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### Exploring Challenges and Opportunities for Higher Education Funding in India

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#### Abstract

The Indian higher education system is currently facing a severe financial crisis due to rising costs and decreasing public budgetary support. This situation has resulted in significant challenges for the system, which must now navigate a complex and uncertain landscape to maintain its operations and fulfill its mission. The importance of state support for higher education cannot be overstated, as it is essential for the sustained prosperity of our public institutions. However, there exists an urgent necessity to reevaluate the approach to financing higher education. The present study suggests that policymakers and higher education institutes in India may benefit from examining the

experiences of other countries in order to develop a comprehensive strategy that addresses the challenges faced by the Indian higher education system. Subsequently, India can tailor its approach to better suit its unique circumstances and needs. This approach may prove to be an effective means of improving the quality and accessibility of higher education in India. The following research paper attempts to identify some strategies for financing higher education in India that can effectively tackle supply-side obstacles. Additionally, recommendations for implementation are offered based on the aforementioned experiences.

**Keywords:** Higher Education, Public funding, Responsibility, Social Impact Bonds, Quality of Education

#### 1. Introduction

Education is often seen as an investment that generates returns for both the individual and the state. Specifically, the individual benefits from higher earnings, while the state benefits from increased employment opportunities and economic growth. Education is essential to promoting economic growth (Gillies, 2015) <sup>[10]</sup>. The significance of higher education as a catalyst for sustainable economic and social development has been widely acknowledged. The role of Higher Education Institutions (HEIs) in developing a knowledge-based society and improving living standards has been widely recognized. HEIs are considered to be instrumental in the creation and dissemination of knowledge and in the development of human capital. The benefits of HEIs extend beyond the individual level, as they contribute to a country's overall economic and social development. As such, the importance of HEIs in the modern world cannot be overstated. The creation and dissemination of new knowledge is a crucial factor in generating high-wage employment and promoting productivity growth. Kruss *et al.* (2015) <sup>[14]</sup> have presented evidence that suggests a correlation between higher education and technological innovation, production, and development. According to Joshi (2006), there is an expectation that higher education will have a substantial impact on the quality of life, particularly among those who are disadvantaged. Didier (2021) <sup>[9]</sup> has presented empirical evidence regarding the contribution of higher education in mitigating gender disparities in the labor market. It is not surprising that many countries, particularly those in the developing world, have prioritized their development policies to promote increased access to high-quality higher education for their populations. Governmental entities provide the majority of funding for higher education. However, such efforts are limited by financial constraints and political pressures to allocate resources towards subsidies and welfare programmes for underprivileged populations. Formulating effective strategies for financing higher education is of paramount importance to policymakers and the student community. Any recommendations or suggestions in this regard would be highly valuable.

The optimal funding policy for higher education has remained elusive to policymakers and researchers despite the various policies that countries have experimented with. This research paper examines the available funding options for higher education in developing nations, focusing on India. Additionally, the paper seeks to draw insights from the experiences of developed countries to identify potential lessons that can be applied to the context of developing nations.

#### A Review of Literature on Higher Education Funding

The complex and variegated literature on financing higher education in various nations reflects the many stances adopted by

governments and educational institutions everywhere. Numerous studies have examined how various financing strategies affect student enrollment, student debt, access to education, and educational quality. For instance, Mitze *et al.* (2013) <sup>[16]</sup> analyze the effects of tuition costs on the university enrollment and location decisions of high school graduates in Germany. In their 2011 study, Carpentier *et al.* examine connections between access to higher education in India and the United Kingdom (UK). Nandi (2022) <sup>[17]</sup> uses a case study using three engineering colleges in West Bengal, India, to investigate the relationship between funding, governance, and performance in higher education. From an Indian viewpoint, Chattopadhyay (2007) <sup>[5]</sup> assesses different funding sources for higher education.

