

29th November 2006

Dear Mr. Prime Minister,

Higher education has made a significant contribution to economic development, social progress and political democracy in independent India. But there is serious cause for concern at this juncture. The proportion of our population, in the relevant age group, that enters the world of higher education is about 7 per cent. The opportunities for higher education in terms of the number of places in universities are simply not adequate in relation to our needs. Large segments of our population just do not have access to higher education. What is more, the quality of higher education in most of our universities leaves much to be desired.

At the outset, we would also like to stress that foundations are critical. We believe that an emphasis on expansion and reform of our school system is necessary to ensure that every child has an equal opportunity to enter the world of higher education. We are engaged in consultations on school education. We will send our recommendations in this crucial area in due course. In this letter, we focus on higher education.

The NKC has engaged in formal and informal consultations on this subject with a wide range of people in the world of higher education. In addition, we consulted concerned people in parliament, government, civil society and industry. The concerns about the higher education system are widely shared. There was a clear, almost unanimous, view that higher education needs a systematic overhaul, so that we can educate much larger numbers without diluting academic standards. Indeed, this is essential because the transformation of economy and society in the twenty-first century would depend, in significant part, on the spread and the quality of education among our people, particularly in the sphere of higher education. And it is only an inclusive society that can provide the foundations for a knowledge society.

The objectives of reform and change in our higher education system, as you have often stressed, must be expansion, excellence and inclusion. We recognize that meaningful reform of the higher education system, with a long-term perspective, is both complex and difficult. Yet, it is imperative. Our analysis, diagnosis and prescriptions are set out in a detailed note on higher education which is attached. In this letter, we simply highlight our prescriptions.

## **A. EXPANSION**

**1. Create many more universities.** The higher education system needs a massive expansion of opportunities, to around 1500 universities nationwide, that would enable India to attain a gross enrolment ratio of at least 15 per cent by 2015. The focus would

have to be on new universities, but some clusters of affiliated colleges could also become universities. Such expansion would require major changes in the structure of regulation.

**2. Change the system of regulation for higher education.** The present regulatory system in higher education is flawed in some important respects. The barriers to entry are too high. The system of authorising entry is cumbersome. There is a multiplicity of regulatory agencies where mandates are both confusing and overlapping. The system, as a whole, is over-regulated but under-governed. We believe that there is a clear need to establish an Independent Regulatory Authority for Higher Education (IRAHE). The IRAHE must be at an arm's-length from the government and independent of all stakeholders including the concerned Ministries of the Government, along the lines specified in our attached Note.

- The IRAHE would have to be established by an Act of Parliament, and would be responsible for setting the criteria and deciding on entry.
- It would be the only agency that would be authorized to accord degree granting power to higher education institutions.
- It would be responsible for monitoring standards and settling disputes.
- It would apply exactly the same norms to public and private institutions, just as it would apply the same norms to domestic and international institutions.
- It would be the authority for licensing accreditation agencies.
- The role of the UGC would be re-defined to focus on the disbursement of grants to, and maintenance of, public institutions in higher education. The entry regulatory functions of the AICTE, the MCI and the BCI would be performed by the IRAHE, so that their role would be limited to that of professional associations.

**3. Increase public spending and diversify sources of financing.** The expansion of our system of higher education is not possible without enhanced levels of financing. This must necessarily come from both public and private sources.

- Since government financing will remain the cornerstone, government support for higher education should increase to at least 1.5 per cent of GDP, out of a total of at least 6 per cent of GDP for education.
- Even this would not suffice for the massive expansion in higher education that is an imperative. It is essential to explore other possibilities that can complement the increase in public expenditure.
- Most public universities are sitting on a large reservoir of untapped resources in the form of land. It should be possible to draw up norms and parameters for universities to use their available land as a source of finance.
- It is for universities to decide the level of fees but, as a norm, fees should meet at least 20 per cent of the total expenditure in universities. This should be subject to two conditions: first, needy students should be provided with a fee waiver plus scholarships to meet their costs; second, universities should not be penalized by the UGC for the resources raised from higher fees through matching deductions from their grants-in-aid.

