

# Free Education versus Freedom of Education

University System in the Global Knowledge Hub of Sri Lanka

University education in Sri Lanka has so far been operating behind the high protective barriers under the state monopoly. Despite frequent rhetoric for reforms, this important sector was not open to liberalization even after more than 30 years of liberalization policy reforms. Therefore, the university system in Sri Lanka continued to exist with all of the typical problems of a “state-owned enterprise” operating in a “closed-economy” model. The University system did not expand enough to cater to the growing demand so that there is a serious supply shortage. The cost of producing the service is transferred to a third party so that there is no price and quality concern either at demand-side or at supply-side. There is no incentive structure developed within the University system to improve competition and efficiency. All forms of reforms, often through the loans and grants from the donor agencies, seem to have touched upon the problems on the surface without addressing them at their source.

## ASIAN UNIVERSITY RANKING 2011

The top 10 universities in Asia are located in Hong Kong (3), Singapore (1), Japan (5) and, South Korea (1). The top 100 Universities are located in, in addition to the above countries, China, Taiwan, Malaysia, Thailand, India, Indonesia, Philippines and, Pakistan.

From Sri Lanka, only University of Colombo is ranked as 201+ with more than 200 other Universities in the region sharing the same ranking.

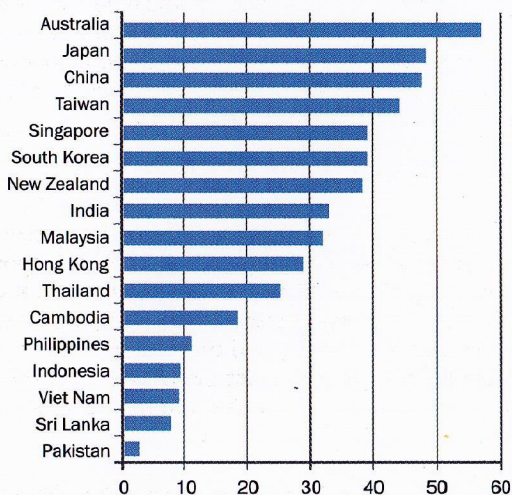
Source: <http://www.topuniversities.com>

The issue has become more important today than ever before within the context of the government's policy thinking centered on creating a 'dynamic global hub' in knowledge, among other things. The bottom line of the 'global knowledge hub' is that Sri Lanka should be able to produce globally competitive knowledge in catering to the global demand. Even if the policy concern for creating a 'global knowledge hub' is kept aside, those students in Sri Lanka who foresee a 'dead-end' after taking GCE (Advanced Level) examinations, should have a choice to obtain higher educational qualifications with international competence.

The Policy Brief is aimed at highlighting the problem and identifying the guidelines to support the government's effort in reforming the University education system. The reform process presented in the Policy Brief includes eliminating state monopoly through liberalization, granting management and financial autonomy to the state-owned universities, changing role of the University Grants Commission (UGC) and, the issue of free higher education.

## Quality of Universities and Business Colleges in the Asia Pacific Region 2007

Source: Global Talent Index <http://www.weknowglobaltalent.com/gti/window/gti>



## The Problem

Sri Lanka could boast about its impressive educational standards of people with Net Primary Enrolment Ratio close to 100 percent and Adult Literacy Ratio over 90 percent. Yet these achievements make little sense in the context of globally competitive knowledge and skills. It is a pressing question that what percentage of people in our literate society has the competency to work in a globally competitive labour market. Of course, even a substantial number of people

who have that competency do not remain in Sri Lanka in contributing to its national economy either because there are no opportunities or because the reward for making that contribution is very little.

## Free Education of a Minority, excluding the Majority

According to the official statistics of the UGC, every year more than 125,000 students (out of nearly 200,000 taking the GCE (Advanced Level) examination) become eligible for University admissions in Sri Lanka. Although it does not mean that all of them should be given University admissions, all of them should have a choice and access route. Yet the state-owned Universities can accommodate only about 15-16 percent (around 20,000), who enjoy the privilege of receiving "free education". This means that, although education is a human right, the majority lose even the "freedom of education" under the closed higher education policy of the country, leading to deep-rooted economic, social and political problems among the youth.

