

# Navigating Educational Finance: Trends in State Funding for Higher Education in North-East India

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## Abstract

Education plays a crucial role in the development of a nation, shaping its social, political, cultural, educational, and scientific progress. Public expenditure on education is often considered a strong indicator of a country's future prospects. This study examines the patterns of state government financing of higher education in the northeastern states of India, focusing on Assam, Tripura, Arunachal Pradesh, and Mizoram—an underexplored region in educational finance research. It investigates how government spending influences the quality of education, the execution of educational policy frameworks, and the alignment with the goals of the National Education Policy (NEP) 2020. Framed within the context of resource allocation theory, the study highlights the challenges these states face in achieving the policy's vision of equitable and excellent education. Data for this study has been sourced from appropriation account reports of the respective state governments. The findings reveal a consistent lack of significant changes in government expenditure on higher education over the past four years. Additionally, the distribution of funds shows a distinct imbalance, with a heavier emphasis on the revenue head compared to the capital head. This disparity underscores inadequate investments in infrastructural development, which is essential for achieving NEP-2020 goals. These financial constraints are likely to hinder the quality of education and the region's progress.

**Keywords:** Higher Education Financing, North-East India, State Government Funding, State Appropriation Accounts.

## Introduction

Higher education is an important asset for development of a nation. It aims at development of human resource with adequate knowledge and skills necessary for social, political, cultural, educational and scientific development of the nation. It focuses on efficient manpower development that can play an important role in nation's development in all aspects. Therefore, it is an important aspect of any nation that requires much attention and care. The higher education system in India holds the position of the world's largest in terms of the number of institutions and ranks second globally in terms of student enrolments (1). As per AISHE Report, 2021-22, there are 1,168 universities, 45,473 colleges, 12,002 stand-alone institution offering higher education in India and the Gross Enrolment Ratio (GER) stands at 28.4% (2). The National Education Policy (NEP) 2020 aims to attain a Gross Enrolment Ratio (GER) of 50% in higher education by 2035 (3). Meeting this goal requires a substantial and rapid expansion of higher education institutions. Consequently, to address

the expanding demands of the higher education system, it is necessary for the government to give proper attention to the funding of higher education. The relative importance of higher education which includes social, economic, and political impacts is shown by the public funding on higher education in several developed countries and some developing countries as a percentage of total education spending (4). Education is on the concurrent list of the Indian Constitution, meaning both the central and state governments have jurisdiction over it. Funding for higher education in India comes from central, state, and local governments, as well as the non-governmental sector, including students, parents, and the community. Central universities receive maintenance and development grants from the Union government via the University Grants Commission (UGC). State universities and government colleges get maintenance funds from state governments and development grants from the UGC (5). Higher education in India has transformed drastically in the last few years but

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there has been no much changes in terms of public expenditure on higher education. Many studies indicate that the financial allocation for higher education is insufficient. It is concerning that higher education institutions have consistently received limited funding, with a continuous decline in allocated funds. Recognizing the severity of the resource shortage faced by the government, there is little hope that government funding in higher education institution will see a substantial boost in the near future (6). The government does not provide adequate budgetary provision for higher education. The spending of India on education is poor even when compared to some developing countries of the world. None of the states in India spend adequate amount on education on a continuous and sustained basis (7). The expenditure on higher education has been suboptimal; the composition of it has stifled quality growth. At present, the composition of expenditure is significantly skewed towards maintenance expenditure with nearly 75 per cent being dedicated for wages and salaries, 15 per cent for other pre-emptive expenditures and only 10 per cent being meant for development and that too with difficulty (8). Just 1.88% of all education spending went for higher education in 1990-91; by 2014-15, that percentage had dropped to 1.72% (9). Institutions of higher education heavily depend on public funding, ranging from 70% to 92% of their total expenses, including both recurring and non-recurring costs (10). This indicates that growth and quality of higher education is directly proportionate to government funding on higher education. Since the National Education Policy (NEP) of 1968, India has aimed

to spend 6% of its GDP on education, a goal reiterated in NEP 1986 and NEP 2020. However, public expenditure on education has remained below 4% (11). The allocation for higher education is especially inadequate, falling short of the recommended 1% of GDP (12). Although the proportion of GDP spent on education has increased from 3.84% in 2013-14 to 4.64% in 2020-21, India is still far from the 6% target (13). Out of the 4% of GDP spent on education, the Centre contributes 1%, while the states cover 3% (14). The Centre spends less than 10% of its total budget on education, whereas states spend over 20%. States bear 65-80% of the financial burden for higher education, with the Centre contributing 20-35% (15). There are significant interstate disparities in education spending, which have been increasing rapidly (16). Education is a concurrent subject, meaning both the Centre and states share responsibility, but states are the primary funders (17). This imbalance highlights the heavy reliance on state funding. Political power struggles have influenced higher education, with both the Centre and states asserting dominance at different times (18). North East India is referred to eastern most part of India comprising 8 states- Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim and Tripura. As per Ministry of Home Affairs, Annual report 2022-23, among the 8 states, Arunachal Pradesh occupies the largest geographical area constituting 2.55% of total landmass of India and Assam has the largest number of population accounting for 2.58% of population out of total population in India (19).

