Nexus Between Quality of Higher Education and Economic Development: The Indian story

RADHIKA LOBO
Birla College of Arts, Science and Commerce, Kalyan, India

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The higher education system in India has a definite bearing on the economy. The nexus although has been researched considerably, this research enquiry points to disparity within the economy as well as the country's economic performance in comparison with the Chinese economy in the framework of shortfalls in the higher education system. For higher education to contribute constructively to the economy, the systemic lacunae must be isolated and rectified. The paper examines the concern by delving into a chronological survey of the evolution of higher education and economic growth in the country since independence up to the present period wherein the privatization of higher education has occupied centre stage. Further, the study takes stock of the present Government initiatives that have been undertaken in this regard and makes inquiries into the scope of their application and assessment of their merit.

Introduction

For any country, resources such as financial, natural and human are sine qua non to capacity building. India is no outlier in this context. The connect between a broad-based higher education system and a high level of economic development need hardly be emphasized. Skill development through a qualitatively superior higher education and optimalisation of the human potential is a prerequisite to increased productivity.

The higher education system followed in India continues to have a colonial hangover despite the many changes that it has undergone. In the immediate post independence period, when India adopted the socialist pattern of planning with an emphasis on industrialization, akin to that in the erstwhile USSR, the Government invested heavily in setting up of technical educational institutions like IITs with a view to securing the requisite personnel. However, the next few decades did not see the same priority being given to technical education and as a result; India could not harness the gains of industrialization. Even as late as the year 2007-08, humanities/social sciences accounted for 45% of the student population while engineering and technology for only 7% and medicine a meager 3%.

The International Labour Organization (ILO) has predicted that by 2020, India will have 116 million workers in the age bracket of 20 to 24 years. Currently, a little over 60% of the population is in the age group of 15 to 59 years. In other words the dependency ratio is quite low. Based on these statistics it is widely believed that India will reap a demographic dividend.

International comparisons indicate that the proportion of the population in the age group between 18 and 24 that enrolls in higher education as given by the Gross Enrolment Ratio (GER) is at 19.4% which remains below the world average of 29% (as of 2010). China achieved a GER of 30 per cent in higher education, up from an abysmally low 3–4 per cent in 1990. The GER in

Brazil too is 26%, higher than that in India. The low GER in India is compounded with a corresponding shortfall in quality of higher education. Baring a handful of IITs and IIMs, most of the other institutions encourage a rote method of learning and a system of evaluation based on the same.

The co-relation between higher education and employment is complex in the Indian context as a number of socio-economic and technological variables are involved (Powar 2012). The higher education system as a whole is faced with many challenges such as financing and management, access, equity, relevance and reorientation of policies and programmes for laying emphasis on values, ethics and quality of higher education together with the assessment of institutions and their accreditation (RUSA 2013). *The mute point here is that a qualitative improvement is imperative.* The underlying implication is very obvious, unless a concerted effort to improve the quality and relevance of higher education, the demographic dividend will remain a dream.

Quantitative Expansion of Higher Education Institutions in India

In quantitative terms the number of higher education institutions has been burgeoning. The Twelfth Five-Year Plan (2012–17) of the UGC, a statutory body responsible for governing higher education in India opens with: *'Higher education in India is passing through a phase of unprecedented expansion, marked by an explosion in the volume of students, a substantial expansion in the number of institutions and a quantum jump in the level of public funding'*. From 26 universities and 695 colleges at the time of independence, there are currently 700 universities and 35,539 colleges today (Figures 1A & 1B). This is a 20-fold and 46- fold increase in the number of universities and colleges, respectively. Notwithstanding the increase in the number of institutions, it has still remained inadequate to meet the increased demand for higher education.

Figure 1A

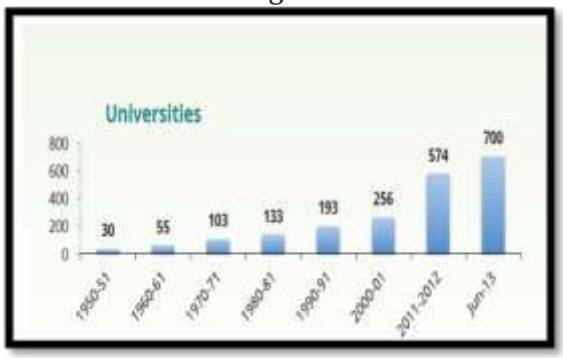
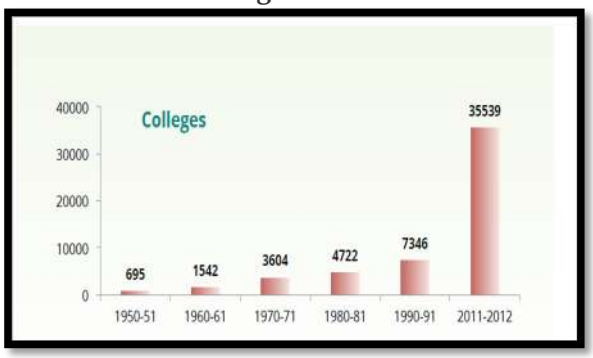


