**Introduction:**

It is widely believed that the most important indicator of a country's future may well be the state of its higher education. Pandit Jawaharlal Nehru, who laid the foundation of the process of India's modernization, declared that if all is well with the Universities, all would be well with the Nation. Despite the key role assigned to Higher Education, the developments in this field have been extremely uneven. While certain colleges and faculties of Universities have played a crucial role in supporting the process of development and modernization with research work and young men and women of great excellence, the general condition of Universities and colleges is a matter of great concern to the nation.

The achievement of a University is judged not only on the basis of quality of its research but it is widespread and is known to be cost effective. Major inputs have gone to laboratories outside the Universities. Hence, there is great deprivation in terms of facilities for frontline work. It is necessary to correct this situation as without quality research work, neither the culture nor quality of post-graduate education can be improved. Cultural activities and sports are either non-existent or remain grossly under-utilised for want of rapport and informal contact between teachers and students. There is hardly any scope for discussion about national issues. Because of this, teaching and studying in Colleges and Universities is no more than a part-time occupation aimed essentially at the award of degrees, which have generally lost credibility and value.

There is a widespread feeling that the present state of higher education is largely the result of the overt and covert interference by external agencies.

The economy in India has taken a new turn. The philosophy of planning has changed in a diagonally opposite direction. From the centralized and the socialist planning, the swing is now in favour of liberal, market driven, open and free economy. This is a major change in policy formulation which is influenced by the competitive forces, global conditions and impact of WTO. Education which is an important aspect of services sector is also no exception to it. Hence, it is quite obvious that there are various factors that have forced privatization of educational sector and promotion of education as a marketable commodity. The debate is still
ongoing whether education is a marketable commodity and how it is influenced by various market forces. There are arguments in favour of privatization of education claiming it leads to quality enhancement, proper spread and increase in its catchment, whereas the opponents of this issue often claim that it will cause more damage and will again restrict this important service to chosen few.

**Historical Background:**

Education in India is provided by the public sector as well as the private sector, with control and funding coming from three levels: central, state, and local. Takshasila was the earliest recorded centre of higher learning in India from at least 5th century BCE and it is debatable whether it could be regarded a university or not. The Nalanda University was the oldest university-system of education in the world in the modern sense of university. Western education became ingrained into Indian society with the establishment of the British Raj.

Education in India falls under the control of both the Union Government and the State Governments, with some responsibilities lying with the Union and the states having autonomy for others. The various articles of the Indian Constitution provide for education as a fundamental right. Most universities in India are controlled by the Union or the State Government.

India has made progress in terms of increasing the primary education attendance rate and expanding literacy to approximately three quarters of the population. India's improved education system is often cited as one of the main contributors to the economic rise of India. Much of the progress, especially in higher education and scientific research, has been credited to various public institutions.

**Present Scenario:**
The private education market in India was 5% and in terms of value was estimated to be worth US$40 billion in 2008 but had increased to US$68–70 billion by 2012.

As per the Annual Status of Education Report (ASER) 2012, 96.5% of all rural children between the ages of 6-14 were enrolled in school. This is the fourth annual survey to report enrollment above 96%. 83% of all rural 15-16 year olds were enrolled in school. However, going forward, India will need to focus more on quality.

*Future Trends:*

The Cabinet Committee on Economic Affairs approved the Rashtriya Uchchatar Shiksha Abhiyan (RUSA), a Centrally-sponsored scheme (CSS) for reforming the state higher education system.

RUSA to be spread over two plan periods, will aim for improving access, equity and quality in the state higher education system.

With over 96 percent of students enrolled in the state higher education system, there is a need for state colleges and universities to be strengthened through strategic central funding and some certain much-needed reforms.

RUSA also aims to incentivise states to step up plan investments in higher education. It also seeks to correct regional imbalances in access to higher education through high quality institutions in rural and semi urban areas and improving access of students from rural areas to better quality institutions.

RUSA will have a completely new approach towards funding higher education in state universities and colleges. It is based on key principles of performance-based funding, incentivising well performing institutions and decision making through clearly defined norms, which will establish and rely upon a management information system to gather the essential information from institutions.
Higher education needs to be viewed as a long-term social investment for the promotion of economic growth, cultural development, social cohesion, equity and justice. The globalisation era has necessitated inculcation of competitive spirit at all levels. This can be achieved only by bringing quality of higher standards to every sphere of work. Therefore, the quality of higher education has become a major concern today.

The government is looking at bringing various reforms to improve the quality of higher education sector by creation of a State Higher Education Council, creation of accreditation agencies, preparation of the state perspective plans, commitment of certain stipulated share of funds towards RUSA, academic, sectoral and institutional governance reforms, filling faculty positions etc.

As per the RUSA document, greater emphasis will be laid on the improvement of the quality of teaching-learning processes in order to produce employable and competitive graduates, post-graduates and Ph.Ds.

The most significant paradigm shift proposed by the Planning Commission is in the arena of funding of state higher education system. Strategic funding of this sector has been strongly proposed in order to make a marked difference in the overall resource endowment for the state higher education sector.

There are three broad categories of the higher education institutions in India, centrally funded institutions, state funded institutions and private institutions. While the centrally funded institutions (Central Universities, IITs, NITs, IISERs, Institutes of National Importance etc) receive generous funding from the center, they have a limited coverage in terms of enrollment. About 94 per cent of the students enrolled in state funded or state controlled private institutions come under the state higher education system. It is worth noting that most private education institutions are affiliated to state universities. Thus, any efforts for development in this sector must recognize the importance of state higher education institutions and strive to improve their status.