**Table 1:** State Wise Number of Higher Education Institution in North East India (2)

States	Total No. of University	Total No. of College	Total Stand-Alone Institutions
Arunachal Pradesh	10	44	20
Assam	30	607	99
Manipur	10	108	36
Meghalaya	11	77	23
Mizoram	3	40	52
Nagaland	6	69	23
Sikkim	9	24	8
Tripura	5	54	15
Total	84	1,023	276

As per AISHE Report 2021-22 as shown in Table1, there are 84 universities, 1,023 colleges and 276 stand-alone institutions in north-eastern region of

India. Out of all the states, Assam has the highest number of higher education institutions constituting 30 universities, 607 colleges and 99

stand-alone institutions. Being the smallest state in terms of both geographical area and population, Sikkim constitutes lowest number of

higher education institutions- 9 universities, 24 colleges and 8 stand-alone institutions.

**Table 2:** State-Wise Gross Enrolment Ratio (GER) in North East India (2)

State	Total	Male	Female
Arunachal Pradesh	36.5	38.4	34.5
Assam	16.9	16.2	17.6
Manipur	35.4	35.3	35.5
Meghalaya	25.4	22.7	28.1
Mizoram	32.3	31.4	33.2
Nagaland	18.8	16.5	21.2
Sikkim	38.6	35.1	42.5
Tripura	20.7	21.9	19.5

As per AISHE Report 2021-22 as depicted in Table 2, the GER in higher education of Sikkim stands highest among all the states with 38.6. The GER in higher education of Arunachal Pradesh, Manipur Mizoram and Sikkim stands above the national level and the GER in higher education of Assam, Meghalaya, Nagaland and Tripura is below national level which is 28.4. The Gross Enrolment Ratio (GER) in higher education for females is generally higher than that for males in most states. The GER for males surpasses that of females only in two states, namely Arunachal Pradesh and Tripura. The central government's funding for higher education is limited and inconsistent, placing the primary responsibility on state governments. North Eastern states need to diversify their financial sources to adopt a more varied strategy for funding higher education (20). Studies conducted on higher education of many north-eastern states indicate lack of adequate financial support from the state government. The lack of government enthusiasm and improper financial assistance presents numerous challenges in the progression of higher education of Meghalaya (21). The state government falls short in exerting sufficient effort to meet the budgetary goals for funding higher educational institutions in Assam. As a result, provincialized colleges in Assam experience a significant shortage of resources (22). 40% of higher education institutions in Sikkim encounter financial difficulties because self-financing colleges receive no financial assistance, and managing self-financed structures proves challenging. There is a need for funds for development and maintenance of institutions, as well as additional resources for research and development purposes (23).

Colleges in Manipur get funds for infrastructure from the state government, with some also receiving UGC grants and donations from the Church and philanthropists. Despite these sources, many colleges still face financial crises due to insufficient funding (24). The state government can't provide the required matching funds for development schemes at Manipur University and its affiliated colleges, as sanctioned by the UGC. As a result, the state government has declined to support the implementation of these nationally approved schemes (25). These studies suggest a need to examine the financial allocation of state governments towards higher education in north-eastern states. Hence, this article aims to study the trend of budgetary allocation of state governments of four north-east Indian states: Assam, Tripura, Arunachal Pradesh and Mizoram on higher education for the financial years 2018-19, 2019-20, 2020-21 and 2021-22. The study is viewed through perspective of resource allocation theory. Resource allocation theory provides a lens to analyse the efficiency and effectiveness of distributing limited resources, such as financial grants, within the education sector. This study applies the theory to examine the allocation patterns of state governments' grants for higher education, particularly focusing on the disparity between capital and revenue expenditures.

## Methodology

The present study is descriptive and analytical in nature. Data has been gathered from appropriation account reports of state governments. It is limited only to state government finance on higher education of four north eastern states of India namely Assam, Tripura, Arunachal Pradesh and Mizoram. The

study did not encompass the remaining four north-eastern states, namely Manipur, Meghalaya, Nagaland, and Sikkim. This omission was due to the combined presentation of grant appropriation and expenditure under the categories of education, sports, art, and culture in the appropriation account reports of the omitted states. The specific amounts allocated and spent on higher education could not be retrieved separately for analysis.

