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Financing and Quality of Higher Education in India¹

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Six key issues of university education in India are its mission, financing, quality, research, contribution of philanthropy, and balancing the conflicting pressures along all these dimensions. I comment briefly on each of them and refer the interested reader to my review of Indian higher education (Sunder 2012).

Mission. The first social responsibility of a university, independent of how it is financed, is to teach students: inspire their imagination and creativity, impart knowledge of the world and their role in it, analytical, social and physical skills, and the ability to keep learning to help them achieve their potential and live personally and socially-fulfilling lives. Delivery of all other functions expected of higher education flows from success in achieving these basic goals..

Teaching, and teaching well, is the greatest, irreplaceable contribution a university makes to its supporting society. Nothing is more important than shaping and informing young minds, and no other societal arrangement serves this function for a significant fraction of population more effectively. Like a plant and the soil in which it is planted, a university grows in and draws its sustenance—talent and financing—from society and returns the favor in the form of educated and capable citizenry and new learning to enrich the future. Fortunately, imparting a good education to children is also what most adults expect of a university; when people’s expectations from university get distracted to employment, focus on their education mission is lost and they slide into sprawling bureaucracies.

We can gain a great deal if the institutional capacity of universities is matched with what the stakeholders—people, legislatures, civil service, courts and teachers—expect from them. We can gain much advantage from acting on its implications. Universities focused on their primary mission to create good learning environments so as to impart high quality instruction (as opposed to being profit centers for business entrepreneurs and employment agencies for political favorites) call for a very different structure and governance. Courts, too, must appreciate that these special institutions of learning and innovation call for finely balanced managerial judgments and discretion that are not supportable by the laws and rules designed to govern employment in a factory or office.

Funding. Since the benefits of education accrue in the form of both private as well as public goods, it is rare to find a university that delivers quality higher education without large and significant financial subsidies. The government’s allocation of tax revenues and philanthropic donations to higher education are subsidies that enable universities to deliver on what is expected of them. The idea that quality education can be financed entirely, or mostly, from tuition fees paid by students and their families has not yet been shown to work in any part of the world.

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Student loans taken to finance higher education create serious inequities in university access for the less privileged and distort the flow of young talent towards learning that is more readily monetized as private value, pushing social values into the background. It is hardly surprising that the massive expansion of higher education during the recent decades (financed by private capital looking for profits) has largely gone to three fields of engineering, management and computer applications delivering little more than abysmal quality and printed diplomas.

Quality. The most important determinant of education quality is teacher quality—their knowledge and quest for knowledge, imagination, values, interest, and enthusiasm. The excellence of a university education depends on its ability to attract top-of-their-class young people to work in universities to teach and inspire the next generation. This pool of talent can help the universities serve their teaching and research functions. Unfortunately, India has yet to develop an effective mechanism to identify the high-ability young people and attract them to work in the universities. Although students can make a small but useful contribution to assessment of the quality of teaching, most of the difficult task of teaching evaluation must be performed by dedicated teaching colleagues themselves. Even research publications, when used indiscriminately as a criterion for faculty evaluation, easily turns into a huge sink of faculty efforts wasted on meaningless pursuits of journals and conferences. The bottom line is that neither the profit nor the civil service model of running organizations works to create a good university. Yet, India has not yet developed a third alternative, and learned to use the structures used in renowned universities of the world.

We have only limited understanding of how we learn, and education is one of the few industries that has exhibited little gain in productivity over the past century. Shall we hope that attempts to teach and learn under the Covid-19 pandemic may leave behind a better understanding of the learning processes, and better methods and organization of teaching in its wake?

Research. I confine my remarks to the social sciences and humanities (excluding science, engineering and medicine) to remain within the scope of my discipline. From my experience at the universities where I have had the privilege to work, I believe that the excessive emphasis on faculty research has rendered the university system dysfunctional. Since it takes a long time—multiple decades or more—to identify good research, most universities use a shortcut and depend on publications in peer-reviewed journals as a metric of evaluation. Most of this publications-driven “research” adds relatively little knowledge or understanding of pressing societal issues, and rarely develops their solution. It distracts faculty attention from the primary function of delivering high quality education.

Moreover, excessive emphasis on research which does not serve larger intellectual or social purpose other than credentialing of the faculty themselves, adds significantly to the cost of university education. While the university faculty may continue to do research in these fields to engineer solutions to problems of society and to sharpen and advance their own knowledge, excessive emphasis on publications serves little purpose in society.

Philanthropy. India has her own millenniums-long established tradition of philanthropic support for education. Unfortunately, in recent decades, a new mindset and government policies have entered the higher education arena, based on the assumption that, somehow, for-profit higher education is a workable approach to India’s long-delayed efforts to meet the challenge of educating her youth. These policies diverted the efforts of wealthy members of society who had historically used their fortunes to support education. Instead of viewing their charitable contributions as investments in the future of the

society that enabled them to earn their fortunes, the new policies encourage them to think of education as yet another “industry” in which they could generate high private returns on investment.

