

CHAPTER -1

INTRODUCTION

1.1 Background of the Study

Human capital is generally acknowledged as one of the most important resource for economic development. Education aims at contributing to national development by way of dissemination of knowledge, skills and abilities, excellence of standard of achievements, providing opportunities to reflect upon the social, political, economic and moral issues facing the country, and its key role in generating leadership and manpower resource. It is of great significance for the all round development of the region. Through education students obtain information about their innate abilities or talents and thus they are informed of their future return. It is fundamental to enhance the quality of human life and ensuring social and economic progress

India recognized the importance of human capital in economic growth in long time ago, however under five years plan special emphasis is been given to development of human resources and assigned a key role in any developmental strategy, particularly in a country with a large population as it can become an asset inn accelerating economic growth and in ensuring social change in desired direction. According to Gounden (1967) India strives to accelerate its rate of economic development, it faces steadily increasing demands upon its limited resource base. Since educational expenditures already constitute a sizeable drain on the economy and since current plans call for further increases in these expenditures, a number of critical resource-allocation problems arise which can be conveniently summarized under the following two questions: Firstly; what should be the total amount of financial support for education at all levels, to insure such goals as economic growth, social cohesion, and national security? Secondly; how should this total to be distributed among different levels and types of education? He further reported India's educational expenditures

are substantial and have been rising rapidly along with the increase in number of stakeholders. Hence, proper distribution of resource allocation calls for more research in this area.

India's higher education system is the third largest in the world, next to the United States and China (Source: World Bank Report on India 'Country Summary of Higher Education').¹ India has a long tradition of higher learning. The Vedic rishis were the touch bearer of cultural heritage of India and they used to run Gurukuls or Ashrams as centre of higher learning. Takshashila was the most famous and earliest centre of higher education in India during seventh century B.C. During Buddhist period centers of learning included Nalanda, Vikramshila, Odantapuri, Kanchi etc. and these institutions attracted students from abroad as well with attainment of international reputation. The Modern university system of higher education and university system came into begin in the middle of 19th century. As per the directives of Woods Despatch of 1854 three Universities were established in Calcutta (Kolkata), Bombay (Mumbai) and Madras (Chennai) in 1857, while after three decades Allahabad University was established in 1887. While during British regime a large number of universities were set up in India to provide higher education. At the time of Independence of India, there were only 20 universities and 500 colleges in the country with only 2.1 lakhs students in higher education. These numbers has increased over time. The numbers are now increased to 29 times in the case of the universities, 71 times in the case of colleges and the students enrollment has gone up to 97 times in the formal system of higher education in comparison to the figures at the time of independence.

The Modern age of Educational History in Assam began with the annexation of Assam with the British Empire in accordance with the treaty of "Yandabu" in 1826.

¹ Source: http://siteresources.worldbank.org/EDUCATION/Resources/278200-1121703274255/1439264-1193249163062/India_CountrySummary.pdf . retrieved on 14th April 2016.

According to the report of late W. Robinson², who was appointed the first Inspector of Schools in 1840 for the Brahmaputra Valley a deplorable condition of the indigenous educational institutions prevailed in 1841 and through the efforts of government and other agencies new initiatives were taken to open new schools. It is after the Independence in 1947, that a rapid expansion took place in the field of education. Since Independence there has been a phenomenal growth of Higher Education in Assam. In Assam the first University was established at Guwahati on 26th January, 1948 and the second one at Dibrugarh on 1st July, 1965. According to MHRD Annual Report 2014, presently 279243 students of Assam are enrolled in 11 universities and 507 degree colleges of Assam.

In Barak Valley, the first higher education is established in the year 1935 to provide general higher education to the people of the region, and by the end of 1965 nine more general degree colleges were set up in the region. In 1967 Regional Engineering, in 1968 Silchar Medical College and one teachers' training college in 1960 were set up to provide professional education. However at present there has been a continuous rise in number of higher education institutions (HEIs) and enrollment in the HEIs as well.

Considering the present situation of higher education all over the world, performance measurement of HEIs has become one of the subjects of growing attention in recent years. In order to do so several studies address this matter at both national and international levels by considering production function approach, where the typical inputs of the education production function are different socio-economic exogenous and endogenous factors related to the teaching and learning process, while outputs are generally defined in terms of students' academic performance. Generally, educational organizations have multiple objectives and multiple outputs or outcomes. Moreover, there are often conflicting opinions regarding the goals, and the relative importance of these goals, by the stakeholders of

² Source: Directorate of Higher Education, Government of Assam. <http://dheassam.gov.in/history.asp>

education. Once, the production function of any producing unit is identified; it becomes simple to compare the best producing with the rest through measurement of efficiency. Knowing the education production function and understanding the sources of inefficiency is sufficiently important to justify the continuing research on these topics. The present study focuses on the higher education scenario at institutional level and it is conducted for different affiliated colleges of Barak Valley in southern Assam.

1.2 Statement of the Problem and Necessity of the Study

Economic development depends on the development of human capital formation which generally comes through training and education. Schultz (1961, 1975) recognized the human capital as something similar to property against the concept of labor force in the classical perspective, and conceptualized 'the productive capacity of human beings is now vastly larger than all other forms of wealth taken together'. The growth problem, thinking in terms of economic decisions, requires an investment approach to determine the allocation of investment resources in accordance with the priorities set by the relative rates of return on alternative investment opportunities. It is applicable not only to private decisions but, also to public decisions guided by economic planning. The production and distribution of public goods (services) are a necessary part of the process, for example, the investment in research where the fruits of it do not accrue to the researcher or his financial sponsor but are captured by many producers and consumers (Johnson 1964).

The fact that education contributes to economic growth directly and indirectly does not mean that provision of more education brings about an accelerated rate of growth (Goel 1974). Goel (1974) investigates the relationship between the levels of educational attainment and economic development in India during the period 1950-51 to 1970-71 and found that there is a high and positive correlation between primary education and per capita income

(0.85); between secondary education and per capita income (0.94); between tertiary or higher education and per capita income (0.95).

Thus for formation of human capital, an effective effort should be given on the education system especially on higher education system because it is generally acknowledged that level of productivity increases with the increase in level of education. Improved education system in any economy requires efficient role of education institutions. Though, higher education institutions are increasing day by day in Barak Valley, but all of them are not performing well in terms of their outcome and optimal resource utilization. Wastage in the system in terms of failure and low success rate is observed in the affiliated colleges of Barak Valley (shown in Table 1.1A in Appendix). Poor outcomes generally reflect the inefficiency of the institutions and finally it might be harmful to the students as well as society in broader sense.

The present study is also important from the view point of efficient management of scarce resources through measurement of technical efficiency, which basically measures productive capacity of any producing unit to produce maximum possible output for a given level of inputs or to produce a given level of outputs with minimum possible costs. However, despite the importance of efficiency measurement in educational institutions, there are a few studies in India that have measured efficiency of educational institutions in a comprehensive manner. Hence, it is also important to analyze whether these higher educational institutions (HEIs) are over utilizing or under utilizing their resources and to know about the reasons behind such problems. Policy suggestions based on this kind of study may enrich the quality of educational institutions, and finally helps in reduction of underutilization of resource which can be invested in other crucial sectors.

1.3 Profile of the Study Area

The present study is conducted for Barak Valley situated in southern part of the state Assam, consisting of three districts viz: Cachar, Karimganj and Hailakandi. The Barak valley mainly consists of three administrative districts of Assam State namely Cachar, Karimganj, and Hailakandi. Among these three states, Cachar and Hailakandi belonged to the erstwhile Cachar district in British India, whereas Karimganj belonged to the Sylhet district. Karimganj was separated from Sylhet after the 1947 referendum.

The District of Cachar is located in the Southernmost part of Assam is one of the oldest district of Assam. It is bounded on the North by Barali and Jayantia hill ranges, on the South by the State Mizoram, on the East by the State of Manipur and West by sister districts Hailakandi and Karimganj. Cachar district occupies an area of 3,786 square kilometres (kms).

Hailakandi district is declared as the 24th district of Assam in 1989 by a Government of Assam. The distance of the state capital Guwahati from the district Head Quarter is about 330 Km. With a geographical area of 1327 Sq. Km, the district is bounded by River Barak & Cachar district in the North and East, State of Mizoram in the South and East and Karimganj district in the west. The interstate border is stretched over 76 KM in the south east.

Karimganj District of Assam, located in the remote north-eastern corner of India. The distance of the state capital Guwahati from the district Head Quarter is about 338 Kms. Area the District is 1,809 Sq.Km. Sorrounded by Bangladesh, Cachar in North, Tripura, Mizoram in South, Hailakandi East and Bangladesh, Tripura in West.

1.4 Objectives of the Study

The basic objectives of this study are:

- 1) To investigate the status as well as infrastructural facilities available in the Higher Education Institutions (HEI) of Barak Valley.

- 2) To estimate the technical efficiency of the HEIs in Barak Valley.
- 3) To determine the factors of efficiency or inefficiency of the HEIs in Barak Valley
- 4) To construct an efficiency index of the HEIs.
- 5) To compare the efficiency level of NAAC Accredited HEIs with non-NAAC accredited HEIs.
- 6) To compare technical efficiency scores of NAAC Accredited HEIs with NAAC ranking.
- 7) To examine the demand for higher education institution with its determinant and to check whether the technically efficient HEIs have higher demand or not.

1.5 Hypotheses of the Study

On the basis of these above mentioned objectives the following hypotheses can be framed:

- The status and infrastructure of most of the Higher Educational Institutions in Barak Valley are poor.
- Most of the HEIs of Barak Valley are technically inefficient.
- Technical efficiency or inefficiency is influenced by environmental factors (non-inputs).
- Technical efficiency varies between NAAC Accredited HEIs and non-NAAC accredited HEIs.
- Technical efficiency score and NAAC ranks are positively related.
- There is significant demand for higher education institution and especially it is more in case of technically efficient HEIs.

1.6 Data Sources

The study is based on both primary data and secondary data. Secondary data have been collected from all the general degree colleges of Barak Valley, Assam University

Annual Reports, Result Booklets, College Development Council Records collected from CDC Office, AUS, UGC Annual Reports, MHRD Annual Reports, DHE Assam's Statement showing the eligibility of posts and persons eligible for Provincialization of services as per Assam Venture Educational Institutions (Provincialization of Services) Act, 2011 and Amended, 2012 in respect of Degree Colleges of Assam etc. The secondary data collected from the colleges is of both cross-section and time series data related to the inputs and output over the last 7 years. Other secondary sources Govt. document namely statistical handbook, data from the institutions etc.

However, information related to cross sectional variables like indicators of physical resources, sanitation facilities, teachers' quality indicators etc. are collected from the HEIs of Barak Valley. Further Primary data have been collected from the students who have passed the Bachelor degree from different degree colleges from Barak Valley and pursuing their post graduation in various departments of Assam University through personal interview by preparing a suitable questionnaire. The detail methodology is explained in the Chapter 3.

1.7 Outline of the Chapters

This introductory chapter is followed by other six chapters. A brief outline of these six chapters is given in the following:

Chapter 2 consist the review of literature which is combined by both theoretical and empirical literature. There are several literatures in the field of Economics of Education which measures the performance, efficiency and demand for educational institutions at national and internal level. In this chapter important works related to the study have also been explained in chronological manner.

Chapter 3 discusses the Theoretical and Conceptual framework related to measurement of technical efficiency of the higher education institutions and others along with methodology of the study.

Chapter 4 describes the present status of higher education institutions in Barak Valley in terms of basic infrastructural facilities available in these HEIs and performance indicators of the HEIs. This chapter is divided into two sections; namely structure of Higher Education in Barak Valley and Status and Infrastructure of HEIs in Barak Valley, which is further divided into different subsections.

Chapter 5 measures the technical efficiency (TE) of the higher educational institutions (HEIs) of Barak Valley over the period 2005-06 to 2011-12 by using both parametric and non-parametric approach. Further the chapter deals with comparative analysis of technical efficiency scores between the two groups across the estimation techniques and then with NAAC ranking.

Chapter 6 deals with demand for HEIs in Barak Valley along with its determinants and examines the relationship between efficiency and demand for HEIs in this region. This chapter also describes students' perspectives on demand for higher education and demand for education institutions.

Chapter 7 describes the summary, conclusion, policy suggestions and limitations of the study and further scope for research. Finally, the dissertation ends with Bibliography.