According to the reported data 15,000 – 20,000 students leave for University education abroad, while another 3,000-4,000 students choose to enter the local private institutes that are affiliated to the foreign Universities. Depending on the affordability, the students going abroad choose countries from USA, UK and Australia at the high-cost end to India and other South Asian countries at the low-cost end. The opportunities for professional and vocational education have also not developed in the country parallel to its University education. The majority of the students who passed the GCE (Advanced Level) examinations, therefore, appear to find a "dead end" along their path to acquire university or other forms of tertiary education at a reasonable cost.

According to official statistics from the UGC, Sri Lankan government spends around 1.5 percent of total government expenditure or about 0.3 – 0.4 percent of GDP on University education. This is a meager amount compared to most of the other countries where the government and the students, both share the cost of University education. An expansion of the State University system depending on the government grant does not appear to be a viable or feasible policy option as it would exert further pressure on the government budget. Besides, it would not be an answer to most of the burning issues within the Sri Lankan University education.

## Centralization of the University System, curbing Competition

Under the 'centralized' University system in Sri Lanka, which does not have an incentive structure to be more competitive, it is not unusual to observe the sub-standards of the average output at international level. There are a number of issues to be highlighted, while the roots of some of the issues run well beyond the University system to Secondary education as well.

- Universities do not have the right to select their students, while this right is exercised by the UGC. Under this system, as 'cramming' day-and-night for the GCE (Advanced Level) examination has become the only avenue for University admission even if the students lack knowledge in applications, critical thinking, soft skills and, performance outside the subject area.
- In a comparative perspective, the attributes of the Sri Lankan University students show that by age, they are 3-4 years older than their counterparts in most of the other countries, including those in the South Asian region. The Universities have failed to adhere to a fixed academic year which often extends beyond the normal 365-day year, compelling the students to remain and waste more time in the University than the expected time.
- Education is a service which has a cost to produce and, hence a price, which is actually transferred to a third party (the taxpayers). As the students do not pay and the Universities do not

charge, there is less incentive on both the demand-side and the supply-side for the product quality. A related issue is that the Sri Lankan University system subsidizes higher education of the rich more than that of the poor.

- Universities depend largely on government's budgetary allocations for their recurrent and capital expenditure so that they do not exercise management and financial autonomy. Therefore, "management" is only a matter of "running the university", adhering to the rules and regulations imposed from outside. The performance and progress of the University is related more to the personal character of its leadership than to its centralized management system.
- As the higher education sector is protected by entry barriers and monopolized by the government, there is no incentive for competition and, hence efficiency improvement. Even within the University system, government universities hardly compete among each other so as their managers and academics.

In order to maintain the consistency and incentives for studying in Sri Lanka, the liberal economic policies of the country need to be strengthened and the immigration procedures should be aligned with the requirements. A legal framework needs to be in place in order to facilitate the international student demand for higher education in Sri Lanka.

### Management Autonomy to State Universities

The state-owned Universities as they are at present would become highly vulnerable to a liberalized higher education sector and, would tend to deteriorate further. It is necessary that the relevant authorities grant the responsibility in management and financial autonomy to each of the Universities to become competitive in a liberalized environment. Each of them could be managed by an independent 'Director Board' responsible for administrative and financial management.

The government should withdraw gradually from allocating treasury grant for recurrent expenditure, and should provide necessary powers to the Universities to raise income and expenditure. However, the government can divert its grants to the Universities to spend on infrastructure and capital expenditure, research and development and, staff upgrading including their postgraduate studies. The Universities should have the powers to initiate and run the courses independently in a cost-effective manner and, to recruit faculty (including from abroad) as well as to select the students (including foreign students). They should also have the ability to retain efficient faculty, by paying competitive salaries or allowances.

