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Private participation in higher education in India

Issues and implications on access, equity and quality

Furqan Qamar

Introduction

India has made remarkable progress in higher education since its Independence in 1947. With 993 universities, around 39,931 colleges and 10,725 standalone higher educational institutions, the higher education system in India has become the single largest system of higher education found anywhere in the world. This counts for huge progress since Independence as the country then had no more than 500 colleges and 25 universities. With 37.4 million students, it is the second largest system of higher education in the world recording, next only to China (Ravi, Gupta, and Nagaraj, 2019). This is simply a huge progress since Independence as at that time enrolment in higher education was no more than 100,000. Speaking in relative terms, the Gross Enrolment Ratio (GER), i.e. the participation rate in higher education, has also gone up from less than 1 per cent in 1950 to over 26.3 per cent currently (GOI, 2019a). Even in terms of equity and inclusivity, the second most critical aspect, the performance has been generally good. The Gender Parity Index, the ratio of men to women students in higher education, is now close to 1 as women’s enrolment accounts for 48.6 per cent of the total enrolment in higher education. The Scheduled Castes (SCs), the Scheduled Tribes (STs), the Other Backward Castes (OBCs) and the Muslim Minorities, the most deprived social groups, respectively account for 14.9, 5.5, 36.3, and 5.2 per cent of the total enrolment in higher education. The participation rate of the SCs and STs now equates to 23.1 and 17.2 per cent respectively against the national average of 26.3 per cent (Qamar, 2018a).

The above accomplishments notwithstanding, the challenges continue. Higher educational institutions are not uniformly dispersed across different regions, states, and geographies implying thereby that the sector has to expand further to mitigate regional and geographic imbalances. Further, a large number of small-sized higher educational institutions being academically and financially non-viable, have been invariably impacting on the delivery of quality higher education. The participation of women may have substantially increased; there are still institutions and disciplines where their participation rate is significantly lower than the national average. Engineering and technology is one such example where women are just about a fifth of the
total enrolment. Critically, there are still certain marginalised sections of the society, the poor, the Muslims, rural inhabitants, etc. whose participation rate in higher education is way below their share in the population or even the national average. In addition, the accomplishments in the areas of expansion and equity are shadowed by the perceived lack of quality and excellence in higher education. A small number of high-quality higher educational institutions and programmes are like islands of excellence in the sea of mediocrity. Even the very best higher educational institutions of the country compare poorly with the best of the world. While it may be a good idea to support the best higher educational institutions of the country to become one of the best in the world, the real challenge before the nation is to mitigate the quality gaps between the best and the rest so as to ensure a reasonably decent-quality higher education for all.

The challenges of Expansion, Equity, and Excellence (3Es) are so integral to one another that they define the gene of higher education and focus on one at the cost of others is neither possible nor desirable. Experience also suggests that Funds, Faculty, and Freedom (3Fs) are the three necessary conditions for overcoming the challenges with certainty and speed. There is a general consensus that equitable access to quality higher education is critical for nation-building and economic development and that India must not miss reaping the demographic dividend. At the least, it must do everything possible to avert the demographic disaster that would be imminent if education and health is ignored or even compromised. The approaches to achieving the triple goal, however, differ across different dispensations—the most prominent being the debate around ‘public funding’, ‘private participation’, and ‘privatisation’. Globally, the balance seems to be settling in favour of the privatisation of higher education, which has also been the case in India, albeit with a two steps forward and one step backward kind of an approach. The policy framework with regard to privatisation of higher education has, thus, been more tacit than direct. That has, however, been sufficient for the private sector to enter, operate, and gain traction. As per the latest available information, nearly 39 per cent of the university level institutions fall in the private unaided categories. Amongst the deemed universities, colleges and standalone higher educational institutions the share of private unaided institutions has already exceeded 60 per cent (Table 18.1).

Private sector enrolment in higher education at the university level institution account for 24.8 per cent, at an aggregate level, the enrolment in the private higher educational institutions works out 42.2 per cent. In the case of the deemed universities and the standalone higher educational institutions the private sector enrolment could be as high as 87.8 and 66.2 per cent, respectively (Table 18.2).

It appears that the self-financed unaided private higher educational institutions have been playing a major role as far as the professional higher education is concerned (Table 18.3).

Private players in higher education at university level or at an aggregate level may yet not be dominant in terms of number and enrolment. However, in certain types of higher educational institutions and programmes they already dominate the higher education spectrum. Most importantly, they exert major influence on higher education policy, planning and action; NEP 2020 with repeated emphasis on treating the private players at par with public higher educational institutions is a testimony to this fact. Given their role and importance, the private participation in higher education can neither be ignored nor undermined. Critically, it would be naïve to imagine a scenario even in a distant future that would revert back to the idea of treating higher education as a public good with the state assuming the total responsibility of financing and providing higher education. With this in mind, this chapter seeks to study the phenomenon of private participation in higher education in India so as to understand its impact and implications for the nation.
Table 18.1 Number and distribution of different types of higher education institutions in India in 2018–2019

<table>
<thead>
<tr>
<th>Category and type of higher educational institutions</th>
<th>Number</th>
<th>Percentage distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>gov.</td>
</tr>
<tr>
<td>Universities &amp; university level institutionsa</td>
<td>598</td>
<td>10</td>
</tr>
<tr>
<td>Deemed universities</td>
<td>34</td>
<td>10</td>
</tr>
<tr>
<td>Colleges of higher education</td>
<td>8,490</td>
<td>5,148</td>
</tr>
<tr>
<td>Standalone HEIs</td>
<td>2,254</td>
<td>855</td>
</tr>
<tr>
<td>All higher educational institutions</td>
<td>11,342</td>
<td>6,013</td>
</tr>
</tbody>
</table>

a Including deemed universities.
b These institutions did not submit their details on the AISHE portal; hence their types are unknown.