With varying degrees of success, several studies have examined the function of and trends in governmental support of higher education. For instance, Greenways & Haynes (2003) <sup>[11]</sup> note that government support for each student in OECD nations has decreased by half in real terms between 1980 and 2000. Innovation to broaden the financial source has occurred in the UK and other nations, most notably Australia. There has been a minor role for fee donations in this. In his 2016 book, Oketch focuses on a number of problems with higher education funding in sub-Saharan Africa. The difficulties of the massification of higher education in India are examined by Verghese (2015) <sup>[22]</sup>.

Numerous non-government funding sources for higher education have also been the subject of specific investigations. The need for revenue diversification in higher education is emphasized by Webb (2015) <sup>[23]</sup>. Chernova *et al.* (2017) <sup>[7]</sup> identified no recurrently positive link between the amount of government funding and university standing based on an investigation of data pertaining to 107 European institutions from 27 different nations.

The problem of relating higher education institution performance and funding has also been the subject of a few studies. For instance, Boer *et al.* (2015) <sup>[3]</sup> investigate the challenges of funding its objectives for enhancing performance in Finland's HEIs through tuition and fees. In their study on performance-based funding for Commonwealth Grant Schemes in Australian HEI, Wellings *et al.* (2019) <sup>[24]</sup> look at a number of related issues.

The reports released by numerous authorities, in addition to academic research, contain a wealth of information regarding the state of and issues with financing higher education. For instance, OECD (2022) <sup>[20]</sup> provides data on how the private sector contributes to funding higher education in OECD nations. The World Bank (2022) <sup>[25]</sup> also provides information on the costs associated with higher education in various nations.

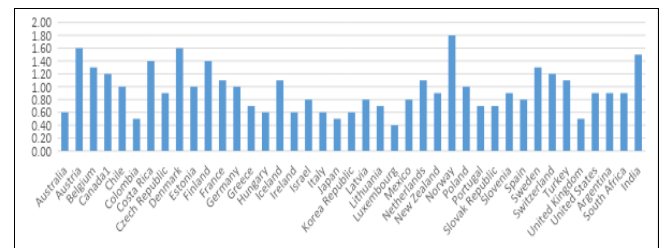
An All India Survey on Higher Education was published by the Government of India's Ministry of Education in 2020 and contained numerous facts regarding the development and trends in higher education in India. The Government of India's funding of higher education is the main topic of the University Grants Commission's (2021) <sup>[21]</sup> Annual Report, offering information on its budgetary spending on higher education in India.

Even though numerous studies have examined various aspects of funding higher education, there is a continuous need to search for appropriate strategies for funding higher education in nations like India, where other social welfare

programs compete with government funding and income levels are low. This paper attempts to investigate the possibilities for financing higher education by studying the experiences of other countries as well.

### Financing of Higher Education

The provision of higher education is a crucial component of any national agenda, and as such, most governments have historically allocated funding towards higher education institutions (HEIs). The present study examines allocating public financial resources towards higher education across various countries. The data presented in Fig 1 indicates that a considerable proportion of public expenditure is directed towards funding higher education. While the percentage of GDP devoted to this purpose varies across countries, the expenditure remains substantial, ranging from 0.40% to 1.8%.



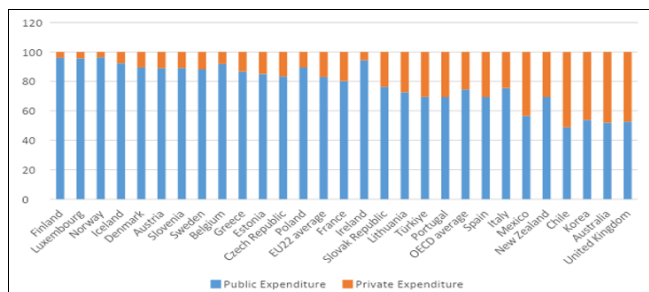
**Source:** Published by Statista Research Department, Nov 17, 2022 at <https://www.statista.com/statistics/707557/higher-education-spending-share-gdp/>