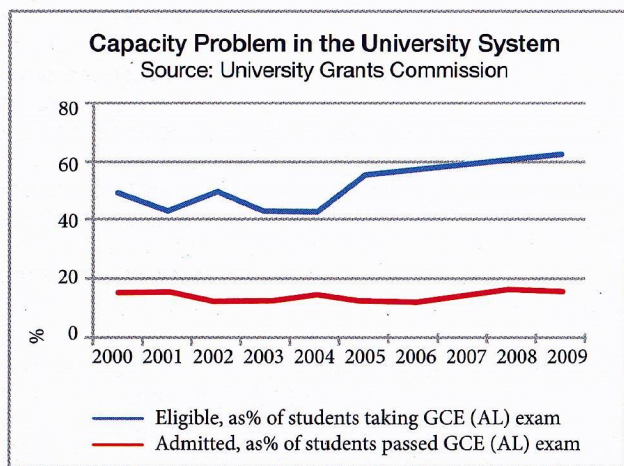
### New Role for the University Grants Commission

The role of the UGC, which continued to exist under a centralized and regulated University system in the country, is likely to become redundant in a liberalized higher educational sector. With the provision of management and financial autonomy to the Universities as well as their right to select students and staff, most of the UGC functions would be transferred to the University level. However, a top-ranked centralized body such as the UGC could play an even more important role for the development of the higher education sector by concentrating on the following areas: (a) designing and implementing higher educational policy, (b) granting accreditation rights to the higher educational institutes, (c) implementing mechanisms to assess and maintain minimum international quality standards (including individual courses, graduates, staff, management and infrastructure etc) and, (d) implementing the government's 'free education' policy at University level.

### Free Education and Beyond

Sri Lanka's free education at University level is not in conflict with the reforms as mentioned above, when it is taken as a separate issue. Free education grant could be provided to the student (not to the University), who receives admission to a University, which charge its price. This would also expand the choice of the student to select the university s/he prefers most the University and create an environment for competition and quality improvement within the University system.

It is, however, necessary to revise the free education policy and to go beyond free education to other forms of financial assistances. In this respect, educational loan schemes, sponsorship schemes and, scholarship schemes could be expanded beyond their current standards and coverage. Free education at University level should also be revised: First, as the system operates at present, the student who receives free education does not have a commitment and accountability so that it is difficult to justify the abuse of the system as well as the brain drain, both at a cost transferred to the tax payers. Secondly, it is also difficult to justify free education at University level to all the local students alike, when the upper-income groups in the country can actually pay for it.



## Policy Guidelines

The policy guidelines are directed at reforms in the higher education sector ensuring liberalization, competition and, quality of the output at international standards. Liberalization, apparently, opens up the room for foreign and private participation in the higher education sector. Even though, there is much concern about liberalizing the higher education sector, what is lacking in the current policy thrust is the need for reforms in the state-owned Universities and the regulatory mechanism that govern them. Without reforms in these areas, the problems in the state-owned Universities are likely to get aggravated as liberalization, of course set the parameters for inefficient sectors to lose competition. Therefore, the reform process needs to be based on a holistic approach if Sri Lanka is to establish a thriving higher education sector with the participation of both the government and the private sectors.

### Removal of State Monopoly

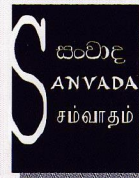
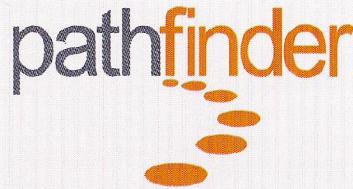
It is essential to eliminate state monopoly in University education by (a) inviting top-ranked Universities in the world to set up their off-shore campuses within Sri Lanka and (b) granting 'degree-awarding status' to local higher educational institutes which satisfy the requirements. The liberalization policy could be extended to cover technological and vocational education as well.

The focus of these institutions should not be limited to satisfy mere the local demand, but the regional and world demand as well as the home demand of the foreign Universities. Even from the point of view of the international students, it would cheaper and more attractive to study in Sri Lanka than in USA, Western Europe and other high-income countries as well as, perhaps in their home countries too.

**Prepared by Sirimal Abeyratne**

Seminar presentations at Sanvada: Athula Ranasinghe, Harsha Athurupana, Sujatha Gamage, Athula Pitigala Arachchi

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**PATHFINDER FOUNDATION** | Telephone No: 2 372 895 | E-mail: [info@pathfinderfoundation.org](mailto:info@pathfinderfoundation.org)  
| website: [www.sanvada.org](http://www.sanvada.org), [www.pathfinderfoundation.org](http://www.pathfinderfoundation.org)

Editorial Assistance Ms. Ameera Arooz, Project Manager