

Perils of Higher Education Reform in Nepal

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The hallmark of the 21st century is the creation of knowledge-based economies and democratic societies. As such, developing countries are confronted with the dual task of overcoming the existing problems related to equity and quality that have beleaguered their education systems while responding to new challenges posed by globalization and the information revolution. Using the case of Nepal and focusing on gender and caste/ethnicity, along with elements of higher educational policies, I argue that mass expansion of education without giving due consideration to issues of accessibility and equity, has meant that social cleavages along gender and caste/ethnic lines have persisted. I conclude that a more concerted effort in higher education policy is required before Nepal can begin to witness the equalizing effects of education.

Introduction

At the onset of the 21st century, higher education policies throughout the world are marked by unprecedented challenges that arise from impacts of globalization, the increasing recognition of knowledge as a principal factor of growth, and the information revolution. As a result, the role of education in general and of higher education in particular, is now regarded as being more influential than ever in the construction of knowledge-based economies and democratic and socially cohesive societies. In this context, developing countries are confronted with a two-fold task: (i) overcoming the existing problems related to coverage, equity, quality, and governance that have persisted in their higher education systems; and (ii) responding to new challenges arising from globalization and the need to create knowledge-based economies and democratic societies. As a result, the relationship between government and higher education institutions, and between social equality and efficiency, has been the subject of much scrutiny and debate.

Using the case of Nepal and focusing on two forms of ascribed hierarchies—gender and caste/ethnicity—I first examine how historical educational expansions have failed to narrow the education gap based on these two hierarchies. Second, by examining elements of higher educational policies, namely, trends in the expansion, financing and privatization of higher educational institutions, I argue that mass expansion of education without giving due consideration to the issue of accessibility to disadvantaged groups, has meant that instead of reducing social cleavages along gender and caste/ethnic lines, educational attainments have only helped reinforce traditional hierarchies. Finally, I conclude my analysis by providing recommendations to suggest that a more concerted effort in higher education policy is required before Nepal can begin to witness the equalizing effects of education.

Nepal provides a suitable case for analyzing the effects of governmental policies on social inequality in higher education due to three main reasons: first, as

in much of South Asia, Nepal is highly stratified along gender lines (King & Hill, 1993). Second, throughout Nepal, as in major regions of India, ascribed hierarchies based on caste and ethnicity constitute an enduring form of social inequality despite national legislation that outlaws such discrimination.¹ Finally, because of the very recent and rapid emergence of formal education, Nepal presents an unusual opportunity to examine the shift toward a credential-oriented, status-attainment society.

Policy Discourses on the Interplay between Education, Poverty, and Inequality

There are two major schools of thought—structural functionalists and reproduction theorists—that focus on educational attainment and its role in social transformation. The structural functionalists believe that higher educational credentials result in progress toward a societal stratification based on ability, a view that is shared by development agencies like the World Bank (see Carnoy & Samoff, 1990). For instance, the *World Development Report 2000/2001* has emphasized that in addition to increasing income, higher education also opens better employment and income opportunities to disadvantaged groups, thereby increasing their employability, income prospects and social mobility while decreasing income inequality (World Bank, 2001b). Similarly, another report by the Bank has also outlined that the norms, values, attitudes, ethics, and knowledge imparted to students through higher institutions characterizes the kind of social capital that is necessary for the “construction of healthy civil societies and socially cohesive cultures, achieving good governance, and building democratic political systems” (World Bank, 2002, p. 5).

The importance of higher education is further accentuated by UNESCO’s *South and East Asia* report (2003) which suggests that higher education plays a critical role in human development. It is at this level that civil servants, doctors, engineers, lawyers, social scientists and countless other professionals acquire the high-level skills necessary to enter the workforce and to

contribute to society. In addition, higher education aids in the elimination of poverty through better employment opportunities and the expansion of basic education systems with the training of teachers and the use of innovative techniques in curriculum development.

With an annual per capita income of approximately US \$240, Nepal is among the poorest countries in the world (World Bank, 2004). To the extent that education helps in overcoming poverty, a World Bank report (2001a) on education in Nepal reveals that the level of education of a household head is strongly correlated with that household's ability to rise above the poverty line: 54 percent of households with uneducated heads are "poor"; the incidence of poverty decreases to 34 percent for those households whose heads have completed primary education; completion of secondary and university level education by a household member further reduces the incidence to 16 percent and 8 percent respectively. Thus, the report maintains that these figures point to the possibility that for those born poor, education increases the possibility of escaping poverty.

