

# Public Expenditure on Higher Education for Human Resource Development: A Study in North Eastern Region of India

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## ABSTRACT

*Higher education plays very significant role in all round development of the nation, as it empowers the individuals with necessary competence for achieving important personal, social and higher level of professional goals. It also creates human capital. So government funding must continue to be an essential and mandatory requirement for support to higher education. Finance from public sector includes spending by central government, state government, local bodies and foreign aid which is transferred primarily through central government budget. Expenditure on education plays an important role in expansion and growth of the educational sector. The study focused on especially in North Eastern Region of India. Though the government expenditure on education is increasing in India for Human resource development but in North eastern Region, the spending level is not up to the mark. So the paper attempts to study the level of government expenditure on education for human resource development. Most people (especially the poor) in less developed nations do not demand education for its intrinsic noneconomic benefits but simply because it is the only means of securing modern sector employment. Employment is the ultimate destination for the students of poor economic background in the state, like Assam. But in India as well as NER is facing various problems relating to higher education. So the paper also tries to study the issues regarding higher education in North East India from demand side and supply side.*

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## 1. Introduction

North Eastern Region is the easternmost region of India comprises eight states—Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim and Tripura. The region shares an international border of 5,182 kilometres with the neighboring countries – 1,395 kilometres with Tibet Autonomous Region, China in the north, 1,640 kilometres (1,020 mi) with Myanmar in the east, 1,596 kilometres with Bangladesh in the south-west, 97 kilometres with Nepal in the west and 455 kilometres with Bhutan in the north-west. It comprises an area of 262,230 square kilometres, almost 8 percent of that of India, and is one of the largest salient in the world.

Higher education plays very significant role in all round development of the nation, as it empowers the individuals with necessary competence for achieving important personal, social and higher level of professional goals. It is inscribed as a vital factor for survival; it provides people with “an opportunity to reflect on the critical, social, economic, cultural, moral and spiritual issues facing humanity” (National Policy on Education, 1986).

Financial resources play an important role in the expansion and growth of the educational sector which is not only restricted to government spending but households, non-governmental agencies and corporate investment contributes significantly. But the role of the government still remains pervasive and important. On the recommendation of Education (Kothari) commission (1966), the Government of India quantitatively fixed the target of investing 6 per cent of Gross National Product (GNP) on education by the public exchequer

by 1986. But the goal of allocating 6 per cent of (GNP) on education remained elusive. Currently, India spent 4.54 per cent of GDP on education.

With liberalization, and the consequent intensification of competitive market forces, the emphasis on distributional aspects is losing prominence (Carnoy, 1999). This situation resonates with education at large and higher education in particular in India. In this context, the challenge lies in reversing the situation of undermining equity, for which enhanced public spending in higher education has an important role to play. Only about 20.4 per cent (Ministry of Human Resource Development, 2013) of the relevant age group population is enrolled in higher education institutions in India, compared to above 70 per cent in the USA and Canada (Agarwal, 2008). With inadequate highly educated manpower, globalization will not be meaningful and beneficial to the Indian economy. Therefore, it is strongly felt that for ensuring equity and social justice in this era of globalization, public investment in education becomes essential. Higher education, in particular, has been considered a better and more effective instrument for ensuring equity and social justice than many other direct measures (Tilak 1995). The expenditure on higher education as a percentage of GDP in 1990–1991 was 0.43 per cent which in the year 2009–2010 changed to 0.41 per cent. The study analysed public expenditure on education both at the global and national level. Further, this study examines the pattern and trend of public expenditure, focussing on total, plan, and non-plan expenditure on higher education in India at current and constant prices (at 2004-05 prices) made by government. It also study the issues and challenges regarding to higher education.

**1.1. Objectives of the study**

The objectives of the study are:

- To study the level of government expenditure on higher education for human resource development.
- To study the issues and challenges regarding higher education in North East India from demand side and supply side.

**1.2 Research Methodology**

This research is based on secondary sources of data. Data are collected from government reports, books, journals, official websites and publication of other prestigious institutions. Moreover, although this research is also based on personal observation, hence it is also exploratory in nature.

**2. Discussion and Analysis**

**2.1. Government Expenditure on Higher Education in India**

Basically finance has been allocated by the MHRD, government of India, in order to bring development in colleges and universities directly or indirectly through the numerous department of higher educational institutions. UGC is one of the apex body releasing the funds in colleges and universities. There are also other autonomous educational councils like AICTE, MCI etc. which are taking care of their respective units of higher education in implementation, maintenance and development. Estimated funds are released more or less depending on the availability of funds. Year after year allocation of funds has been increasing in colleges and universities in order to expand the quality of higher education in requisite forms but the problems of loopholes in higher education are not mending sufficiently due to scarcity of financial allocation and mismanagement of financial management in the region

Share of higher education in national income indicates the relative importance given by the government to higher education. Table 1 depicts the percentage share of government

expenditure on higher education as percentage of GDP in India at constant prices.