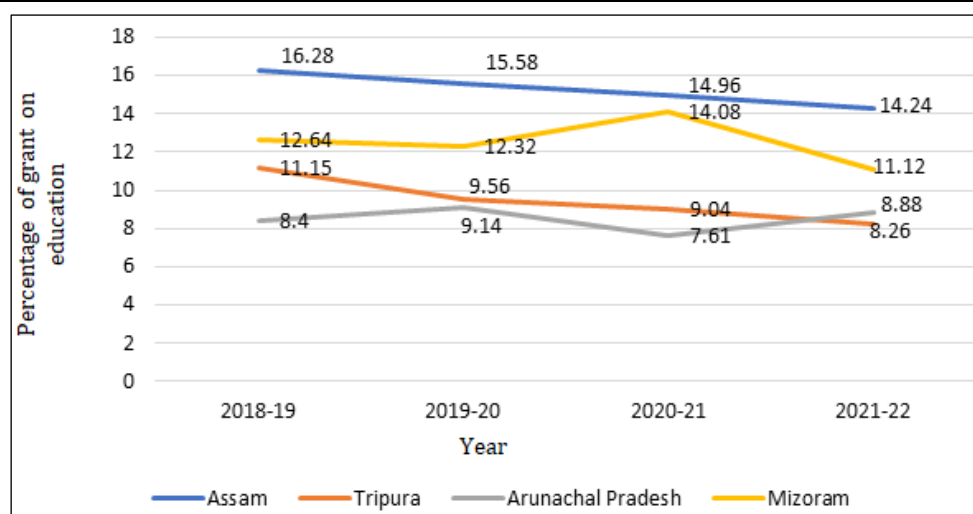
### Analysis and Interpretation

The trend analysis of state government finance in higher education is done by analysing- the

budgetary allocation of state government on education out of total budgetary grant, budgetary grant allocation on higher education out of total grant on education, budgetary allocation under capital head (expenditure incurred for creation of permanent assets, creation of capital, payment of liabilities and expenses met from borrowed fund are treated under capital head) and revenue head (all expenses for payment of services and maintenance of existing service and assets are treated under revenue head), and utilization of grants.

**Table 3:** Budgetary Allocation of State Governments on Higher Education out of Total Budgetary Grant Allocation (26-29) (Rupees in Thousands)

Years		Assam	Tripura	Arunachal	Mizoram
2018-19	Total	10,84,90,34,93	1,79,83,47,11	2,68,35,16,62	1,25,99,30,14
	Grant	(100%)	(100%)	(100%)	(100%)
	Grant on Education	1,76,64,01,95 (16.28%)	20,05,65,79 (11.15%)	22,55,39,17 (8.40%)	15,93,17,36 (12.64%)
2019-20	Total	11,97,15,68,27	2,04,93,57,48	2,34,87,10,18	1,43,46,72,78
	Grant	(100%)	(100%)	(100%)	(100%)
	Grant on Education	1,86,51,27,57 (15.58%)	19,59,62,95 (9.56%)	21,45,95,69 (9.14%)	17,67,52,38 (12.32%)
2020-21	Total	12,23,41,66,43	2,16,81,06,79	2,56,00,80,64	1,39,31,89,26
	Grant	(100%)	(100%)	(100%)	(100%)
	Grant on Education	1,83,06,34,41 (14.96%)	19,60,30,30 (9.04%)	19,48,33,14 (7.61%)	19,61,13,63 (14.08%)
2021-22	Total	13,65,54,68,83	2,62,51,93,46	2,79,20,96,12	1,73,56,33,26
	Grant	(100%)	(100%)	(100%)	(100%)
	Grant on Education	1,94,49,29,30 (14.24%)	21,67,17,82 (8.26%)	24,80,59,06 (8.88%)	19,29,99,18 (11.12%)



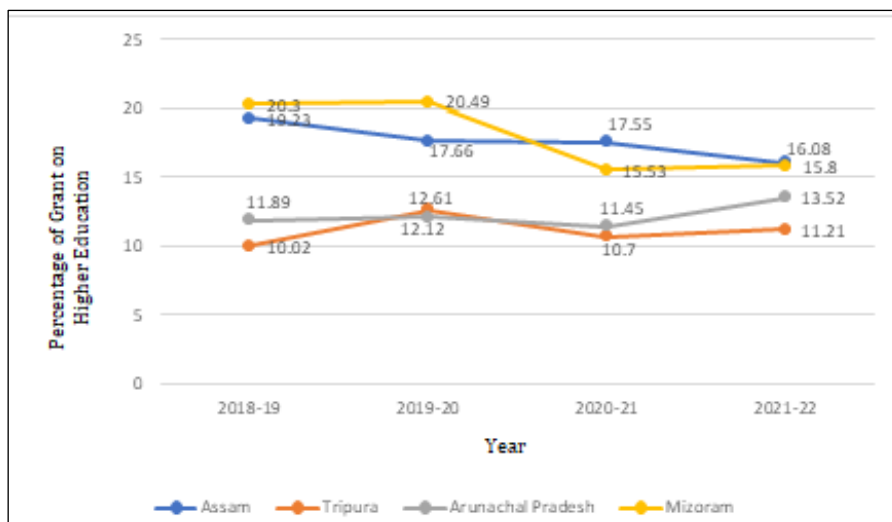
**Figure 1:** Budgetary Allocation of State Governments on Higher Education out of total Budgetary Grant Allocation