This wholesale abandonment of philanthropy in favor of earning high private profits has led to the opening of diploma mills under the guise of colleges and universities in all parts of India. Many of these institutions have sparkling campuses, built on land acquired from government on concessional terms, few qualified teachers, and charge high fees in exchange for often worthless printed degrees from their exploited students who learn little in the process. Their purpose is to enrich their owner-promoters through sale of degrees under the pretense of education. Since a surprisingly large number of these institutions are owned by powerful politicians—ministers, members of parliament and legislatures, even a president of the republic, or their spouses—there is scant hope that this destructive state of affairs is about to be reformed soon. The new National Education Policy announced in summer of 2020 hardly mentions this endemic problem.

Financial entrepreneurs attracted to make a fast buck in the field of education have displaced many philanthropists and muddied the waters for those with well-intentioned charitable gifts to give. These educational leeches, as well as many supporting chambers of commerce and enabling public policies are based on a simple but fundamental misunderstanding of the meaning of “private” in higher education.

Scores of universities and colleges established by philanthropists in the United States rose to prominence in the world of education during the twentieth century, attracting talented students and teachers from all parts of the globe. These universities are labeled “private” because they receive only a fraction of the costs of running them from government. In India, profit-seekers mistakenly see them as their model; few of them are aware that most such “private” universities in the U.S. collect only some ten to thirty percent of their expenses from student fees.

This contrasts with more than 100 percent of the expenses charged from the students by private universities in India to yield profits for the promoters. Philanthropy (that makes the private universities in the US the envy of the world) is missing in the profit-seeking imitations in India. They do not understand the American model, try to imitate what they wrongly believe is the American model of a private university, and fail to replicate their quality and success in India. Given the fundamental economics and high cost of providing quality education, these Indian universities sell largely worthless degrees to the poor and the middle class, while sending their own children to get educated abroad.

In the US, most of the philanthropic contributions to universities come from individuals, especially the alumni. While the wealthy donate large sums of money for new buildings, colleges, endowed professorships, and programs, most alumni make at least small annual contributions to their alma maters as a norm of social obligation. Individuals are free to contribute at will, and private philanthropy works better when focused on individuals.

Contributions from public corporations, on the other hand, must be justified and approved by their boards as prudent business decisions that serve their corporate interests. For this reason, corporate contributions tend to be linked to applied research whose results may yield profitable products and services to the corporation. While all contributors—whether legislatures, corporations, or individuals—try to attach strings to their money, the university must decide which strings are, or are not, acceptable considering its values, mission, and needs. Chasing after all money without a clear sense

of institutional values and mission, universities can be drawn off the track into the thickets from which it is difficult to extricate themselves.

Balance. Just as good health requires a balanced diet and living style, higher education in a country of India's size must also be balanced. While individual students and universities specialize to varying extents, society as a whole must balance the resources devoted to, and opportunities available in, hundreds of fields of knowledge, skills and scholarship. In recent decades, India has seen an explosive and unbalanced expansion of education, especially in three fields: business management (my own field), computer applications, and engineering.

Setting aside the troublesome questions about the education quality, entrepreneurs' desire to monetize the presumed employability of students in these fields by extracting high fees on limited investment has energized this trend. However, such professional fields are the dessert of higher education—rosogollas if you will. Desserts have their place in a balanced diet, but excessive indulgence can cause diarrhea, diabetes, and demise. The staple of education in a society—dal-roti-rice so to speak—consists of learning mathematics, the sciences, languages, history, economics, psychology, and scores of such liberal arts disciplines that receive little attention in the menu of expanding higher education driven in India by entrepreneurial profits.

Education in these essential subjects must be supported by government or philanthropic subsidies; relying on profit-motivated entrepreneurs does not promise a healthy future. Wrong-headed policies which encourage so-called private education in India by for-profit entrepreneurs has misdirected and created huge imbalances and injustices in Indian education.

To summarize, quality higher education is expensive, and needs large subsidies from the wealthy and the government. It also calls for good governance. Of the two prevailing models of governance in India, neither profit-orientation in business, nor hierarchy-orientation in government civil service—works well in education. Good education is unable to earn profits on investment, and university administrators must govern an organization full of teachers who are more knowledgeable than they in their respective disciplines. With little attention given to alternatives, attempts to impose the business and civil service models on education force a square peg in a round hole, damaging both.

Finally, and most important, quality higher education demands that society's top talent be attracted to becoming teachers and scholars. It is not that among the crop of India's 25 million newborns each year there are no Einstein's. Where are they? Are they selling soap, or imagining what has not yet been imagined? India's future depends on the answer.

Reference:

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