

Financing of Higher Education in Tamilnadu

C. Saravanan

Department of Economics, D.R.B.C.C.C. Hindu College, Chennai.
E-mail: saravananchandrasekaran@gmail.com

Abstract—Education is one of the most important empowering tools for an individual; it lays the foundation for a better life. Education prepares and trains skilled workers at all level to manage capital, technology, services and administration in every sector of the economy.

Education supplies the economy with the necessary knowledge, training and qualification to meet the needs for economic development. Hence, education is an important factor not only to provide the new generation with skills so essential for earning a livelihood, but also to create among them awareness to social and environmental realities.

Education is a very significant factor of development. A country is not able to achieve sustainable economic development without substantial investment in human capital. It is the key for increasing economic efficiency and social consistency. By increasing the value and efficiency of labour, it improves their earning capacities. It increases the overall productivity of the labour force; it helps to ensure that a country is competitive in worlds markets now characterized by changing technologies.

There are number of ways in which education influences socio-economic well-being of the individuals and the society. One may notice that education increases the productivity of a person in labour market and in turn increases the earnings of the person, educated people make more informed choices in their consumption patterns, educated people search better employment for themselves, educated people are more aware about health, nutrition etc., education reduces growth of population, which is a positive aspect of development in developing countries, educated people are more broad-minded and are open to new ideas, new methods and new techniques all of which are essential to the development process.

The importance of higher education to economic and social development and the correlation between economic development and the development of higher education in the knowledge based economy are almost universally accepted. Higher education trains people to take up different economic roles in society and spurs technological innovation that drives economic growth. It is important that the country's capacity in higher education is aligned to the demand for skills from the economy, which would include the demand for teachers from the education system itself.

1. INTRODUCTION

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productivity of the labour force; it helps to ensure that a country is competitive in worlds markets now characterized by changing technologies. There are number of ways in which education influences socio-economic well-being of the individuals and the society. One may notice that education increases the productivity of a person in labour market and in turn increases the earnings of the person, educated people make more informed choices in their consumption patterns, educated people search better employment for themselves, educated people are more aware about health, nutrition etc., education reduces growth of population, which is a positive aspect of development in developing countries, educated people are more broad-minded and are open to new ideas, new methods and new techniques all of which are essential to the development process.

The economic development of developed nations proves the importance of non-material investment in human capital and also establishes that economic development depends vitally on the creation of educated labour force and ready to accept and promote economic development and technical change. High levels of education and literacy lead to a greater awareness and also contributes in improvement of economic conditions. It acts as a catalyst for social upliftment enhancing the returns on investment made in almost every aspect of development effort, be it population control, health, hygiene, environmental degradation control, empowerment of women and weaker sections of society.

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2. STATEMENT OF THE PROBLEM

In the developed world the knowledge society asks for even more highly qualified knowledge workers. Economic development, modernization and demographic pressure fuel

the demand for higher education also in other parts of the world, only limited by the inability of the poor to finance the cost of higher learning. Neither local institutions nor governments have enough resources to deal with this Massification of demand in many countries.

The demand for higher education has not only grown quantitatively but has also become more diverse. New communication technologies and the internet proved a new opportunities for a more flexible delivery of higher education, thereby creating a new demand in some countries and meeting demand in others where traditional institutions are incapable to do so.

The international demand for higher education has also invited new providers from outside the higher education sector to enter the scene. The business of borderless education comprises various forms and developments among to which also combinations are possible, such as new for-profit private universities, corporate universities, media companies delivering educational programmes, professional associations becoming directly active in higher education, and companies with high training needs establishing their own training facilities. Many of these new providers extensively use the internet as delivery channel, in some cases they develop into real cyber-universities with a very limited physical presence.

3. OBJECTIVES

My study aims at looking various aspects relevant to higher education in the following manner.

- To analyze the crowding out public expenditure for higher education in the state;
- To analyze the trend of plan expenditure on higher education in the state; and
- To explore the feasibility of alternative sources of finances.

