

## Professional education sector in India: costs, financing, and emerging policy issues

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Professional education is the single largest determinant of economic growth, societal transformation and human wellbeing. On the strength of professional education, a country can surpass its competitors in global market place. The professional education sector in the state of Punjab witnessed remarkable changes both in the horizontal and vertical spectrum under the national framework of economic reforms. The ambit of the study is quite vast as it deals with the core economic aspects of professional education such as the actual levels of recurring costs, financing practices, cost recovery mechanism and affordability. It unravels the growth and structure of professional education by focusing upon trades, courses, locations, enrollments and affiliations. The unit recurring costs have been estimated for eleven categories of professional education providing institutions viz. allopathic, dental, nursing, pharmacy, physiotherapy, homeopathy, ayurvedic, management/computer, law and education. The institutions for in-depth analysis have been selected by keeping in view the sound parameters of representativeness. The study captured fifty types of recurring sub-costs incurred by the institutions. These costs have been clubbed into nine cost components viz. teacher costs, administrative costs, extra mural activities, repair/maintenance costs, electricity costs, consumables, communication and related services, scholarship/fee concessions and miscellaneous costs. The relative share of various components varies considerably across the different studied courses and trades. The institutions finance their operation by seven sources namely fees and funds, collections from patients, voluntary sources, contribution by professional bodies, property rented out, loans, and government grants. The fees and funds collected from students by and large constituted the dominant proportion of financing across the private institutions.

The study examined cost recovery as the proportion of receipts to recurring cost. It demonstrates the high level of operating surpluses realized by the service suppliers. In many cases, even the fees and funds alone covered more than the per unit recurring cost of imparting education. The level of per unit financing was found to be very high in relation to the per capita income of the state, and level and composition of consumption expenditure of the state. This raises the vital issues pertaining to affordability and inclusion of large proportion of students in the professional education.

The student centric system of financing of professional higher education poses the real danger of exclusion of meritorious but non-affording students. Therefore, non-student sources of financing are to be tapped systematically by creating the desired structures at the level of institutions as well as at the level of state system. The study brings out the strong need to set up state level statutory regulatory authority with proper public accountability to protect the interests of various stakeholders in professional education.

**Key words:** Cost, Financing, Exclusion, Professional education, Economic growth.

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