Table 18.2 Enrolment in different types of higher education institution in India in 2018–2019

<table>
<thead>
<tr>
<th>Category and type of higher educational institutions</th>
<th>Enrolment (000)</th>
<th>Percentage distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>gov.</td>
</tr>
<tr>
<td>University level Institutionsa</td>
<td>5,572</td>
<td>60</td>
</tr>
<tr>
<td>Deemed universities</td>
<td>37</td>
<td>60</td>
</tr>
<tr>
<td>Colleges of higher education</td>
<td>8,889</td>
<td>5,615</td>
</tr>
<tr>
<td>Standalone HEIs</td>
<td>527</td>
<td>200</td>
</tr>
<tr>
<td>All higher educational institutions</td>
<td>14,988</td>
<td>5,875</td>
</tr>
</tbody>
</table>

a Includes the deemed universities.
b Based on actual response; hence the total enrolment shown in this Table as 32.7 million is lower than the actual estimated total enrolment of 37.4 Million.

Higher education, in India, can be interpreted as a public good, a charity, an occupation or an industry. Depending on the position you take, you could use higher education to your benefit either as a philanthropist, as a means of livelihood, or for investment to maximise return. The choice you make is guided by your own disposition which in turn could be influenced by the larger environmental factors and broader ecosystem. The long-held belief that education was a public good with fairly high social return warranting public funding has waned over time as far as higher education is concerned. Despite a long-standing commitment to adequate public investment in education, with a third share for higher education, and its repeated assertion, most recently in the National Education Policy 2020 (NEP 2020), the public expenditure on education has been declining in real terms. This has not only caused underinvestment in the existing higher educational institution but has also led to a slower rate of growth in the public higher education system. Simultaneously, the voluntary and philanthropic contribution for the expansion and development of higher education has recorded a rapid decline since Independence. At the same time, the demand for higher education has been on the rise due to demographics and developments in the school sector. As the demand–supply situation worsened, the rationale for the larger role of the private sector in higher education grew stronger. With the passage of time, the private participation in higher education has grown in number and size and changed its nature and character from principally philanthropic to primarily pecuniary.

The massive growth in enrolment and the number of higher educational institutions in India has been seen by some as ‘unplanned an uncontrolled’ causing a ‘fall in teaching standards, overcrowding and inability to provide necessary facilities and satisfactory working condition’ (Naik, 1974). Others have conceptualised the phenomenon as the massification of higher education (Varghese, 2015) impelled by the social demand for higher education (UGC, 2009) and propelled by the private sector’s propensity to propagate. With much of the expansion in higher education coming through a ‘quantum leap’ in the private higher educational institutions (UGC, 2006), the concerns for access, equity, and quality have been major concerns.

With the targeted GER of 50 per cent by 2035 (GOI, 2019a, p. 36), the higher education sector is poised to grow further in terms of number and intake capacity and it is no more in the realm of speculation that much of this growth shall come through the participation of the private sector – Indian as well as foreign (GOI, 2020). Given the focus of NEP 2020 on enhancing the intake capacity of existing higher educational institutions to make them large-sized and

### Private participation in higher education

<table>
<thead>
<tr>
<th>Enrolment in</th>
<th>Government</th>
<th>Government aided</th>
<th>Unaided private</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Academic higher education</td>
<td>11.85</td>
<td>4.97</td>
<td>6.84</td>
<td>23.66</td>
</tr>
<tr>
<td>Professional higher education</td>
<td>1.96</td>
<td>0.64</td>
<td>6.31</td>
<td>8.91</td>
</tr>
<tr>
<td>Enrolment in all higher education</td>
<td>13.81</td>
<td>5.61</td>
<td>13.15</td>
<td>32.57</td>
</tr>
<tr>
<td>Professionals as a percentage of total enrolment</td>
<td>14.19%</td>
<td>11.41%</td>
<td>47.98%</td>
<td>27.36%</td>
</tr>
</tbody>
</table>

a Based on actual response; hence the total enrolment shown in this Table as 32.7 million is lower than the actual estimated total enrolment of 37.4 million.

Source: Compiled and computed by the author from data as reported in GOI (2019a), All India Survey of Higher Education (AISHE)-2018-19, Ministry of Human Resource Development, New Delhi.
multi-disciplinary, there might be a reduction in the number of higher educational institutions due to closure, consolidation, absorption, and mergers of small-sized higher educational institutions. Though this will mostly impact the self-financed private unaided colleges and standalone higher educational institutions, this is least likely to lessen the extent of private participation in higher education.

