

PIONEERING WAYS OF FINANCING EDUCATION

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Abstract

In the present existence, the individuals, belonging to all categories and backgrounds have recognized the significance of education. But financing education is regarded as one of the major problems, particularly regarding the deprived, marginalized and economically weaker sections of the society. When the individuals are engaged in minority jobs and experience financial problems, then they certainly face barriers in meeting financial requirements of education. On the other hand, individuals engaged in well-paid and reputed employment opportunities do not experience problems and challenges in financing education for their children. It is vital for the individuals to generate awareness in terms of measures and strategies that can be put into operation in an effective manner for financing education. The main aspects that have been taken into account in this research paper are, the structure of education in India, the significance of financial education, ways of financing education, and factors identifying the needs for pioneering financing for education.

Keywords: Education, Financing, Financial Resources, Livelihoods Opportunities, Tasks

One of the major objectives of the education system is to create an educated, progressive and a broad-minded community. The effective growth and development of the individuals, communities and the overall nation cannot be achieved, when the individuals are not educated. As lack of education makes the individuals ignorant and unaware. They experience problems and challenges within the course of implementation of tasks and functions and sustenance of livelihoods opportunities in an enhanced manner. Therefore, when the individuals acquire education, they are able to benefit in numerous ways. They are able to recognize the difference between appropriate and inappropriate, generate awareness in terms of various aspects and areas, get engaged in good income-generating activities, meet better livelihoods opportunities, become productive citizens and render an effectual contribution towards nation-building and economic growth. Therefore, it is indispensable for the individuals, belonging to all age groups, categories and backgrounds to recognize the significance of education and work diligently and conscientiously to attain educational qualifications.

When individuals aspire to attain education, then financing education is one of the major concerns. This is particularly in case of individuals, belonging to poverty stricken, marginalized and economically weaker sections of the society. They are normally engaged in low paying and minority jobs, which do not generate sufficient income. Therefore, lack of financial resources is regarded as one of the major barriers within the course of acquisition of education. The Government has formulated programs and schemes, which have the major objective of making provision of education to all individuals, irrespective of their status, categories, occupations and backgrounds. The Right to Education Act was formulated in 2009. It has the major objective of ensuring that free and compulsory education should be provided to all students,

belonging to the age group of six to fourteen years. Hence, with the formulation of programs and schemes, acquisition of education has been facilitated among students, especially belonging to economically weaker sections of the society and disadvantaged groups.

The Structure of Education in India

India, being a union of states has accepted a uniform structure of education, known as 10+2+3 and the education acquired in higher educational institutions (Francis, n.d.). This structure identifies that there are 10 years of general education, including eight years of elementary, two years of secondary education, two years of senior secondary education and after senior secondary education, individuals get enrolled in colleges to acquire higher education. Though this is regarded as optional. In Government schools, education up to senior secondary is usually provided free of cost. But individuals are required to meet other expenses involved in education. These are, related to textbooks, stationary items, uniforms, bags, transportation costs and so forth. Whereas, in private schools, the individuals are required to pay the tuition fees as well as meet the other expenses involved in education. Therefore, individuals are required to carry out financial planning in an efficient manner to meet the expenses involved in education.

Usually in rural communities, the system of education is not in a well-developed state. Therefore, the individuals aspire to migrate to urban areas to acquire good educational qualifications. Individuals usually aspire to get enrolled in higher educational institutions as well to acquire professional educational qualifications. Though they may complete their senior secondary education in their home towns, but migrate to urban communities to get enrolled in higher educational institutions. When they migrate to other regions or cities to pursue higher education, they may obtain scholarships and other forms of financial assistance, primarily based upon their academic background and meritorious performance. But they are required to meet other expenses as well, involved in education. These include, living accommodation, transportation costs, technologies, books, stationary items, and so forth. The individuals, belonging to wealthy families usually do not have to experience problems and challenges. But the individuals, belonging to deprived communities and economically backward sections of the society are required to get engaged in either full-time or part-time employment opportunities as well to finance their education.