4. MAJOR FINDINGS

Plan Expenditure on Higher Education in Tamil Nadu is negatively and significantly related to Public Expenditure on Education as Percentage of GDP. So there is a significant difference between the Plan Expenditure on Higher Education in Tamil Nadu and Public Expenditure on Education as Percentage of GDP.

Year wise Plan Expenditure on Higher Education in Tamil Nadu is positively and significantly related to Public Expenditure on Education as Percentage of GDP. So there is a significant difference between the Year wise Plan Expenditure on Higher Education in Tamil Nadu and Public Expenditure on Education as Percentage of GDP.

To find out if there is any difference of Higher Education in Tamil Nadu and Public Expenditure on Education as Percentage of GDP, ANOVA test was applied. ANOVA results show a F value of 14.55 which is found to be significant at 1% level of significance. Thus the hypothesis is

accepted and hence there is significant difference of Higher Education in Tamil Nadu and Public Expenditure on Education as Percentage of GDP.

It can be seen from the calculated 't' value (5.513) is greater than the table value (2.00) at 0.01 level significant hence there is a significant difference between the Plan Expenditure on Higher Education in Tamil Nadu and Public Expenditure on Education as Percentage of GDP. Therefore the hypothesis is accepted.

It can be seen from the calculated 'F' value (9.548) is greater than the table value (3.00) at 0.01 level significant hence there is a significant difference between the Year wise and Plan Expenditure on Higher Education in Tamil Nadu. Therefore the hypothesis is accepted.

5. CONCLUSION

At present, India possess a highly developed higher education system which offers facility of education and training in almost all aspects of human being's creative and intellectual activities such as arts and humanities, natural, mathematical and social sciences, engineering, medicine, dentistry, agriculture, education, law, commerce and management, music and performing arts, national and foreign languages, culture, communications etc.

A phenomenal growth in higher education has taken place since 1951 with number of colleges for general education from 370 in 1950-51 to 14,300 in 2009-10 and number of colleges for professional education going up from 208 to 11,600 and number of universities from 27 in 1950-51 to 620 during the same period. Another growth parameter of higher education is the increase in student enrolment.

At the national level, since independence up to 2011 there has been twenty threefold increase in the number of universities while colleges for general education registered a thirty nine fold increase from 1951 to 2009-10. In the same period colleges for professional education have registered a fifty six fold increase, while in student enrolment the increase was ninety eight fold in the period from 1950-51 to 2010-11.

A country is not able to achieve sustainable economic development without substantial investment in human capital. It is the key for increasing economic efficiency and social consistency. By increasing the value and efficiency of labour, it helps to raise the poor from poverty line. It increases the overall productivity of the labour force. It helps to ensure that a country is competitive in world markets now characterized by changing technologies.

Education enriches people's understanding of themselves and the world. It improves the quality of their lives and leads to broad social benefits to individuals and society. Education raises people's productivity and creativity and promotes entrepreneurship and technological advances. It plays a crucial role in securing economic and social progress and improved

income distribution all of which can be acquired by developing professional, social and communication skills through education. Economic development of developed nations confirms the importance of non-material investment and also establishes that economic development depends vitally on the creation of educated labour force which is equipped with necessary technical skills for modern industrial production and ready to accept and promote economic development and technical change.

It is widely known that education contributes significantly to economic development. The developed world understood the fact much earlier that individual with education especially with higher education have an edge over their counterparts. The developed world always believed that large investment on higher education was justifiable.

❖ *Educational expenditure as percentage of GDP has remained constant.*

Subsequent to independence and adoption of planning, government has been engaged in planned development of education in the country. Even since the Kothari Commission recommendation of investing 6 percent GDP on education, the same was reiterated time and again in the plans. It was therefore expected that government would abide by the above recommendation and incur adequate expenditure on education to meet the need of social development.

However, this share of education on GDP remained very low throughout the period. On examining the relevant data it was found that public expenditure on education by central and state governments was around 3 percent of GDP for almost the entire period. And this was distributed among the three levels of education, with higher education expenditure varying between a very narrow margin, i.e. 0.4 percent to 0.7 percent. The hypothesis mentioned above is thus proved.

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