**Genesis and growth**

Private participation in higher education is often attributed to the advent of structural adjustment, liberalisation, privatisation, and globalisation policies that took the country into their grip from the beginning of the early nineties. The change in the economic policy may have provided the governments a legitimate ground and argument for vacating the higher education space, but it appears that neither the idea nor the phenomenon of private participation in higher education are new innovations. The oldest examples of private participation in higher education are found in the form of colleges, established by the missionaries, local communities, reformists guided by philanthropy, and zeal of nationalism. Private participation in higher education in India is as old as the history of modern higher education itself as the road for the entry of the private participation in higher education was paved as early as 1854 when the Wood’s Despatch (Halifax, 1880) called for systematic but gradual withdrawal of government from direct management of colleges. However, it is a different matter that the idea was found impracticable and new government colleges continued to be established (GOI, 1950, p. 16). In 1882, the Indian Education Commission once again emphasised the gradual but cautious withdrawal of the state from direct ‘support’ and ‘management’ of institutions of higher education (GOI, 1950). Consequently, the rapid expansion of higher education during 1882–1902 was propelled by a large number of new institutions fostered by the ‘private enterprise’ so much so that by 1902, the colleges dependent mainly or wholly on fees (in today’s terminology, the self-financed-unaided private) had already become widespread (GOI, 1950). By 1885, ‘the Universities of Calcutta and Madras had become entirely independent of the Government aid, though Bombay University received a small grant and Punjab University a large one’ (GOI, 1950). In fact, Independent India inherited a higher education system beset with private colleges of many hues and colours and of varying sizes ranging from the ‘mammoth colleges of Calcutta to the tiny colleges in small mufassil towns’ (GOI, 1950, p. 367).

Admittedly, the private higher education that began with the process of economic liberalisation is markedly different from the private initiatives during the colonial past. They were then guided by the charitable motives to pursue the nationalistic agenda and their growth and penetration were constrained. Post liberalisation, the phenomenon pervaded higher education like an avalanche – so much of it in such a wide variety in a relatively short period of time. Even though the stated intent continues to remain charitable and not-for-profit, the rapidity with which the private higher education mushroomed has alarmed the higher education community and the government alike. There is, however, something in the nature of the private sector that make people wary. Interestingly, the philanthropic motive with which the colleges of the colonial past and contemporary time were established did not deter commercialisation. The private higher educational institution of the past as set up by private benefactors with motives ranging from ‘a real educational altruism’ to ‘the most sordid seeking of private profit’, were found reaping handsome revenue, generally by admitting much more students than their capacity would permit with even institutions founded by ‘distinguished men with the best motives’ ‘deteriorated into mass-production establishments where fee income is the main consideration’ (GOI, 1950, p. 367). Admittedly, however, the new generation of private higher education providers with their ‘founders’ becoming ‘promoters’ and ‘edupreneurs’ are a different ball game altogether.
Most critically, the process of privatisation has also perpetuated in the public higher education system in a wide variety of ways. A decline in public investment in higher education deprived the public-funded higher educational institutions of the much-needed resources for expansion, upgrading, and quality improvement. This not only provided a reason for the private sector to fill in the demand-supply gap in higher education but also exerted pressure on the public higher educational institutions to become less dependent on public funds, if not to become totally self-sustaining (Rani, 2011). With the passage of time, what was earlier tacit has now become loudly stated. The General Financial Rules 2017 now makes it mandatory for ‘each Ministry/Department to undertake an exercise to identify activities on which “user charges” could be levied’. It further mandates that ‘while fixing the rates of user charges, it must be ensured that the “user charges” recover the current cost of providing services with reasonable return on capital investment’. Additionally, ‘the rates of user charges should be linked with appropriate price indices and reviewed at least every three years’ (GOI, 2017 Rule 47). These rules make no exception and cover education as well, and further mandate that the governing bodies of the autonomous bodies to review user charges/sources of internal revenue general at least once a year and inform the administrative Ministry (GOI, 2017 Rule 229vii). This is just one example to illustrate the onslaught of ‘private trends in public higher education’. These are manifested by increasing emphasis on ‘cost recovery’, ‘resource mobilisation’, ‘resource-use efficiency’ ‘cost-reduction’, ‘value-for-money’ and ‘reduced dependence on public exchequer’. These are but a few signs obvious signs that higher education now seeks to shift ‘the burden of cost from the public to the private’ (Varghese, 2000) and ‘profit replacing philanthropy’ (Tilak, 2006).

The new generation of private higher educational institutions may have begun with the high-demand, job-oriented, market-based professional, technical, and medical higher education (Agarwal, 2007) and may have remained confined mostly to the southern and western states of the country (Tilak, 1991). They soon spread across the length and breadth of the country capturing most states ruled by varied political dispensations. The exceptions have been few and far in between (Tilak, 2018). Initially, most were in the form of the self-financed private colleges, often referred to as ‘capitation fee colleges’, established often with ‘profit motives’ (Tilak, 2009). Mono-disciplinary affiliating universities and domain-based regulatory authorities have catalysed the process further expansion. The bulk of the expansion in the self-financed colleges, often also referred to their initial years, as ‘capitation fee colleges came about beginning from 1990’. ‘Most of them being for-profit motive institutions’ (Tilak, 1994) and they were mostly in high-demand disciplines like engineering, management, and medicine (Agarwal, 2007).

A complex web of institutions and practices

Higher education in India, today, is characterised by a mixed-mode, multi-modal higher educational delivery system. It permits the private sector to exist and operate alongside the public sector, conceptually to complement the governmental. Involvement of the private sector in higher education is, thus, justified as a means of mobilising additional investment. Even the University Education Commission reached the conclusion that the private colleges were necessary to meet the increasing demands (GOI, 1950, p. 446). At the same time, governments recognise and emphasise the criticality of public higher education in the social, economic, and technological advancement of the nation. The public posturing, most of the time, is centred on promising enhanced public investment (NIEPA, 2005). In practical terms, private investment in higher education is proactively sought. Besides mitigating investment gaps, such arguments like quality improvement and efficiency enhancement are also advanced to encourage private participation. In reality, thus, the private sector competitively jostles with the public sector for the
higher education space. Generally, the public sector invariably loses when it comes into compe-
tition with the private sector because it lacks resources, operational flexibilities, and the clout
that the private sector may present. Most critically, ‘increasing private participation in education
leads to the governments losing influence and, often, getting replaced by the private agencies’
(GOI, 1950).

Private participation in higher education had its origin in colleges. The prevailing belief, at
that time, was that private college shall inflict no harm because they would be subject to the
affiliation control of public universities. Post–Independence, the need, demand, and clamour for
degree awarding powers to the private higher education providers grew. The need first arose
immediate after independence when nationalist higher educational institutions (e.g. Gujarat
Vidyapeeth, Kashi Vidyapeeth, Jamia Millia Islamia, etc.) established during the colonial time,
declined to become universities under Act of Parliament or State Legislature so as to preserve
and protect their autonomy. The need was finally met by inserting Section 3 in the UGC Act
1956 to recognise these institutions as deemed to be universities. This marked the beginning of
‘government–aided private’ degree-awarding higher educational institutions in the country. It
was a while before the regional engineering colleges across the country were declared as
deemed universities thereby conferring upon them power to award degree. Sporadically, a few
research institutions established by governments or philanthropic individuals were also accorded
the status of deemed universities to empower them to confer degree.

Once Section 3 of the UGC Act 1956 was reinterpreted in 1998–1999 to accord degree
granting power to the newly established Indian Institutes of Information technology (IIITs),
first at Gwalior and Allahabad, the private sector used this analogy to set up ‘self-financed
deemed universities’, which led to a ‘mad rush’ for ‘self-financed deemed universities’, particu-
larly from the southern and western states, which already had the clout and experience of ‘succ-
esfully’ running self-financed private ‘capitation fee’ colleges. Thus, began the rise of the
‘self-financed deemed universities’ with the dubious distinction of some being institutions of
excellence and others more known for malpractices (UGC, 2009). The judicial reviews and
adjudication that ensued also swung between helping the penetration of the private deemed
universities and imposing restrictive barriers (Gupta, 2008). However, soon the going got
tougher and the process of obtaining deemed university status became cumbersome and ‘expen-
sive’ in a wide variety of ways; the clamour began for an enabling legislation detailing the condi-
tions and procedures for the entry and operation of the private universities. Sensing the
opportunity, the union government introduced in Rajya Sabha the Private Universities (Entry,
Operation, and Regulation) Bill in 1995. The Bill was referred to as a department-related stand-
ing committee and was discussed at various levels, but no consensus could be found for its enact-
ment. In the meantime, the potential private sector also developed cold feet because it saw the
Bill as heavier on regulation rather than enabling and facilitating. Finally, the Bill was withdrawn
in 2005, on the grounds that UGC has come up with regulations to coordinate and maintain
standards in the self-financed private universities established by the State (UGC, 2003).

As the union government struggled to enact the enabling and regulatory legislation for the
private universities, many state governments realised that higher education being in the concur-
rent list, the Constitution empowers them to legislate on matters relating to higher education
and if they can establish public-funded state universities nothing stopped them from establishing
self-financed private state universities. Beginning in 2002, there was a kind of mad rush for self-
financed private state universities. This time, however, the lead
was taken by the central (Chhattisgarh, Orissa) northern (Haryana, Himachal, Punjab, Rajasthan,
UP, Uttarakhand), eastern (Assam, Meghalaya, Arunachal), and Western (Gujarat) states (Varghese,
2012). A few states could establish such universities under the State Universities Acts while
others initially promulgated an umbrella legislation for the approval of self-financed private universities, but once the same was struck down (as in case of Chhattisgarh), separate legislation for each self-financed private university. The number of states resorting to this recourse has been rising such that by the last count as many as 23 states had already established such universities.

The latest to enter the lexicon of private involvement in higher education has been the Public Private Partnership (PPP). Encouraged by the accomplishments of the PPP model in the infrastructure sector, the 11th Plan (2007–2012) provided for the establishment of 20 Indian Institutes of Information Technology (IIITs) out of which 10 were to be in PPP mode. The idea of PPP was severely criticised in the academic circles for being ‘an ideology’ to further privatisation in school education (Kumar, 2008) and as a ‘euphemism for further withdrawal of state from higher education’ (Tilak, 2016). PPP could not be implemented in higher education during the 11th Plan period because neither the government was ready with an acceptable blueprint nor was the private sector forthcoming with investments that the government had envisaged. Finally, the idea gained ground during the 12th Plan (2012–2017) and the ambit and scope of PPP in higher education was further broadened (GOI, 2011; Prakash et al., 2012). As of now as many as 15 IIITs in PPP modes are at different stages of development in different parts of the country.