- We should nurture the tradition of philanthropic contributions through changes in incentives for universities and for donors. At present, there is an implicit disincentive in both tax laws and trust laws. These laws should be changed so that universities can invest in financial instruments of their choice and use the income from their endowments to build up a corpus.
- Universities should also seek to tap other sources such as alumni contributions and licensing fees. We need to create supportive institutional mechanisms that allow universities to engage professional firms for this purpose.
- It is essential to stimulate private investment in education as a means of extending educational opportunities. It may be possible to leverage public resources, especially in the form of land grants, to attract more (not-for-profit) private investment.

**4. Establish 50 National Universities.** We recommend the creation of 50 National Universities that can provide education of the highest standard. As exemplars for the rest of the nation, these universities shall train students in a variety of disciplines, including humanities, social sciences, basic sciences, commerce and professional subjects, at both the undergraduate and post-graduate levels. The number 50 is a long term objective. In the short run, it is important to begin with at least 10 such universities in the next 3 years. National Universities can be established in two ways, by the government, or by a private sponsoring body that sets up a Society, Charitable Trust or Section 25 Company.

Since public finance is an integral constituent of universities worldwide, most of the new universities shall need significant initial financial support from the government. Each university may be endowed with a substantial *allocation of public land*, in excess of its spatial requirements. The excess land can be a subsequent source of income generation. Exceptions need to be made in existing income tax laws to encourage large endowments. Further, there should be no restriction on the utilization of income in any given period or in the use of appropriate financial instruments. And these universities should have the autonomy to set student fee levels and tap other sources for generating funds.

The National Universities we propose shall admit students on an all-India basis. They shall adopt the principle of *needs-blind admissions*. This will require an extensive system of scholarships for needy students. Undergraduate degrees in the National Universities, in a three-year programme, should be granted on the basis of completing a requisite number of credits, obtained from different courses. The academic year shall therefore be semester-based and students shall be internally evaluated at the end of each course. Transfer of credits from one National University to another shall also be possible. An appropriate system of appointments and incentives is required to maximize the productivity of faculty in these National Universities. Strong linkages shall be forged between teaching and research, universities and industry, and universities and research laboratories. The National Universities shall be department-based and shall not have any affiliated colleges.

## **B. EXCELLENCE**

**5. Reform existing universities.** Our endeavour to transform higher education must reform existing institutions, where some steps listed below, and explained in the attached note, are essential.

- Universities should be required to revise or restructure curricula at least once in three years.
- Annual examinations, which test memory rather than understanding, should be supplemented with continuous internal assessment which could begin with a weight of 25 per cent in the total to be raised to 50 per cent over a stipulated period.
- We propose a transition to a course credit system where degrees are granted on the basis of completing a requisite number of credits from different courses, which provides students with choices.
- Universities must become the hub of research once again to capture synergies between teaching and research that enrich each other. This requires not only policy measures but also changes in resource allocation, reward systems and mindsets.
- There must be a conscious effort to attract and retain talented faculty members through better working conditions combined with incentives for performance.
- The criteria for resource allocation to universities should seek to strike a much better balance between providing for salaries or pensions and providing for maintenance, development or investment. It should also recognize the importance of a critical minimum to ensure standards and strategic preferences to promote excellence.
- The elements of infrastructure that support the teaching-learning process, such as libraries, laboratories and connectivity, need to be monitored and upgraded on a regular basis.
- There is an acute need for reform in the structures of governance of universities that do not preserve autonomy and do not promote accountability. Much needs to be done, but two important points deserve mention. The appointments of Vice-Chancellors must be freed from direct or indirect interventions on the part of governments, for these should be based on search processes and peer judgment alone. The size and composition of University Courts, Academic Councils and Executive Councils, which slow down decision-making processes and sometimes constitute an impediment to change, need to be reconsidered on a priority basis.
- We need, and should strive to create, smaller universities which are responsive to change and easier to manage.

**6. Restructure undergraduate colleges.** The system of affiliated colleges for undergraduate education, which may have been appropriate 50 years ago, is no longer adequate or appropriate and needs to be reformed. Indeed, there is an urgent need to restructure the system of undergraduate colleges affiliated to universities.

- The most obvious solution is to provide autonomy to colleges either as individual colleges or as clusters of colleges, on the basis of criteria that have been stipulated in our note. However, this would be able to provide a solution for a limited proportion, or number, of undergraduate colleges.
- Some of these affiliated colleges could be remodelled as community colleges, which could provide both vocational education and formal education.
- A Central Board of Undergraduate Education should be established, along with State Boards of Undergraduate Education, which would set curricula and conduct examinations for undergraduate colleges that choose to be affiliated with them. These Boards would separate the academic functions from the administrative functions and, at the same time, provide quality benchmarks.
- New undergraduate colleges could be established as community colleges, could be affiliated with the Central Board of Undergraduate Education or State Boards of Undergraduate Education, or could be affiliated with some of the new universities that are established.

