

## **Inequity in Higher Education Sector of Bangladesh Bracing for Pragmatic Reforms**

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*Abstract: Bangladesh with one of the world's largest population and developing country status faces a dense of inequity in its higher education sector: Its inequity problem underscores the absence of necessary policies responding to higher demographic pressures on education and resource constraints to expand it. Consequentially, governmental policies translate the danger of low cost education into low quality mostly for non-urban and poor households. By following a discussion on the causes and scope of equity problem in Bangladesh, the paper aims at identifying appropriate policy options for greater equity.*

*Inequity in its higher education has been manifested by geographic concentration index for higher education and cost allocation for per student as percent of GNP per capita. The rise of affluent and urban middle class households in the last few decades features the problem by their domination on scarce opportunities for higher education. Moreover, almost free higher education in public universities poses the problem of vertical and horizontal equity. Additionally, private universities with its higher cost and guarantee for highly paid job make it exclusive to the wealthier segment of the society.*

*Bringing more equity into the system requires flexible governmental role strengthened by private ventures. Government should provide income contingency loan with "default insurance", and infrastructural support to both public and private institutions. It should materialize a set of policy interventions with an aim to make disadvantaged students qualified at their earlier stages of higher education. It should further offer incentives and appreciations to the private philanthropists to establish more private universities. Without such pragmatic approach, inequity prevails and confirms the danger of "low cost low outcome" for the larger segment of society.*

### **1.0 Introduction**

Higher education system in Bangladesh has largely been structured on social commitment of equity which mostly drives the governments to ensure low cost for this public good. The sensitivity of the issue of equity requires frequent reviews of current policy and subsequent policy inputs to it. But the country per se manifests lack of any flexible policy mechanism to extensively review its higher education system,

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to identify the problems and accordingly respond to the timely need to rationalize the system. The negligence to match the system with the increasing complexity of social phenomena proliferates exclusion of marginalized group from higher education institutions. An analysis on the issue of equity will shed the light on the factors contributing to it and guides to the ways of how to provide this public good more equitably.

The paper proceeds with the argument that a realistic approach to admission, fees, funding and management in higher education sectors is needed to deal with the inequities. The approach should be bent with more socially inclusive features targeting to expand the opportunities of higher education to divergent groups of students. But national education policy does not reflect this need in practice as it fails to regularly address the demographic pressures on higher education and to match it with its capacity.

The reason of failure may partly be directed to the resource constraints of government. But whereas, in recent time, the proliferation of many non-profit private universities shows the capacity and commitment of private sectors for the development of this sector, the government also fails to direct this philanthropy towards a healthy partnership between public and private.

The outcome is pervasive inequity. On one hand, students from poor and rural households who constitute the large number of population and tax payers have increasingly been excluding from higher education institutes. On the other hand, private universities keep out the majority students from the courses, which could secure jobs, by their higher fee charges. Ensuring equity requires more responsive approach -with a mix of public and private forces, reasonable and affordable funding options for students, a realistic fee structure at public universities and special admissions programs for underprivileged students.

The paper in its second chapter highlights the features of the problem. The third chapter develops a framework to analyze the policy alternatives in the fourth chapter. The paper will be ended with necessary policy recommendations and conclusion.

## **2.0 Higher Education in Bangladesh: where inequity rules**

The cost of higher education in Bangladesh is mostly publicly financed and one of the lowest in the world (in terms of both governmental expenditure and maintenance cost per student). Though the country increases the spending over the years it could not match with the intensity of demographic pressure on education. The rise of affluent and urban middle class households in the last few decades has been increasing the competition for this scarce social benefit. By successfully overcoming the strict admission test, students from these households dominate in the state funded higher education system and thus confirm the future fortunes.

It is reported that non-poor households capture about 85% of the benefits of higher education even though they occupy only about a third of the population (World Bank 2000, 3). Statistics from the country's fifth Five-Year-Plan underscore inequities in higher education on the basis of geographic representation. While the geographic concentration index for higher education in urban areas is 0.97, it is only 0.57 for secondary education, and 0.31 for primary education (cited in Ahmed 1998). This data stipulates that an increasingly larger segment of the student population in the best public universities is coming from a small group of urban preparatory schools to which only the richer families can afford to send their children. This data alternatively discloses the exclusion of rural households, who represents almost 81 percent of the population, from higher education.

