	0.44	0.41	0.31
KERALA	0.61	0.71	0.71	0.76	0.44	0.56	0.53
TAMIL NADU	0.17	0.13	0.12	0.17	0.16	0.16	0.16
TOTAL	0.62	0.66	0.57	0.63	0.36	0.40	0.35

Source: Same as Table 1

Furthermore, one more vibrant enquiry is “What has been the pattern of Intra-sectoral allocation of overall budgetary resources available within higher education”. It is imperative to know the significant dimensions of relative priorities which government has accorded to diverse levels of education within the higher education. Since the particular focus of the present paper is on public spending on university education, the data concerning it only has been taken in the following Table 2. The state/UT-wise scenario shows that during 1990-93 (T.A.), there was one states (Karnataka) which was spending more than 30 per cent on university education out of the total higher educational expenditure and rest were spending less. Tamil Nadu was spending merely 8.57 per cent. Over the years there have been changes in the proportionate share of university education in these states. During 2008-11 (T.A.), it has been fund that there was no state to spend the earlier levels of public spending on university education out of the total higher educational expenditure. All the states have shown declining shares. Thus, intra-region-wise analysis shows that the public expenditure on university education as a proportion to public expenditure on higher education has been steeply declining for all of the states/UTs. In this context, it needs to be mentioned that the quality of education largely depends on the inputs of financial resources made into this sector. But, as it is observed university education is getting nearly nothing in form of public spending. So, the quality of university education is being affected largely in a negative way.

Table 3: Public Expenditure on University Education as Percentage to Higher Education Budgets in Southern Region, 1990-91 to 2010-11 (Revenue A/c) (Per Cent) (T.A.)

STATE/UT	1990-93	1993-96	1996-99	1999-02	2002-05	2005-08	2008-11
ANDHRA PRADESH	25.3	29.42	30.36	28.31	16.33	20.229	20.15



KARNATAKA	30.74	31.6	27.41	26.53	19.71	19.059	16.346
KERALA	16.16	16.72	20.93	21.95	13.64	17.937	17.956
TAMIL NADU	8.57	6.65	6.76	7.44	8.82	8.035	8.164
TOTAL	20.9	22.15	22.46	21.62	14.71	16.495	16.25

Source: Same as Table 1

In any typical economic sphere, new investments (i.e. plan investments) tend to deliver the cutting edge of advancement and govern the frontiers of technological change. But, in the domain of educational investments, predominantly in the universities, the atmosphere is expected to be different. Howsoever pressing the felt need be for a new university or however promisingly innovative be its charter, the state of research and the rate of advancement of the learning in the country will depend by and large on the health of the old established seats of learning and on the continued efficiency of the so called “non-developmental” investments (Majumdar, 1987). Therefore, in case of universities, the non-plan expenditures are taken to be relatively more important than plan expenditures. But then again, it does not mean that there is no significance of the plan expenditure and this variety of expenditure should be completely overlooked. The plan expenditure component, which indicates the expansion of the system of university education, also needs to be increased.

Table 3 provides the ratio of public expenditure on university education under plan head to total revenue expenditure on university education for specified region of south India and it has been found that the plan expenditure incurred on university education as a percentage to the total expenditure on university education is negligible (merely 4.97 per cent) in during 2008-11 (T.A.) whereas in the beginning of the study period the proportion was 10.29 per cent. Over the years, more particularly in the post reforms period, this proportion has sharply waned. Similarly, within the region the states have also totally ignored this component. The portrait, when comprehended over the years [i.e. from 1990-93 (T.A.) to 2002-05 (T.A.)] in case of the states, it is found that the proportionate share of the plan disbursement kept on oscillating and finally increased in case of Kerala (from 13.36 per cent to 14.00 per cent). Moreover, it has been reported to be very low



and still further decreasing for Karnataka (from the level of 12.62 per cent to the level of 4.05 per cent) and Tamil Nadu (from the level of 14.09 per cent to the level of 0.81 per cent). So, there is inordinate need to revise the proportionate share of plan and non-plan public expenditure on university education by all of the states in the region.

Table 4: Share of University Education Budget (Plan) in Total University Education Budget in Southern Region, 1990-91 to 2010-11 (Revenue A/c) (Per Cent) (T.A.)

