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Author

Gupta, Asha

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INTERNATIONAL TRENDS IN PRIVATE HIGHER EDUCATION AND THE INDIAN SCENARIO*

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Asha Gupta[†]

Coordinator, UGC Major Research Project on Vocationalization and Privatization
of Higher Education in India

Visiting Scholar, Center for Studies in Higher Education, UC Berkeley

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ABSTRACT

The following paper highlights the political, economic, socio-cultural, ethical, philosophical, legal, and practical aspects of the far-reaching theme of international trends in private higher education, in general. It also focuses on the driving forces, causes and consequences of the emergence of private higher education in India during the last three decades, in particular. Though there has been more acceptance of private higher education institutions in India today than the 'trepidation' felt at their emergence three decades ago, certain basic questions about its role remain. Is the presence of the private sector in higher education inevitable? Is it desirable? Besides focusing on certain basic issues at stake, this paper discusses at length the role of judiciary in private higher education in India.

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[†] Dr. Asha Gupta, former Principal of Bharati College, University of Delhi, is currently engaged in post-doctoral research on "Vocationalization and Privatization of Higher Education in India" under the UGC Major Research Project. It is an extension of her earlier research on the welfare state, privatization, and socialism in theory and practice. A two-time recipient of the FES and SICI Senior Research Fellowships, Dr. Gupta is also a PROPHE affiliate. Among several books and papers to her credit, the books include: *Beyond Privatization: A Global Perspective* (UK, Macmillan, 2000), *Changing Perspectives of the Welfare State: The Issue of Privatization* (New Delhi, Pragati Publications, 1994), and *Comparative Government and Politics* (New Delhi, Gitanjali Publications, 1990).

The Context

At the dawn of the 21st century, we stand poised between a collapsing past and uncertain future, when established landmarks are disappearing and new ones have yet to appear. We find the world facing both quantitative and qualitative changes – quantitative in terms of economic growth and technological innovations, and qualitative in terms of a new paradigm of an evolving society governed by altogether different values and ethos. With the end of cold war and the fall of communism, we are left with a world that is more fluid, fragmented, and multi-polar than ever before. The process of trade liberalization and privatization has also led to economic integration of markets at the global level. Moreover, technological innovations in transport, information, and communication have already led to the compression of the ‘economic’ and ‘learning space’ (Gupta, 2004).

In the era of knowledge-driven economy and learning societies, both formal and informal education is playing an increasingly vital role in promoting economic solidarity, social cohesion, individual growth, sustainable development, and a culture of peace and world citizenship. Whereas our views about the way we live, learn, work, and ‘think about work’ have changed, the acquisition of knowledge and skills provided by a traditional formal educational setup do not correspond. Therefore, a new paradigm must evolve that is developmental, human-centered, environmentally sound, and all-inclusive, so as to prepare learners to be contributors to knowledge and not just mere recipients of knowledge. It has opened up new challenges and opportunities for higher education institutions – whether public, private, or hybrid.

Just a few years ago, we could not have imagined a university without classrooms, or a library without books. Nor could we imagine a university existing 10,000 miles away from its students. Nor could we imagine technocrats rather than faculty and academic staff managing sensitive information and knowledge ‘online’. Yet all of this is true today. The University of Phoenix, for example, one of the most dynamic amongst the distance learning universities, has an enrolment of over 200,000 students across the world. A for-profit corporation, it is listed on the New York Stock Exchange. In the US, there are approximately 3000 institutions offering online education and training. By the end of 2004, at least 1.9 million students were to be taking at least one course online. Currently there are more than 1000 corporate universities competing for educational markets in the US and abroad (Douglass, 2005a).

Science parks have lately emerged in the education sector, based upon public-private partnerships for research activities. We find such science parks in Taipei, Japan, and Singapore. In Taipei, for instance, there is a science-based industrial park at Hsinchu. It has been built near the major universities with both government and private support, and it has attracted the attention of many hi-tech firms in China and other parts of the world. Additionally, some university-owned firms, partly funded by the private sector, are producing certain products for the educational market. A number of universities are entering into contracts with private publishers. Similarly, a large number of private enterprises are entering into agreements with various universities to meet their technological and other requirements or to help them with the distribution of their knowledge-based products. There are abundant examples of private booksellers, food services, and providers of other services, academic and non-academic alike (Altbach, 2000: 68-84).

Given the increasingly corporate culture in higher education, it is not surprising that 'education' has been included as a 'service' or a 'commodity' under the General Agreement on Trade and Tariffs (GATT) and World Trade Organization (WTO). Though UNESCO has been striving hard towards protecting and strengthening higher education as a common good at the global level by promoting pluralism and diversity, on the one hand, and equitable access, capacity building, and sharing of knowledge, on the other, the GATS and WTO are striving equally hard towards reducing the barriers to 'trade' in higher education.

No wonder, then, that we find the academic institutions and business enterprises of the North actively selling educational programs to middle-income and emerging economies in the South. The former have made collaborative arrangements with overseas institutions or offshore campuses via distance or online education. They are able to use new technologies and international collaboration effectively and rapidly for the education of approximately 84 million students attending about 2000 universities and colleges worldwide. These institutions operate in a largely unregulated environment, although organizations like GATE (The Global Alliance for Transnational Education) have recently come to the forefront with the aim of fostering and maintaining quality in cross-border higher education enterprises.

International Trends

The concept of private higher education is not new. In Asia, private institutions have always been a central part of higher education. Private higher education has been playing a major role in Japan, South Korea, Taiwan, Taipei, Indonesia, and the Philippines. In these countries, up to 80 percent of students attend private institutions. Private higher education is reported to be rapidly growing in China, Vietnam, Cambodia, and other central Asian republics as well. Generally, private post-secondary institutions are found to be at the lower end in terms of prestige, though there are some high quality private universities, such as Waseda and Keio in Japan, De La Salle and the Ateneo de Manila in the Philippines, Yonsei in South Korea, and Santa Dharma in Indonesia. These universities are among the oldest in their respective countries and share a reputation of training the elite class (Altbach, 2002).

Another category of new private institutions comprises those specializing in fields such as management, technology, or education, with the sole aim of offering high quality academic degrees having market acceptability. The Asian Institute of Technology in the Philippines and the National Institute of Information Technology in India fall in this category. Besides private universities and colleges serving the mass higher education market on a massive scale, there are some non-selective institutions run by individuals or families. There are also some institutions sponsored by private, non-profit religious groups or ethnic organizations.

Many Asian countries already have considerable experience in managing private higher education institutions on a large scale, whereas other countries have picked this up during the last 25 to 30 years. Whereas we find a long tradition of private higher education in Asia, we find dramatic changes in terms of the public-private mix in Eastern Europe in the last few years. There are 91 private business schools in Poland, 29 in the Czech Republic, 21 in Armenia, 18 in Romania, and 4 in Bulgaria. In the Cote d'Ivoire, professional training is exclusively in the private domain, and in Gambia 44% of skill-

based education and training is privately provided. About 75% of tertiary education in India is supposed to be under private management (Patrinós, 2002). Whereas most of the private colleges are affiliated with the open schools or public universities, we also find examples of new private universities being set up under the Private Universities Acts passed by some of the newly emergent states in India such as Chattisgarh or Uttaranchal.

China has more than 1200 private higher education institutions today, though not all of them enjoy official government authorization. By the end of 2002, only 4 private colleges had been authorized to award the bachelor's degree and 129 were authorized to grant degrees below the level of the bachelor's. The private sector accounts for 10% of the total enrollment in post-secondary education in China (Yan and Levy, 2003). Whereas the public-private educational institutions in Shanghai and Beijing enjoy reasonably good reputations, the schools in Shenyang are not doing so well. These *Minban Gongzhu* (owned and supported by the government through property and infrastructure) are seen as breeding corruption, sacrificing quality for the sake of profit, and putting unnecessary pressures on students and their families (www.ahedu.gov.cn).

The notion of private ownership is different in China from that prevailing in the western world. *Minban* or *Sili* (private institutions) remain only partly owned by the government and administered by independent parties. On 28 December 2002, China promulgated its first national legislation on private education. The law aimed at facilitating private growth and initiated a longer process to accredit, merge, dismantle, or change institutions at higher level. China's initial recognition of private education under the 1982 constitution was quite vague and timely action was required to provide legitimacy to the private institutions engaged in higher education. These institutions are now playing an important role in filling the gap between demand and supply, on the one hand, and stemming the brain drain by providing job opportunities to many local Chinese, on the other.

Unlike China, private higher education in post-communist Russia is only a decade old and public involvement in the creation of private higher education institutions has been substantial. Russian private higher education institutions are generally referred to as 'non-state' institutions to demarcate them from both the government and private institutions. Though these institutions are not funded by the central government, they rely considerably on support and resources from other state-run organizations and agencies. Often their connection to government bodies is much closer than is openly declared. There are more than 500 private institutions that account for roughly 10 percent of enrolment in higher education, mostly under market-related programs such as economics, law, psychology, sociology, social work, business administration, and other such fields that do not require much investment, equipment, or research facilities.

Similarly, in Vietnam, about 12% of the students attend "nonpublic institutions". There the first non-public institution, known as the Thang Long University, was established in 1989 on an experimental basis. By 2002-3, Vietnam had 23 nonpublic post-secondary institutions. Out of these, 16 were people-founded universities, 2 were people-founded colleges, 1 was a semi-public university, and 4 were semi-public colleges. People-founded institutions are owned and managed by the NGOs or private associations, whereas the semi-public institutions are owned and operated by the public authorities with some private support. In future, private individuals may also own and operate non-public higher educational institutions along with some foreign-owned institutions (Ngoc Minh Le and Mark A. Ashwill, 2004).

Closer to home, in Malaysia there has been rapid growth of private higher education. There are 691 private colleges and universities and 4 foreign university campuses. Malaysia is one of a few countries that had long ago allowed private higher education, without granting it full status. Recently the government has put restrictions on funding study abroad programs. Instead it is striving hard to attract foreign students from neighboring countries by making Malaysia an educational hub. In fact, between 1997 and 2000, foreign enrollment grew by 60% in Malaysia (www.worldbank.org/edinvest). Malaysia relies on the private sector both to meet the excessive demand for higher education and technical skills, and to generate revenues from abroad (Lee and Levy, 2003).

The private sector is making inroads into higher education in the Middle East, as well. For instance, in Afghanistan, along with political and economic changes, we find equivalent changes in the education sector. The Afghan government is actively planning for the first private university, the American University of Afghanistan. This university is to be American style, with English as the medium of instruction and mainly American professors as faculty. In Saudi Arabia, the government has given permission to private organizations to set up 2 new universities and 36 colleges as part of its privatization policy. The colleges are to be spread over the 9 cities and are to be in addition to 6 already existing private colleges with licenses from the Ministry of Higher Education (Pasternak, 2004).

In Latin America, the oldest universities are private institutions set up by the Catholic Church. But now the trend is in favour of for-profit private universities. For instance, the University of the Americas, owned by Sylvan Learning System, is making big profits despite deriving criticism from Chile's academia for lower quality and higher fees. This private university, however, prides itself on offering access and international ties (Bollag, 2003). Surprisingly, the private sector in Chile is allowed to function *de facto*, even if it is not granted *de jure* status. But in Argentina, private higher education institutions have been allowed full license for a provisional period of time. The private sector has now captured a fifth of university enrollments and a fourth of total higher education enrollments there (Levy, 1999: 21).

There is a long tradition of private career colleges in Canada. Today even the public universities are working very hard to pursue private links (Humphries, 2002). Their focus is on internationalization as a proactive response to the worldwide circulation of ideas, technology, capital, and people (Knight, 2003). There is a wide range of private post-secondary institutions working in Canada, offering programs in areas such as aviation, business, computer training, hospitality, tourism, and English as second language, among others. While these institutions are required to register with the provincial government (education being under the jurisdiction of the Canadian provinces), they are not accredited directly by the government. Rather, the institutions may be encouraged to apply for accreditation by the Private Post-Secondary Education Commissions in their respective provinces. Canada is the first country to have passed the Private Post-secondary Education Act in 1996 in order to protect the interests of students and their families as consumers.

In the United States, some of the private institutions are able to focus on 'quality education' and 'narrow purpose'. The rationale behind private post-secondary education seems to be high quality, high costs, and high prestige, on the one hand, and cultural distinctiveness and additional services, on the other (Geiger, 1990). No wonder the

private for-profit post-secondary institutions are doing well, whereas traditional public universities and colleges are often struggling financially. In the case of private post-secondary education, the market and short-term considerations have an edge over academics and long-term goals. Private equity funds are investing hugely in the US for-profit higher education market in the wake of increasing job market and political acceptance of these institutions. Traditional colleges and universities are also investing in private for-profit education themselves, for example Brown University, Dartmouth College, Johns Hopkins University, Washington University in St. Louis, and Harvard University (Blumenstyk, 2003).

Whereas private higher education is growing worldwide in response to a number of factors and with a variety of goals—meeting the demand for advanced levels of knowledge and technological skills that exceeds the supply; providing more choices or differentiated products to meet the specific demands of the students as consumers and clients; more feasibly implementing variable fee structures on the basis of ability to pay; adopting practices from business management to increase accountability and economic efficiency; shouldering some governmental burdens; rectifying inequalitarian, over-, or mis-use of public provision of higher education; making the government focus on its prime duty towards literacy and basic education; saving public subsidies for public goods; generating revenues and making innovations through experimentation—there can be significant variations at the socio-cultural and national levels (James, 1993; World Bank, 1999; Rose, 2002).

Most of the Western European countries are still dominated by public universities, while private higher education is becoming more successful in Eastern Europe. In the United Kingdom and many other countries, the distinction between public and private colleges is getting blurrier by the day. One of the reasons is the competition from the new private post-secondary institutions that are more affordable and market-oriented. Another is the change in public policies regarding private initiative in post-secondary education. We also find some new institutions financed by a mixture of public and private resources. Governments are no longer indifferent or hostile to the private sector in most countries (Levy, 2002a).

But there is no dearth of examples of the post-secondary private institutions unable to survive in the wake of harsh competition and demand for quality education. For instance, many institutions were forced to close down in Japan. Poor economic performance, falling birth rates, and a decade-old recession were reported to be the prime factors responsible for their closure. Some of the private higher education institutions could not survive as, in Japan, faculty salaries were accounting for 60-70% of operating costs (Brender, 2003). In Mexico, where the number of private universities rose from 67 in 1975 to 1368 in 2003, the government has had to close 88 private universities over the past two years for failing to comply with basic educational standards.

In the same vein, the Ugandan government has had to clamp down on private tertiary institutions operating illegally. The National Council for Higher education in Uganda published a list of 13 private degree-awarding authorities that it licensed and warned against enrolling in non-authorized institutions. Uganda is representative of most African countries, where we find a sharp rise in private higher education. Most of it has occurred as “unregulated surprise” and “unanticipated development” (Levy, 2002b). In most of these cases, the governments are engaged in more clearly defining roles in private

higher education, regulating these institutions, and guarding the interests of the students as clients against low quality suppliers in open markets.

Kenya, on the other hand, provides another example where the number of students seeking private higher education is declining. In Kenya, private higher education has a longer history than in most other states in Africa, but their share in student enrolment is declining as a result of the adoption of the Module II programme by the public universities. Here the private universities are also facing challenges from entrepreneurial foreign universities from South Africa, the UK, and Australia (Otieno, 2004).

In most African countries, the assessment and accreditation bodies have been set up by national or provincial governments to regulate quality, curricula, fee structures, faculty competence, accessibility, etc. A large number of private higher education institutions end up filling the gap between supply and demand or performing traditional socio-economic functions. Most of them remain public as far as their missions are concerned.

Private institutions worldwide are generally criticized for their privateness, their lack of quality or accessibility, or their contribution to the commercialization or commodification of higher education. It is not generally recognized, however, that it is always the 'private' that dominates both the public and the private. Neither privatization nor nationalization could have occurred without the prior consensus or nexus between business and politics. Moreover, the private sector can cater to diversified needs on a smaller or more select basis more easily than can the public sector. In fact, the private sector can also be given credit for the expansion of higher education in most countries in the last three decades. It can provide quality education to the elite, vocational education to the needy, and low quality education to those who neither merit nor can afford a better education. It can also provide education to those who are already employed, through distance or online education on an "anytime, anywhere" basis.

Whither India?

By global standards, India is doing fairly well. It runs the third largest higher educational system and has the third largest pool of skilled personpower in the world, despite the fact that only 7.2% of the youth in the 17-23 age group have access to higher education. The government is neither able nor willing to start new post-secondary education institutions to meet the target of providing access to at least 10% of the populace by the end of X five year plan (2002-07). If India is to be amongst the category of the developed countries, it must provide access to higher education and technological skills for at least 20% of the youth in the relevant age group by 2020. In order to achieve this ambitious goal, the government in India has no other option but to rope in the private sector and private investment in higher education in a big way.

The government share of higher education cannot be enlarged substantially in view of competitive pressures on the economy in the wake of structural adjustment programmes. Realistically speaking, this is primarily because of mounting debts rather than ideological overtones, as India already had a debt of US \$12 billion in 2003 (*The Economist*, UK, 26 April 2003). Although public expenditure on higher education has been augmented to Rs. 2712 crore, and on technical education to Rs. 733.40 crore for 2005-2006 (about 1% of the GDP), it is not sufficient in terms of unit cost per student (Budget Analysis, 2005-06). Since 2003, the Government of India started 2% of cess, a

special tax on all trading just to generate additional resources for education, but this amount cannot be used for higher education. It is earmarked solely for primary education, which is a constitutional obligation for all governments in India - whether leftist, rightist or coalition.

Table 1: Public Expenditure on Higher Education in India

| Year | Expenditure on Education in terms of % of GDP | Expenditure on Higher Education in terms of % of total Expenditure on Education | Expenditure on Higher Education as % of GDP |
|-------------|-----------------------------------------------|---------------------------------------------------------------------------------|---------------------------------------------|
| 1991-92 | 3.44 | 9.78 | 0.41 |
| 1992-93 | 3.78 | 10.79 | 0.40 |
| 1993-94 | 3.68 | 10.97 | 0.39 |
| 1994-95 | 3.61 | 10.81 | 0.37 |
| 1995-96 | 3.60 | 10.14 | 0.35 |
| 1996-97 | 3.57 | 9.77 | 0.35 |
| 1997-98 | 3.53 | 10.01 | 0.38 |
| 1998-99 | 3.85 | 9.93 | 0.46 |
| 1999-00 (R) | 4.37 | 10.63 | 0.48 |
| 2000-01 (B) | 3.91 | 12.14 | 0.60 |
| 2001-02 (B) | 4.18 | 7.52 | 0.43 |

Source: Analysis of Budget Expenditure (various issues)

In India, private investment in higher education already amounted to 15.1%, in comparison to 6.8% public investment, during the period 1995-2000. According to the *Time News Network* (17 April 2003), private higher education enterprises were worth Rs.100,000 crore (approximately US \$20,000 million) whereas public higher education accounted for only Rs. 35,000 crore (approximately US \$7,000 million). According to Urmi A. Goswami, approximately 90 percent or more of the colleges in IT, engineering, and management sectors are private (*The Economic Times*, New Delhi, 5 May 2003: 5).

Table 2: Types of Public Colleges in India (2001-2002)

| Nomenclature | Number of colleges |
|----------------------------------------------------------------------------------------------------------------------------------|--------------------|
| Arts, Commerce, Science & Oriental Learning | 11,128 |
| Engineering/Technology/Architecture | 1,077 |
| Medical Colleges, including Dental, Ayurvedic, Homeopathy, Pharmacy, Physiotherapy, etc. | 1,253 |
| Teacher Training | 784 |
| Agriculture | 106 |
| Law | 368 |
| Veterinary/Animal Science | 50 |
| Others, including Library Science, Physical Education, Yoga, Music, Fine Arts, Social Work, Journalism, Mass Communication, etc. | 671 |
| Total | 15,437 |

Source: University Grants Commission, New Delhi (as of 1 January 2002)

Patrinós (2002) estimates that three-fourths of higher education institutions in India are under private management. It is difficult to get reliable information on private higher education in developing countries because private higher education institutions are not always registered. Unlike in western societies, private higher education institutions in developing countries do not consider themselves duty-bound to provide data and statistics for official surveys and analysis (Kitaev, 1999).

India provides a big market and playing field for private initiatives at both the national and international levels. It is very rich in human resources, in terms of quantity as well as quality. About 55% of its population is below the age of 30, and it has a burgeoning middle class comprised of about 350 million people that is willing to invest in quality higher education (Pillai, 2003). No wonder that foreign universities from the US, Canada, UK, Australia, New Zealand, and Singapore are vying for students from India. India, too, is trying to attract students from neighboring countries. It is also willing to cater to the needs of the Indian Diaspora. Many non-resident Indians are now sending their wards to India for professional education in the fields of medicine, engineering, and business management. For them, higher education in India is both cost-effective and culturally rich.

India is being projected as a would-be super-power by the year 2020; at the same time, higher education, which is growing at the rate of 20% per annum worldwide, is being counted as one of the most important ingredients in knowledge-based economies.. India therefore faces a big challenge in achieving its goals in this respect. Private initiatives in higher education are not only feasible, but also desirable, if India is to meet the target of 20% of its youth in the age group of 17-23, as against 7.2% today. The government has not been able to attain the desired level of literacy during the last 60 years. At the time of independence, the literacy level was just 14%; India's target is a 100% literacy rate by 2020. At present there are 300 million adult illiterates in India and only 60 million out of 170 million children at the primary school level are able to make to secondary education. Out of these 160 million, only 9 million make it to post-secondary education (www.educationworldonline.net).

Table 3: International Comparisons in Higher Education

| Country | Enrolment in Higher Education in terms of % | Collection from tuition and other fees | Govern- ment subsidies | Private donations and others | Income from endow- ment | Sale and services provided by higher education insti- tutions |
|----------------|--------------------------------------------------------------------|-----------------------------------------------------------|---------------------------------------|---------------------------------------------|--------------------------------------------|----------------------------------------------------------------------------------------------|
| USA | 92 (1995) | 39.6 (1990) | 19.2 (1990) | 13.3 (1990) | 5.3 (1990) | 22.6 (1990) |
| Canada | 88 (1995) | 14.2 (1993) | 65.2 (1993) | 6.8 (1993) | 4.8 (1993) | 8.0 (1993) |
| Japan | 45 (2002)* | 70.4 (1987) | 13.0 (1987) | 6.5 (1987) | 10.0 (1987) | 0.0 (1987) |
| S. Korea | 68 (1997) | 82.0 (1988) | 3.0 (1988) | 10.0 (1988) | 5.0 (1988) | 0.0 (1988) |
| India | 7.2 (2002)** | 12.4 (1987) | 80.5 (1987) | 6.5 (1987) | 0.43 (1987) | 0.0 (1987) |

Source: UNESCO (1999), *Altbach and Ogawa (2002), **Gupta (2004)

Every year so many Indian students join private colleges, whether recognized and unrecognized, primarily because most of them are either unable to find a place in reputable public universities or are unable to get into the subject of their choice due to very tough and highly competitive India-wide entrance exams. Many—hundreds of thousands—leave the country every year to study abroad, even if it means studying at exorbitantly costly private higher education institutions or poorly rated public universities. Indians form the largest group of foreign students in the USA, followed by Chinese and South Koreans, though there are some reports of a decline in their numbers in recent years (Douglass, 2005b). India can save a lot of resources, and perhaps also generate additional resources, by encouraging both for-profit and non-state actors in foreign collaboration to provide quality education in India itself. It can also take advantage of virtual, online, and distance education, particularly given its strengths in terms of the latest technology.

Even the government and UGC in India are no longer averse to private higher education, and social consensus is also in favour of private education in general. In August 1995, the Government of India came out with a Private Universities Establishment and Regulation Bill in the Rajya Sabha (the upper chamber of Indian Parliament). Resistance from the private sector itself—opposition to huge endowment funds, to guarantees of free tuition for a fixed number of students (approximately 30%), and to regulation by the government—prevented the bill's passage, however. The central government has yet to pass legislation on private higher education in its attempts to avoid too many controversies and legal hassles. It needs to define clearly what is implied by the terms 'private', 'public', 'government aided', and 'government unaided' or 'self-financed' higher education. It also needs to clarify the concept of 'charity'. Though for-profit private higher education is still a taboo, most private higher education institutions, working in the name of charity, are actually making huge profits through dubious means.

Though the national government has not passed, as yet, an act facilitating or regulating private colleges and universities in India, many state governments have already passed the Private Universities Establishment and Maintenance Acts, for instance the states of Uttar Pradesh, Uttaranchal, and Chattisgarh, among others. Some of the states in the southern and western parts of India took advantage of their Christian population and a tradition of English as the medium of instruction at the secondary level. They were the first to set up private colleges in the name of minorities, to accommodate those students who could financially afford professional education but failed to get admission into public universities on the basis of merit or open competition. Most private colleges and universities cater to short-term market needs, in terms of courses of study, whereas the mainstay in public universities remains in arts, sciences, and commerce. Of late, we find some decline in enrolments in pure sciences, but a rise in management courses.

Table 4: Student Enrolment in Public Universities by Academic Discipline (2002-2003)

| Academic Discipline | Total Enrolment | Enrolment in terms of % |
|----------------------------|------------------------|--------------------------------|
| Arts | 41,58,606 | 45.07 |
| Sciences | 18,34,493 | 19.88 |
| Commerce/Management | 16,60,238 | 17.99 |
| Education | 1,32,572 | 1.43 |
| Engineering/Technology | 6,92,087 | 7.50 |
| Medicine | 3, 00,669 | 3.25 |
| Agriculture | 55,367 | 0.60 |
| Veterinary Science | 14,765 | 0.16 |
| Other | 80,745 | 0.88 |
| Total | 92,27,833 | 100.00 |

Source: University Grants Commission

The vast majority of students enroll in private professional and job-oriented courses. In 1999, the Ministry of Human Resource Development set up a core group of 6 members to look at the popularity of private medical and engineering colleges in some states. Experts from the private sector and prestigious institutions were solicited for their views and recommendations on various issues relating to the private initiatives in higher education in India. The FICCI (Federation of Indian Chamber of Commerce and Industry) was also a part of this core group. On the issues of private higher education institutions, foreign universities, and the prospects of marketing Indian education abroad, there was consensus on the following points:

1. There is an urgent need for the private sector to be enabled to operate in the education field in a major way.
2. The high quality of the education system and the necessity of adapting to changes speedily must be emphasized.
3. Concrete efforts should be made to attract foreign students to study in India. Similarly, Indian educational institutions, universities, and centers of higher learning should be allowed to operate in other countries.
4. Foreign institutions and universities should be allowed to operate in India in a transparent manner. Proper guidelines should be made available for the students and their parents when choosing a university.
5. Private institutions should be given flexibility in terms of raising adequate resources to be able to operate without depending on government funding. Rules and regulations should be framed or changed to ease the private sector's participation into higher education.
6. Some regulatory devices should be enforced to ensure quality of education and to restrain the commercialization or commodification of education by for-profit organizations and institutes.

A special Task Force was also constituted under the Prime Minister's Council on Trade and Industry (PMCTI) to explore private investment in education, health, and rural

development. This Task Force submitted a report, known as the Ambani-Birla Report (April 2000). This group advocates a fundamental change in terms of looking at education as social development and promotes education that is more adaptive, competitive, and technology oriented. They envisage a knowledge-based economy and revolution through using cyber age education and the Internet for the “dot-com” generations. They envisage huge potential for growth and development in a country like India, which has a population of one billion people, comprising one-sixth of humanity. They are in favour of granting operational freedom and flexibility to financial institutions to be able to invest in private higher education and of doing away with excessive regulations and “rigid” teaching traditions.

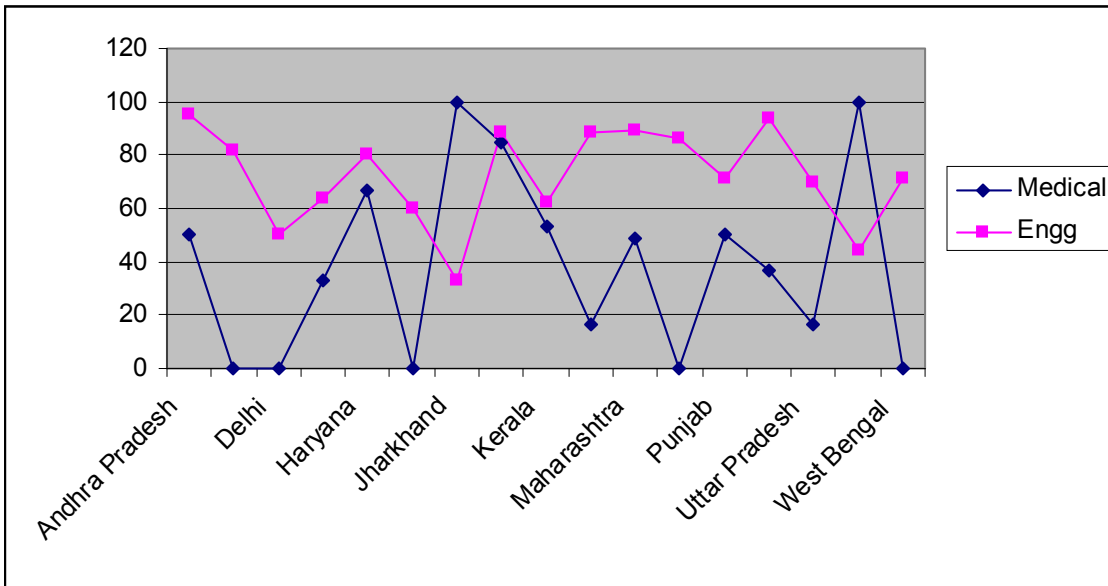
As an emergent economy, India needs higher education to be able to grow in several directions. In addition to skilled person-power, it needs sound intellectual capital. It needs men and women well equipped in terms of knowledge and technological skills to deal with the challenges posed by globalization and the information revolution. It is an enormous task to educate and train all the youth in the relevant age group in a country with a population over one billion. It is beyond the reach of the government, and beyond the reach of the private sector. There is no other alternative but to forge partnerships between public and private, national and international institutions engaged in the business of higher education. It is a tedious job requiring highly qualified faculties, technical facilities, and staff. Though delivering higher education through the latest technology and distance education can be cost-effective in the long run, it requires huge resources in the initial stages.

Self-Financing Colleges

India has come out with a novel scheme of self-financing colleges and self-supporting courses. For instance, as of 2001, the state of Andhra Pradesh in India has 174 private engineering colleges, compared to 14 government colleges; and 53 medical colleges, compared to 20 government colleges. In the state of Karnataka, there are 31 engineering, 14 medical, and 22 dental colleges under the private consortium. The state of Sikkim has just 1 private engineering and 1 private medical college, whereas the National Territory of Delhi has 13 public engineering and 14 medical colleges, as opposed to 7 private engineering and 6 private medical colleges. The private sector has an upper hand in all 32 states far as degree and diploma courses in ayurvedic, Unani, homeopathy, and physiotherapy are concerned (Powar and Bhalla, 2004:178-82).

In the discipline of law, as well, some private institutions have come forward, such as Symbiosis in Pune (www.symlaw@pn2.vsnl.net.in), Amity Law School at Delhi (www.amity.org), and the FICCI Institute of Intellectual Property Development at New Delhi. The FICCI offers a 6-month post-graduate diploma in Intellectual Property Management Administration & Law, recognized by the Ministry of Human Resource Development. IGNOU also offers a Diploma in Intellectual Property Rights in association with the World Intellectual Property Rights Organization. This course covers patents, trademarks, copyrights, risk mitigation, designs, research, and documentation.

Figure 1: Percentage of Medical and Engineering Colleges under Private Management (as of 2003)



Source: Medical Council of India and AICTE, 2003

There has been a tremendous rise in self-financing engineering, medical, management, and teacher training schools during the last 10 to 15 years. In Maharashtra, there were 81 private against 14 public management schools and 214 private against 59 government teachers' training institutions (www.ncte-in.org, 15 February 2004). The surge in private engineering and technological education can be seen from the fact that the state of Andhra Pradesh had just one private engineering college in 1978, whereas the number rose to 174 in 2002. In Karnataka, their number rose from 17 in 1978 to 72 in 2002, in Maharashtra from 1 to 141, in Tamil Nadu from 0 to 137, in Haryana from 2 to 22, and in Uttar Pradesh from 1 to 58.

It is surprising to find a cluster of private medical and engineering colleges in the western and southern parts of India. In Andhra Pradesh, Kerala, Karnataka, and Maharashtra, caste, class, geography and a sizable number of English speaking people played a dominant role in the surge of private higher education institutions in early 1980s, whereas states such as Uttar Pradesh, Bihar, and Haryana lagged behind, primarily due to demography, poor infrastructure, and the prevalence of Hindi as medium of instruction. The rise of private higher education institutions in the northern parts of India is a recent phenomenon.

Self-financing colleges and centers of higher learning are to be welcomed, as these can relieve some of the burden on central and state governments and help the economy and society by providing professionally trained personnel. For instance, the Delhi State Government has recently established Guru Gobind Singh Indraprastha University to offer, on a self-financing basis, professional courses like engineering, medicine, computer science, management, law, education, and pharmacy. As of 2001-2, It has 47 affiliated institutions, 12 of those in engineering and architecture, with a total number of 1590 seats. Some of them are doing very well in terms of quality education, while others are working only for profit.

Table 5: Public vs. Private Medical and Engineering Colleges

| State | <u>Medical Colleges</u> | | | <u>Engineering Colleges</u> | | |
|-------------------------|-------------------------|----------------|----------------------|-----------------------------|----------------|----------------------|
| | <i>Govern- ment</i> | <i>Private</i> | <i>% Private</i> | <i>Govern- ment</i> | <i>Private</i> | <i>% Private</i> |
| Andhra Pradesh | 14 | 14 | 50.0 | 10 | 213 | 95.5 |
| Chattisgarh | 2 | 0 | 0.0 | 2 | 9 | 81.8 |
| Delhi | 5 | 0 | 0.0 | 7 | 7 | 50.0 |
| Gujarat | 8 | 4 | 33.3 | 9 | 16 | 64.0 |
| Haryana | 1 | 2 | 66.6 | 7 | 29 | 80.5 |
| Himachal Pradesh | 2 | 0 | 0.0 | 2 | 3 | 60.0 |
| Jharkhand | 0 | 2 | 100.0 | 4 | 2 | 33.3 |
| Karnataka | 4 | 22 | 84.6 | 13 | 99 | 88.4 |
| Kerala | 7 | 8 | 53.3 | 31 | 51 | 62.2 |
| Madhya Pradesh | 5 | 1 | 16.7 | 6 | 47 | 88.7 |
| Maharashtra | 19 | 18 | 48.6 | 16 | 133 | 89.3 |
| Orissa | 3 | 0 | 0.0 | 6 | 38 | 86.4 |
| Punjab | 3 | 3 | 50.0 | 11 | 27 | 71.0 |
| Tamil Nadu | 12 | 7 | 36.8 | 16 | 234 | 93.6 |
| Uttar Pradesh | 10 | 2 | 16.7 | 25 | 58 | 69.9 |
| Uttaranchal | 0 | 2 | 100.0 | 5 | 4 | 44.4 |
| West Bengal | 7 | 0 | 0.0 | 15 | 37 | 71.2 |

Source: Medical Council of India and AICTE.

Given these statistics, we find a shift from 'privatization' to 'self-financing' in the case of India. The extreme version of privatization, in terms of divestiture, is not politically feasible. Nor is it possible to recover the full costs of higher education from students and their families. The possibilities for raising funds through philanthropy, endowment, and charity are also limited, though the scope for "pseudo-privatization" is high where higher education is "privately provided but publicly funded" (Tilak, 1992). The scope for the commercialization of higher education is still higher. The self-financing institutions focus on provision, control, and management by a private agency on self-supporting and self-sustaining basis.

Self-financing colleges are becoming popular in some southern states such as Andhra Pradesh, Karnataka, and Tamil Nadu; and northern states such as Uttar Pradesh, Haryana, Madhya Pradesh, and Delhi. These are acceptable to the central and state governments because they do not impose any financial burden on their exchequer and yet help meet market demands for trained personnel. Some of these institutions have the necessary links with top industries and business houses. Some of the public universities are also running vocational and career-oriented courses—such as Bachelor of Elective Education (B.El.Ed), Bachelor of Computer Application (BCA), Bachelor of Business Studies (BBS), and Diploma in Global Business and Mass Communication—on a self-financing and self-supporting basis under the UGC's new scheme of vocationalization of higher education.