Figure 1B



Also going by the institutional density i.e. the number of educational institutions per 1000 sq kilometres, it is seen that the states of Karnataka, Tamil Nadu, Andhra Pradesh enjoy a high density. Pondicherry, Chandigarh and Delhi have extremely high density of institutions. They can be termed as educational hubs attracting a lot of students as well as private investment in higher education. Predictably, the hilly states and northeastern states have lower institutional density due to lack of usable land, difficult terrain etc (RUSA 2012).

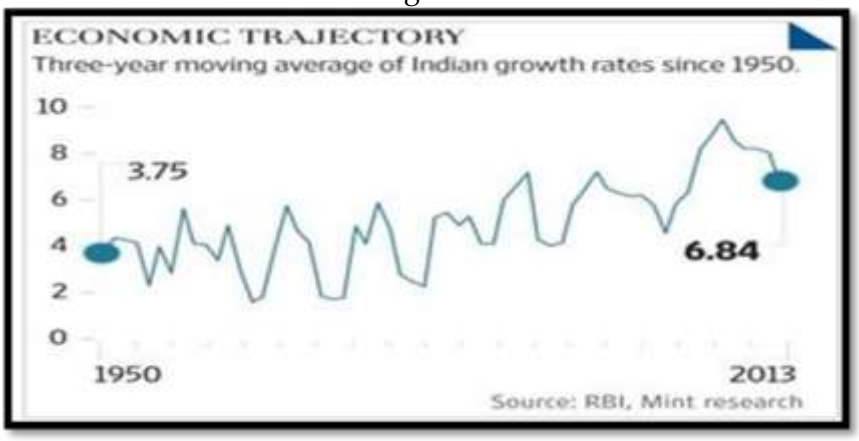
Growth Trajectory in India

Growth during 1952-65, after India secured independence, was about 4.09 % p.a. on an average. Although it cannot be termed as high, when compared with the scenario of 50 years previously in the colonial era, it was spectacular. There was a boom in industrial production too. However, in the next 15 years, this growth could not be sustained. For this period growth averaged at 2.8%. Average incomes were low and social unrest was rampant. Compared to some of the Asian economies, India's performance was dismal, to say the least. Growth rates again started to climb from the early 1980s, and averaged at about 6.7 % for about 30 years (Fig. 2)

On the positive front, since 1991, India's GDP has quadrupled, its forex reserves have surged from $5.8 billion to $279 billion, and exports from $18 billion to $178 billion. Also the period 2004-08 saw one of the highest growth rates. The change in the lives and lifestyles is a lot more fascinating. Today, Indians are of the consumption engines of the world are guzzling colas, downloading music on their iPads and zipping around in sedans.

Global investment bankers as well as multilateral institutions have made downward revisions of their forecast on the growth rate for India in the fiscal year 2014-15. Growth is likely to be sluggish and the worst since 1991.Currently, growth has slowed down, accompanied by inflation and unsustainable current account deficit. It is being increasingly accepted that India is likely to experience a prolonged period of low growth and that the same may be the new normal.

Figure 2



But, even while India may not revert to the high growth trajectory of 2004-08, it is unlikely to go to a very low growth situation given that India still has a significantly high savings and investment rate. Moreover some of the structural factors that are likely to assist growth are a large domestic market, an increasing entrepreneurial class and a growing labour force. So to secure a growth story India has to harness the energies of the youth and make efforts towards skill development as well as bring about qualitative improvement in the higher education system along with encouraging research, innovation and entrepreneurship.

Comparison to Brazil is pertinent here. Brazil's development trajectory indicates that in the 1950s and 1960s Brazil was a star among the development crowd. The government

committed itself to a lot of social commitment that could not be funded by tax revenues, resulting in excessive global borrowing. The industries didn't prove to be competitive and as a result after the 1980s there was a two decade long economic stagnation. India needs to learn lessons from this and equip the population in the productive age group so as to make its industries competitive and enable a fairly good rate of growth. Such a growth rate may not be as high as that seen in the boom years, but neither will it be as low as that predicted.