Deepening of the private sector in higher education

Importantly, the public higher educational institutions – colleges, deemed universities, state universities, central universities, and institutions of national importance – have continued to exist and operate. In fact, the number of the centrally funded higher and technical institutions during the past two decades has gone up. There has been no move, except for occasional discussions demanding gradual phasing-out or even complete withdrawal of state from higher education (Ambani and Birla, 2000). There has hardly been any sale, takeover, or transfer of public higher educational institutions to private ownership and management. To this extent, there has been no ‘privatisation of higher education’ in the country. However, going by the extent and intensity as measured by the number of students and institutions in the private higher educational institutions, the country gets labelled as ‘predominantly private’ on a three-point scale of being ‘insignificantly private’, ‘moderately private’, and ‘predominantly private’ (Tilak, 2014). One can, therefore, ask if this is not privatisation of higher education then what is (Varghese, 2013)?

It would be safer to conclude that thus far India has resisted the privatisation of higher education but allowed, and created conditions for, the private sector to enter and operate in the higher education sector. Hence the author has avoided using the term ‘privatisation’. However, looked from a slightly different perspective, one could argue that the tendency towards privatisation of higher education as caused by the decline, withdrawal or stoppage of grants-in-aid, and pressure for internal resource generation, has been quite strong in India. Public higher educational institutions, including universities, when provided ‘Deficit-based Maintenance Grants’ (grants being equal to the difference between approved expenditure and estimated internally generated revenue) were forced to raise internally generated revenue and cut down on expenditure to significantly reduce the amount of the maintenance grants. The states that shifted to the formula-based block grant for the maintenance and operating expenditure, refused to revise the quantum of the grant over an extended time with consequence that such grants cover no more than 40 per cent of their budgetary requirements. In fact, there are universities, particularly the affiliating ones, which rather than receiving any maintenance grants from the government have, in fact, been giving loans to the government out of the surplus that they generate out of internally generated revenue. Privatisation being a multi-faced process, is also about market-oriented trends and tendencies. Demand for a ‘business-like approach’, ‘market orientation’, ‘cost recovery’, ‘deferred cost recovery’, ‘pricing, user
charges’ resource-use efficiency, revenue diversification, and cross-subsidisation, are just a few examples of ‘private trends and tendencies’ in public higher education.

Such a varied and complex system of higher education poses difficulties in assessing the true extent of private participation in higher education. Consequently, the extent of private participation in higher education has been assessed differently by different researchers and even policy planners by choosing an approach that serves their purpose. Pawan Agarwal (2009), for example, clubs the ‘self-financed private’ and the ‘private but government aided’ higher educational institutions together to show that the private higher education does not only dominate the professional and technical higher education but even the general higher education. Others have preferred to classify government-aided private higher educational institution with the government higher educational institution because such institution bear characteristics quite similar to the government institutions. With public higher educational institutions increasingly resorting to the tendencies of pursuing privatisation policies and trends, the distinction between the public and private is getting increasingly blurred (ADB, 2012), globally and more so in India. The usual classification based on the ownership of an institution falls too deficient to assess the ingenuity of private participation in higher education.

Faced with similar challenge across Asia, Bray (1998, 2002) worked out a framework that classified the institutions into four groups. This framework, in fact, helps us understand what Kapur and Mehta (2007) mean when they distinguish between ‘de jure’ and ‘de facto’ privatisation. Benefitting from this framework, all higher educational institutions in India could be categorised into four groups:

(a) **Public delivery–public funding**: These comprise fully funded institutions of national importance, central universities, public-funded state universities, government deemed universities, government colleges and the government standalone HEIs;

(b) **Public delivery–private funding**: These comprise public HEIs with notional public funding like some institutions of national importance which have already become self-sufficient; central open universities (IGNOU), state universities which meet the bulk of their expenditure requirements from their own sources, and state open universities. This category would also include institutions generating a significant proportion of their revenue through self-financed programmes, self-financed seats (NRI/PIO/foreign/sponsored candidates), accelerated cost recovery/user charges, and open and distancing learning programmes;

(c) **Private delivery–private funding**: These comprise fully/substantially funded higher educational institutions including government-aided private colleges, government-aided deemed universities, HEIs in PPP Mode like the IITs and government aided standalone HEIs. This category shall also include private HEIs supported through fee-reimbursement scheme, interest subsidy scheme on HE loans, scholarships/fellowship, research supports and occasional development grants;

(d) **Private delivery–private funding**: These comprise the self-financed private higher educational institutions like colleges, standalone HEIs, deemed universities, private universities, and private open universities.

It is obvious that the privatisation of higher education in the country has not remained confined to the entry and operation of the colleges, universities, and other higher educational institutions established and managed by the private individuals and societies. The privatisation is in fact much deeper and has been increasingly inflicting the public higher educational institution in a wide variety of ways.
Limitations and drawbacks

But for the involvement of the private sector, India would not have become the single largest system of higher education in the world. It has helped mitigate the demand-supply gap in higher education, at least in the high-demand professional higher education – a segment where people were willing to pay the price and where the demand-supply gap has been the widest and continues to persist as yet (Davey et al., 2014). These positives notwithstanding, it is also a fact that mushroom growth in private higher education has been associated with the deterioration in quality and commercialisation of higher education. Even though educational activities, including higher education, in India, have to be organised by the charitable and not-for profit undertakings, the accusation of profiteering and tendencies of making hidden profit by the private sector has been quite prevalent. The private sector has also come under scanner for under-paying the teacher, overcharging the students, running degree mills and producing unemployable graduates.

