ROLE OF PRIVATE SECTOR IN INDIAN HIGHER EDUCATION

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ABSTRACT:
The paper explores need, challenges of privatization of higher education in India. The last two decades had witnessed unprecedented growth in institutes of higher education primarily due to private sector participation. The private sector has contributed significantly in increasing the gross enrollment ratio (GER) from 10% in 2000 to 13.8% in 2010. The private sector is expected to provide useful contribution in achieving the target of 30% GER by 2020 set by government of India. Though the private institutes have grown in number they are not able to attract the high ranking students. The issues of quality, access, equity, inclusiveness require urgent attention of the stakeholders. Unemployability of graduates is a cause of concern. Proper regulatory framework supported by mutual trust and accountability is important for the establishment of vibrant global private higher education institutions which can ensure quality, access, and inclusiveness.

KEYWORDS: Gross Enrollment Ratio, unemployability, inclusiveness.

1. Introduction:
In India, the thrust on privatization in higher education started in the early 90s under the LPG (liberalization, privatization and globalization) policy, and various means were adopted by the states to pull their hands away from arena of higher education. The form of withdrawal included the phasing out of grants, ban on recruitments and non-review of manpower requirements. As various states declared higher education a “non-merit” area, private players, commercial entities, education hawks and fly-by-night operators started the process of bargain hunting under the changed scenario. It inevitably led to the clamor for starting self-financing courses (even in public/aided institutions), establishment of self-financing institutions, getting “deemed-to-be” university status and creating private universities through state legislation.

The process got further boost as the educationists and policy makers, who advocated privatization in the market-driven system of higher education, ignored the prevailing socio-economic conditions in the country and got themselves trapped in generalizations. There is no denying the fact that privatization leads to competition and brings efficiency, qualitative...
improvement and cost reduction, but this happens under some optimum perfectly competitive conditions.

The last two decades has witnessed an exponential growth in Indian higher education system. The number of institutes have grown at a compounded annual growth rate (CAGR) of 11% while student enrolment at a CAGR of 6%. The participation of private sector is increasing day by day. Private institutes now account for four-fifths of the enrollment in professional higher education and one-third in overall higher education. According to the FICCI and Ernst & Young report on higher education 91% engineering schools, 95% pharmacy, 64% business and 50% medical schools in India are non-government. Over 1.4 crore students are enrolled in 31,000 higher education institutions across the country.

India has the largest higher education system in the world, with 31,000 institutes compared with 6,742 in the US and 4,297 in China. The number of institutes has grown rapidly in last few years. In last year more than 5,000 colleges came into existence. In the last decade, the number of universities in the country has grown at a CAGR of 7.5% as against the 4.7% growth observed from 1951-2001. The number of colleges has grown at a CAGR of 11% in the period 2001-2011 as against 6.1% in the period 1951-2001. The table 1 gives the overview of institutes of higher education.

Table 1: Distribution of higher education institutes in India

<table>
<thead>
<tr>
<th>Type of Institution</th>
<th>Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>University &amp; University level institutions</td>
<td>600+</td>
</tr>
<tr>
<td>Central Universities</td>
<td>7%</td>
</tr>
<tr>
<td>State Universities</td>
<td>46%</td>
</tr>
<tr>
<td>State Private Universities</td>
<td>16%</td>
</tr>
<tr>
<td>Deemed Universities</td>
<td>21%</td>
</tr>
<tr>
<td>Institutes of National Importance</td>
<td>9%</td>
</tr>
</tbody>
</table>

Source: www.ey.com

State Private Universities: State Private Universities (SPU) are established under an Act passed by the legislative assembly of the state in which SPU is situated. Private sector has capitalized the opportunities of setting up state private universities due to active promotion of higher education by different state governments. Some states have aggressively promotes state private
universities while others are following a cautious approach. Chart 1 shows that the top 5 states; Rajasthan, UP, Himachal Pradesh, Gujarat, and Meghalaya- account for 65% of SPUs. Last two years have shown a strong growth in state private universities as shown in table 2.

Table 2: Growth Pattern of State Private Universities

![Chart1: State-wise Distribution of SPUs](source: www.ey.com)

Source: www.ey.com
Deemed Universities: Another option for private players is to establish themselves as deemed university. Deemed Universities are institutions awarded deemed university status by Ministry of Human Resource Development. The status is awarded based on diversity, quality of programmes, and contribution to innovation and teaching. 44% of the deemed universities are controlled by private sector.