**7. Promote enhanced quality.** The higher education system must provide for accountability to society and create accountability within. An expansion of higher education which provides students with choices and creates competition between institutions is going to be vital in enhancing accountability.

- There should be stringent information disclosure norms for all educational institutions such as their financial situation, physical assets, admissions criteria, faculty positions, academic curricula, as also their source and level of accreditation.
- Evaluation of courses and teachers by students as well as peer evaluation of teachers by teachers should be encouraged.
- There must be a focus on upgrading infrastructure, improving the training of teachers and continuous assessment of syllabi and examination systems.
- It is particularly important to enhance the ICT infrastructure. Websites and web-based services would improve transparency and accountability. A portal on higher education and research would increase interaction and accessibility. A knowledge network would connect all universities and colleges for online open resources.
- It may be necessary to rethink the issue of salary differentials within and between universities along with other means of attracting and retaining talented faculty members. Such salary differentials between and within universities could be effective without being large.
- It is necessary to formulate appropriate policies for the entry of foreign institutions into India and the promotion of Indian institutions abroad, while ensuring a level playing field for foreign and domestic institutions within the country.
- The system of higher education must recognize that there is bound to be diversity and pluralism in any system of higher education, and avoid a uniform one-size-fits-all approach. This sense of pluralism must recognise, rather than ignore or shy away from, such diversity and differentiation.

## C. INCLUSION

**8. Ensure access for all deserving students.** Education is the fundamental mechanism for social inclusion through the creation of more opportunities. It is, therefore, essential to ensure that no student is denied the opportunity to participate in higher education due to financial constraints. We propose the following measures.

- Institutions of higher education should be encouraged to adopt a *needs blind admissions* policy. This would make it unlawful for educational institutions to take into account any financial factor while deciding whether or not to admit a student.
- There must be a well-funded and extensive National Scholarship Scheme targeting economically underprivileged students and students from historically socially disadvantaged groups.

**9. Affirmative action.** A major aim of the higher education system must be to ensure that access to education for economically and historically socially underprivileged students is enhanced in a substantially more effective manner.

- Reservations are essential but they are only a part, and one form, of affirmative action.
- Disparities in educational attainments are related to caste and social groups, but are also strongly related to other indicators such as income, gender, region and place of residence. Therefore, we need to develop a meaningful and comprehensive framework that would account for the multi-dimensionality of differences that still persist. For example, a deprivation index could be used to provide weighted scores to students and the cumulative score could be used to supplement a student's school examination score.

The recommendations set out in our letter require action at three different levels: reforms within existing systems, changes in policies, and amendments in, or the introduction of, new statutes or legislation. The suggested changes would also be implemented at three different levels: universities, state governments and the central government. As a next step, we would like to meet with you and concerned colleagues to work out the modalities of implementation.

In conclusion, it is important for us to recognize that there is a quiet crisis in higher education in India which runs deep. And the time has come to address this crisis in a systematic, forthright manner. Our recommendations in this letter constitute an important beginning. The changes suggested by us are essential and would make a real difference. Of course, the process of reform and change is continuous. And there is more to be done. We are writing to you, separately, about vocational education. We hope to send you separate recommendations in the sphere of professional education for medicine, engineering, law, management, architecture and design, as also open and distance education. We do recognise that a comprehensive reform of the school system is

necessary to ensure that every child has an equal opportunity to enter the world of higher education. And we are deliberating on this issue.

We will continue to think about the next steps in higher education. But we must emphasize the urgency of the situation, because our future depends on it. We are convinced that it is important to act here and now. At the same time, we believe that there is an opportunity in this crisis. Given the demographic reality of a young India, expansion, inclusion and excellence in higher education can drive economic development and social progress. Indeed, what we do in the sphere of higher education now can transform economy and society in India by 2025.

Thank you and warm personal regards,

Sam Pitroda,  
Chairman,  
The National Knowledge Commission

Copy to: Dr. Montek Singh Ahluwalia, Deputy Chairman, Planning Commission