Besides this concern and cause, neatly an absence of tuition fee for state-funded higher education suggests that the structure is regressive and is feeding public money to a small portion of students who get the admission and accrue future benefit with the cost of others. It is evident from the fact that student tuition only contributes one percent to the income of public universities.

Concomitantly cost per student as percent of GNP per capita advances the claim that inequity is exacerbated by the unequal distribution of public resources among different categories of education. While it is 210 percent of GNP per capita for university education, only 19.5 percent represents for secondary education in government schools, and Just 3.6 percent for primary education (World Bank 2000, 72). The implication is that absolute lifelong subsidy to education for any citizen is much higher only for university students who represent only a poor segment of society excluding poor and rural.

On the other hand, strict admission procedures bar a fair access of non-urban and marginalized class of students to higher education institutes. The reason lies on the highly competitive admission test which demands rigorous preparation with private coaching. Siddique (Siddique 1997) informs the data of 1995 that only 3,730 out of 63,313 admission seekers at Dhaka University, which is country's national premier university, got the chance for admission.

But only admission to publicly financed institutions does not remove inequity because of higher personal cost to continue study. A random survey among Dhaka University, the country's premier national university, survey conducted by Munir (Munir 1999, 16) revealed that the yearly private cost while studying ranges between \$265 and \$828. Surely, the poor families who constitute 60 percent of the total population and live in poverty cannot afford this cost for their children.

A recent phenomenon of private universities indicates another facet of inequity. It has become exclusive to an affluent class who can afford the higher fees and in return secures job with higher salary which is supported by some recent researches (i.e. Alam et. al 2007, 11). Compared to students of private universities, students from state-funded institutions have been trapped into "low cost, low outcome". This results for the governmental inability to adequately spend for and channel the resources appropriately.

### **3.0 Framework: rational scrutiny should be the centre of discussion**

In search for policies to face inequities a clear framework is needed to link equity with rational validity and with the capacity of public subsidy. If fee is to be charged the understanding is needed on how the mode is to be well-equipped with equity concern.

Economic theory stipulates the idea that government subsidies for higher education need to be justified by assessing net social benefits which count both individual and societal benefits generated through spill over. But Chapman (Chapman 1999, 5-6) points to the two practical difficulties to measure this. The first is that the benefits may vary in terms of courses and individual productivity. For example, technical study may arguably have smaller amount of positive externalities than "educational" one. The second difficulty mentioned by the same scholar (Chapman 1999, 6) implies that, in absence of objective method to evaluate assumed externalities, reliance is made

upon subjective methods which sources controversy instead of general consensus.

But as there is no evidence to deny the existence of social benefits through spill over, the government should subsidize some varieties of resources to make available higher education to the larger part of the society. Though the question about the size of public subsidy could not suggest any concrete amount, it should be appropriated with one opposite argument for fee charging. That is, referring to both Barr (1993, 719) and Chapman (1999, 3) as higher education also increases individual benefits, equity concern about state's funding for a group's fortune with the cost of other people's contribution provides the rationale for fee charging.

But both the policy issues to subsidize and to charge fees need to be compatible with the equity issue of marginalized students. Through policies, their opportunity costs for higher education should be set to motivate them. As demonstrated, in Bangladesh, the equity problem is associated with the development of a nexus between family background and fortunes of their children. The mix mechanism should demonstrate the same level playing field by curtailing the domination of students coming from specific socio-economic family positions and the likelihood of their supremacy on more professional success.

#### **4.0 Variants of market-centered model: which is to be the solution?**

a. Market oriented model: The World Bank in its reports (World Bank 2000, 27) highlights individual benefits of higher education through higher income and living standards. For greater equity it argues that cost should be financed by beneficiary as affluent segment of society comes for this good. In that case, it suggests that government should allow private sectors to be flourished by easing former's over-sighting role. The policy argues that allowing market to work will ensure a market price of education compatible with the future opportunities.

Equity is ensured by the price and competition between public and private. "Low cost, low outcome" in public universities will be replaced by both market determined cost and better outcome across the boundary of public and private. The Bank advances its argument favoring more scholarship provision for underprivileged students. The logic of the Bank's position is justifiable by a narrower sense of equity. If the tax, given by those households who could not send their children

to universities, feeds some fortune seekers, inequity prevails. It further rests on the logic that governmental redistribution should be directed towards lifetime poor instead of privileged people.