Chart 2: Distribution of Deemed Universities

Source: www.ey.com

Foreign Collaborations: One of the important developments due to entry of private sector is foreign collaborations with academic institutions.

Chart 3: Distribution of Foreign Collaborations
Great potential in higher education sector has led to entry of foreign players through collaborations with private institutions. There are 641 programmes being offered resulting from collaborations of 143 Indian Institutes and 161 foreign education institutions. Chart 3 shows that private sector has contributed significantly in foreign collaboration in higher education with 83% of all collaborations. Engineering and management are the most sought after disciplines for foreign collaborations as 50% of the collaborations are in these two disciplines.

Chart 4: Discipline wise Distribution of Foreign Collaborations

Source: www.ey.com

2. Need of Private Sector:
The central government funding on education is less than 1% of GDP. The government sponsored capacity building is not sufficient to meet the emerging need for higher education. At present 14.6 million students are enrolled in higher education sector. According to FICCI-E&Y report to achieve 30% gross enrollment rate (GER) over the next decade the country would need an additional capacity to cater to 25 million new seats. The extra capacity generation would need an extra Rs. 10 lakh crores by 2020. The funding requirement is Rs. 0.4 million per seat. At the current budgetary allocation for education, the funds would be insufficient. Private sector can bridge the gap in budgetary allocation and required allocation.
The success of private institutions in USA, Japan, and Malaysia are a good example of positive contribution of private players in higher education. The private sector led to increase of gross enrolment rate (GER) during the period from 1999 to 2008, from 71% to 83% in USA. In Japan it increased from 45% to 58%. In Malaysia it increased from 28% to 32%.

Globalization, liberalization, and privatization have a great impact on improving quality of Indian Corporate, both in products and systems. Allowing foreign Universities will create competitive pressure on Indian private players and public institutions to improve quality thereby benefitting all the stakeholders. Internationalization will create opportunities for Indian players to improve on all key indicators like pedagogy, faculty salary, curriculum, research and administration. Low cost of living and large English speaking population offers an opportunity to make India a higher education hub in South East Asia.

Realizing the need for active collaboration of industry and academia FICCI is in process to form National Knowledge Functional Hub. This collaboration will work to improve the quality of graduates by productively utilizing the experience of academia and capital goods companies. It is proposed to operate through “Hub and Spoke model”. The model would be started on an experimental basis at 5 places in 2012.

3. Challenges:
The broad issues to be addressed include, inter alia, accessibility, quality, equity, affordability, inclusiveness, funding and regulation, which require a cohesive and integrated approach for solutions.

1. Poor Employability: Poor industry academia linkages, neglect of soft skills, inability to solve real time problems, mismatch of curriculum and industry needs lead to poor employability of graduates. According to a report by Team Lease Services, 57% of India’s youth suffer some degree of unemployability.

2. Low return on investment: Poor quality of skills and education shows up in low incomes rather than unemployment as 58% of graduates make less than Rs.75,000 per year.

3. Lack of uniformity in products, i.e., various courses/degrees being offered by educational institutions. There is no uniformity in the content, pedagogy, and forms of assessments by different private institutions.

4. Conflicting objectives of providers (profit maximization, maximization of social benefits, and prestige maximization of the institution). The profit maximization objectives conflicts with the objective of social equity and inclusiveness.

6. Wide heterogeneities among consumers (students) with regard to purchasing power.

7. Lack of knowledge about the providers; and price and quality of the product.

8. Poor Accessibility: The market-driven cost of education is likely to push the poor out of the ambit of higher education. Planning Commission data has put the people below poverty line at 32 per cent.
9. Poor Regulation: Only 161 universities and 4,371 colleges were accredited by The National Assessment and Accreditation Council (NAAC) as on March 2011.

10. Outdated Curricula: The curriculum followed in most of the institutes is not able to keep pace with the fast changing economic and socio-technical environment.

11. Shortage of Faculty: Institutes of higher education are facing acute shortage of good quality faculty. The high ranking students prefer to join the industry due to better career prospects. The restrictions on the academic qualifications sometimes create the challenges in hiring good quality professionals from the industry.