Analysis of the budgetary allocation for education from 2018-19 to 2021-22 (as depicted in Table 3 and Figure 1) reveals that Assam, Tripura, Arunachal Pradesh, and Mizoram allocated 8.4% to 16.28% of their budgets to education. Assam consistently invested the most in education during these years. Mizoram, Tripura, and Arunachal Pradesh followed in various orders from 2018-19 to 2020-21, while in 2021-22, the order was Mizoram, Arunachal Pradesh, and Tripura. Moreover, the percentage of budgetary

grants allotted to education by the state governments of Assam and Tripura has exhibited a declining trend from 2018-19 to 2021-22, indicating a potential lack of emphasis on the development of the education sector. In contrast, the grant allocations of Arunachal Pradesh and Mizoram have shown both increasing and decreasing trends during the same period. This suggests a mixed approach by the state governments of Arunachal Pradesh and Mizoram towards funding the education sector.

**Table 4:** Budgetary Allocation of the State Government of North-Eastern States on Different Levels of Education (26-29) (Rupees in Thousands)

Years		Assam	Tripura	Arunachal Pradesh	Mizoram
2018-19	Total Grant on Education	1,76,64,01,95	20,05,65,79	22,55,39,17	15,93,17,36
	Grant on Elementary and Secondary Education	1,42,67,38,82 (80.77%)	18,04,78,83 (89.98%)	1,98,713,41 (88.11%)	12,69,73,14 (79.70%)
	Grant on Higher Education	33,96,63,13 (19.23%)	2,00,86,96 (10.02%)	2,68,25,76 (11.89%)	3,23,44,22 (20.30%)
	Total Grant on Education	1,86,51,27,57	19,59,62,95	21,45,95,69	17,67,52,38
2019-20	Grant on Elementary and Secondary Education	1,53,56,62,21 (82.34%)	17,12,50,98 (87.39%)	18,85,88,94 (87.88%)	14,05,41,75 (79.51%)
	Grant on Higher Education	32,94,65,36 (17.66%)	2,47,11,97 (12.61%)	2,60,06,75 (12.12%)	3,62,10,63 (20.49%)
	Total Grant on Education	1,83,06,34,41	19,60,30,30	19,48,33,14	19,61,13,63
	Grant on Elementary and Secondary Education	1,50,92,69,40 (82.45%)	17,50,46,96 (89.30%)	17,25,18,99 (88.55%)	16,36,89,54 (83.47%)
2020-21	Grant on Higher Education	32,13,65,01 (17.55%)	2,09,83,34 (10.70%)	2,23,14,15 (11.45%)	3,24,24,09 (15.53%)
	Total Grant on Education	1,94,49,29,30	21,67,17,82	24,80,59,06	19,29,99,18
	Grant on Elementary and Secondary Education	1,63,20,97,72 (83.92%)	19,24,30,90 (88.79%)	21,45,32,83 (86.48%)	16,25,05,86 (84.20%)
	Grant on Higher Education	31,28,31,58 (16.08%)	2,42,86,92 (11.21%)	3,35,26,23 (13.52%)	3,04,93,32 (15.80%)



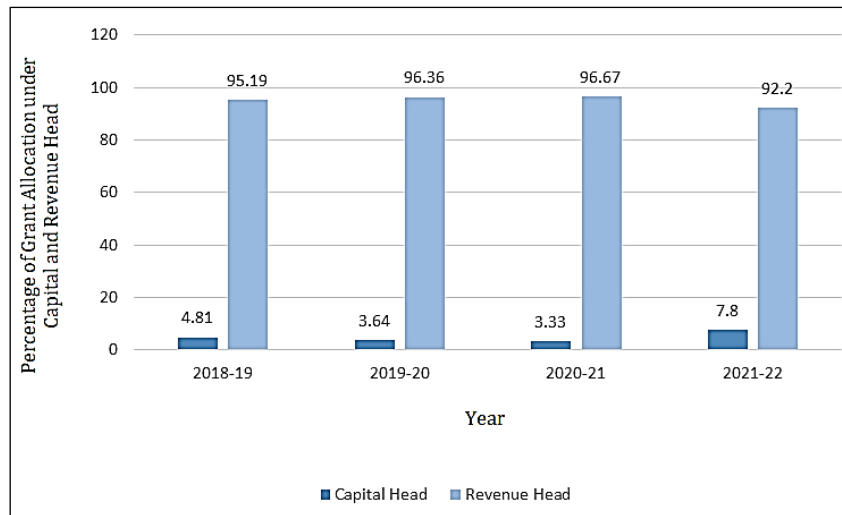
**Figure 2:** Budgetary Allocation of the State Government of North-Eastern States on Higher Education