**Fig 1:** Public expenditure on higher education as percentage of GDP

### Evolution of Landscape of Higher Education Financing

Many nations worldwide are seeing significant changes in how higher education is financed. In contemporary times, a growing number of nations are transitioning from a model in which the expenses associated with financing higher education are predominantly shouldered by the state, via public subsidies, to a paradigm in which students assume a more significant proportion of the financial burden. This paper explores the various factors that drive the trends in higher education. The first factor is the massification of higher education, which has increased the number of students seeking higher education. The second factor is the rising cost of higher education per student, making it difficult for many students to afford higher education. The third factor is political, as demands for funding other social welfare schemes have restricted the funding available for higher education. Finally, there is an increasing realization that returns to higher education accrue primarily to students rather than society. Thus, students should bear more of the cost of higher education. These factors have contributed to the current state of higher education and will continue to shape its future. The present study reveals that there has been a decline in the proportion of public funding allocated toward higher education expenditure, particularly in significant economies. The distribution of funding for higher education is subject to differences between public and private sources, as evidenced by Fig 2. Several nations have successfully decreased the proportion of public funding allocated to their higher education system. The present study examines the variation in the relative share of private sources in funding higher education across different countries, as shown by the data presented in Fig 2. The

study aims to shed light on the extent to which private funding contributes to financing higher education in different contexts. The causal factors behind a phenomenon can be multifaceted and complex. In the case of the topic, a confluence of factors, including but not limited to economic development, political systems, and cultural values, may be at play. Further investigation is warranted to fully elucidate the interplay of these factors and their respective contributions to the observed phenomenon.



**Source:** OECD (2022), Education at a Glance 2022: OECD Indicators, OECD Publishing, Paris, <https://doi.org/10.1787/3197152b-en>.

**Fig 2:** Share of public and private expenditure on higher education in OECD countries- 2019

### Funding Higher Education: Key Sources

In order to lessen the financial load on the exchequer, countries now fund higher education from several sources. There are primarily four fundamental sources of funding for higher education expenses- public funding, tuition fee, philanthropy, and private sector funding.

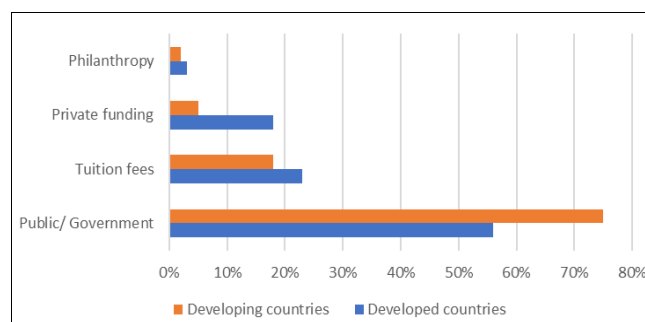
The present study highlights that public funding remains the predominant source of financial support for higher education, regardless of the country's level of development. The funding for education can be derived from diverse sources, including general revenue, taxes, education cess, and dedicated education funds. Institutions of higher education (HEIs) commonly use tuition fees to generate revenue to offset their expenses. The variability of fees is contingent upon the geographical location and the educational institution's classification, whether public or private.

Philanthropy has been identified as a significant funding source for several prominent Higher Education Institutions (HEI). Donations from individuals and organizations have played a crucial role in supporting the financial needs of these institutions. The funding of higher education through philanthropy is a tradition that is observed in many countries. Funding can be obtained for various purposes, including specific programs or initiatives and for unspecified purposes.

In various instances, private sector funding has been identified as a potential source of financial support for higher education institutions (HEIs). Private companies often provide this funding in exchange for access to research and development or to address skills shortages in specific fields. The provision of private sector funding can enhance the research capabilities of HEIs and address skills gaps in the workforce.

The allocation of funding sources for Higher Education Institutions (HEI) can differ significantly between developed and developing nations. The relative significance of each funding source may vary based on the country's

economic and social status. According to Fig 3, developing countries allocate a relatively higher proportion of public funding towards various initiatives.