Barring a few exceptions, most private higher educational institutions are run by societies and trust that are controlled by the close family members of the promoters with the consequence that their decision-making, governance, and administration is largely vested in the immediate kith and kin of the owners-promoters. Unrelated persons appointed as principals or vice chancellors to comply with the regulatory requirements are invariably notional and subject to the tighter control of the owners and promoters. This makes the Indian private higher education markedly different from those in the United States – a country which is often cited to promote private higher education in the country. Additionally, unlike the US, the Indian private higher education has been unable to diversify the sources of revenue and remains exclusively dependent upon students’ fees. This is in contrast to some major private universities in western countries like the US, where, according to statistics, students’ fees account for only a small fraction of the total costs of higher education – less than 40% and the rest 60% met by non-state and non-student sources.

(Tilak, 2014)

Private higher education in India is exorbitantly expensive and generally of poor quality causing an affordability barrier in access and thereby adversely impacting equity and inclusiveness. The espoused claim that the private sector provides quality higher education at affordable cost due to cost-savings and resource-use efficiency is rarely seen in the reality. As a consequence, even in the professional and technical higher education where the private sector has been operating for a fairly long period of time, a predominant proportion of their sanctioned intake capacity remain unfilled. This is either because they are too expensive for the students to afford or they offer such a poor quality of higher education that students do not find value for money. Barring a few notable exceptions, the private sector has neither been able to attract quality faculty nor been able to retain them for a longer period of time. This is amply indicated by a high to very high iteration rate amongst their faculty. These reflect badly on the performance of the private higher educational institutions in terms of their research, publications, patents, and ranking – national as well as global (Qamar, 2018b, 2020). At the same time, many an apprehension about the private sector may also be exaggerated. The UGC subgroup on privatisation and entry to foreign universities (UGC, 2006) had, for example, predicted that ‘unless this phenomenon is effectively regulated, it is expected that the public system of higher education may disappear within less than 10 years with serious social implications, besides serious distortions of the national knowledge system’ has proven wrong, as public higher education continues to play a major role.
Future trends in privatisation of higher education

Private participation in higher education is based on a wide variety of reasons. Economic liberalisation and structural adjustment policies, with stress on containing budgetary deficit by reducing public expenditure and market-oriented reforms, may be in the forefront (Tilak, 2018). The trend is likely aggravated further with increasing encouragement and incentivisation, though the private sector shall be expected to continue as charitable activity delivered on ‘not-for-profit’ basis (GOI, 2020). It should, therefore, be no surprise that the national education policy as announced recently places so much emphasis on treating the public and private higher educational institutional on equal footing (GOI, 2020). Promises and assurances of enhanced public funding for higher education, notwithstanding, the budgetary allocation for higher education is more likely to remain static, if not declining. Even if the allocation for higher education increases, a good proportion of the same may go for incentivising the private players. As grants are being linked to accreditation, ranking, and eminence, it appears that in future a major proportion of the public funding shall be allocated to a smaller number of better ranked elite higher educational institutions in the name of promoting excellence in higher education. The bulk of the higher educational institutions catering to a very large section of the student population are likely to suffer the most. Funding for access and equity shall remain confined to scholarship, mostly through cross-subsidisation and deferred cost recovery (GOI, 2019b). Thus, both the ‘push’ as well as the ‘pull’ factors favouring private participation in higher education (Rani, 2011) are likely to become more dire.

Public expenditure on education, hitherto seen as ‘investment in human resource development’ would increasingly be regarded as ‘subsidy’ and subsidy being wasteful and inefficient, attempts would be made to phase it out as sooner than later (Srivastava et al., 1997). With higher education classified as ‘non-merit’, ‘non-public good’ is likely to be the foremost casualty. Increasing ‘cost recovery’, imposition of ‘user pay principle’, and resorting to the ‘credit market’ as promoted by the Ambani-Birla Taskforce over two decades ago (Ambani and Birla, 2000) are more likely to guide the higher education development in the country. However, the governments are least likely to exit the higher education completely and leave the turf to the private sector. Instead, public higher educational institutions, deprived of funding and subjected to excessive regulation, may become marginalised to the extent that the private higher education providers become the first-choice destination for those who can afford. This has already happened in the case of school education and there is no reason that higher education would not follow a different trajectory (Zahid and Qamar, 2000).

Recommendations of a wide variety of committees, taskforces, groups, and subgroups constituted over the past two decades would come in handy for vigorously implementing student-loan programmes for the ‘economically needy and educationally deserving candidates’ with a ‘careful monitoring mechanism’ (NIEPA, 2005). The rising cost of higher education due to ‘user charges’ and ‘accelerated cost recovery’ even in the public-funded higher educational institutions has already created an affordability barrier for a significant section of the society. Further liberalisation of fee-regimes across higher educational institutions (public and private; professional and general) by empowering them to determine their fees will make equitable access to quality higher education a formidable challenge. Will the policy deprive a large section of the society from accessing higher education? Will a scheme of scholarship and freeship as envisaged by the draft national educational policy (GOI, 2019b, p. 300; 333) enable the economically needy and the deprived sections of the society?