**Table-1**  
**Trends of Government Expenditure on Higher Education as Percent of GDP**

Year	Government Expenditure on Higher Education as % of GDP
1980-81	0.31
1985-86	0.38
1990-91	0.43
1994-95	0.36
1999-00	0.47
2004-05	0.31
2009-10	0.41

**Source:** 1. National Informatics Centre, Budgetary Resources for Education, Department of Education, MHRD, GOI, New Delhi, (1995),  
2. Analysis of Budgeted Expenditure on Education, MHRD, Various Issues.  
3. Handbook of Statistics, 2011-12 & 2012-13, Reserve Bank of India.

The table 1 shows that the trends of Government Expenditure on Higher Education as percent of GDP. During pre-globalisation period, government expenditure on higher education as per cent of GDP was 0.31 per cent in 1980-81 which accelerated to 0.38 per cent in 1985-86 and further it increased to 0.43 per cent in 1990-91. During post-globalisation period, government expenditure on higher education as per cent of GDP has shown fluctuating trend. In 1994-95 government expenditure on higher education as per cent of GDP was 0.36 per cent which increased to 0.47 per cent in 1999-2000. After that, it continuously declined and becomes 0.31 per cent in 2004-05. But further it slightly increased to 0.41 per cent in 2009-10.

**Table 2**  
**Plan and Non-Plan and Total Expenditure on Higher Education in India (Rs.in crore)**

Year	At Current Prices			As % of total exp on Higher Education		At Constant Prices		
	Plan	Non-Plan	Total	Plan	Non-Plan	Plan	Non-Plan	Total
1980-81	75.6	408.1	483.7	16	84	383.6	2070.8	2454.4
1985-86	145.3	901.4	1046.7	14	86	537.8	3336.3	3874.0
1990-91	245.0	2066.9	2311.9	11	89	622.4	5250.7	5873.1
1994-95	524.9	3000.4	3525.3	15	85	873.1	4990.0	5864.0
1999-00	834.5	7413.9	8248.4	10	90	1075.7	9557.0	10632.7
2004-05	1305.0	8198.1	9503.2	14	86	1305.0	8198.1	9503.2
2009-10	5680.6	18505.4	24186.0	23	77	4343.0	14147.9	18490.8

**Source:** 1. National Informatics Centre, Budgetary Resources for Education, Department of Education, MHRD, GOI, New Delhi, (1995),  
2. Analysis of Budgeted Expenditure on Education, MHRD, Various Issues.

Table 2 reveals the analysis of plan, non-plan and total expenditure on higher education in India. It is apparent from the table that, during pre-globalization period, plan expenditure on higher education at current prices was Rs. 75.6 crores i.e., 16 per cent of the total and non-plan expenditure was of the order of Rs 408.1 crores i.e., 84 per cent of the total. The relative

share of the plan expenditure in the total went on declining and in 1990-91 it was only 11 per cent of the total and the remaining about 89 per cent was of non-plan expenditure. In 1990-91 plan expenditure was Rs 245 crore while non-plan expenditure was Rs 2066.9 crore. During post-globalization period, plan and non-plan expenditure increase to Rs 524.9

crore and 3000.4 crore in 1994-95. During this period, plan expenditure touched its lowest level of 10 per cent while non-plan expenditure stood as high as 90 per cent of the total in 1999-2000. In 2009-10, plan expenditure was Rs. 5680.6 crores and non-plan expenditure was of the order of 18505.4 crores. In this year, plan expenditure touched its highest level of 23 per cent and non-plan was its lowest level of 77 per cent.

Further, data analysis reveals that, during 1981 to 2010 period, plan expenditure ranges from 9 to 23 per cent while

non-plan expenditure ranges from 77 to 91 per cent. Thus, it shows that, in this period, there has been lot of fluctuation between the share of plan and non-plan expenditure on higher education. As far non-plan expenditure is concerned, there is substantial increase in non-plan expenditure, corresponding to plan expenditure in the whole period. However, declining plan expenditure, means declining effort for creation or addition of new educational facilities and swelling non-plan expenditure denotes increasing burden of maintenance expenditure on the shoulder of the state government.

**Table 3**  
**Financial allocation/ released in NE during 2004-10 ( Rs. in crore)**

Year	Allocation to NER	Amount released
2004-2005	212.42	212.30
2005-2006	250.00	250.40
2006-2007	353.93	279.10
2007-2008	320.30	298.58
2008-2009	679.99	577.50
2009-2010	842.60	790.00

Source: MHRD, government of India, Annual Report 2009-10

The table 3 shows that financial allocation or released in NE during 2004-10. The table indicates that financial allocation increased from Rs. 212.42 crores to Rs. 842.60 crores during 2004-10 in North east India but financial allocation decreased Rs. 353.93 crores to Rs. 320.30 crores during 2006-07 and 2007-08. The table also reveals that amount released during the year 2004-05 is Rs. 212.3 crores which is gradually increased to Rs. 790 crores in the year 2009-10. The annual revised estimated plan for financial allocation in higher education in higher education is increasing year after year. According to the table during 2008-09 there is huge difference of rising in financial expenditure from Rs 298.58 in 2007-08 to Rs. 577.50 in 2008-09.