**Source:** <https://www.worldbank.org/en/topic/tertiaryeducation/publication/financing-higher-education>

**Fig 3:** Percentage Share of Different Source of funding in higher education

### Objectives and the Plan of the Study

The study intends to assess current higher education financing models and propose alternative financing schemes that can apply to the Indian setting. The paper also identifies some of the main implementation-related difficulties. Section I lays the context, the higher education landscape in India is presented in Section II, and the supply-side issues with higher education financing in India are discussed in Section III. Section IV discusses alternative finance techniques that might be applicable in the Indian context, and Section V presents execution difficulties with the conclusions presented in Section VI.

### 2. India's Higher Education Landscape

India's higher education environment is distinguished by its magnitude. India has more than 1100 universities and more than 43,000 colleges, with an estimated 41.4 million students enrolled in them, according to the most recent All India Survey of Higher Education Report (AISHE 2020-21)<sup>[1]</sup>. Higher education institutes in India enroll more students than many other nations do. The high expansion rate is another crucial aspect of the Indian higher education system. Since 2001, HEIs have increased by more than 400%. Private funding has helped India's higher education system expand its capacity to serve the country's sizable young population better and expand the college-age student population. Despite the scale of the Indian higher education system, the gross enrolment ratio (GER) for students between the ages of 18 and 23 is predicted to be 27.3 in 2020-21 (AISHE, 2021)<sup>[1]</sup>, which is significantly lower than that of industrialized nations.

The number of students enrolled in higher education in wealthy countries still needs to catch up to that of the developing world. India must overcome this obstacle to keep benefiting from a demographic dividend from its relatively young population. Without question, the annual pace of enrollment growth has improved over time. Enrollment increased by 7.4% in 2020-21 compared to 2019-20, 2.7% in 2018-19, and 3% in 2019-20. Additionally, there has been a 20.9% overall growth in enrollment during 2014-15 (AISHE, 2021)<sup>[1]</sup>. Over six years, the GER increased at a rate of about 3.5% annually. India must invest more in higher education to meet the NEP 2020 goal of having 50% GER by 2030. If India wants to enhance GER by increasing

enrollment among the economically disadvantaged, it cannot rely solely on private investment in higher education. The increase in the GER in higher education that is so desperately needed can only be provided by a massive leap in public funding.

However, 27% of students are enrolled in the private sector, and 73% are in publicly supported institutions (AISHE, 2021) <sup>[1]</sup>. The extremely-low tuition fee structure in institutions that the government finances is another significant aspect of the Indian higher education system. The substantial diversity in institution quality between states is another noteworthy aspect of the Indian higher education system. For instance, according to the National Institutional Ranking Framework of India (NIRF) 2021 rankings, the highest-rated HEIs in the nation are only found in nine of India's states. Fortunately, the GER for women is not considerably different from that of the male population (AISHE-202-21 shows that the GER for men is 26.7, and the GER for women is 27.9).

The higher education system in India is distinct because of these features. Systemic experimentation with various funding models is critical to developing original financing solutions to attain adequacy, equity, and quality.

### 3. Key Supply-side Challenges in Financing Indian Higher Education

Finding new funding sources for higher education in India takes much work. A lack of resources and conflicting priorities causes the majority of the problems. The following are a few of the crucial considerations when choosing a fundraising strategy:

**Governmental resources are scarce:** India relies heavily on public funding, like most underdeveloped nations. Unfortunately, according to the NEP 2020, central and state governments spend only 4.43% of their GDP on education, well below the 6% target set by the Kothari Commission in 1967 and confirmed in the National Education Policy in 1986. It should be highlighted that school education receives the lion's share of spending on education, whereas higher education receives very little.

**Due to resource limitations, adequate finance for higher education is challenging.** Infrastructure, research, and maintenance resources are in demand due to this. Such resource limitations constrain the employment of new technology for research and teaching. **Differences in Tuition Fees:** Students at HEIs in many developing nations are required to pay a tuition fee. While doing so may increase university financing, it may also make it more difficult for low-income students to enroll. Because of this, public HEIs in India only charge a small tuition cost. Private HEIs typically charge exorbitant tuition rates to cover their expenses. As a result, there is a gap between the wealthy and the less fortunate in the student body.

