

Economic Reforms and the Weak-Link in the Changing Financing Strategy of Higher Education in India

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Augmentation of resources is encouraged either by covering a large share of cost of higher education or through full cost recovery from students even in public higher educational institutions in India. Further, the new student loan programme introduced in 2001, is insensitive to the needs of the weaker sections. Hence, an alternative loan programme must be evolved and flexible enough to suit their requirements. A comprehensive student support system must be in place when fees are raised. But what is observed is that the number of scholarship schemes and amount of resources allocated to scholarships has been declined. This clearly brings out the weak link in the changing financing strategy of higher education. Hence, the paper argues for an alternative loan scheme to encourage equal access and participation of the weaker sections. Considering the higher cost of administration of such a loan programme than the actual amount of loans recovered from poor students, means-tested freeships and scholarships are recommended to be in place.

I Introduction

Knowledge is the driving force in the rapidly changing globalised economy and society. Quantity and quality of highly specialized human resources determine their competence in the global market. It is now well-recognised that the growth of the global economy has increased opportunities for those countries with good levels of education and *vice versa* (Carnoy 1999, Tilak 2001a, Stewart 1996, Ilon 1994). It is also widely recognised that to the extent globalisation and macro economic reforms intensifies competitive pressures, it correspondingly de-emphasises the redistributive strategies and push governments away from equity-driven reforms (Bowles 2001, Carnoy 1999).

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