Contrary to the structural functionalists, reproduction theorists maintain that changes in educational attainment reinforce and legitimize ascribed hierarchies that are either tradition-based or class-based. They contend that in many societies, the ivory towers are dominated by elites and that higher education, like primary and secondary education, is structured to serve the needs and perpetuate the advantaged position of the elites. Furthermore, in highly class-structured societies where access to public education is relatively scarce, individuals get schooled according to their social class, rural/urban location and region and hence, hierarchy of educational attainment cannot be separated from the unequal social relations in their societies (Carnoy & Samoff, 1990; Ballantine, 1997; LeVine, LeVine, & Schnell, 2001).

Educational Expansion, Educational Trends and Traditional Hierarchies

Higher education expansion is a recent phenomenon in Nepal, with the first university, Tribhuvan University, established only as late as 1959. Since then, there has been a rapid expansion of higher education institutions. During the 1980s, compared to other levels of education, higher education expanded most rapidly at an 11.7 percent growth rate, and was again the fastest growing sector in the 1990s with a 10.5 percent growth rate. Similarly, enrollment increased in higher education from 17,000 in 1971

to 103,290 in 2000, and the Gross Enrollment Ratio (GER)² in higher education in 2001, was around 5 percent (World Bank, 2001a). But despite these positive changes in terms of enrollments, the higher education system in Nepal continues to be elitist with regard to access and the socioeconomic composition of the student body. The stratification of gender and caste/ethnicity are particularly pervasive throughout the Nepalese higher education system.

Gender Stratification

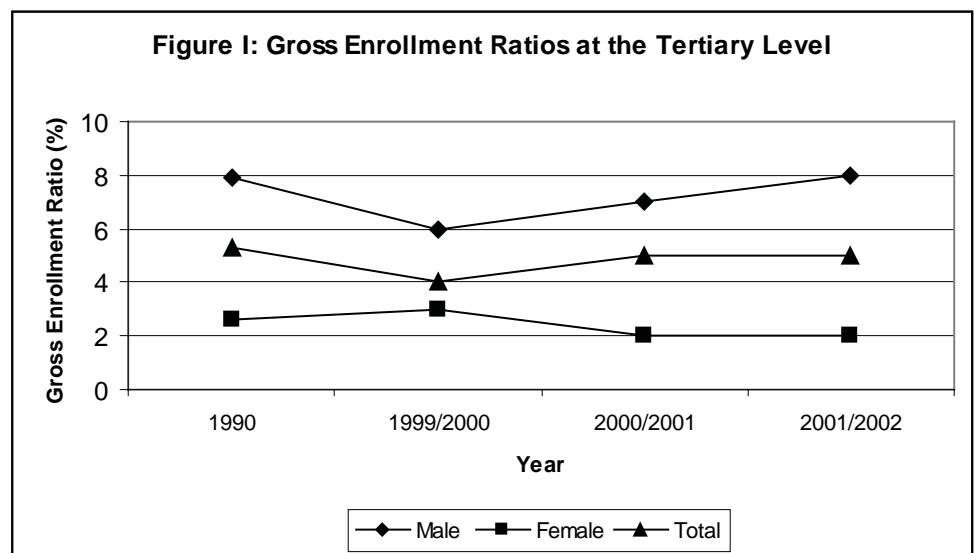
Studies in the fields of social stratification, sociology of education and economic development suggest a worldwide trend toward equalization of educational credentials between males and females (Brint, 1998; Knodel & Jones, 1996; Blossfeld & Shavit, 1993; Schultz, 1993). However, among its neighbors in South Asia, Nepal is characterized by considerable differences in educational attainment between girls and boys. This is particularly the case since the unequal allocation of household resources among children by gender continues to exert pressure on parents to invest in the long-term economic viability represented by sons over that of their daughters (Stromquist, 1989; Mathema, 1998; LeVine, LeVine, and Schnell, 2001).

