

## **SUMMARY of the Article “Higher education up the creek,” by Faisal Bari, Dawn, June 21st, 2024**

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In this article, Faisal Bari discusses the numerous challenges facing Pakistan’s higher education sector, exacerbated by the government’s recent budgetary decisions. He begins with an anecdote about how a boss would preemptively defuse requests for raises by suggesting that staff might be fired, drawing a parallel to the government’s handling of the higher education budget. Although the government initially announced cuts to the budget, it later restored funding to the previous year’s level, an action Bari suggests was intended to appear generous. Despite an increasing number of universities and colleges being upgraded, the Higher Education Commission (HEC) has not received a budget increase for several years, leaving many universities, even well-established ones, in severe financial distress. The situation is further aggravated by a 20% increase in salaries and 15% inflation, pushing public-sector universities towards financial crises, including potential defaults on salaries and pensions. The budget includes other adverse measures, such as the removal of a long-standing 25% income tax rebate for teachers and researchers, which previously helped mitigate the financial strain on these professionals. This removal, combined with new income tax adjustments, means that even with a 15% raise, faculty members will take home less pay than the previous year. This is particularly problematic given the existing shortage of teachers and the difficulty in retaining qualified faculty, many of whom are leaving Pakistan for better opportunities abroad. Furthermore, the Finance Bill 2024 proposes changes that will harm not-for-profit universities by limiting their ability to receive full tax exemptions, thus creating cash flow problems and opportunities for corruption. Additionally, the government has raised the general sales tax (GST) on books, further straining the education sector. The cost of books has already risen due to increased paper prices and currency devaluation, and this tax hike will make them even more expensive,



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discouraging reading and learning. This move is contradictory to government initiatives aimed at improving foundational learning through increased reading hours in schools. Bari argues that while tax revenue is necessary, the current approach of indiscriminate tax imposition is detrimental to an already struggling education system. He urges the Senate and House to consider the negative consequences of these measures during budget debates.

### ***Easy/Short SUMMARY:***

The article talks about the difficulties Pakistan's higher education system is facing due to recent government budget decisions. The government cut the education budget but then restored it to last year's level, which still isn't enough due to inflation and increased salaries. Universities are struggling financially, and teachers' income tax rebates have been removed, meaning they take home less money despite salary increases. This makes it hard to keep qualified teachers. The government also raised the tax on books, making them more expensive and discouraging reading. The author suggests the government should reconsider these harmful measures.

### ***SOLUTIONS of The Problem:***

#### ***Increase Higher Education Budget***

The government should significantly increase the Higher Education Commission's budget to match inflation rates and salary increments, ensuring universities have sufficient funds.

#### ***Reinstate and Expand Tax Rebates***

Reinstate the 25% income tax rebate for teachers and researchers, and consider expanding it to provide more financial relief and retain qualified faculty.

#### ***Support Not-for-Profit Universities***

Allow not-for-profit universities to continue receiving full tax exemptions to prevent cash flow issues and reduce opportunities for corruption and nepotism.

### ***Subsidize Educational Materials***

Reduce or eliminate the general sales tax on books and other educational materials to make them more affordable and encourage a reading culture.

### ***Invest in Teacher Retention Programs***

Develop and fund programs aimed at retaining qualified teachers and researchers in Pakistan, including better salaries, benefits, and professional development opportunities.

### ***Enhance Funding for Research***

Allocate additional funds specifically for research initiatives in universities to encourage innovation and academic excellence.

### ***Promote Public-Private Partnerships***

Encourage partnerships between public universities and private sector companies to generate additional funding and resources for higher education.

### ***Update Financial Management Practices***

Improve financial management practices within universities to ensure efficient use of available funds and prevent financial mismanagement.

### ***Engage Stakeholders in Policy Making***

Include educators, researchers, and university administrators in the policymaking process to ensure that budget decisions reflect the actual needs of the higher education sector.