An earlier suggestion of setting up a Higher Education Finance Corporation (HEFC) with contributions from the government, corporate sector, and non-governmental sources for
financing a higher education institution and students has already been mentioned in the draft national education policy (GOI, 2019b). Critically, the idea of a ‘soft loan’ promoted earlier has already been implemented in the form of Student Loan Guarantee and Interest Subsidy schemes, though we do not know as yet how this scheme has impacted access and equity for the section of the people for whom it was originally intended (Rani, 2016). This is also the case with the Higher Education Funding Agency (HEFA), which has replaced the development grants earlier given by the University Grants Commission to colleges and universities by the loan. Though presently the HEFA funding is confined to only centrally funded higher educational institutions, it might soon be extended to the state sector. Recommendations of the Punnayya Committee (UGC, 1993) and by the Swaminathan Committee (AICTE, 1994) for exploring alternative sources of finance to augment funds for higher and technical education through voluntary contribution, cost-recovery, user charges, consultancy, outsourcing of facilities and services for commercial uses, self-financing programmes, and deferred cost-recovery, etc. are already founded reflected in NEP 2020. These and similar recommendations had earlier been echoed in the Narayana Murthy Committee Report (Murthy, 2012) and the National Knowledge Commission Report on Higher Education (GOI, 2009).

The rise of the private sector has coincided with the decline of the public higher education system, caused by underinvestment leading to deterioration in their physical facilities, infrastructure and faculty resources, besides, political interference, archaic processes, and lack of autonomy that have impacted on their working and performance. The failure of the public higher education system to change with time to respond to the changes in the economic structure exerting pressure on the higher education sector to restructure and reorganise their programmes has further helped the cause of the private sector. This has to be set right by ensuring that the public higher educational institutions become a role model by conforming to all the standards in higher education by removing all the barriers in this regard.

In order to set good models for higher educational institutions, the educational institutions under the responsibility of governments should conform to all norms for quality education. Otherwise they lose their legitimate authority to insist on quality norms in private institutions.

(UGC, 2006)

Private higher educational institutions have also been known for their uncanny ability to remain immune to the regulatory restrictions. Historically, they were hardly affected by strict conditions laid down by the affiliating universities for granting affiliation (GOI, 1950, p. 401). Despite the insistence of the University Education Commission that colleges should not be accorded affiliation unless they satisfy the affiliating universities that they were eligible to receive grants-in-aid and that they were capable of undertaking internal assessment of its own students, poor-quality colleges continue to thrive (GOI, 1950, p. 370), compelling the NPE 1968 (GOI, 1998) to prescribe that the intake capacity of universities and colleges must be determined with due regard to their physical facilities, faculty, and staff. Despite the caution and urging to curb proliferation of poor-quality colleges and universities in the country, the higher education system continued to grow to become, by 1986, 150 universities and 5,000 colleges strong compelling the NPE 1986 (GOI, 1998) to reiterate that ‘in the near future the main emphasis (would) be on consolidation of and expansion of facilities in the existing institutions’ and that ‘considerable care was needed in establishing new universities … and new higher educational institutions should be started only after an adequate provision of funds has been made for the purpose and due care has been taken to ensure proper standards’. Since then, the number of universities,
colleges, and standalone higher educational institutions have gone up to 993, 39,110 and 1,075 respectively – a good chunk of them being of poor to very poor quality. There is a need for an effective regulatory framework to force private higher education providers to ‘meet public standards and adhere to public goals has and shall continue to remain elusive’. Efforts to legislate on these matters have failed. Bills seeking prevention of malpractices in higher education, setting up of tribunals, and accreditation authorities could not be passed in Parliament (Tilak, 2009).

Concluding observation

The drawbacks of the private higher educational institutions notwithstanding, they are still being encouraged and incentivised, though not as a substitute to the public higher education system but to play a complementary role. The system of higher education, thus, seems to be ‘inclining’ towards a ‘hybrid model’ (Da, 2007) compelling public and the private to coexist with all their contradictions and uniqueness. It is also realised that higher education is too important to be left to the vagaries of the market forces. Unlike consumer goods, which are bought for a monetary payment and can be returned if found faulty, educational products and services are earned over a period of time by paying not only a financial cost but also by investing a precious part of life. They are thus irreversible in nature. Investment in education is also unique in another sense; there is no secondary market for the degrees with no scope for an exit route if the market conditions turn unfavourable. The state is, thus, under obligation to ensure that educational services are intrinsically of high value. With this in mind, but much to the chagrin of the private sector, the regulatory regime in higher education is least likely to be relaxed any time soon. The regulatory framework is most likely to intensify in time to come, even though it is proven beyond doubt that the ‘quality of higher education is inversely proportional to the intensity of regulation’ (Qamar, 2017).

