PUBLIC FINANCING OF HIGHER EDUCATIONTHROUGH FEE REIMBURSEMENT SCHEME(FRS) IN ANDHRA PRADESH:

A Case Study of Engineering Education

Prof. B. Shiva Reddy
Department of Economics,
Osmania University, Hyderabad

Dr. K. Anji Reddy
Department of Economics,
Mahatma Gandhi University, Nalgonda

Scope of the Paper

- Introduction: Why Andhra Pradesh, Engineering Education and Fee Reimbursement Scheme
- Status of Higher Education
- Methods of Financing-FRS
- Background
- Features
- Coverage
- Issues
- Implications of FRS-Access, Equity & Quality

Sources Funding

- Government-Central, State and Local Bodies
- Private-Donations, Fees
- Public funding to
  - -Public Institutions
  - -Private Sector-Grant-in Aid System
  - **-Private Sector-Fee Reimbursement**

Status of HE in AP

Universities	44	Eng (PG)	365	
All Colleges	10937	MBA	958	
Degree(Gen)	2101	MCA	625	
Eng(UG)	710	MPha	225	
B.Pha	283	LLM	19	
BEd	609			
BArch	10			
BP Ed	10			
LLB	50			
Enrolment	(Total)	2806367	(Excl	+2 level)
Source:	APSCHE			

Status of HE in AP

AP accounts for:

- 6.7% universities,
- 12.8% colleges
- 10.2% enrolment
- 7% population in 18-23 Age-Group
- GER 28.4% AP
- Density (per 1000sq.kms) 16.5 AP

Managementwise colleges(%)

	Govt	Pvt	All
All colleges	**15**	**85**	**100**
Degree	12	88	100
BEd	3	97	100
Med	11	89	100
Eng	**4**	**96**	**100**
Pha	3	97	100
MBA	4	96	100
MCA	6	94	100
Polytechnic	**47**	**53**	**100**
*All include	Jr Colleges		

Status of Eng Edn

- Till 1980 only 27 engineering colleges-17 in private collecting huge donations.
- Due to shortage many aspirants have gone to study in states like Karnataka, Maharashtra and Tamil Nadu
- Technical education share was in the range of 2.5 to 6% of Education Budget
- The rest had to depend on the income from Fees

Status of Engineering Education

- In 1983 dual fee –Rs 1000 and 3500 in govt and private.
- But donations were the main source for the Private colleges
- Majority are from better socio-economic background
- Restrictions on the expansion and the role of Apex bodies

FRS-Background

- Introduced in 2008 on the eve of General Elections
- Initially to cover OBCs
- Extended to EBCs, Minorities
- Extended to all courses including +2 level

FRS-Background

- To pay the fee for meritorious but poor students has become a problem
- Due to reservation admissions are given but fee burden is felt
- There are cases opting for low cost/supported courses than costly courses like eng
- Getting Edn loans both difficult and costly
- Need for govt is felt but not got the support till the Election time

Features of FRs

- The term FRS implies that the student first pays and later gets the reimbursement.
- Contrary to this there is no need to pay the fee by the student. Govt gives an assurance to pay the fees to the management.
- Appears similar to Voucher but not the same
- Aimed at influencing the Demand and not supply as the Say's law failed in the context
- Covers both public and private institutions including corporate colleges

Features of FRS

- Classified as a Welfare Activiy
- Administered by various departments of Govt
- Only under Convener quota and not under management quota are eligible

Coverage under FRS

- covers all the post matric courses
- All the eligible students with no ceiling on the number or the amount
- Once admitted and satisfied the conditions, the student is eligible to get financial assistance for the entire period of the course

No of Beneficieries post Matric

Year	Number (Lakhs)	Amount (RsCrores)	
1997-98	3.99	125	
2000-01	5.21	203	
2006-07	11.4	572	
2008-09	19.9	1616	
2009-10	23.8	2061	
2012-13	28.2	3749	