## 2.2. Issues and Challenges regarding Higher Education in North East India

There are various issues and challenges faced by the people of NE regarding higher education. The challenges are following:

- i. **Demand-Supply Gap:** The drop-out ratio of students is comparatively more in the rural colleges of North-eastern region since most of them are first generation learners of higher education. In some of the colleges cut-off mark cannot be applied and therefore most of the students are unable to cope up with the present higher education system.
- ii. **Inadequate physical infrastructure:** Quality education is possible when facilities, resources and technologies are upgraded and it is not possible without adequate funds. According to NAACs assessment and accreditation most of the higher educational institutions in the region are not ranked highly. The higher educational institution of this region are bound to grade in the lower side since quality of input is also very low, inadequate teacher-students ratio, poor communication etc. and due to this grants are also given on the lower side which hinders improvement in physical infrastructure.

- iii. **Lack of innovative outlook and research:** Most of the higher educational institutions in northeast India lack innovative outlook and ingredient of research which also hinders the development of the teachers, students and the overall infrastructure of the institutions. Educational institutions are still following the traditional mode of teaching and learning instead of modern devices like use of digital class room and other technologically sophisticated instruments to help to improve class room atmosphere.
- iv. **Inadequate funds:** Most of the higher educational institutions in the northeast are suffering from limited funds. As a consequence they are constricted to expend on areas like improvement in technology and research based activities.
- v. **Lack of job guaranteed courses:** Education is always seen as a medium to guarantee livelihood prospects in future. But in today's competitive world where whole world is running after professional courses the educational institutions in NE region are still venturing for traditional courses. Although in recent years the situation has changed and most of the institutions are providing professional education courses but these are failed to provide the infrastructure for campus recruitment or somehow not fulfilling the guarantee to provide services.
- vi. **Poverty:** According to the Planning Commission report published recently (The Telegraph, March 12, 2013)<sup>5</sup>, the poverty is generally rising in the northeast except Tripura and Arunachal Pradesh. The report says Assam now has 116.4 lakh persons living below the poverty line, Manipur 12.5 lakh, Meghalaya 4.9 lakh, Mizoram 2.3 lakh, Tripura 6.3 lakh, Nagaland 4.1 lakh and Arunachal Pradesh 3.5 lakh. Due to increase of poverty people of Ne cannot afford their children for higher education.
- vii. **Lack of Awareness:** People from Northeast especially from rural areas are still ignorant about

higher education especially about the emerging areas of professional education. The lack of knowledge about courses, institutes, scholarships and future prospect has been a major factor for which rural students are not able to frame clear career goals and planning. There is a need to build awareness by both government and non-government initiatives. Having information centers and career counseling facilities at the secondary school levels may be helpful for generating awareness in the rural areas.

- viii. **Affordability:** People from the rural areas in northeast are still poor and affording higher education remains a luxury for them. Though, a section from the urban higher class and middle class are still going to other developed cities in India and even abroad for higher studies but for the poor people from the rural areas, it just remains a dream out of their reach. Most people from rural areas are not financially in positions to pay for higher education.
- ix. **The problem of Inequality:** Besides the low GER for overall population of Assam, large variations exist among the various categories of population like male-female, rural-urban and SC/STs and the General categories. Due to urban centric and uneven distribution of institutions of higher education, it is not equally available to all in the State
- x. **Shortage of qualified teachers:** Lack of adequate financial support from the Govt. has made it difficult for many institutions to attract qualified and talented teachers and have to run the courses with sub-qualified teachers on ad hoc basis, which is a serious threat to quality of education for developing human resource. The shortage is even higher in the

institutions of professional nature like B.Ed. colleges, Law colleges, Medical and Engineering colleges besides the institutions of general education. This shortage of qualified teachers results in de-recognition of some of the institutions by concerned bodies at times.

### 3. Conclusion

Education is one of the most important indicator for human resource development. Public Expenditure on Higher education is the most important factor to develop our country because it can develop human resource of the country. North East Region was found to be lagging behind in quality education and lack of constructive higher educational institutions as compared to other regions of India. This paper tries to study how much government expenditure on higher education in North East India and how it helps in human resource development in India. It has found that the revised amount released by government of India increased year after year from the year 2004 to 2010. The government has also implemented both plan and non plan expenditure on higher education. The study found that during 1981 to 2010 period, plan expenditure ranges from 9 to 23 per cent while non-plan expenditure ranges from 77 to 91 per cent. Thus, it shows that, in this period, there has been lot of fluctuation between the share of plan and non-plan expenditure on higher education. Although government of India increased financial allocation for higher education there are various challenges being faced by people of North East like lack of awareness, inadequate funds, shortage of quality teachers, inadequate infrastructure facilities etc. So the government should be taken some schemes regarding higher education to solve these problems.

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