STATE/UT	1990-93	1993-96	1996-99	1999-02	2002-05	2005-08	2008-11
ANDHRA PRADESH	1.07	0.91	2.21	3.53	0.00	1.69	1.74
KARNATAKA	12.62	15.84	14.00	7.14	4.05	2.98	0.39
KERALA	13.36	24.18	24.65	16.37	14.00	2.01	15.90
TAMIL NADU	14.09	16.35	7.78	2.08	2.01	1.99	1.85
TOTAL	10.29	14.32	12.16	7.28	5.02	2.17	4.97

Source: *Same as I*

The primacy bestowed by the government in the southern region in university education could also be scrutinized by investigating the pattern of the resources devoted to this sector on per capita basis. This is so for the reason that we get a different depiction when the tendencies are seen in terms of per capita expenditure, instead of merely the percentages of NSDPs and all. This is true because, even when percentages of income remain steady or decline, per capita expenditure may escalate. But it is also true because states with a very low income (like Bihar and Orissa) may top-rank in terms of proportion of income spent on the social sector, but come at the bottom when one looks at per capita real expenditure (Dev, et al, 2002). Table 5 shows that considerable variations have been reported from state to state, with some states spending more on university education on per capita basis than the respective the region's overall per capita expenditure while the others are spending a lesser amount. Moreover, there has been reported a general decline in the per capita public expenditure on university education in the most of the state during the study period. This clearly indicates that in almost all of the regions, the public expenditure on university education has been growing at a slower rate than the growth in population during the reforms era. Consequently, there is absolute fall in per capita public



expenditure on university education.



Table 5: Per Capita Public Expenditure on University Education in the Eastern Region, 1990-91 to 2010-11 (Revenue Account) (Constant Prices) (Rs.) (T.A.)

STATE/UT	1990-93	1993-96	1996-99	1999-02	2002-05	2005-08	2008-11
ANDHRA PRADESH	11.48	13.00	13.97	18.73	10.28	14.49	14.82
KARNATAKA	11.32	12.01	11.19	14.89	10.09	12.03	12.07
KERALA	8.25	10.89	14.24	18.14	12.70	17.69	19.30
TAMIL NADU	2.63	1.99	2.25	3.87	3.87	4.23	4.67
TOTAL	8.42	9.47	10.41	13.91	9.24	12.11	12.72

Source: Same as Table 1

IV. Summary and Conclusions

The university and higher education generates natural externalities and it has also been recognized that for the purpose of addressing the challenges of the contemporary social order in the form of globalization, there is need to consolidate the university education sector in every country. It has, therefore, become imperative for the developing countries like India, to give due importance to both quantitative and qualitative development of this sector which depends critically, if not exclusively, on the amount of financial funds injected into the system. The study, however, finds that the public spending on university education in the southern region during the study period remained inadequate. The study found that the percentage of Net State Domestic Products (NSDPs) consumed by university education by the states in the region during the reforms period from 1990-91 to 2010-11 has not only been tiny but diminishing also. Similarly, the general budget spent in university education also shows that the present figures are of a reduced amount of vis-à-vis the 1981-84 (T.A.) figures. This tendency may be due to the pronouncement of the government of India to slowly but surely reduce the public allocations to university education and allow the universities to charge larger fees from the students. Furthermore, the analysis of the relative priorities which government has accorded to diverse levels of education within the higher education shows that there was one state (Karnataka) which was



spending more than 30 per cent on university education out of the total higher educational expenditure and rest were spending very poorly. Further, it has been found that in south India the plan expenditure incurred on university education as a percentage to the total expenditure on university education is negligible (merely 4.97 per cent) in during 2008-11 (T.A.) whereas in the beginning of the study period the proportion was 10.29 per cent and the same is with per capita spending. In this context, it needs to be talked about that the quality and excellence in education is essentially contingent on the inputs of financial resources made into this sector. But, as it has been witnessed in the study, university education in the region is in receipt of nearly nothing in form of public spending. All this can be understood as the effect of new economic policy being implemented in India since 1991, which focuses at tumbling the extent of public expenditure and depending on more on private sector.

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