**Limited assistance from international funding organizations:** International funding organizations can help pay for higher education in impoverished nations. However, they predominantly focus on primary education and only provide sporadic funding for higher education. The higher education sector in India virtually never receives assistance from such international funding organizations.

**Inadequate Private Sector Support:** India has encouraged private sector engagement in funding higher education due to resource constraints and the need to raise enrollment

rates. However, only a few significant businesses have invested in higher education, probably due to an onerous regulatory framework. Additionally, problems with quality and equity may arise from private involvement in higher education. Scholarships and grants are in short supply, but they can assist low-income students in overcoming financial barriers to higher education. In India, there are not many grants and scholarships accessible. Due to this lack and low-income levels, it might be extra harder for students, which can occasionally result in a greater dropout rate.

Multi-faceted and more creative funding models must be created considering the difficulties of funding higher education in developing nations. In order to promote the long-term growth and development of HEIs with adequate, equitable, and high-quality assistance, it is urgently necessary to design relevant strategies and employ proper funding methods.

### 4. The Indian Perspective on Higher Education Financing Strategy

India needs to decide on the essential components of its funding plan in light of the vast and challenging higher education landscape. India's financial strategy for higher education needs to concentrate on the following essential components while learning from other nations' experiences and keeping in mind its particular environment:

**Diversify funding sources:** As previously said, there is a significant reliance on public funding, whether from the federal or state governments. India needs to look at additional funding options. Diversity in the funding system will increase the amount of money available for expansion while also ensuring that the money is used effectively and overseen by various institutions that provide funding. Among the alternative funding options mentioned by Clark (2003) <sup>[8]</sup> and Chattopadhyay (2007) <sup>[5]</sup> are royalties, income from campus activities, income from endowment funds, and alumni fund-raising. In addition, India's long history of generosity has attracted investment from private individuals and organizations in the past, aiding in establishing the top higher education facility in the nation. CSR funding must be introduced into the higher education system to help it achieve its much-needed expansion.

However, it should be recognized that this diversification of funding must maintain the government's obligation to pay for higher education. Even in developed nations like the US and the UK, where other funding sources contribute significantly to financial resources, research has shown that public monies are essential to ensuring the financial health of HEIs (Wekullo & Musoba, 2020) <sup>[26]</sup>. **Cost-sharing:** A higher education benefits society as a whole and offers the individual considerable private benefits such as higher earnings and more fulfilling employment. Individuals are expected to contribute a fair amount to the cost of higher education. The foundation for cost-sharing might be established, and the money could come from the student's and his or her family's current and future earnings. It is not financially wise nor morally justifiable to charge students meager tuition costs, given the growing middle-class population in India (Barr, 2009) <sup>[2]</sup>. Students from economically disadvantaged groups may instead readily access tuition fee discounts. The share of tuition revenue and spending on instruction is positively and statistically significantly correlated in studies, consistent with a critical tenet of Resource Dependence Theory by Kholmuminov *et*

*al.* (2019) <sup>[13]</sup>. As a result, the cost-sharing strategy can aid in raising teaching standards.

**Funding for Student Support:** The requirement for student support money is closely related to cost-sharing. Structures that aid students in planning their tuition and other higher education costs must be developed. Most Indian students currently rely primarily on their parents to pay for their education. There is a strong emphasis on providing students in many developed countries—where the cost-sharing principle is heavily employed—with easy access to educational loans, scholarships, stipends, apprentice wages, and campus jobs, among other forms of finance for student support. Without sufficient infrastructure for student assistance, no higher education finance plan in India would impact equity.

**Performance-based financing:** Although cost-sharing and source diversity have always been top priorities for funding plans, it is essential to remember to optimize the processes by which funds are allocated to HEIs. We have learned from economic theory the value of competition and resource efficiency. Public monies are distributed to HEIs mainly on a cost basis. One of the biggest obstacles to improving efficiency in organizations that receive public funding is the lack of clear performance measures that serve as the foundation for funding distribution. The US, Australia, and some European nations all employ performance-based funding with effectiveness (Ward *et al.*, 2020) <sup>[6]</sup>. Any finance plan built around the components above can assist in achieving the goals of sufficiency, equity, and quality in the Indian higher education system. The execution of the plan, though, is just as crucial.

## 5. Implementation: Challenge of Innovation

Politics and public money are inextricably linked. Any strategy based on the above components would result in less public funding for the higher education sector. Fortunately, in a democracy, different interest groups and stakeholders would oppose any policy that reduces support from the public purse. Therefore, it is crucial to innovate when putting financial methods into practice. The tips that follow can help you put the following strategies into practice:

**Putting in place frameworks to facilitate more funding from nontraditional sources:** In India, public-funded HEIs need a more administrative framework and drive to look for funding elsewhere. After deducting the tuition fees collected from students, funds are distributed to institutions based on the budget costs for several different heads. As a result, there is no requirement or pressure on institutions to ask for a tuition fee rise or philanthropic financing. Additionally, the administrative and accounting processes involved in producing surplus from activities are constrictive and, as a result, highly discouraging. Funding authorities must establish at these institutions administrative frameworks that encourage a more significant flow of funding from these sources. Institutions receiving funding from the public sector must have clear standards for inviting and accepting donations. Institutions' pursuit of philanthropic contributions should be encouraged, especially for capital investments in long-term projects like purchasing land, buildings, and equipment.

**Strengthening Endowment Funds:** Universities should work to create sizable endowment funds and use the income from these assets for things like research or scholarships. The University's endowment funds, which are a dependable

source of income, particularly for teaching and research programs, are principally developed and strengthened through generous contributions. They aid in the transition of HEIs from state control to independence. According to Clark (2003, p. 104) <sup>[8]</sup>, such endowment funds were crucial to the restructuring of universities in many affluent nations.

Publicly financed organizations must use their alumni as a source of funding. Even while several HEIs in India have made an effort to enlist the aid of their graduates, much more has to be done in this area, especially by publicly supported institutions. They must engage in more specific, well-focused alumni fundraising activities to boost their funding.

**Flexible tuition charge:** In India, most public universities operate under a fixed tuition fee system in which each student must pay the same amount. Tuition fees have been kept relatively low to ensure students from different income strata can afford higher education. In such colleges, the tuition charges have stayed the same for decades and have little bearing on the institution's price. As a result, tuition fees only make up a minimal income for these institutions. Additionally, it is unfair that everyone, affluent or poor, pays the same fee. To ensure cost sharing with equity, the current fixed tuition charge system should be replaced with a flexible tuition fee structure. Let each person pay what they can.

Loans to student loans without readily available collateral are essential when tuition costs are adjustable. Government of India initiatives like the Vidya Lakshmi Portal are beneficial since they give students a single-window electronic platform to obtain information and make applications for government scholarships and educational loans. However, these programs must be adequately publicized, especially in the smaller towns and villages. **Original Sources:** Several creative funding sources have recently developed, and several nations have successfully tried them. Some of them, which are also applicable in India, include the following: **Social Impact Bonds:** These bonds enable investors to finance social programs. These bonds are agreements with the government or the public sector wherein the money obtained through the bonds is invested in projects anticipated to have social results or impacts in specific predetermined locations. Investors in these contracts hope to make both a profit financially and a profit socially. They also have the chance to use a social impact bond to raise money for a particular cause. Many nations, notably the United States and the United Kingdom, have employed these bonds. More than 200 partnerships have been created globally, concentrating on different social activities. Only 3 of these ties have been created in India, where there are many more.

**Microfinance:** Despite the government's efforts, it might be difficult for the poor living in remote locations with little access to bank branches to receive loans via the formal banking system. Additionally, many loans call for collateral or counter guarantees, which the impoverished need help to provide. The impoverished are occasionally discouraged from obtaining loans through conventional banking systems due to high-interest rates and extensive documentation.

