

# Role of Privatization on Higher Education in India

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**Abstract:** Higher education has been one of the key sectors, which provide direction to the national development. In size India is third largest higher education system country in size in the world, next to China and to U.S..It grows rapidly after independence. Privatization of higher education was initiated in 1991 with the initiation of the Liberalisation, Privatization and Globalization (LPG) Policy. In India Privatization of higher education introduced new policies and programs to provide more employments to students , outcomes and income opportunities and achieve economic development at Regional, State wise, National and International levels It consists of three phases as funding, philanthropic to public and then to private financing. Changing patterns have altered regulations, equity, efficiency and quality of higher education. Indian society is a mixed society consisting of a large number of haves and have not. So if we see in Indian social structure, educational system cannot be privatized as in the developed states of the world. It is necessary to allow the private players to enter in the field of higher education under such provisions that the basic concept of the welfare state should be protected and it remains in the reach of every citizen. . The size of increased demand and its projected growth. clearly indicate the need of new institutions imparting quality education in the subject areas of contemporary relevance and job opportunities. Education is the most significant input for the expansion and prosperity of a nation. It provides strength and resilience to enable people to respond to the changing needs of the hour. Education is the backbone of all national endeavors. It has transform the power in human beings .We cannot build a prosperous and sustainable nation without human resource development that mainly depends on the health and vitality of higher education. Apart from primary secondary and higher education is the main instrument for development and transformation. Higher education has the important role of making leaders for different walks of life: social, political, economic, cultural, scientific and technological. This paper is aimed at focusing role of Privatization on higher education. This paper aim to create the awareness of privatization which is one of most important factor in Higher Education .In this paper we study the Role of privatization education on Higher education in India. Findings of the study shows that privatization plays significant role in higher education and it concludes that if education is to be effected, it can be carried out only through the medium of privatization.

**Key Words:** Role of Privatization, Privatization, Higher Education, Impact, LPG.

## 1. INTRODUCTION:

In the 21st century the privatization of education is a growing & complex issue. It became important keeping in mind the large population and their reach for education. Privatization is a process, which can be defined as the transfer of assets, management, functions or responsibilities (relating to educations) previously owned or carried put the state to private sectors. This chapter focuses on privatization in higher education and its relation with globalization and liberalization and also its problem, need, issues and challenges. A well Developed and system of higher education that promotes quality learning as a consequences of both teaching and research is central for success in the emerging knowledge economy. So, our government is responsible for providing higher education to all .But Indian education system is facing many challenges. Government has made special efforts in this field.

## 2. OBJECTIVES OF THE STUDY:

The study has the following main objectives-

- Role of Privatization on Higher Education in India
- To analyze the emergence of higher education.
- To find out the positive and negative impacts of higher education
- To review the status of higher education in India and also to examine the problems in higher education system;

### 3. WORK PLAN & METHODOLOGY:

The present study is Explanatory in nature and based on secondary data and pertinent literature have been compiled from published, documented and internet sources. The secondary sources of information mainly include publications of Ministry of Human Resource Development, Planning Commission, Ministry of Youth Affairs, Govt. of India. Previous studies, surveys and reports have been critically reviewed to get the insights on the topic of research.

#### Study Area:

This paper study area is India. India is in population 2nd rank among the world's most populated countries. With its current population of more than 1.21 billion people As per Census of India 2011, Total Population: 1210193422, Females: 586469174, Males: 623724248, Total Literacy: 778454120, Females: 334250358, Males: 444203,762,

Literacy rate according census 2011 : Total literacy rate: 74.04 %, Females: 65.46 %, Males: 82.14 %.

In this study we want to know the role of privatization on higher education.

#### Higher Education in India:

Starting of Indian education system is at 6 years age of a child. It comprises of 10 years of primary or elementary and secondary stages, 2 years of higher secondary stages, 3 years' bachelor degree, 2 years of master degree and at least three years for a PhD. According to National Education Policy -1986, this is known as 10+2+3 system. The Post Higher Secondary education is known as higher education in India. Higher education includes teaching, research, exacting applied work and social services activities of colleges and universities. It is widely known that higher education promotes social and economic development by enhancing human and technical capabilities of society. Technical and institutional changes are main components of development. The primary role of higher education is promoting to students by enhancing their knowledge, skills, attitudes and abilities while simultaneously empowering them as life logical and reflective learners and facilitating these changes by incorporating all of the various demographics of the population.

### 4. LITERATURE REVIEW:

Shils (1992) is of the view that the authorities of the universities compromises many times. The relationship between universities, government and society needs to be examined to cater the needs of higher education

Albatch (2010), According to there are four fundamental and interrelated forces operating in the domain of academics world over - massification of higher education, increasing dependency on knowledge and development of research universities, and information technology.

Garg , 1977 and Kulandaiswamy, 2005. There were two types of private institutions; aided and unaided. It has been reported that many of the private educational institutions were to be nonviable and mediocre. It was largely due to the poor quality of delivery in their services and inadequate enrolment rates of students

Tilak, 1992. for financial matters; private aided institutions did not have any significant role in sharing the cost of education

Shasrabuddhe and Srivastava, 1998, it would reduce the burden of the state, but at the same time these colleges get permission to charge high fees and mobilize their own resources as they wish .

### 5. Concept of Privatization:

Generally, privatization means initiation of private ownership, management and control of organizations or institutions. The management is in terms of deciding and responsibility of cash and administration.

The main salient feature of privatization is gradual transformation of public enterprise into non-public enterprise. So, it is a process which can be defined as the transfer of activities, decision making and responsibility of money, assets, administration from public institutions or organizations to private individual and agencies. Privatization of higher education was initiated in 1991 with the initiation of the Liberalization, Privatization and Globalisation (LPG) Policy. Privatization of higher education has emerged in several forms and types in the recent decade in India. Privatization within government higher education institutions takes place in the form of introducing self-financing courses within government institutions. Converting government aided non-public institutions in to private self-financing institutions. Allowing self-financing non public institution with recognition and also without recognition. This may be termed as commercial private higher education institutions. Private players area unit in the main engaged themselves in putting in place of state non-public universities, deemed university and academic institution with foreign collaboration. As a results of this, privatization of higher education has been growing day to day.

Over the last fifty years, government of India has provided full policy support and substantial funds to create one of the largest systems of higher education. Starting with 1950-51, there were only 263000 students in all disciplines in 750 colleges affiliated to 30 universities. This has grown up by 2006 to 10.5 million students in 17973 colleges affiliated to 348 universities (composed of general universities; science and technical universities; open universities; agricultural universities; women's universities; language universities and medical universities) making India's system of higher education the third largest in the world in terms of enrolment and also the largest in terms of number of institutions (Agarwal, 2006). India has developed Open University system to encourage distance learning.

There has been unprecedented growth of higher education in the country since Independence and the growth can be discussed in three phases (Agarwal, 2006). The first phase (from 1947 to 1980) relates to the growth of grant-in-aid (GIA) institutions or private aided institutions. The second phase (from 1980 to 2000) covers, in the wake of the economic reforms in early 1990s, the period of accelerated growth of private higher education due to the rising demand of higher education from the middle classes and the growing culture of entrepreneurship, with this period also marking virtual withdrawal of the government from taking additional responsibility for higher education in India. The third phase (from 2000 onwards) relates to the growth of deemed-to-be universities in private sectors. By early 2005, seven private universities recognized by UGC were set up in different states. But the Chhattisgarh case of closure of over 97 private universities, following the Supreme Court order in February 2005, attests to the fact that there are a number of loopholes in the regulatory system of higher education in the country.

Over the last decade, higher education has witnessed a steep growth trajectory. India has now the largest higher education system in the world in terms of number of institutions and the second largest in terms of number of students. However, despite impressive growth, India's higher education Gross Enrolment Ratio (GER) at 19.4 per cent is currently well below the global average of 27 per cent. This difference is even starker when compared with China and Brazil at 26 per cent and 36 per cent respectively (Ernst and Young, 2012). The government of India plans to increase GER in higher education to 30 per cent by 2020 (FYP, GOI, PC, 2012). The number of higher educational institutions has increased from about 30 universities and 750 colleges in 1950-51 to about 700 universities and university-level institutions and 35,324 colleges (as of 2012-13), according to a recent UGC report. It implies a 12-fold increase in the number of universities and 20-fold rise in the number of colleges since Independence in 1947. Table 2 provides the growth pattern of colleges and universities and university-level institutions from 1950-51 to 2012-13. although we see these changes but National Knowledge Commission ( NKC, 2006) in its evaluation of the state of higher education in India concludes that there is quite crisis in higher education that runs deep.

Moreover, the proportion of population in 18-24 age group which enters higher education institutions is just about 7% which is around 50% of the Asian coverage. Many reasons can be cited for this situation- sub-standard quality of education, absence of top notch faculty, poor utilization and crumbling infrastructure, inadequate funding of institutions and excessive political interference. Still government of India has achieved a good growth in higher education.

Following table shows number of private and public educational institutions.

## 6. Higher Education Institutions in India :

Currently, in India (see Table 1), there are three main types of tertiary education:

- i) University and university-level institutions,
- ii) ii) Colleges, and
- iii) iii) Diploma-awarding institutions (British Council, 2014).

**Table 1**

Type and Number of Institution	Central Institution	State Institution	Private Institution	Total
University and university-level institutions	152	316	191	659
Colleges	669	13,024	19,930	33,023
Diploma-awarding institutions	03	207	9,541	12,748
Percentage Enrollment in 2012	2.6%	38.6%	58.9%	100%

**Source: British Council (2014): Understanding India-The Future of Higher Education and opportunities for International Cooperation**

**Growth of Colleges and Universities in India during 1950-51 to 2012-2013**

Table 2

Years	Colleges of General Education	Colleges of Professional Education	Universities/Deemed Universities/Institutes of National Importance
1950-51	370	208	27
1960-61	967	852	45
1970-71	2285	992	82
1980-81	3421	3542**	110
1990-91	4862	886	184
2000-01	7929	2223	254
2001-02	8737	2409	272
2002-03	9166	2610	304
2003-04	9427	2751	304
2004-05	10377	3201	343
2005-06	11698	5284	350
2006-07	11458	8357	371
2007-08	13381	9718	406
2008-09	15852	12030	440
2012-13	----- 35,324	-----	700

**\*\* includes institutions for Post-Matric Courses**

**Source: Selected Educational Statistics-2005-06; Statistics of Higher & Technical Education-2008-09; Higher education at a Glance, UGC, 2013**

From the Table Number-2 the number of higher educational institutions has increased from about 30 universities and 750 colleges in 1950-51 to about 700 universities and university-level institutions and 35,324 colleges (as of 2012-13), according to a recent UGC report. It implies a 12-fold increase in the number of universities and 20-fold rise in the number of colleges since Independence in 1947. Table 2 provides the growth pattern of colleges and universities and university-level institutions from 1950-51 to 2012-13.

It is observed that most of the growth in the rapidly expanding higher education sector took place in private institutes. These private higher educational institutes are not only meant to meet the growing needs but also to make huge and quick profits. Since 1990's, budgetary allocations for higher education has decreased. Privatization has declined the needs of financial assistance to higher education sector made by the government.

### 6.1 Types of institutions imparting higher education in India-

- Universities under the Government
- Private Universities
- Colleges under Government
- Deemed Universities (Aided)
- Deemed Universities (Unaided)

### 6.2 Need of Privatization of Higher Education-

The basic need and objective of privatization of higher education in India was to reduce the number of public funded universities and colleges, authorize decentralization of academic administration and promote creativity, innovation and higher standard. Establishment of self-financing colleges had twin advantages in effects. Obviously, it would decrease the burden of the state. But in other hand it gives permission to colleges to charge high fees and mobilize their own resources as they want. But the thought of autonomous college and program for his or her institution brought severe criticism mainly as a result of the failure of delivering higher education. Moreover, though the proclamation of government was to encourage private funding without commercialization, in reality the intention of private agencies was to commercialize education system. On the other side of the spectrum, industrial entrepreneurs like Mukesh Ambani and Kumarmangalam Birla were invited to prepare Policy Framework for Reforms in Education" for the Prime Minister's Council on Trade and Industry in 2000. This trend led to a new shift in history of higher education in India. Its logic was as simple as to make education as profitable market venture in favour of industrialists.

The economy has increasingly been knowledge based while education opens new avenues for market expansion and competition to hit the market driven economy

Education is universally recognized as a important investment in building human capital. It is a key to technical innovation and economic advancement. Providing education is primary duty of our government. But there's a wave of privatization of education in our country. Actually government has diverted its focus from higher education to primary education and urged private sector to enter this sector that is termed as privatization of higher education.

As economic reforms were introduced in India in 1991, these reform packages imposed a heavy compression on public budgets on the education sector, more specifically on higher education. In the tenth 5 year plan document, it was stated that, "Since budget resources are limited and such resources as are available, need to be allocated to expand primary education, University fees are very low and in several universities haven't been raised in decades. A substantial hike in university fees is essential." So, the government has put in measures of hike in student fees, student loans and privatization in justification of availability and mobilization of resources to expand higher education.

### **6.3 Impact of privatization on higher education-**

The Indian education system is facing severe challenges in terms of infrastructure facilities, commitment and quality of teachers, course curriculum, supply and demand, quality of teaching, etc. The youth pursuing the higher education are facing severe challenges since the demand and supply of higher education is gradually increasing. A large number of youth are struggling in getting their admission in desired colleges and universities for pursuance of higher education while on the other hand; youth migrating from the rural areas in search of better educational opportunities face problems in admission in the universities and colleges as well as their adjustment in the city life. The youth in higher education system are in transitional phase and they are striving for better future oriented towards career growth. The impact of privatization, many committees were appointed.

Punnayya Committee and Swaminathan Panel has a consensus that one of the major sources of income is the fee from students. They recommended for an increase in fee level and in all kinds of fee and that institutions should raise the fee levels in such a way that at least 15 to 25% of the annual recurring cost per student is recovered from the students in the form of fees and from other sources at the end of ten years.

Government of India in its Prime Minister's Committee on Trade and Industry appointed a committee under the chairmanship of Mr. M. Ambani and Mr. K. Birla to suggest required reforms in education sector. This committee strongly suggested for full cost recovery from students even in public higher education institutions through hike in fees. They strongly stated that government should focus on development of primary education only and the responsibility of higher education should be delegated to private sector alone. They also urged the private university bill to be passed and also suggested that user-pay principle be strictly enforced in higher education supplemented by loans and grants to economically and socially backward sections of the society. Developing countries like India, only profit factor thrives these institutes and efficiency is neglected. We have seen that private institutions have their focus on quantity and not on quality this is the reason that quality of higher education is degrading and not according to youth.

Government has given too much independence to these private institutes which would lead to the commercialization of education. Commercialization of education gives rise to many problems like hike in students' fees, capitation fee, exploitation of professors etc. Besides, commodification of education may lead to the excessive emphasis on skill, employment and corporate-oriented education at the cost of basic sciences and the vast pool of traditional knowledge which would create an imbalance among various streams of learning. It has observed that private institutions also exploit the teachers and professors by paying salary those amounts which are not according to regulating agencies like UGC etc. By this the efforts of teachers and professors and may finally result in the fall of standard of education. This has also made teaching as unpopular profession.

Sometimes, private institutes also employed unethical practices to increase the number of students in their institutes. They admit the students by charging exorbitant amount as capitation fee and ignore standard admission procedures like entrance test, merit list, interviews etc. This practice harms those students who cannot afford capitation fee of the institutes and ultimately brilliant students remain deprived of higher education.

But there is another side of coin also. Some positive effects of privatization are also noted. Private colleges are almost independent of political interventions. Honorable Supreme Court, stated that unaided professional institutes are autonomous in their administration and decisions. But they have to follow necessary guidelines notified by regulating agencies regarding admission, examination, recruitment of staff etc. But on the other side some positive effects of privatization are noted.

It is clear that better quality of higher education can also be provided by private sector. As we know, government is facing acute shortage of funds and grants given by government for higher education has been cut on a drastic scale and on the other side demand of higher education is increasing, then only feasible way is privatization of education. So this is the major factor responsible for it. There are some positive and some negative impact of privatization on education-

#### **6.4 Positive impact of Privatization-**

- Easy access to high education
- Reduce distance of educational institutions
- Relief of financial burden on Government
- To provide of quality education to students
- Admission possible for low merit
- Designing the curriculum in accordance to global, national and local needs
- Free from political interference in recruitment
- Better employment of students
- Free in decision making

#### **6.5 Negative Impact of Privatization-**

- High Cost of Education
- Poor Faculty
- Lack of quality Education
- Inadequate infrastructure
- Education is a Business
- Exploitation of staff
- Out of reach for Poor

### **7. CONCLUSION:**

The phenomenon of private universities in India has become widely accepted. There is today a private university in nearly every major city of India and their increase in size in the last three or four years is a cause for concern on several counts. There was, therefore, the need to study the growth and expansion of the private university sector and examine them in terms of their enrolment, courses offered, financing, governance, facilities and quality provisions. There was, therefore, the need to look at the reasons as to why such universities are established and also assess their ability to live up to those reasons. In so doing, there was also the need to consider some of the challenges that have prevented the universities from fully achieving their noble objectives. The paper used data collected from administering the questionnaires during the survey. The data were analysed by using simple descriptive statistics and also by using content- based analysis. Private universities were set up with a mission and vision to be a source of knowledge so as to provide vocational and job opportunities to their students. They have their own specific features and are special in their own way. They are in the expansion phase when they lay greater emphasis on getting good quality students, increased enrolment, getting experienced and qualified teachers and getting funding agencies for undertaking research activities. Admission process and recruitment are yet to improve. Some of the private universities have started to function without proper planning or thought on matters like conducting admissions, intake capacity, fee structure, pay structure. Some universities are ambitious enough to offer professional degrees without having enough teaching learning-facilities and without well-trained professional faculty staff. Private university needs to be a university specialized in a particular area instead of trying to start many courses simultaneously. Some of the central universities like Banaras Hindu University and Aligarh Muslim University came up with the efforts, dedication and funding of community and since 1990's; trend towards privatization has been on a large scale. Providing free and compulsory education to all is a basic duty of government and it can't be neglected. So government must invest a lot of funds in development of primary education. Government cannot absolve its responsibility of regulating private institutes.

So some government regulation agencies have to formed which assure quality and transparency. There is an emergence need to regulate quality but not growth of supply. To ensure access to higher education by weaker section of society, government has to increase public expenditure on higher education. So an improvement in the standards of education could be achieved through a balanced relationship between public and private sector. Although there are several drawbacks of privatization of higher education, it is sure to improve the present educational system. On the whole, an improvement in the standards of education could be achieved through a balanced relationship between public and private sector. Although there are many drawbacks of privatization of higher education in India, it is sure to improve the present educational system.

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