Table 4 indicates that within the overall budgetary grant allocation for education, the funding designated for elementary and secondary education ranges from 79.51% to 89.98%, while the allocation for higher education falls between 10.02% and 20.49% for the fiscal years spanning from 2018-19 to 2021-22. Figure 2 indicates that amongst the four north eastern states, Mizoram allocates the highest percentage, 20.3%, of its total education grant to higher education during

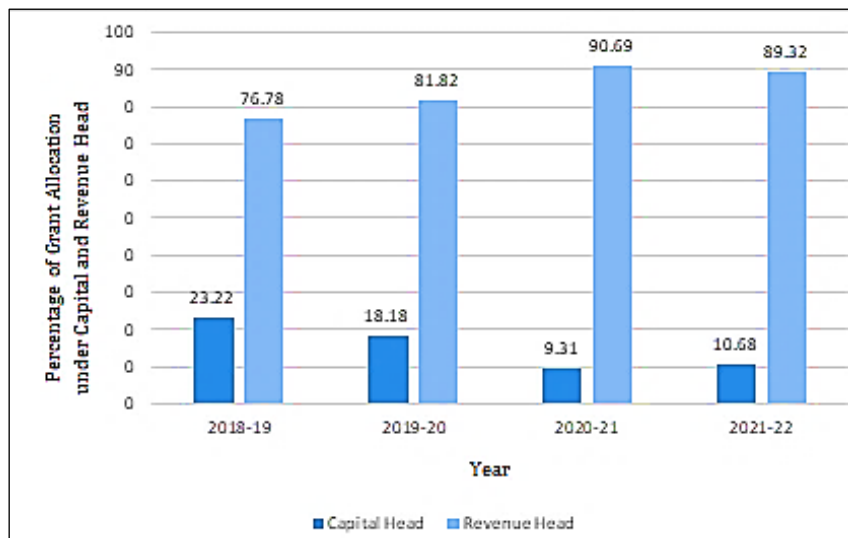
the fiscal year 2018-19. In contrast, Sikkim allocates the lowest percentage, with only 10.02% of its total grant allocated to higher education. Over the financial years 2018-19 to 2021-22, the percentage of grant allocation for higher education in relation to the total grant on education for all states shows a fluctuating trend, suggesting that higher education may not be receiving the necessary attention from state governments.

**Table 5:** Budgetary Allocation in Higher Education under Capital and Revenue Head Out of Total Grant in Higher Education (26-29) (Rupees in Thousand)

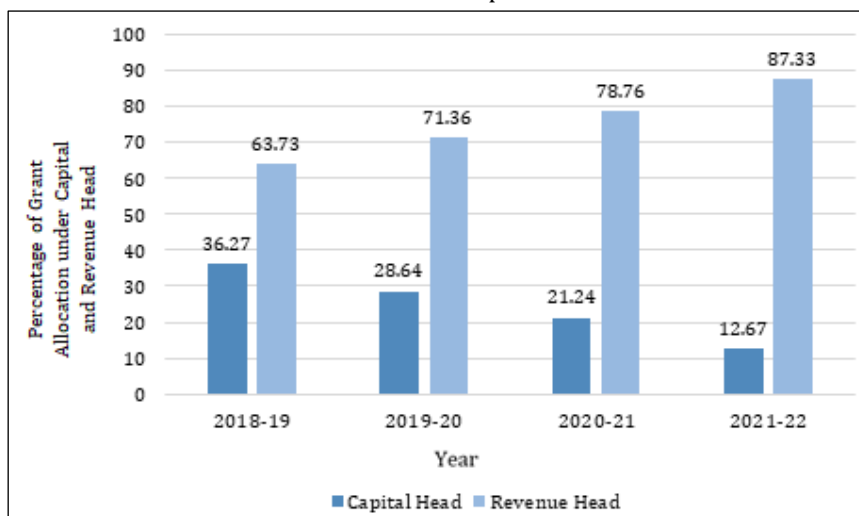
Years		Assam	Tripura	Arunachal	Mizoram
2018-19	Capital Head	1,63,40,00 (4.81%)	46,64,44 (23.22%)	97,30,30 (36.27%)	12,36,00 (3.82%)
	Revenue Head	32,33,23,13 (95.19%)	1,54,22,52 (76.78%)	1,70,95,46 (63.73%)	3,11,08,22 (96.18%)
2019-20	Capital Head	1,20,00,00 (3.64%)	44,92,31 (18.18%)	74,47,34 (28.64%)	1,38,00 (0.38%)
	Revenue Head	31,74,65,36 (96.36%)	2,02,19,66 (81.82%)	1,85,59,41 (71.36%)	3,60,72,63 (99.62%)
2020-21	Capital Head	1070964 (3.33%)	19,54,10 (9.31%)	47,40,00 (21.24%)	-
	Revenue Head	31065537 (96.67%)	1,90,29,24 (90.69%)	1,75,74,15 (78.76%)	3,24,24,09
2021-22	Capital Head	2,44,13,90 (7.80%)	25,94,10 (10.68%)	42,47,70 (12.67%)	-
	Revenue Head	28,84,17,68 (92.20%)	2,16,92,82 (89.32%)	2,92,78,53 (87.33%)	3,04,93,32