Concerted Efforts Towards Qualitative Improvement in Higher Education

Dr. Manmohan Singh had forecast that the 21st Century will be the "knowledge century". In other words the country is projected to go through a socio-economic transformation in the 21st century as a result of knowledge creation. According to him a second wave of institution building and of excellence in the field of education, research and capability building are essential so that India is better prepared for the 21st century. Mattoo (2009) has reiterated the same by suggesting that the whole idea of building a knowledge society is the idea of empowering young men and women through education and ensuring that all our delivery systems are built on the premise of the latest knowledge.

The Government has taken cognizance of the gains India stand to accrue from investing in higher education. The initiatives undertaken by the Government are indicative of the endeavors that are underway. Some of these include:

The University Grants Commission (UGC) 12th plan – the plan has several schemes for skill development, research, promote academic programmes relevant to socio economic needs of the nation, enhance quality of teaching learning and strengthen academic and physical infrastructure such as College with Potential for Excellence, College of Excellence, Bachelor of Vocational Programme under the National Skill Qualification Framework, award of research grants and travel grants and so on.

The National Skill Development Corporation India (NSDC)- The NSDC is remarkable in that it is a "public-private partnership". It aims to promote skill development by fostering vocational institutions. It operates through advocacy and initiatives supported by the Government of India and industry associations.

The Ministry of Human Resource Development -The MHRD is responsibility of furthering higher education in accordance with the guidelines laid out by the Government. The MHRD sponsored initiatives include projects such as the "National Commission for Higher Education and Research" (NCHER) and the "Education Tribunals Bill 2010". The Ministry has a division dedicated to working on initiatives to improve internationalization of higher education.

The Confederation of Indian Industry (CII) The CII is credited with immense contribution to skills development in keeping with the needs of Indian industries so as to further employability of the working population. The CII also works to promote entrepreneurship and enterprise in the country. It has launched its own "Skills Development Initiative" in line with the National Skills Development Agenda with the goal of skill-training a target of 500 million people by the year 2022.

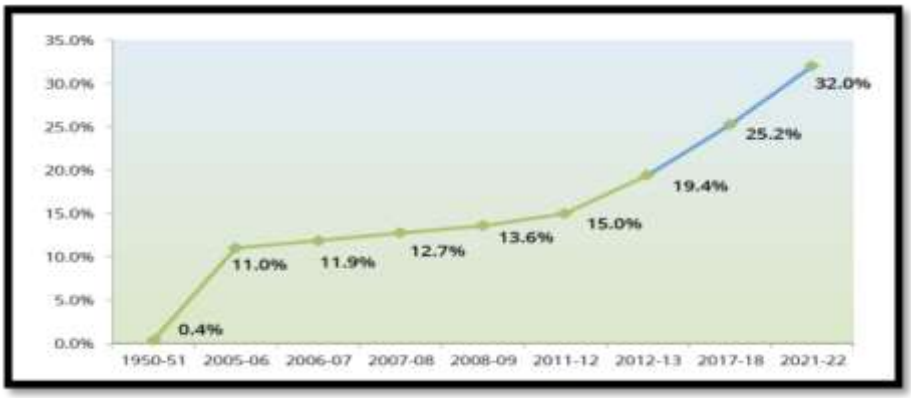
Rashtriya Uchchatar Shiksha Abhiyan (RUSA) or **National Higher Education Mission -** a new centrally sponsored scheme for higher education to be spread over two plan periods (XII and

XIII) and will focus on state higher educational institutions. RUSA is to have a completely new approach towards funding higher education in state universities; it will be based on key principles of performance-based funding, incentivizing well performing institutions and decision-making through clearly defined norms. A management information system will be established to gather essential information from institutions. RUSA will aim to provide greater autonomy to universities as well as colleges and have a sharper focus on equity-based development, and improvement in teaching-learning quality and research. It is a new flagship scheme of the government.

GER and Development

Sizeable advancement has been made in higher education in the country. In the XI Plan, India moved from an "elite" system of higher education to a "mass" system when the Gross Enrolment Ratio (GER) crossed the threshold of 15% (RUSA 2012) and is currently at 19.4%. However, it remains below the world average of 29% (as of 2010). Therefore, less than a fifth of the population in the age group of 18-23 years has access to higher education in India

GER in India



Statistics pertaining to GER and growth are a little confusing in India The more progressive states in the South of India have higher GERs as well as higher availability of educational institutions. These are also states with higher per capita spending on higher education. All the southern states, with the exception of Kerela, lie above the median GER. Kerela, despite 99% literacy and good performance in primary and secondary education has a low GER of just 13.9%. The states in the Northeast do have not very high institutional density and almost all have a GER below the national average of 19. It suggests that low access leads to low GER. However, in the hilly states of J&K, Uttrakhand and HP, the GERs range from low to high indicating that socio-cultural aspect such as a high gender parity has a bearing on the same. Gujarat, despite being a state with high growth indicators, has a GER of 21.3, compared to say Chandigarh that has a GER of 41.4. Cultural and other factors probably affect enrolments in higher education here. The states of the Hindi belt, i.e., Uttar Pradesh, Bihar, Rajasthan and Madhya Pradesh are well below the median GER for all states, pointing towards building capacities, strengthening school systems and fundamental change in the attitude towards education that is required in these states.

Comparisons with China, the other Emerging Economy

Up to the 1990s India's higher education outperformed its Chinese counterpart in quantitative and qualitative terms. But the situation is altogether different today, as China now dominates in *'soft infrastructure'* areas too, which include higher education.

Higher Education development in India and China closely parallels their economic growth over the last couple of decades. Higher education in India struggles with moderate reactive growth, whereas China achieves higher growth and is proactive in its goals; in no small measure, this derives from the fact that the Chinese system is more directly focused on quality than India's.

China is a unique case in higher education development. In 2010 China achieved a Gross Enrolment Ratio of 30 per cent in higher education, up from an abysmally low 3–4 per cent in 1990. India barely improved its enrolment ratio in the same 20-year period, moving from less than 10 per cent up to 15 per cent enrolment. Today there are many more Chinese than Indian universities among the world's top 200.This is further reflected in the primary level enrolment figures in India and China that were 160 million and 100 million in 2010 respectively. Effectively, at primary school level enrolments, India has nearly 60 per cent higher enrolment than China However at tertiary level enrolment in India and China stand at 15 million and 30 million in 2010 respectively where enrolments in India were almost half of those of China. But, these figures are somewhat misleading because they do not clearly show the effects of India's population, which is younger than China's. Fifty per cent of India's population is under 25 years of age and thus has not yet entered the tertiary level.

The implications of a low gross enrolment ratio in tertiary level for a nation as young as India can be significant. The possibility of stalled economic growth is particularly worrying. Gross enrolment ratio for higher education in India is lowest among BRICS economies, and significantly lower than the world average. Expansions in the Chinese higher education sector are important to note as China is seen both as a key economic rival, and at best as a benchmark, for India.

Another important factor for comparison is the number of universities and the affiliated colleges therein. India has around 600 universities but they have more than 33,000 affiliated colleges. This is the largest number of affiliated colleges in the world, and is 10 times more than that of China. The majority of these universities and colleges in India are private and do not receive financial support from the Indian government. This structural anomaly is at the basis of the Indian economy's lack of scale in production capacity. With so many colleges, monitoring and controlling becomes difficult, which can significantly compromise quality.

Another disturbing trend is that in 2000–01, enrolment in private unaided higher educational institutes was barely 33 per cent which became 52 per cent in 2005–6 and increased further to 80 per cent in 2012. These numbers show that the quantity expansion in India has been achieved by self-finance colleges alone. The low pay scales of the faculty in these institutions will mostly attract average personnel and therefore churn out average students. In comparison Chinese higher education is almost completely state backed.

The fate of higher education in either country brings to mind China and India's economic development path. China emphasised on a government-controlled reform along with liberalization while India opted for liberalisation with less government oversight. China continues to see unprecedented expansions in its economic capacity at a time when inadequate capacity remains a major economic bottle-neck for India. It is increasingly clear that reforms in China and India are drastically different in character and impact. The higher education performance in either country speaks just as loudly as the overall economic picture.

Conclusion

The Government has made numerous efforts through policy initiatives and direct investment to improve the quantum and quality of higher education provided in India. Yet there are some lacunae that are holding back the country from going anywhere near its past glory of Axial and Malinda. Most importantly the urgency of a qualitative and holistic higher educational system is of utmost importance to sustained development and growth in India. Apart from creation of capacities at higher education level, much needs to be done in terms of bringing a larger number of students from senior secondary to higher education systems, overcoming geographical and socio-economic disparities while maintaining focus on quality. In short all in the context of India's higher education three aspects need attention access, equity and excellence.

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