This differential treatment between sons and daughters is often explained using the "household welfare" framework which suggests that:

in countries where children's schooling faces many barriers of direct and indirect costs, as well as accessibility of schools, family decisions about children's schooling depend not only on available resources but also on what it is hoped that education will do for the children (as individuals) and for the collective interests of the household (Papanek, 1985, p. 319).

Thus, when resources are limited, families use available

Figure 1
Gross Enrollment Ratios at the Tertiary Level



Source: UNESCO. *South and East Asia Regional Report*, various years.

Table 1

Participation Indicators for Higher Education, Nepal (2000)

Characteristics	Male	Female	Total
School-Age Population (in thousands)	1,161,000	1,073,000	2,234,000
Students Enrolled	82,632	20,658	103,290
Gross Enrollment Ratio	7%	2%	5%
Higher Education (Level I)	82,046	20,511	102,557
Higher Education (Level II)	586	147	733

Source: UNESCO. *South and East Asia Regional Report*, 2003.

resources to enable at least one child to be educated, while delaying or denying formal education to other children in the family; girls are unlikely to be recipients of such investments.

Hence, quite expectedly, of the poorest two thirds of the population, 43 percent of males and less than 11 percent of females are literate (Joshi, 2002). Similarly, as shown in Table I, at the levels of higher education, the difference is more pronounced with females constituting only 20 percent of the total enrollment in higher education. Furthermore, Figure I shows that while the total Gross Enrollment Ratios are themselves not very significant at the higher levels (between 4 to 5.3 percent between 1990 and 2002), the gross enrollment ratio for females has been between 2 to 3 percent compared to 6 to 8 percent for males. In addition, since the year 2000 was the year when the Female Gross Enrollment Ratio was the highest, by combining the data from Table I and Figure I, it becomes clear that the percentage of female participation in higher education throughout the years has been only 20 percent or less. As mentioned earlier,

this situation persists because girls are usually disadvantaged by the rational cost-benefit analysis of household investment such that when household resources are tight, investments in long-term contributors to the household economy (i.e., sons) are more easily justified than investments in short-term ones (i.e., daughters).

Caste and Ethnic Stratification

Unlike gender, which has received significant attention in the literature on education sociology and social stratification, theoretical and empirical consideration to caste and ethnicity as a decisive factor affecting status attainment has been minimal (LeVine, LeVine, & Schnell, 2001). Historically speaking, as a society mired in castist orthodoxy and controlled by autocratic rulers, formal learning in Nepal continued to be accepted as the exclusive domain of "high-caste" Brahmins until the end of the 19th century. Rulers often opposed the establishment of formal institutions of higher education for fear of losing their prerogatives if education spread to the general population. The political changes in 1951 that saw the end of the oligarchic Rana regime which had ruled Nepal for a period of 104 years under a system of hereditary all-powerful prime ministers, had far-reaching implications for the society as a whole. Among other things, one of the major sources of change was the lifting of the restrictions imposed on the spread of education. As a result, the number of educational institutions increased considerably at all levels and also spread to various segments of society (Vir, 1988).

Time series data on population and education by ethnicity/caste is not available because the government

Table 2

Participation of Various Ethnic/Caste Groups in Higher Education

Ethnicity/caste	Population Percentage	S.L.C.* and equivalent (% of pop.)	Certificate level** and equivalent (% of pop.)	Graduate and above (% of pop.)
Caste Groups				
Bahun (hill Brahmin)	12.7	29.91	34.85	41.48
Chhetri, Thakuri, Sanyasi	18.2	21.99	20.17	18.25
Tarai Upper Castes	14.5	4.11	5.63	6.95
Hill Dalits	7.1	1.32	0.86	0.51
Tarai Dalits	4.7	0.63	0.46	0.31
Ethnic Groups				
Newar	5.5	11.87	13.27	13.51
Magar	7.1	4.58	3.08	2.16
Tharu	6.8	3.52	2.75	1.69
Rai	2.8	2.30	1.72	1.25
Gurung	2.4	1.98	1.62	1.07
Tamang	5.6	2.27	1.13	0.75
Limbu	1.6	1.40	1.01	0.68
Dhanuk	0.8	0.46	0.41	0.32
Bhujel, Kumal, Sunuwar, Baramu, Pahari	1.5	0.61	0.31	0.21
Sherpa	0.7	0.33	0.27	0.21
Rajbansi, Tajpurya, Gangai, Dhimal, Meche,	0.7	0.31	0.21	0.11
Kisan, Munda				
Thakali, Byansi	0.07	0.13	0.12	0.10
Santhal, Jhangad, Koche, Kusbadiya	0.4	0.07	0.07	0.08
Majhi, Danuwar, Thami, Lepcha	0.7	0.20	0.17	0.05
Yakha, Chantel, Jirel, Darai, Dura	0.23	0.14	0.10	0.04
Bhote, Walung, Hyolmo	0.1	0.04	0.04	0.02
Chepang, Boté, Raji, Hayu, Raute*, Kusunda	0.3	0.02	0.02	0.01

* Ten years of schooling. ** Two years of schooling after S.L.C.

Source: UNDP, *Nepal Human Development Report 2004*; Harka Gurung, *Social Demography of Nepal*.

until 1991 did not collect educational data by economic status or social hierarchies like ethnicity or caste. But results thereafter indicate that despite the above-mentioned changes brought about by the end of autocratic rule, Bahuns (hill Brahmins) and the other socially advanced groups, Chhetris and Newars, have been commonly noted as educationally advantaged whereas ethnic groups and “low-caste” Dalits are known as educationally disadvantaged groups who participate less, not only because they cannot afford the direct and indirect costs but also because of social reasons that inhibit their participation in education (Refer to Table 2).

These results mirror those obtained from similar cases such as in India where caste hierarchies have persisted despite modern education. For instance, examining data from schools, colleges and other educational institutions in Uttar Pradesh in India, Haq argued that “from the apex in the organizational hierarchy to the bottom, the caste dominance persists and manipulates the educational structure along caste lines in order to strengthen its traditional control”(Haq, 1991, p. 46).

Based on the evidence thus far, it is clear that poverty is inextricably linked to structured gender, caste and class differences and corresponds with those (lower class) groups with lesser participation in the schooling process. Given these differences in higher educational attainments in Nepal with regard to gender and caste/ethnicity, educational attainments in Nepal confirm the reproduction theorists’ hypothesis that instead of equalizing social differences, higher education systems continue to be elitist with regard to access and the socioeconomic composition of the student body.

Nature of Education Policy in Nepal

The government of Nepal has addressed equality of educational opportunity in higher education largely by dealing with the supply side of the problem while paying scant attention to the demand side. Expansion of “the higher education pie” has simply been assumed to automatically improve access to higher education for a larger segment of the disadvantaged groups. This section addresses some of the problems of institutional policies, namely, public finances for higher education as enacted by the University Grants Commission Act of 1993; privatization of higher education institutions; and the vertical and horizontal expansions of institutions which, among other things, has a direct effect on the access of disadvantaged groups to higher education. I argue that the government’s predisposition to increase the number of higher education institutions without giving attention to traditional hierarchies has meant that inequalities in higher educational attainment have persisted.

Expansions of Higher Educational Institutions

As discussed earlier, one of the attributes of higher education expansion in Nepal has been the rapid proliferation of higher educational institutions. In 1918,

the first college, Tri-Chandra College was established; 1959 saw the institution of the first university, Tribhuvan University, and since then, various University Acts have increased the number of universities in the country to five—Tribhuvan University, Mahendra Sanskrit University, Kathmandu University, Pokhara University and Purbanchal University, and the number of colleges to approximately 300. But despite these expansions, access to higher educational institutions continues to be a problem.

One of the main reasons for this trend is that even though a significant portion of the population (85 percentage) lives in rural areas, at present, higher educational facilities are concentrated in Kathmandu Valley, Eastern Tarai and Western Hill regions,³ which are considered by the government to be educationally advanced regions. Because almost all the educational institutions of higher education are confined to urban centers, especially the capital, Kathmandu, this deprives the rural youth of equal access to the educational system (UNESCO, 2003). In addition, as pointed by Vir (1988), the weaknesses of the government’s policy of placing emphasis mostly on quantitative increase, as demonstrated in Nepal has been: (i) expansion of new educational institutions without giving due reference to regional needs and potentials; (ii) access to educational opportunities greatly restricted to underprivileged communities and their needs; (iii) insufficient consideration given to issues of educational inefficiencies in the form of high dropout rates, repeaters, and unemployment of graduates.

Nature of Public Finances for Higher Education and Its Effects

One of the paradoxical situations in Nepal is that despite the expansion of higher education institutions, the oldest university, Tribhuvan University, continues to house the majority of students at the higher education levels. About 80 percent of the students in higher education are enrolled in the university’s 61 constituent campuses and 278 affiliated colleges. The university is highly subsidized and charges around Rs. 60 a month in tuition fees (compared to Rs. 500-5,000 in a private high school) thereby creating an inbuilt dependence of the university system on the government.⁴ While conventional wisdom might suggest that such low costs for higher education would improve access to all social classes, this type of policy framework has posed two challenges in Nepal. First, it has led to increased burdens on public funds, making it difficult for the government to provide for the needs of the university because of its growing deficits. For instance, Tribhuvan University’s budget for the fiscal year 2003/04 was estimated at Rs. 2.342 billion but the government allocated only Rs. 1.297 billion, thus putting severe constraints on the university that, in effect, leads to compromises in quality and accessibility of education (Gorkhapatra, 2003).

Second, subsidies for higher education in Nepal have ironically exacerbated the large inequalities already existing in educational attainment across household

income groups. As it currently stands, almost 81 percent of the students enrolled in higher educational institutions come from the wealthiest fifth of the population while only 0.4 percent of all students are from the poorest fifth of households and only 6 percent from the poorest half. As a result, despite the intended results, the wealthiest 20 percent of the population receive about 40 percent of the total public subsidy on education while the poorest fifth receives less than 12 percent (World Bank, 2001a). Thus, for each higher level of education, the gap in participation rates and hence the benefits accrued from public spending widens across income groups.

To provide a comparative perspective, based on the experience of industrial countries that have emphasized the role of education in supporting economic growth and social cohesion, a World Bank report (2002) argues that an appropriate range for the overall level of investment in education as a share of gross domestic product (GDP) would be between 4 and 6 percent while expenditures on higher education would generally represent between 15 and 20 percent of all expenditures on public education. However, the same World Bank report also argues that developing countries that devote more than 20 percent of their education budget to higher education, especially those that have not attained universal primary education coverage, are likely to have a distorted allocation that favors an elitist university system and does not adequately support basic and secondary education.

Looking at the statistics in Nepal, the country undoubtedly falls short—the total public expenditure on education as a percentage of GDP in Nepal is only 3.6 percent. And in the past 10 to 15 years, expenditures for higher education as a percentage of the total public education budget have been between 19 and 35 percent (World Bank, various years). Thus, from an equity perspective, increases in the number of higher education institutions in the absence of scholarship and loan programs has led to an imbalanced situation in which students from high-income families are overrepresented in the government-subsidized public universities as opposed to the disadvantaged segments of the population like the lower castes and different ethnic groups.⁵

Privatization of Higher Education Institutions

After the restoration of multiparty democracy in 1991 and increasing pressures from enterprising educationists, donor agencies promoting privatization, and influential parents anticipating easier entry into technical education run by profit-seekers, the government of Nepal opened up higher education to private sector investment (Joshi, 2002; Lal, 2000). It was thus that the first private university, Kathmandu University, was set up in 1992.

Privatization of higher educational institutions seemingly is a sound measure for reducing the burden on the government and increasing access while providing quality education. At the outset, educational trends in Nepal even reflect this to be the case with the proportion

of enrollment in private colleges and universities over 20 percent in higher education and over 30 percent in technical and vocational education. However, market forces have the potential to have adverse consequences, especially when there is potential for unchecked competition with no regulatory and compensatory mechanisms. And, it is no surprise that in Nepal, one of the main sources of inequality in education has been the growth of private schooling which has led to different educational experiences for the children of those who can afford to pay fees and those who cannot.

First, in spite of government funding, Nepal's public education has generally lagged behind the private. This gap has had far-reaching social consequences in terms of segregation between students from low- and high-income families, with public institutions catering to the poor, and private institutions, to the rich. Such differentials in education have further widened the gap between the rich and the poor instead of reducing it, and have essentially created two groups of citizenry in Nepal (Joshi, 2002). Second, though ostensibly a private institution, Kathmandu University is supported by 11 national and international bodies, apart from the government and the University Grants Commission (UGC).⁶ In fact, governmental support for private university is higher than that for the public sector in terms of per student expenditure. For instance, in 1999, the UGC grant to Kathmandu University was more than Rs 7,000 per student, which is way above the paltry Rs 276 per capita that colleges affiliated to Tribhuvan University were given the same year (Lal, 2000).

Thus, the education system that is supposed to increase equity has, in practice, resulted in large disparities between poor and better-off families as reflected in differences between what public and private schools can offer, and in the distribution of public subsidies. This visible trend in Nepal is a result of government's quick fixes and single-focus efforts to expand education without giving due consideration to social cleavages. In terms of gender, as is mentioned earlier, when household resources are limited, parents justify investing on sons rather than daughters. Similarly, larger percentages of lower castes and ethnic minorities, whose participation in higher education is already low, are unable to afford education either because newly established schools and programs have been placed in the same cities and geographic areas with the older established programs, or because their level of poverty is so low that they are unable to afford even the subsidized fees available in public universities. Hence, it is safe to say that more often than not, public expenditure in higher education has only benefited the more well-off segments of the population.

Recommendations

The main success of higher education reform strategies in Nepal so far has been in supply expansion. However, too many people—especially women, ethnic groups and lower castes—continue to be excluded. This is because,

on the one hand, imperfections in capital markets limit the ability of individuals to sufficiently benefit from higher education, thereby hindering the participation of economically disadvantaged groups. At the same time, due to the entrenched tradition-based hierarchies existing in Nepal, the government has either systematically excluded or not encouraged (through effective policies) disadvantaged groups from benefiting from higher education.

Worldwide experience shows that although there are no existing blueprints that are valid for all countries and institutions, a common prerequisite may be the formulation of a clear vision for the long-term development of a comprehensive, diversified, and well-articulated higher education system as it has been recently adopted in countries like New Zealand (Ministry of Education, 1998); South Africa (Council on Higher Education, 2000); and India (Planning Commission, 2001). To this end, the following policy changes will support the implementation of higher education reforms in Nepal while addressing the issues of equity.

Promotion of Regional and Social Equity

As shown above, one of the major challenges facing Nepalese policymakers in the higher education sector is the highly unequal educational opportunities for people in rural areas and poorer regions of the country. In order to improve equity across regions, the government should give priority to remote and rural areas. Tribhuvan University has recently proposed a policy of reserving 25% of the seats at the Certificate Level programs in its best campuses and in the technical institutes, to students from the five development regions. While measures such as these are in the right direction, the proposed policy may not contribute to reducing regional disparities since it treats all five regions equally. From an equity point of view, it would be appropriate to reserve 25% of seats exclusively or preferentially to students from the poorer regions only, namely, the Far-Western and Mid-Western Mountain Regions (refer to endnote 2). Also, to minimize the possibility for misuse of reserved seats (as has been the experience of such seats for the Scheduled Castes and Tribes in India), the University should set the requirement that students seeking admission to these “reserved seats” should have studied and completed their secondary schooling in the remote and rural regions and not just have a “home” in those areas. Similarly, there also is a need to institute a similar quota system and provisions for financial aid for people from poor marginalized communities like Dalits and ethnic groups.

Promotion of Gender Equity

Although higher educational institutions have expanded in Nepal, gender parity in enrollment has received even less attention than geographic expansion. One obvious constraint facing Nepal is the small pool of female students completing primary and secondary schools.

Undoubtedly, it is very impractical to increase women’s access to higher education without raising female enrollment at the primary and secondary levels. However, even if a pool of qualified female students existed at these levels, a number of other constraints inhibit women’s participation in higher education.

First, in terms of societal constraints, lack of single-sex higher education institutions and inadequate housing for women are often identified as major obstacles inhibiting women’s participation in higher education. Cognizant of this issue, India built nine new polytechnic institutes in 1991 to encourage female participation and the provision has been deemed very successful (UNESCO, 1996). Thus, for Nepal also, suitable interventions to overcome the constraint of women’s participation would be the establishment of single-sex institutions and dorm facilities for girls. This intervention is especially relevant as many colleges in Nepal are located in urban areas, distant from rural families.

A second possible constraint is parental attitudes towards educating their daughters. An effective intervention to overcome social resistance would be a campaign to increase awareness amongst parents and other household members of the economic benefits to the family of educating women. Shortening the time period for studies (especially vocational and technical studies) may also help increase demand among families.

Third, as mentioned earlier, when household resources are tight, families will use available resources to invest in boys’ education as opposed to girls. Provision of financial incentives such as financial aid and free tuition, transportation, and accommodations are required policy interventions. As evinced in Bangladesh and Tanzania, such provisions for financial assistance are likely to be most effective in areas where scarce resources affect parents’ abilities to enroll girls in higher education (Odaga & Heneveld, 1996). Finally, to ensure availability of space for women planning to enroll in particular institutions, separate housing should be reserved to guarantee a culturally acceptable living situation.

Reallocation of State Subsidies

Another major challenge facing Nepali policymakers is the need to reformulate a set of strategies for financing the higher education sector in order to address the issues of efficiency as well as equity. As highlighted above, higher education in Nepal has been depending greatly on state financing, despite the reduction of budgets devoted to higher education. In this regard, there is scope for reallocating resources, using them more efficiently, targeting government programs at specific population groups, and mobilizing additional resources.

While the current subsidization policy of higher education has reduced the economic burden for poor families with children in colleges and universities, it has also reduced private financing of higher education from families who would otherwise be able to afford a higher

tuition fee. In this regard, the government's additional resources to schools currently have very high opportunity costs; such resources could be used to promote equity in higher education or to provide additional student places in higher education institutions. Hence, there is a need to reallocate government resources to programs that aim towards improving the equity of the higher education sector by targeting programs at female, poor and minority ethnic and lower caste groups. This can be achieved by requiring students to pay full tuition if they are able to do so while providing support to students from disadvantaged groups. Such full-fee reforms for the majority of the students could help mobilize resources needed to provide quality education on a sustainable basis thus attracting wealthy students who might otherwise attend private institutions and also facilitate cross-subsidization of disadvantaged groups by full-fee paying students.

Having said that, it is essential to keep in mind that attempts at such equity-oriented higher education reforms are usually fraught with controversy. Proposals that are likely to affect established practices and vested interests always meet with fierce resistance and opposition from groups most likely to be affected by the intended redistribution of power and wealth. Furthermore, equity-oriented reforms also runs the risk of compromising academic equity because financially affluent students will be able to meet the admission requirements more so than those from rural areas simply because they are likely to have a stronger secondary education backgrounds than their counterparts from rural areas. This problem is likely to be exacerbated by the possibility of increasing social tensions between the full fee-paying students and those on government benefits. Such resistance is more probable since students in colleges and universities in Nepal are strongly influenced by national political parties, which, without exception, call for universal access to higher education, regardless of economic status.

However, the proposed type of cost sharing scheme has already been adopted in Nepal by the Tribhuvan University's Institute of Engineering, which has been imposing a substantial cost-sharing scheme coupled with a scholarship provision for academically qualified students from low-income families, demonstrating both the feasibility as well as the desirability of replicating such an arrangement (Joshi, 2002). Thus, the potential shortcoming of the full-fee system calls for a number of safeguards. First, the provision of monetary assistance to financially disadvantaged students is essential to mitigate concerns about higher education becoming the exclusive domain of the wealthy. Second, public funding needs to be linked to the number of regular seats maintained at universities in order to prevent the loss of disproportionate levels of government support. Finally, it is essential to quickly set out clear policies to ensure equal treatment for both categories of students and to prevent full-fee-paying students' access to subsidies dedicated for poor students (such as subsidized housing).

In order to address the political feasibility of such schemes, reforms should be developed as a long-term process of negotiation between the different stakeholders incorporating broad bases of support.⁷ Furthermore, the pace of implementation should be slowed down as much as possible so as to garner support for such programs. Willingness to reform will be reflected in the government's commitment to implement reforms, ability to mobilize major stakeholders in support of the reform agenda, and organization of a consensus-building exercise on the future of higher education. For instance, in Northern Mexico, consensus-building and participatory processes have propelled reforms for a cost-sharing scheme that reallocates resources according to equity and quality-improvement initiatives (World Bank, 2002).

Bridging the Gap between Private and Public Institutions

The social consequence of the gap between public and private institutions poses an imminent threat to social inequality and development in Nepal. Drawing from the case of higher education in Japan, the national sector did not have a tuition-free policy but controlled the tuition charges and fees at costs below those of the private sector. However, over time, the private sector began to respond to market forces by controlling the rise of tuition charges. Consequently, the gap between the two sectors gradually faded away (Arimoto, 1997). Such a mechanism is likely to be of significance in Nepal for as it currently stands, the difference between the tuition fee for public colleges and private colleges is so large that simple market mechanisms are unlikely to pressure the private sector to respond by lowering their fees. It is only by gradually increasing the fees for students in public institutions that private institutions would respond by decreasing their own fees, thus slowly equalizing the disparity between the two while making it possible to prevent the further widening of differences between students according to their socio-economic backgrounds.

Conclusion

As a caveat to my analysis, I wish to emphasize that while it is important to reduce the burden on the state with regard to higher education, it is also essential to understand that public support for higher education serves to ensure its educational, social, and institutional mission. Furthermore, of special significance here is the simple reality that any higher educational policy must consider the educational system as a whole. Therefore, reforms in higher education must bear in mind its interdependence with other academic levels. This rationality derives from the fact that the quality of higher education depends on the results of the work done in preceding levels, especially, the primary and secondary levels of education.

In conclusion, the relationship between government (in its various forms) and higher education institutions, and the tension between social equality and efficiency, have been the subject of much scrutiny and debate

not only in Nepal but also in many other developing countries. The social context of gender and caste/ethnic stratification that were outlined here might be specific to South Asia, but such hierarchies based on social factors are prevalent in almost every developing country.

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End Notes

1 In Nepal, as in many regions of India, Hindu caste groups exist among other indigenous ethnic groups. For convenience sake, henceforth in this article I will use the word “caste” to imply the entire range of caste and ethnic groups that currently reside in Nepal. See Hoefler, A. (2004). *The Caste Hierarchy and the State in Nepal: A Study of the Muluki Ain of 1854* (2nd ed). Kathmandu: Himal Books.

2 Gross Enrollment Ratio (GER) in higher education represents total enrolment in higher levels of education expressed as a percentage of the official school-age population corresponding to the same level of education in a given school-year. GER is widely used to show the general level of participation in a given level of education. For more information, see <http://devdata.worldbank.org/edstats/>

3 Nepal is divided into five administrative zones—Eastern, Central, Western, Mid-western and Far-western Development Regions—each of which is further divided into ecological belts—Mountains, Hills and Tarai—thus forming a total of fifteen eco-development regions. Disaggregated data at the regional and sub-regional levels shows that the level of development and human welfare across these eco-development regions are very significant. For instance, the highest Human Development Index is found in the central hills (0.547) of which Kathmandu Valley is a part, followed closely by eastern hills (0.500), while the mid-western (0.347) and far-western (0.355) mountain regions, far from the center of power, have traditionally been neglected from all development efforts. For more information on development regions, see UNDP. (2004). *Nepal Human Development Report 2004: Empowerment and Poverty Reduction*.

4 US\$ 1=c. Rs 71.

5 In the United States, for example, it has been reported that the rising costs in higher education institutions together with a reduction in government budgetary support, have led to growing disparities in financial resources between public and private universities. Of the top 20 U.S. universities (U.S. News and World Report rankings for 2001), only two, the University of California at Berkeley and the University of Michigan, are public universities. A major factor in this development has been attributed to the increasing salary gap between private and public universities which is considered to be making it difficult for the latter to attract the best professors and researchers. See World Bank. (2002). *Constructing Knowledge Societies: New Challenges for Tertiary Education*, for more details.

6 The University Grants Commission was established in 1993, for “appropriate distribution of grants amount received from various sectors for operation and development of universities in the Kingdom of Nepal and for providing quality education having determined academic standard of universities.”

7 Again, a case in point is the Institute of Engineering, Tribhuvan University, that was successfully able to implement a cost-sharing package that involved a 135% tuition fee increase for new students, an 85% increase for returning students, a 200% dormitory fee increase, a minimum 15% ongoing annual fee increase, and an allocation of 4% of fees from the full-fee program for scholars to poor students.