### ***Monitor and Evaluate Reforms***

Establish a system to monitor and evaluate the impact of budgetary and policy changes on higher education, allowing for adjustments based on feedback and outcomes.



## ***IMPORTANT Facts and Figures Given in the Article:***

- The number of universities is increasing, but the Higher Education Commission's budget has not risen for several years.
- Salaries for university staff increased by 20%, while inflation was around 15%.
- The 25% income tax rebate for teachers and researchers was removed in the current budget.
- The Finance Bill 2024 proposes limiting tax exemptions for not-for-profit universities.
- The general sales tax on books has been raised, making them more expensive.

## ***MCQs from the Article:***

***1. What was the income tax rebate for teachers and researchers before it was removed in the current budget?***

- A. 10%
- B. 15%
- C. 25%
- D. 50%

***2. What financial challenge do universities face despite the restoration of the budget to the previous year's level?***

- A. Decrease in student enrollment
- B. Increase in administrative costs
- C. Inflation and salary increases
- D. Reduction in research funding

***3. What is one potential consequence of limiting tax exemptions for not-for-profit universities as proposed in the***



## **Finance Bill 2024?**

- A. Increased government revenue
- B. *Cash flow problems for universities*
- C. Higher student fees
- D. Expansion of university programs

## **4. What has caused books to become more expensive over the last two to three years?**

- A. Increased government subsidies
- B. *Rise in paper prices and currency devaluation*
- C. Decreased demand for books
- D. Improved quality of books

## **5. What does the author suggest the Senate and House should do regarding the budget measures affecting education?**

- A. Increase taxes on other sectors to compensate
- B. Focus on reducing the number of universities
- C. *Consider the negative consequences and debate these issues*
- D. Implement stricter regulations on university spending

## **VOCABULARY:**

1. *Magnanimity* (noun) (□□□□): The fact or condition of being generous.
2. *Grave* (adjective) (□□□□□): Giving cause for alarm; serious.
3. *Paucity* (noun) (□□□): The presence of something in only small or insufficient quantities.
4. *Rebate* (noun) (□□□□□): A partial refund to someone who has paid too much for tax, rent, or a utility.
5. *Default* (verb) (□□□□□□): Failure to fulfill an obligation, especially to repay a loan or appear in a court of law.
6. *Implication* (noun) (□□□□□): The conclusion that can be drawn from something, although it is not explicitly stated.
7. *Dwindled* (verb) (□□□□ □□): Diminish gradually in size, amount, or strength.
8. *Rhetoric* (noun) (□□□□□): The art of effective or persuasive speaking or



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writing.

9. *Not-for-profit* (adjective) (نظمت غير ربحية): An organization that does not earn profits for its owners.
10. *Exemption* (noun) (إعفاء): The process of freeing or state of being free from an obligation or liability imposed on others.
11. *Nepotism* (noun) (محاباة): The practice among those with power or influence of favoring relatives or friends, especially by giving them jobs.
12. *Rishwat* (noun) (رشوة): Bribery.
13. *Graft* (noun) (محاباة): Practices, especially bribery, used to secure illicit gains in politics or business.
14. *Devaluation* (noun) (تخفيض قيمة): Reduction in the value of a currency with respect to other monetary units.
15. *Vis-à-vis* (preposition) (بالنسبة لـ): In relation to; with regard to.
16. *Extort* (verb) (مكسب بالقوة): Obtain (something) by force, threats, or other unfair means.
17. *Liability* (noun) (مسئولية): The state of being responsible for something, especially by law.
18. *Capital* (noun) (ثروة): Wealth in the form of money or other assets owned by a person or organization.
19. *Tuition* (noun) (رسوم): The fee for instruction, especially at a formal institution of learning.
20. *Consequences* (noun) (نتائج): A result or effect of an action or condition.

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IF memory serves me right, the following is from one of Mushtaq Yousufi's books, possibly Zargazisht. He says that every time he went to his boss, who was a Scotsman, to ask for a raise, his boss would say, as soon as Yousufi entered the room, 'Yousufi, it is good you are here, we have to fire some people'. Ten minutes later, Yousufi would leave the office very grateful that he was not one of those who was fired.