Microfinance removes all these obstacles because these institutions focus on providing small-ticket, collateral-free loans and other financial services to the underprivileged. They have less expensive administrative overhead and a broader geographic reach. They often operate on a

relationship banking basis and are established and managed by non-profit organizations. Microfinance institutions can be enlisted for minor loans to students to help pay for their higher education. This concept has shown to be effective in many developing nations where traditional student loans may be challenging to get, especially given the lesser loan amounts or absence of collateral and guarantees. Encouraging microfinance institutions to provide education loans in rural areas can boost student financing.

**Crowdfunding:** Several commercial organizations use crowdfunding to raise money for their projects. Fundraising for specific educational programmes or initiatives can also be done through crowdfunding. This concept can benefit small or creative programmes needing help accessing conventional financing sources. Crowdfunding's main benefits are its quickness and direct contact with investors. Funds are available fast and cheaper if the proposal is compelling. Crowdfunding websites are popular among charities. Therefore, HEIs should investigate them as well. If the programme is creative and successful, funding will be made more rapidly and cheaply available.

**Income-share agreements (ISAs):** ISAs are contracts in which students consent to pay a tiny amount of their future earnings in exchange for receiving financial aid. In place of student loans, this concept has grown in favor recently. Private investors who stand to profit if students are successful in their careers can fund ISAs. These agreements are becoming increasingly common, especially for paying for expensive educational programs. These agreements are typically pre-negotiated and set up by educational institutions, and for convenience, they are made available in standard forms. These agreements ease the burden of repayment during the early stages of employment because they are based on an income-sharing model.

These creative funding options provide new ways to support higher education while also addressing the financial difficulties that students and institutions face. The effectiveness and impact of these models on equity and access to education are still being assessed, and it is crucial to keep in mind that they also pose unique dangers and problems. It should be highlighted that these funding sources come with inherent risks related to economic development patterns, financial crises, and other socioeconomic issues. As a result, these resources can only be utilized to finance particular projects or programs. Private investments and student loans cannot be regarded as long-term funding sources. Public grants and revenue from endowments are the sources of funding that offer a steady flow of funds. Therefore, these sources can only support a country's efforts to ensure equity and sufficiency in higher education.

## 6. Conclusions

India's higher education institutions (HEIs) are currently grappling with substantial financial constraints. The primary cause of this issue is the inadequacy of public funds to meet the challenges posed by the escalating costs of providing contemporary education. In order to attain the desired Gross Enrollment Ratio (GER) in higher education, it is imperative to augment the investment in higher education. The economic profile of the youth in India is a significant factor to consider when determining the financing of the Indian higher education system. In light of this, public funding should remain the primary source of financing for this

system. Reduction in budgetary support in real terms is causing a financial crisis for higher education institutions (HEIs) in India. Developing sustainable and effective strategies is crucial for policymakers and higher education institutions (HEIs) to enhance their financial resources. Such strategies should promote the inclusion of a significant number of socio-economically disadvantaged individuals. Diversifying funding sources is a crucial aspect of sustainable development in India. It is necessary to strengthen existing funding streams and explore innovative funding sources tailored to the unique characteristics of the Indian context. This is particularly important given the differences between India and developed countries. This paper presents an analysis of the critical elements of a strategy, suggestions for effective implementation, and innovative alternative funding sources that can be utilized to strengthen the financial health of Higher Education Institutions (HEIs) in India. The findings of this study can serve as useful input for any initiative aimed at improving the financial sustainability of HEIs in India.

Developing a sustainable funding model in higher education is a challenge that policymakers and higher education institutions (HEIs) must address. This model should prioritize three fundamental objectives: adequacy, equity, and quality. The present study suggests that a substantial increase in public funding is imperative to significantly improve the Gross Enrollment Ratio (GER) in higher education. Notably, the study highlights that the potential for enhancing the GER is much higher if the focus is on economically disadvantaged segments of the population. The current focus of private sector funding is directed toward the enrollment of middle- and upper-income individuals. Efficiency in higher education institutions (HEIs) is a crucial component of the funding strategy, particularly related to cost considerations. This aspect assumes significant importance in the overall scheme of things. Policymakers must establish appropriate and sustainable structures and policies to facilitate access to higher education.

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