Research has indicated that individuals are aspiring to acquire higher educational qualifications in international countries as well. In international countries, the expenses involved are even more as compared to pursuing education within one's own country. When the individuals are financially strong, in other words, when they are engaged in good employment opportunities, they are able to encourage their children towards acquisition of education in international countries and meet their expenses. After the pursuance of education from international countries, individuals may get engaged in employment opportunities or they may return to their home countries and work towards promoting well-being of their families and communities. When the individuals spend finances on the acquisition of education, then it is their prime responsibility to be regular in their studies and work diligently and conscientiously towards the achievement of academic goals. Another important aspect is, upon completion of education, they need to look for good employment opportunities that may generate sufficient income. In this manner, they are able to get back the monetary resources that they have spent.

The Significance of Financial Education

The financial education is regarded as one of the aspects that is of utmost significant. The major objective of this education is to augment the skills and abilities among individuals in terms of management of financial resources. The individuals need to manage their financial resources in the implementation of various tasks and activities. These include, management of household responsibilities, travelling, purchasing goods and materials, acquiring the services from domestic helpers and other individuals, health and well-being, providing education to children and so forth. The individuals meet their living requirements on the basis of their financial position. The individuals need to be aware of making efficient use of their finances. Providing good and better education and training opportunities require more finances (Options for Financing, n.d.). Financial education enables the individuals to generate awareness in terms of various dimensions that are related to meet the expenses involved in education ([Tilak, n.d.](#)).

Financial education is regarded as significant aspect in generating awareness among individuals regarding spending of financial resources. Financial education is regarded as only one pillar of an adequate financial policy that has the major objective of bringing about improvements in financial literacy among individuals (The Importance of Financial Education, 2006). Through the acquisition of this education, the individuals are able to generate awareness in terms of various ways that can be used to meet the financial requirements of education. The individuals, particularly belonging to deprived, marginalized and economically weaker sections of the society need to plan approaches and methods that are used to finance education in an appropriate manner. Hence, they need to acquire financial education to generate awareness in terms of various forms of financial assistance that are available to the individuals. Access to various forms of financial services is regarded as the significant issue, particularly in developing countries.

Financial education also needs to be complemented by the other approaches to ensure an improvement in the financial well-being of the individuals. For example, some experts and professionals state that when students get enrolled in masters and doctoral programs, automatically are able to attain financial assistance in the form of fellowships. Governments are clearly aware of bringing about improvements in financial literacy. A vital aspect of bringing about improvement in school education is, generating information among students in terms of financial literacy. In the present existence, the individuals, who leave schools, upon completion of education, need to be financially literate even more than their parents. As they need to be aware in terms of management of finances throughout their lives. Apart from educational institutions, financial institutions are regarded as important in making provision of financial education to the individuals. Communicating in terms of experiences are vital methods of imparting information to the students in terms of financial education.

Ways of Financing Education

Individuals, belonging to various categories and backgrounds aspire to obtain good quality education to accomplish personal and professional goals and obtain well paid employment opportunities. Higher education is becoming expensive to a major extent. This is mainly when the individuals aspire to acquire educational qualifications in international countries or when the individuals belonging to rural

communities migrate to urban areas. In some cases, meeting the financial requirements of education is manageable, whereas, in others, it is difficult. Therefore, to meet the financial requirements of education, the individuals need to devise ways of financing education. The major ways of financing education have been stated as follows:

Scholarships

There are number of scholarships offered by either the higher educational institutions to which the individuals are applying to, or government scholarships or scholarships from other organizations. One can refer to the resources from the Ministry of Human Resource Development, Department of Higher Education, which helps the students with the scholarships processes of various universities as well as countries. Before applying for scholarships, individuals are required to conduct research on the university websites as well as consult the staff members, employed in the scholarship departments. Scholarships can be partial or full. When the educational institutions make provision of scholarships to the students, there are number of aspects that need to be taken into consideration. These include, interests, grades, writing assignments, financial hardships, income of the parents and other activities.

Most of the scholarships are usually utilized to cover the tuition expenses. Furthermore, they are used to meet other expenses as well, such as housing accommodation, transportation costs, technologies, stationary items and so forth. When the amount of scholarship is limited, then the individuals normally cut down their expenses. Hence, to obtain financial assistance in the form of scholarships, research needs to be conducted regarding the programs of study, which the individuals are interested in pursuing. After researching the programs of study, the individuals are required to make list of scholarships and then apply, which is suitable to the educational programs and their academic goals.