12. Over Cautious Approach on Affordability: The government is over cautious on rise in cost of higher education by private players. However the cost factor must be considered with regard to quality of education which may be provided by for profit institutes of higher education. According to a survey by FICCI in four states of Gujarat, Uttar Pradesh, West Bengal, Jharkhand, and Tamil Nadu among general public, it was revealed that the private institutions provide higher value for money in comparison to public sector.

13. Check on Credentials: The demand supply mismatch may attract private players with poor credentials to enter the sector to grab land and deteriorate the quality of education. In Himachal Pradesh 12 additional universities are expected to come up in addition to the existing 12 private universities. An appropriate regulatory framework is required to check the credentials of the private players before giving approvals.

14. Multiple Regulators: Multiple authorities such as All India Council of Technical Education (AICTE), bar council, medical council, and the UGC create hurdles in the growth of private institutions. Time has come when the regulatory bodies start monitoring process, content, and outcomes rather than just licensing bodies granting approval based on physical infrastructure.

4. Role of Government:

The government has started the reform process by conceptualizing various bills for the higher education sector. However there is lack of focus and sense of urgency to pass these bills and other measures.

Reforms planned but not approved: The central government has conceptualized different bills for reforms in higher education, but most of these bills are yet to be approved by the parliament since last one and a half year. The bills if passed will pave the way for much needed reforms in the higher education sector. The foreign university bill promises to enhance the quality of higher education and improve competition. The other pending bills are ;The Prohibition of Unfair Practices in Technical Educational Institutional, Medical Educational Institutions and Universities Bill, The Education Tribunals Bill, The National Academic Depository Bill, 2011( Establishes an electronic depository to maintain database of academic degrees), The National Accreditation Regulatory Authority for Higher Educational Institutions Bill, 2010,(seeks to make accreditation by an independent accreditation agency mandatory).

These bills provide the opportunity to improve the status of higher education sector.
Regulators Entrance Test: All India Council of Technical Education is going to launch Common Management Admission Test for admission to M.B.A. in February 2012. Though there are a number of entrance tests already available for admission to M.B.A like Management Admission Test (MAT) by All India Management Association, and Common Admission Test (CAT) of the Indian Institute of Management (IIM’s). The utility of multiple admission tests is a matter of further research. Instead of initiating an extra admission test it would be better if the regulator focuses on the monitoring of content, enhancing quality of faculties, and outcome of the teaching and learning process of the institutes.

Transparency in Financial Position: The Ministry of Human Resource Development has accepted the recommendations of Institute of Chartered Accountants of India (ICAI) to make it mandatory for educational institutions to publish the balance sheets on the websites. The initiative will be applicable from 2013. The move will improve transparency in the educational institutes. This will apply to the institutes regulated by central regulators like UGC and AICTE and those institutes getting financial grants.

Ombudsman:
The ministry of human resource development has decided to appoint ombudsman in higher education institutes governed by a central regulator like University Grants Commission and All India Council of Technical Education. The scheme of ombudsman will be operational from the academic year commencing from 2012. However it will not apply to state universities and colleges affiliated to them. The ombudsman will be a person with judicial or legal experience to be appointed from a panel suggested by the affiliating university for technical and management institutions, by the Central Government for deemed universities and by the regulator for non-degree granting institutions.

The ombudsman will have power to instruct the institutions to take corrective measures on complaints regarding denial of admission, non-observance of declared merit in admission, withholding of documents and non-refund of fees in case of withdrawal of admission. The ombudsman will have to issue an order within a month of receiving a complaint with specific direction to the concerns institution.

Conclusion:
The exponential growth in private higher education institutes needs to be regulated based on quality of outcomes. Government funding and scholarships need to be rationalized based on the merit of the students rather than subsidizing limited number of institutes like IIT’s. Uncontrolled and unbalanced growth of private institutes needs to be regulated to focus on development of research based Universities and correcting regional disparity in higher education. There is a need to rethink on present system of not for profit nature of educational institutes. To address the shortage of faculties regulators need to consider possibilities of allowing experienced professionals from industry to be hired instead of hiring only PhD’s for leadership positions in academics. The Association of Advanced Collegiate Schools of Business of America allows academia qualified and professionally qualified teachers. Allowing for profit entities in higher education will create opportunities for capacity building and enhancing quality and
competition. Failure to address the concerns of private players may put the future of 234 million young people (15-24 years) at stake.

References:


