

**GOVERNMENT OF INDIA  
PLANNING  
LOK SABHA**

UNSTARRED QUESTION NO:1061  
ANSWERED ON:05.03.2008  
RAISING HIGHER EDUCATION FEES  
Ahir Shri Hansraj Gangaram

**Will the Minister of PLANNING be pleased to state:**

- (a) whether the National Knowledge Commission has recommended for raising the fees for higher education;
- (b) if so, the details thereof;
- (c) whether the Government has made any assessment of the likely impact on the education sector/students;
- (d) if so, the outcome thereof; and
- (e) the proposed action plan of the Government in the light of the recommendations made by the Commission?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF PLANNING (SHRI M.V.RAJASEKHARAN)

- (a): Yes, Sir.
- (b): The relevant extract from the recommendations of the National Knowledge Commission is annexed which gives details thereof.
- (c) to (e): the recommendation is under examination.

Annexure referred to in parts (a) to (e) of Lok Sabha USQ No. 1061 to be answered on 05.03.2008  
Extracts from the recommendations of National Knowledge Commission: on Higher Education – Compilation of Recommendations on Education

Under Section 5: Rationalization of fees: On an average, fees constitute less than 10 per cent of total expenditure in our universities. And, in most universities, fees have remained unchanged for decades. In theory, universities have the freedom to decide on fees. In practice, however, universities have not exercised this freedom in part because of some genuine concerns about access but in larger part because of the rhetoric and populism in the political process. The problem has been compounded by the UGC method of providing grants-in-aid to bridge the difference between income and expenditure. Consequently, there is no incentive for universities or colleges to raise income through higher fees as that sum would be deducted from their UGC (or State government) grants. The low fees in public universities, without any means test, have meant unquantifiable benefits for unintended beneficiaries. But private players and foreign institutions have not been restrained in charging fees that the market can bear. The time has come to rethink, as we have no choice but to rationalize fees. 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. In addition, fees need to be adjusted every two years through price indexation. Such small, continuous, adjustments would be absorbed and accepted far more easily than large, discrete changes after a period of time. This rationalization of fees 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.