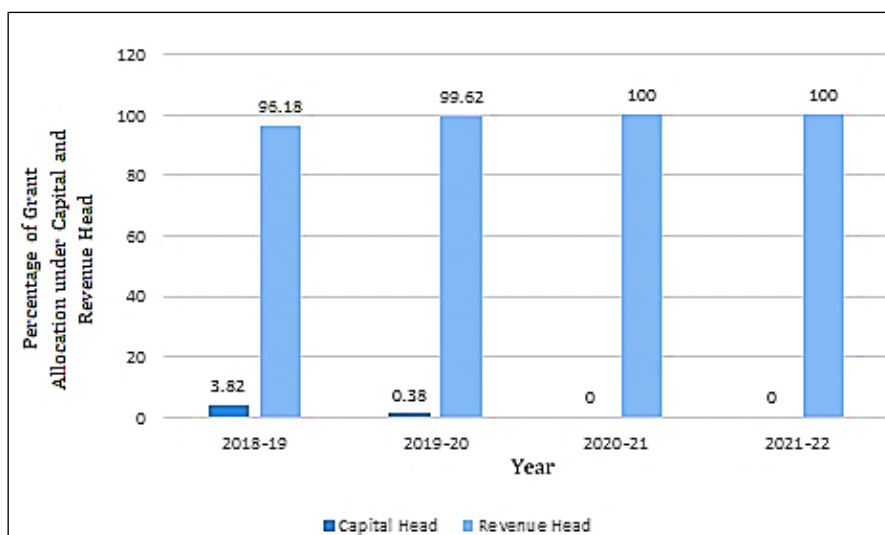
**Figure 3:** Percentage of Budgetary Allocation in Higher Education under Capital Head and Revenue Head of State of Assam



**Figure 4:** Percentage of Budgetary Allocation in Higher Education under Capital Head and Revenue Head of State of Tripura



**Figure 5:** Percentage of Budgetary Allocation in Higher Education under Capital Head and Revenue Head of State of Arunachal Pradesh



**Figure 6:** Percentage of Budgetary Allocation in Higher Education under Capital Head and Revenue Head of State of Mizoram

The grant allocation for higher education is divided into two categories: capital head and revenue head. Under the capital head, funds are allocated for the creation of permanent assets, capital formation, payment of liabilities, and expenses covered by borrowed funds. On the other hand, the revenue head encompasses expenditures related to payments of services and the maintenance of services and assets (22). Comparison of budgetary grant allocations for higher education under the capital head and revenue head for the fiscal years 2018-19 to 2021-22 as shown in Table 5, reveals a notable disparity, with the allocation under the capital head being considerably lower than that under the revenue head. As illustrated in Figure 3, 4, 5, and 6, in all the north eastern states, the trend of grant allocation under revenue head and capital head follows similar pattern i.e., higher revenue investment and lower capital investment. Among the four states, Arunachal Pradesh had the highest

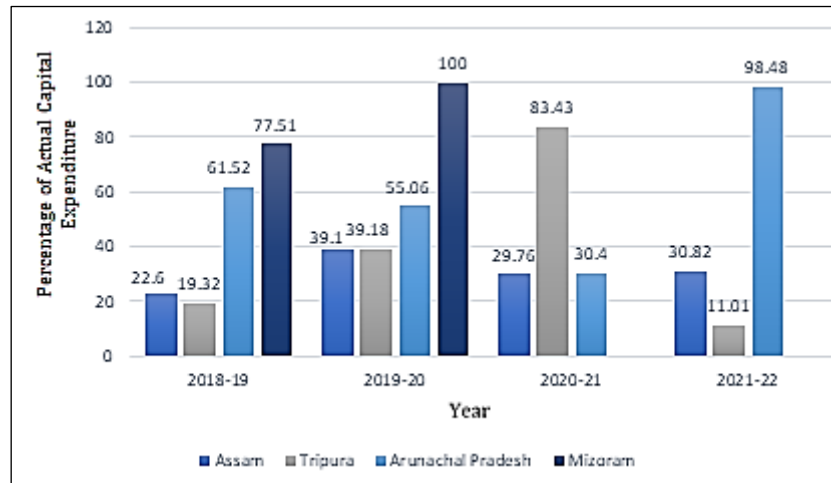
grant allocation under the capital head at 36.27% in the financial year 2018-19. However, there is cause for concern as this allocation dropped significantly to 12.67% over the subsequent four years. Similarly, Tripura exhibited a similar declining trend, decreasing from 23.22% in 2018-19 to 10.68% in 2021-22. Assam displayed a fluctuating trend ranging between 4.81% and 7.8%. Mizoram recorded a 0% grant allocation under the capital head for higher education in the consecutive financial years 2020-21 and 2021-22. This trend analysis indicates that there has been little interest from the state governments' side on allocating funds to the capital head of accounts for higher education. Lack of concern of the state government in infrastructural development of higher education institutions can be noted here. This trend depicts a clear picture of the lack of a well-defined strategy by the state governments to foster the development of permanent facilities for higher education institutions in the states.