Education Loans

Education loans are identified as the major enablers for aspiring and deserving students. Government of India has categorised the education loans as a priority sector loans in a bid to encourage more banks to provide credit to the students to finance higher education. In accordance to the report by credit bureau CRIF Highmark, banks disbursed the loans worth Rs. 82,600 crore in the last fiscal year. It was 9.25 percent more than in the fiscal year of 2017. The average amount disbursed per applicant climbed to Rs. 9.6 lakh in 2018 and Rs. 6.8 lakh in 2017. Education loans are the feasible choice for financing one's higher education, as they come at lower interest rates, have longer loan tenure, enjoy tax exemptions and have a waiting moratorium period before the commencement of EMI repayments. However, an education loan of the amount exceeding Rs. four lakhs, requires a guarantor and a loan above Rs. 7.5 lakhs, requires a collateral as security. Further, the loan may be available only for admissions to recognized and reputed educational institutions. Due to these factors, the choices get limited for many aspiring students.

The other option is to borrow a personal loan for financing education. This may be taken either by the parents or students. The benefit of the personal loan is that it does not require a guarantor or a collateral security. However, the EMI repayment begins immediately, so one has to plan accordingly. There are several online courses, which can guide students regarding which loan to take. In addition, it is vital for the individuals to generate efficient awareness in terms of how to go about the procedures of

borrowing loans and repayment of it.

Employer Sponsorship

In some cases, upon completion of Bachelor's degree, individuals get engaged in employment opportunities. As in the pursuance of some masters and doctoral programs, work experience is generally one of the admission requirements. Employer sponsorship is also regarded as one of the major ways of financing higher education. For encouraging employer sponsored higher education, several large and multinational companies run special programs for high performing and competent employees. These employees are offered paid sabbaticals for higher studies. The employees are allowed to go on sabbatical for higher studies and in most cases, these sabbaticals are paid. This kind of system is assisting to the companies in augmenting the educational qualifications and skills of their employees and obtaining an increase in productivity and profitability. When these employees return to their employment settings upon completion of education, they are able to render an effective contribution in promoting well-being and goodwill.

This is regarded as one of the most convenient and beneficial options. As the employees are also provided with the opportunities to complete their higher education, and after the completion of their education, they are able to return to their employment settings. The financial requirements of education are taken care of by the companies, this is one of the major benefits of employer sponsorship. Some companies pay for the education upfront, whereas, others reimburse the students themselves for meeting their expenses. Planning and researching are regarded as important aspects that need to be paid attention. The individuals are required to get engaged in discussion meetings with their employers.

Funding from Private Trusts

Private trusts are operated by large corporates and they have number of grants and scholarships. These grants and scholarships are available for meritorious students and the students, who are in need for financial support. Several organizations have their own programs, which have the primary objective of assisting the applicants with the education expenses. These include, K.C. Mahindra Education Trust and Mariwala Trust, which apply across disciplines, and the J.N. Tata Endowment, which offers loans for higher studies, particularly for international countries. One of the major benefits of funding from private trusts is, these are manageable, especially if other loans and scholarships do not work out. There is a great deal of information available online, regarding what they cover. The needs and requirements of the students, particularly in terms of academics is one of the major concerns, when they are applying for loans and scholarships from private trusts.

When the students aspire to pursue education from foreign universities and they experience financial problems, they are able to provide solutions to their problems by obtaining loans or scholarships from private trusts. On the other hand, when students are aspiring to pursue higher education and experience severe financial problems, then too, they can apply for loans and scholarships from private trusts. When these trusts make provision of financial assistance to students, there are certain aspects, which need to be taken into consideration. These include, academic background of students, occupation and income of parents, grades received, universities to which they are applying, and academic programs which they are willing to pursue.

Working and Saving

Working and saving is one of the effective options for the students to finance their education. Normally, when students aspire to pursue higher education nationally or internationally, and they are not financially strong, their parents advise them to take up employment opportunities, work and make savings. Working for two years would help the individuals in generating sufficient income to meet their financial requirements and in gaining work experience. On the other hand, when individuals cannot wait to pursue higher education, then working part-time is an option. They need to look for part-time employment opportunities and pursue educational programs simultaneously. When the full-time or part-time employment opportunities make provision of sufficient income, the individuals do not have to experience problems and are able to meet their educational expenses satisfactorily. Whereas, when the employment opportunities are not well-paid, then the individuals are required to adequately plan their finances and assign priority to various aspects.

In the present existence, there are number of freelance opportunities, which are regarded as convenient ways of generating some income. In most cases, students get engaged in them and are able to meet their educational expenses. When the individuals get enrolled in higher educational institutions in masters and doctoral programs, then normally they obtain fellowships. Within the course of obtaining fellowships, they do not get engaged in employment opportunities. But when they are fortunate enough to acquire good employment opportunities, then they need to give up fellowships. Hence, in this manner, they are able to meet the educational expenses as well as augment their career prospects.

Factors Identifying the Needs for Pioneering Financing for Education

The major factors which identify the needs for pioneering financing for education have been stated as follows:

Resource Mobilization

It is apparent that financial requirements at all levels of education are different ([Burnett, & Bermingham, 2010](#)). They are different in case of students at all levels of education, i.e. pre-schools, elementary, secondary, senior secondary and higher education. To meet the financial requirements in an appropriate manner, it is necessary to mobilize the resources. On the other hand, it is vital for schools and higher educational institutions to increase the resources that will be utilized in education. Mobilization of resources is regarded as making efficient use of resources in all areas.

It needs to be ensured that the overall environmental conditions contain proper infrastructure, equipment, materials, tools, civic amenities and other facilities. When the system of education will be well developed in educational institutions at all levels, when the members of the educational institutions will render an effective contribution in implementing measures and approaches to enable the individuals to achieve professional and personal goals, then there would be an increase in the expenses involved. It is also important to examine the scope of resource mobilization within the educational institutions at the post-primary levels, which could then allow for the reallocation of public spending from these levels towards the acquisition of basic education.

Augmenting the Outline of Education

Augmenting the outline of education is regarded to be of utmost significance within the course of

enriching the overall system of education and achievement of academic goals. The outline of education can be augmented by formulating various measures and putting into practice strategies and approaches. These are, the teaching-learning methods that are implemented should be well-organized and should be in accordance to the needs and requirements of the students. When the educators are implementing them, they need to ensure that they are in accordance to the subjects, concepts, and grade levels of students. Another aspect is, teaching-learning materials need to be appropriately used.

Nowadays, technologies have gained prominence. The educators and students are making use of technologies to work effectively towards the achievement of academic objectives. The use of internet is extensive. Through internet, they are able to generate information in terms of number of areas and concepts. Furthermore, the educational institutions should promote spacious classrooms, infrastructure, equipment and other facilities to enhance the outline of education. Furthermore, in educational institutions at all levels, there are provision of health care, medical and counselling and guidance facilities that have the primary objective of alleviating the problems of students, particularly in terms of their physical and psychological needs.

Improving the Effectiveness and Equity of Educational Expenses

The large financing needs of the education sector have led to an increase in the emphasis of resource mobilization. With the advent of globalization and modernization, the educational institutions are required to put into operation the measures and strategies that are necessary to improve the effectiveness, and equity in educational expenses. For this purpose, it is necessary to devise measures to improve the overall quality of system of education. In educational institutions, apart from spending of financial resources in the teaching-learning methods, instructional strategies, infrastructure, facilities and amenities, it is necessary to ensure that there are implementation of other activities as well. These include the organization of competitions, events, picnics, workshops, seminars and so forth.

The organization of these tasks and activities are some of the ways that are used to promote effective growth and development of students, enable them to generate desired academic outcomes and improve the overall system of education. Research has indicated that educational institutions, which are well-developed, teaching-learning methods are put into operation in an appropriate manner, there are provision of extra-curricular and creative activities, technologies and infrastructural facilities are effectively put into operation and the overall system of education is well-developed, it signifies that there have been improvements in effectiveness and equity of educational expenses.

Meeting the Needs of Disadvantaged Students

In some cases, schools as well as higher educational institutions form this objective of promoting well-being of disadvantaged students. In India, there are number of students, belonging to poverty stricken, deprived, marginalized and socio-economically weaker sections of the society, who aspire to study, but due to certain problems, they are unable to get enrolled in schools. In meeting the needs of disadvantaged students, the educators communicate with the students and encourage them to devote some time towards making provision of coaching classes related to academic subjects among students, belonging to disadvantaged communities. When the educational institutions are working towards meeting the needs of disadvantaged students and promoting well-being of the marginalized communities, it is

necessary for them to allocate resources.

Normally, the educators spread the word among students to make donations of necessary items as well. These include, textbooks, stationary items, clothing, bags and so forth. Usually, the students, who are residing nearby, make visits to educational institutions, but in some cases, they also work on providing free coaching classes to marginalized groups as requirements of their educational programs. In such cases, they are required to make visits to places. In some cases, youth make visits to rural communities and augment the literacy skills among individuals. Hence, making provision of free coaching classes to augment the literacy skills among individuals is one of the effectual ways of working for the well-being of disadvantaged children and communities. It has been observed that when they are obtaining assistance in augmenting their literacy skills, they do not have to be concerned regarding meeting the financial requirements of education.

Promoting Innovation in Education

Promoting innovation in education is one of the aspects that is regarded to be of utmost significance in augmenting the system of education ([Burnett, & Bermingham, 2010](#)). When educational institutions need to bring about modern and innovative methods in the teaching-learning processes and other tasks, they are required to plan financial resources. When teachers make use of textbooks in providing knowledge and information to the students in terms of academic concepts, it is regarded as the traditional method of teaching and learning. The traditional methods of teaching and learning are not regarded much efficient in enabling students to acquire an efficient understanding of academic concepts and achievement of academic goals. Research has indicated that the performance of students, especially in Government schools has not been up to the expected standards. Therefore, there is an essential requirement of educational institutions to put into operation, modern and innovative teaching-learning methods.

The various forms of innovative methods that are commonly used in educational institutions at all levels are computers, models, posters, charts, diagrams and other reading materials. For instance, when the teachers are required to impart knowledge and information to the students in terms of a particular lesson plan, they usually make use of technologies. Computers and projectors are made use of to show presentations. Furthermore, the educators make use of internet to augment their understanding regarding the academic concepts and provide answers to the questions put forward by students. In classrooms, charts, diagrams, models and posters are displayed. These are the modern and innovative teaching-learning materials that are used to enrich the classroom environment. Hence, use of these innovative methods have rendered a significant contribution in facilitating learning among students and augmenting the system of education.

Conclusion

In India, the individuals, belonging to all categories and backgrounds have recognized the significance of education. Individuals, particularly belonging to deprived, marginalized and economically weaker sections of the society are not educated, but they aspire to provide their children good quality education. The individuals need to manage the financial resources in an appropriate manner for the purpose of providing education as well as to attain better livelihoods opportunities. Educational

institutions and financial institutions generate awareness among individuals regarding the management of financial resources. Even though individuals are aware of management of financial resources, but having scarcity of financial resources and engagement in low income occupations are the major barriers within the course of acquisition of good quality education. In accordance to the Right to Education Act, free and compulsory education is provided to children, from six to fourteen years of age. But the individuals need to formulate measures regarding financing higher education. The various ways of financing education are, scholarships, education loans, employer sponsorship, funding from private trusts and working and saving.

The major factors which identify the needs for pioneering financing for education are, resource mobilization, augmenting the outline of education, improving the effectiveness and equity of educational expenses, meeting the needs of disadvantaged students and promoting innovation in education. When the educational institutions formulate objectives that they need to promote mobilization of resources, augment the outline of education, improve effectiveness and equity of educational expenses, meet the needs of disadvantaged students and promote innovation in education, they need to plan financial resources satisfactorily. To implement various tasks and activities and to bring about improvements in the overall system of education, appropriate financial planning is regarded to be of utmost significance. The individuals, belonging to wealthy families do not experience problems and challenges in the acquisition of education. They may even get enrolled in educational institutions in international countries. But for the deprived, marginalized and economically weaker sections of the society, it is essential to generate awareness in terms of various methods and approaches that are required to finance education.

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