Coverage under FRS

- The number jumped to almost two million in 2008-09 from 1.4 million in 2007-08.
- By 2012-13 the figure crossed 2.8 million.
- About 80 percent of the students in higher education were covered by the scheme
- The amount required under FRS increased from ₹.20000 miliion to ₹.50000miliion during 2008-2013

Issues in FRS

- Allocations in the budget did not match the requirement-always there was a shortage
- Delay in release of funds under FRS
- Delay in release of the funds due administrative and other reasons
- After the bifurcation of the state into Andhra and Telangana states the FRS has become a contentious issue

QUOTA SYSTEM

Perod	Admission	
	Convener	Mgt
1999-00 to 2002-03	90	10
2003-04 to 2005-06	85	15
2006-07 to 2008-09	80	20
2009-10 to 2014-15	70	30
Source: APSCHE		

Fee structure

Period	Convener	Convener	Management	
	Free	Payment		
1999-2000	5000	35000	60000	
2000-01 to 2003-04	8000	43000	68000	
2003-04 to 2005-06	22000 (No free category)		75000	
2006-07	26000		79000	
2007-08	27500		79000	
2008-09 to 2010-11	30200		91700	
2009-10	31000		95000	
2012-13 to 2014-15	Common for Convener			

Implications of FRS

- Access to Eng Edn
- Equity
- Quality and Efficiency

Access

- No applicants for EAMCET increased siginificanltly- 1.9 lakhs in 2002-03 to 2.8 in 2007-08 to 3.5 in 2008-09 but declined from 2011-12 with increasing uncertainty
- Percentage qualified has fluctuated in between but not related to FRS

No of Colleges and Enrolment

- No of colleges increased from 37 in 1996-97 to 215 in 2002-03 to 718 in 2013-14
- No of seats increased from ten thousands in 1996-97 to 62 thousands in 2002-03 to 340 thousands in 2013-14
- Not only in Eng colleges all other (except medical) actual enrolment is less than sanctioned strength

Gap between supply and Demand

- Next to MCA(only 31%) Percentage seats filled least in (only 58%) Eng when compared to other courses.
- Percentage of eng colleges with no vacancy was zero in 2003-04 and 5% in 2014-15
- Percentage of eng colleges with vacancies 100 or more was 2.5% in 2003-04 and 31% in 2014-15

Coursewise Vacancies

- The vacancy position is not the same for all branches of engineering.
- When compared to 2003 the percentage of seats filled has gone down drastically.
- There was hardly any vacancy in courses like ECE, Civil, and Mechanical Branches in 2003
- At present these branches are also facing vacancy problem

Unethical practices to fill the seats

- Appointing consultants
- Advertising
- Giving incentives to aspiring students

Equity

- The poor from all social groups got access to Eng Edn.
- Even academically weak also got access to it
- Due to certain guidelines even in the back ward areas also Eng colleges were opened
- Distance is not a major concern for access to it when compared to School edn
- But most of them are around the cities-RR

Equity

- Majority of the poor got access to low quality education
- To get into better college and course require additional coaching

Quality

- Except physical infrastructure like builidings majority of the colleges lack other requirements
- Availability of qualified staff as per the Norms:1:4:6?
- To pay for the qualified staff as per the Norms-
  -With the existing fee structure is questionable
  -Maintaing the labs and equipment

- The delay and uncertainty further added to it

Quality

- Recent Reports by the Task Force and the Committee of Experts indicate gross inadequacy of facilities to provide quality education

Quality of Output

- Majority do not complete in one attempt
- Majority pass with poor grading despite liberal system of evaluation

Employability of the Graduates

- Majority of them are not only unemployed but not employable-lack communicative skills, subject knowledge.
- The extent unemployment vary from course to course but vary across colleges

Conclusions

- FRS, though good, is a poorly designed and implemented intervention.
- Poorly designed interventions may reduce overall welfare if they result in wasted resources or education that does not best meet the needs of students, institutions and the society.
- None of the stake holders are Happy- Government, Management and the Student
- Then Who is the Beneficiary: Student, Management or Society?

Thank You