But it ignores the rationale that equitable accessibility to higher education from all classes requires shrinking the power of the already prevailed nexus in Bangladesh. This nexus constitutes the relation between students' lifetime affluence and the social and financial background of their families. Merely scholarship provision which usually requires merit for underprivileged cannot ensure proportionate representation of or same level playing field for diversified ranges of students. It does not consider the national economic loss by waste of talent from poor segment of people. Additionally, it ignores the possibility of positive externalities which argues for governmental subsidy.

b. Income contingency loans and mix of public private support: instead of such straightforward policy of self financing, there is another policy option with a mix of government funding through loan to students and direct transfer to both public and private universities. This alternative requires a substantial fee charging for students to eliminate both horizontal and vertical inequity. To make capable the students to pay the fees and meet other expenses, it argues for income contingency loans.

The idea of income contingent loan advanced by Chapman (1999, 7-9) stipulates that the government will provide the loan for the students' living expense and tuition fees associated with a 'default insurance'. That is, when a former student is not able to pay the debt, he does not need to bear the costs for during the period of his incapacity due to his unemployment or failure to be graduated. Only after his graduation, a former student during his employment period is bound to pay by installments which vary with the amount of his income. Default insurance scheme minimizes the cost of coming to higher education across the classes of households. Thus, very importantly, this loan scheme significantly breaks the domination of any specific class or family background. Additionally, higher study by loans eases the high governmental cost per student as percent of GNP per capita.

Income contingency loan may be associated with a combine capacity building efforts for both public and private higher education sectors. In Bangladesh private universities have come into operation after mid 90s with non-profit motive. The number of them becomes double of

that of public but almost all of them face a vital need of infrastructural development. This is reported that private universities charge higher tuition fee with a margin of 40 percent profit rate which goes to their infrastructural development (Alam et al 2003, 11). It is evident that the higher the fees, the more exclusiveness of them to richer families. Considering their non-profit drives, government can break this compartmentalization by providing those lands and other infrastructural support generously. Moreover, with an objective to create same level playing field for all across public or private boundaries, the government can expand its support to any prospective private university students by drawing them under its income contingency loan program. This will attract more enthusiastic philanthropists to contribute to and establish more higher education institutions which will minimize the demographic pressure.

But this policy demands a massive task of operational management especially in the context of Bangladesh where effective management of students' record is not practiced.

c. Policy interventions at earlier stages of higher education:

As discussed earlier, the majority of students enter into the university with urban and rich family background; it is evident that students from rural and poor households lack qualification and support to entry into higher education through competition. This suggests that equity **will** mostly be preserved by necessary policy interventions at earlier level of education. One OECD report prepared by Paulo (Paulo 2008, 18) recommends a set of policy interventions highlighting the features to improve secondary and higher secondary education especially in remote areas, to provide extra care by counseling and career guidance to motivate them for higher studies, to broaden admission criteria to draw proportionate underprivileged students and initiate positive discrimination by favoring diversity.

Improving secondary and higher secondary institutes address equity in the long run and needs more public investment, Easy or discriminatory admission criteria for underprivileged whether in short run or long run will creates problems for those students to grasp the knowledge provided.

## **5.0 Policy recommendations and conclusions:**

a. As the only flaw of income contingency loan is the burden of operational management, it is viable to bear the load considering a

recent accomplishment of national database in the country. This database can exclusively be used by the university management and using this can be made mandatory by the employment organizations. This is not beyond affordable as the main employers are the government and private firms.

Moreover, loan can be provided alongside the option for students to pay full fees. Students who can afford may pay the fees in exchange for a cash benefit.

b. Some policy interventions to address equity should cautiously be used at earlier stages of education of underprivileged students before their entering into university. In addition to governmental responsibilities for counseling and motivation in secondary and higher secondary level of schooling, universities should allow easy admission procedures with reserving quota for students from rural and poor backgrounds. To improve the quality of such admitted students, universities should launch year round preparatory pre-university programs. In addition to government funding, the cost may be incurred by the sponsorship of philanthropists and private actors. This can be used as long run or short run policy options.

Bangladesh with its developing country status cannot transfer the responsibilities of maintaining equity only to the invisible hand of the market, even though records of governmental performance indicate its failure to ensure equity. To prevent government or market failure to address the equity in higher education, shared responsibilities between public and private are required. The foremost important task for both is to minimize the ascendancy of the nexus between socio-economic status of families and their children's opportunities in the apparatus of higher education sectors. It does not mean to block or restrict their entry. Rather it means creation of same level playing field for divergent group of students by giving more care to underprivileged and by responding to demographic pressure for higher education in more equitable way.



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