**Table 6:** Budgetary Allocation and Actual Expenditure under Capital Head in Higher Education (26-29) (Rupees in Thousand)

Years		Assam	Tripura	Arunachal	Mizoram
2018-19	Actual Expenditure	36,93,05 (22.60%)	9,01,08 (19.32%)	59,86,37 (61.52%)	9,58,00 (77.51%)
	Unutilized Amount	1,26,46,95 (77.40%)	37,63,36 (80.68%)	37,43,93 (38.48%)	2,78,00 (22.49%)
2019-20	Actual Expenditure	46,91,41 (39.10%)	17,60,24 (39.18%)	41,00,65 (55.06%)	1,38,00 (100%)
	Unutilized Amount	73,08,59 (60.90%)	27,32,07 (60.81%)	33,46,69 (44.94%)	-
2020-21	Actual Expenditure	31,87,04 (29.76%)	16,30,37 (83.43%)	14,40,82 (30.40%)	-



	Unutilized Amount	75,22,60 (70.24%)	3,23,73 (16.57%)	32,99,18 (69.60%)	-
2021-22	Actual Expenditure	75,24,24 (30.82%)	2,85,70 (11.01%)	41,83,28 (98.48%)	-
	Unutilized Amount	1,68,89,66 (69.18%)	23,08,40 (88.99%)	64,42 (1.52%)	-



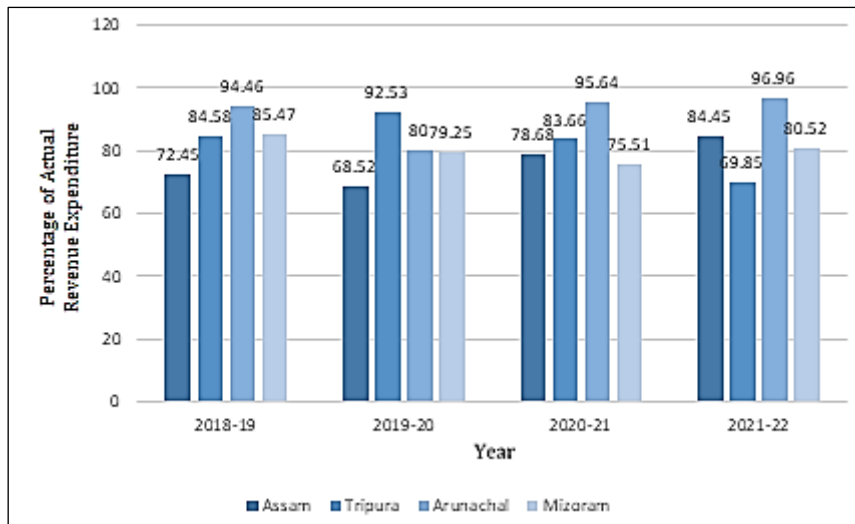
**Figure 7:** Percentage of Actual Expenditure under Capital Head in Higher Education

Table 6 and Figure 7 reveals that no states of north-east India have utilized 100% of grant allocated under capital head for higher education during the financial years 2018-19 to 2021-22, except for Mizoram during the financial year 2019-20. Grant utilization of the state of Assam has always been less than 50%. All the states exhibit a fluctuating trend in terms of grant utilization on higher education under capital

head. Grant allocated under capital head in higher education is already been lesser compared to revenue head and the inefficiency of the state government in utilizing budgetary grants under capital heads highlights the government administration's failure to enhance the quality of higher education. It can hinder in executing government's plan in higher education of the state.

**Table 7:** Budgetary Allocation and Actual Expenditure under Revenue Head in Higher Education (26-29) (Rupees in Thousand)

Years		Assam	Tripura	Arunachal	Mizoram
2018-19	Actual	23,42,42,49	1,30,44,76	1,61,47,92	2,65,87,00
	Expenditure	(72.45%)	(84.58%)	(94.46%)	(85.47%)
	Unutilized Amount	8,90,80,64 (27.55%)	23,77,76 (15.42%)	9,47,54 (5.54%)	45,21,22 (14.53%)
2019-20	Actual	21,75,14,67	18,70,09,06	1,48,48,03	2,85,85,92
	Expenditure	(68.52%)	(92.53%)	(80%)	(79.25%)
	Unutilized Amount	9,99,50,69 (31.48%)	15,10,60 (7.47%)	37,11,38 (20%)	74,86,71 (20.75%)
2020-21	Actual	24,44,20,10	1,59,19,18	1,68,08,15	2,35,10,88
	Expenditure	(78.68%)	(83.66%)	(95.64%)	(75.51%)
	Unutilized Amount	6,62,35,27 (21.32%)	31,10,06 (16.34%)	7,66,00 (4.36%)	89,13,21 (27.49%)
2021-22	Actual	24,35,64,03	1,51,51,99	2,83,87,19	2,45,52,47
	Expenditure	(84.45%)	(69.85%)	(96.96%)	(80.52%)
	Unutilized Amount	4,48,53,65 (15.55%)	65,40,83 (30.15%)	8,91,34 (3.04%)	59,40,85 (19.48%)