NEP 2020 has suggested a ‘light but tight’ regulatory regime (whatever that means) and prescribes accountability through stricter disclosure norms and related compliances and their wide dissemination using the available technology. This sounds good but far from the reality as private higher educational institutions have been quite reluctant in exposing themselves to public scrutiny. The All India Survey of Higher Education (AISHE) makes it mandatory for all higher educational institutions to submit the required data and for the purpose it has developed an elaborate protocol and network of nodal agencies and offices for ensuring strict compliance, but a substantial number of higher educational institutions still do not furnish all the required data, particularly the financial data. So much so that the AISHE has given up on the idea and has stopped reporting such statistics because they are either ‘unavailable’ or ‘unreliable’. This has been the fate of the Know Your College (KYC) portal; it is hardly updated and rarely reports financial data.

Policy prescriptions and regulatory dictates have hardly been known for their efficacy to predict outcome and the future course of development in higher education. In fact, the higher education sector has evinced remarkable resilience in defying developmental direction and in thwarting regulatory reins. Quite often, the higher education sector follows a trajectory that was least expected and often diametrically opposite to what policies envisaged, proposed, and sought to promote. And this is all the more true in the case of private participation in higher education.

Notes

1 In terms of legal position, all educational activities – higher and technical education being no exception – have to be organised and delivered by not-for-profit organisations in the form of societies registered
under Societies Registration Act 1875 or by a charitable trust or, more recently, as a not-for-profit company registered under Section 8 (earlier Section 35) of the Companies Act. The Supreme Court has also ruled that the educational institutions cannot make profit, though they can generate a reasonable surplus for the future expansion and development of the institution itself. It is on these grounds that the educational institutions are exempt from Income Tax provided that they spent 85 per cent of their revenue on their core educational activities, and in case they cannot in any particular year, they shall have to undertake to spend such savings for their core activities within the next five years. Thus, when people talk about ‘profit motive’ in the Indian context, they invariably mean the possibility of making hidden profit out of educational activities.

2 Chhattisgarh, a newly created state in 2000, enacted the Chhattisgarh Nijji Kshetra (Sthapana aur Viniyaman) Adhiniyam in 2002 to establish self-financed private universities – an umbrella legislation that empowered the government to notify private universities. The Act was such a roaring success that by 2004 as many as 112 private universities were established under this Act. Concerned with massive mushrooming of universities of poor quality with least regard to human resources, infrastructure, and physical facilities, Prof. Yashpal approached the Supreme Court which in its judgement in 2005 declared two sections of the Adhiniyam as ultra vires with the effect that all the universities established under the Adhiniyam ceased to exist.

3 The spread of self-financed private universities across different states is evident from the AISHE data (GOI, 2018). By 2017–2018 as many as 23 states already had as many 261 self-financed private universities accounting for 36.6 per cent of the total number of universities in these states. In absolute numbers, Rajasthan (with 43 private universities), Gujarat (31), Uttar Pradesh (27) and Madhya Pradesh (22) lead the group. In relative terms, Meghalaya (with private universities accounting for 75% of the total universities in the state) leads the pack followed closely by Sikkim (71.4%). Himachal Pradesh (68%), Nagaland (60%), Rajasthan (54.4%), and Arunachal Pradesh (55.6%).

4 Even though the 11th Plan document provided for experimenting with the PPP model in higher education, there were no guidelines to guide the process except for a Sub-Group Report on PPP in Social Sector (GOI, 2004). With this in mind, the author, in his capacity as Advisor (Education) in the Planning Commission took upon himself to develop a draft consultation paper on PPP in higher and technical education (Commission, 2008). The draft paper was discussed in a series of meetings with various stakeholders and was profusely appreciated for being comprehensive with several models and many possibilities. At the same time, it was severely criticised by the opponents of the idea (Tilak, 2016) for pushing the agenda of the whole-hog privatisation of higher education; and also by the proponents of the PPP model for severely lacking in prescribing the user-charges and cost recovery. Consequently, the paper could not be accepted as an official document on PPP. This was the fate of the UGC document on PPP in higher education.

5 Higher education received a major push during the 11th Five Year Plan, which provided for establishing 16 new central universities, 14 new world-class universities, 20 new IITs, 7 new IISERs and an NIT in all such states that so far had none, a scheme for strengthening and upgrading the state universities and their colleges, and also the establishment of 370 model degree colleges to cover the underserved districts. These schemes continued during the 12th Plan.

6 As Vice Chancellor, University of Rajasthan in 2009, I discovered to my dismay that the university was receiving no more than Rs. 40 Crores as block grants whereas its budgetary requirements at that time exceeded Rs. 214 Crores. Obviously, the university was mobilising the rest of the required resources through internally generated revenue.

7 Most of the affiliating type technical/technological universities, even with on campus teaching, generate enough resources through affiliation and examination related fees that they are not only self-sufficient but also rendering surpluses. Many universities in the country are presently receiving a demand for income tax on the surpluses generated by them, the rules permit tax exemptions only to such public universities that are substantially funded out of the public exchequer. In fact, most of the older Indian Institutes of Management (IIMs) no longer depend on the government for financial support.

8 The diversity may be quite complex in India but is certainly not unique (Bjarnason et al., 2009).

9 As Vice Chancellor of the University of Rajasthan in 2009, the author had to deal with a large number of private teacher training colleges affiliated to the university. Most of them would be found lacking in meeting the minimum prescribed facilities, resources, and faculty. All persuasion to address the noted and informed deficits usually fell on deaf ears and the university was unable, at least morally, to compel them to comply with the norms and standards because the faculty of education of the university itself was running in a poorer infrastructure with only two faculty members as against the minimum prescribed ten.
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