When the government first announced that it was cutting the budget for higher education, and later, with great magnanimity, announced it would restore it to last year's level, it reminded me of this story. And the government also expects us to be thankful.

The number of universities keeps going up as provincial and federal governments bestow new charters and upgrade colleges. But the Higher Education Commission's funds have not been increased for several years. This despite the inflation. It is not surprising that many universities, even the more established, older ones, are under grave financial stress. This year, too, while the HEC budget did not go up, salaries went up by 20 per cent and inflation has been around 15pc. Public-sector universities, which the agency funds, will continue to hurt and the hurt will keep getting deeper. Some might face default on salary or pension payments as well.

But this year's budget has more bad news for the higher education sector. Teachers and researchers had a 25pc income tax rebate (it was 50pc for the first few years) that had been given a couple of decades back. This has been taken away in this budget. This implies even if universities give a 15pc raise this year, with the removal of the rebate and with the income tax slab adjustments that have been imposed on salaried teachers/researchers, the latter will have less



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take-home than they did last year. And these are times of high inflation!

This year's budget has more bad news for the higher education sector.

We have a shortage of teachers in Pakistan. At the higher education level, it has been hard to find or hold on to faculty. Our application pools have dwindled. Those with PhD degrees do not want to come back to Pakistan, and many of those who are here want to leave. Many have left, and many others continue to look for opportunities abroad. Hitting the salaries of teachers and researchers in this manner and in these times clearly shows that the government does not attach much priority to education despite all the rhetoric about an education emergency. It is not as if this measure is going to give the government any sizable amount of revenue. But it will have a big impact on individuals who have been hit and on universities and their budgets.

Another taxation proposal is also set to strike not-for-profit universities. Currently, the tax commissioner is empowered to issue exemption certificates in cases where a person's income is exempt from tax as is the case with not-for-profit universities. These universities rely on this certificate to ensure that no tax is withheld on their behalf by withholding agents. The Finance Bill 2024 proposes to withdraw the commissioner's power to issue exemption at 100pc and allows him/her to only issue exemptions at a lower rate. This will hurt in two ways. For not-for-profit universities this means that tax will be held in their name but they will not be able to adjust this tax as they will not have any tax liability to adjust against at the end of the year. And getting refunds from the FBR is not easy and everyone knows that it will not happen. So, the working capital needs of universities will be hurt and a liability will be created against the FBR for no reason.

This change will also create opportunities for nepotism, favouritism and rishwat where commissioners will be lobbied to issue exemption certificates at a higher percentage rate. It is a harsh proposal that will not give the government any revenue and will not raise tax income but will open the door for lobbying for refunds as well — again, leading to more graft and nepotism.

If all of this were not enough, the government, in its belief that the Pakistani people read too much and should be doing other things, has raised the general sales tax on books. Books have become a lot more expensive over the last two to





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three years due to a) an increase in the price of paper and b) devaluation. As it is, the local book business is not a huge one and the recent price hikes have hit it badly. The rise in GST will hurt even more. Imported books have become expensive and retailers have been seeing the impact. Raising GST on books will make it even more difficult to sell books. Educationists were already very concerned about the lack of a reading culture vis-à-vis our youth. On the one hand and as part of the education emergency, the government has been introducing 'reading' hours in schools to improve foundational learning, and on the other, GST on books has been raised.

More taxes are needed. But it cannot be a policy that we just impose taxes blindly wherever we see an opportunity to be able to extract or extort taxes. We have to realise that taxes have consequences. We are doing poorly in education already. We have been cutting funding for higher education and funding for school education is barely keeping up with inflation. Parents are hurting due to rising tuition fee and other costs. To hit the education sector through the various tax measures mentioned seems very unfair. One hopes that the Senate and House debate on the budget will take these issues into consideration.

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