**Figure 8:** Percentage of Actual Expenditure under Revenue Head in Higher Education

Trend analysis of budgetary allocation and actual expenditure under revenue head in higher education during the financial years 2018-19 to 2021-22 as shown in Table 7 and Figure 8, indicates that the actual expenditure is higher than the unutilized amount in all the four north-eastern states. State governments have utilized more than 60% of grants under revenue head but no state has achieved 100% utilization.

## Results and Discussion

The findings reveal that the grant allocation and utilisation under the capital head in all the states is considerably lower than that under the revenue head. From the perspective of resource allocation theory, the findings can be analysed as follows:

**Disparity in Allocation:** The substantial disparity between capital and revenue head allocations reveals an imbalance in resource distribution. Optimal resource allocation theory suggests a need for balanced funding to ensure both immediate operational needs and long-term infrastructural development are met.

### Declining Trends in Capital Head

**Allocation:** The declining trend of capital allocation of the state of Arunachal Pradesh and Tripura indicate a reduction in focus on capital investments, essential for sustainable growth. This declining trend suggests a shift away from investments that could enhance the quality and capacity of higher education institutions. Fluctuating and Minimal Allocations: Assam's fluctuating trend between 4.81% and 7.8%, along with Mizoram's 0% allocation for two consecutive years, highlights inconsistency and neglect in

capital funding. This inconsistency undermines the strategic planning needed for effective long-term development in higher education infrastructure.

**Lack of Strategic Focus:** The findings indicate a lack of a well-defined strategy for infrastructural development. Effective resource allocation requires a strategic approach to ensure that funds are directed towards building and maintaining robust educational facilities.

**Inefficiency in Utilizing Grants:** The inefficiency in utilizing capital grants reflects poor administrative capabilities. Inefficient use of funds leads to missed opportunities for enhancing educational quality. Impact on Quality of Higher Education: Inadequate capital investment can hinder the execution of government plans for higher education. Poor infrastructure impacts the overall learning environment, reducing the potential for higher education institutions to deliver quality education and meet enrolment goals.

**Dependency on Revenue Head:** Over-reliance on the revenue head, primarily covering operational costs, suggests a short-term focus. For sustainable growth and improved educational outcomes, a significant portion of the budget needs to be allocated to capital expenditure, which includes building facilities, research infrastructure, and technology upgrades.

**Need for Balanced Allocation:** The findings reveal need for a re-evaluation of budgetary priorities. A more balanced allocation strategy that adequately funds both capital and

revenue needs is essential for fostering an environment conducive to high-quality higher education. From a resource allocation perspective, addressing these issues through strategic, balanced, and efficient use of funds is crucial for enhancing the infrastructure and overall quality of higher education in the north-eastern states of India. Moreover, to address the challenges in higher education funding, the state government should prioritize increasing capital grants to improve infrastructure and ensure a balanced distribution of funds between operational needs and long-term development. A robust monitoring system is needed to track grant utilization and ensure transparency. Collaborating with private entities through public-private partnerships can help bridge funding gaps while maintaining educational quality. Government policies should align with NEP-2020 goals, with a focus on achieving the 50% Gross Enrolment Ratio by 2035. Additionally, the government must significantly boost public expenditure on education and develop a unified, long-term strategy to ensure fair and quality-based resource allocation, enhancing institutional capacity and overall sector growth.

## Conclusion

The advancement of the state's education sector depends on well-structured government plans and sufficient grant allocation. However, inconsistent grant allocation and unequal distribution between capital and revenue funds highlight state governments' inefficiency in developing higher education. Insufficient capital grants and poor monitoring of grant utilization makes achieving NEP 2020's goal of a 50% Gross Enrolment Ratio by 2035 questionable. In this context, private entities are likely to fill the funding gap. The surge in private spending on education has outpaced public investment over the past three decades, indicating a notable rise in privatization within the Indian education system. This trend holds significant policy implications, particularly in the realm of higher education (30). If this pattern continues, private entities may take over higher education, raising quality concerns. The government needs a clear strategy to improve institutions. Without a unified policy and strong funding commitment, the sector's growth may be unpredictable. Resources should be allocated based on sufficiency, fairness, quality, and

consistency (31). Additionally, government expenditure on education must be significantly increased at all cost in order to align with the NEP-2020 requirements.

## Abbreviation

Nil.

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Both the authors have contributed equally in conducting this research and preparation of manuscript.

## Conflict of Interest

The authors disclose no conflict of interest.

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