There are four models of self-financing colleges at the undergraduate and post-graduate levels: (1) the Manipal model, (2) the marketing model, (3) the sponsoring model, and (4)

the franchising model. The Manipal model is based on the philosophy that those students who are willing to pay for their education should be provided the facilities to pursue the course of their choice. The Manipal Academy of Higher Education is a pioneer in self-financing higher education in India in that it is completely managed and funded by private enterprise. Under the marketing model, institutions that are run by both the central and state governments are allowed to start professional courses at the undergraduate level on a self-financing and self-supporting basis. Usually such courses are managed with the help of part-time or guest faculty.

The sponsoring model is popular with the corporate sector as it can come to their rescue by providing the requisite managerial and executive personnel or reorienting existing personnel in the latest knowledge and technological skills. For instance, IIT Delhi is conducting a course in M.Tech. in telecom technology, sponsored by Bharti Enterprise at the cost of Rs.135,000 (US \$ 2800) per student, up to an initial maximum of 10 students. Various other institutes are conducting courses such as construction technology, power generation, and telecom technology for various corporate companies in India. The self-financing institutions based on the franchising model, meanwhile, have to follow the norms prescribed by the affiliating universities. They also have to adhere to rules and regulations laid down by those universities with regard to payment, allocation of seats, and contents.

There are various incentives for adopting privatization measures and for encouraging private sector and private investment in higher education in India. It would be futile to locate the causes of privatization within the state itself. Nor can it be seen in simple terms of emulating western experiences in higher education privatization. It may be best described in terms of 'domestication of international trends in higher education' or 'internationalization of domestic needs and aspirations'. Each country occupies a distinctive position in the international arena as its patterns of behaviour and outcome are affected by domestic politics and economics. As such, the very objectives and strategies of financing higher education may vary from country to country and with time, depending upon prevailing socio-economic conditions and the political culture.

Different countries may react to different problems in different ways and the policy outcomes may have a common appearance only by chance. On the other hand, there may be certain common factors responsible for certain political and economical changes while the various affected countries may or may not interact with, learn from, or induce change in other countries. At the same time, different countries may or may not face similar problems yet they may try to emulate certain policies through interactions with one another (Gupta, 2000: xiv).

Though the self-financing colleges under the private sector and self-financing courses affiliated with public universities and colleges have found favour with the burgeoning middle class in India, they are criticized by some in academia for eroding educational quality; for perpetuating socio-cultural disparities and economic inequalities; and for contributing to a decline in moral values, the escalation of dowries, a rise in corruption, etc. Their sole aim seems to be profit, and we find a mismatch between demand and supply. For instance, many IT professionals and software consultants experienced psychological trauma in the wake of layoffs several years ago, both in India and abroad. Additionally, the number of vacant seats in private engineering colleges in Andhra Pradesh is forcing them to admit students with the bare minimum of qualifications (*The Economic Times*, New Delhi, 15 May 2003).

In fact, the motivations of profit and politics can be cited as the prime factors responsible for the phenomenal growth of private colleges and universities in India. Most of this growth has been by default and not by design (Kapur and Mehta, 2004). There is no coherence, legislative direction, or regulatory framework to guide his or her unwarranted growth. Though some of them are able to provide quality education and much-needed training in information technology, most of them lack the necessary infrastructure and faculty for quality education. There are reports of some universities and colleges duping gullible students and their families by providing fake degrees, diplomas, and certificates. There are some foreign universities also involved in this sort of fraud. The government cannot shy away from its responsibility of providing transparent information to students and their parents about the private colleges functioning in India.

In this context, the question of autonomy versus accountability is crucial. On the one hand, private higher education requires autonomy, a vision for the future, secrecy, and risk-taking behavior on the part of top managers-cum-administrators due to their entrepreneurial role. On the other hand, the political democracy calls for accountability, citizen participation, openness, and transparency in policymaking, administration, fee structure, and common entrance tests. This conflict is reflected in the various Supreme Court judgments concerning private higher education in India over the last few years.

Recent Judicial Interventions

When the laws are unclear and both the central and state legislation is ambiguous about the setting and functioning of private universities, which after all are quite a recent phenomenon in India, the judiciary is bound to intervene. Unsurprisingly, there has been a plethora of litigation during the last three to five years over common entrance exams, fee structures, and management quotas. In the most recent judgment, on 11 February 2005, in the case of *Professor Yashpal Sharma and Others vs. the State of Chattisgarh*, the Supreme Court of India declared null and void all the private universities set up under the Chattisgarh Private Sector Universities (Establishment and Regulation) Act of 2002. Professor Yashpal Sharma, a resident of Chattisgarh and former Chairman of the UGC, had taken the stance that all 117 private universities set up under the Section 5 of the Chattisgarh Private Universities Act were illegal as they had negated the role of the UGC.

Section 5 of this act had empowered the state government to establish a private university simply by publishing a notification in the official Gazette and then by laying it on the table of the legislative assembly. In his challenge to the legality of this section, Professor Sharma did not take issue with the concept of private universities *per se*, but with the way 117 private universities cropped in his home state in less than a year after the passing of the Private Universities Act in October 2002. Most of them, he charged, were set "in an indiscriminate and mechanical manner without having slightest regard to the availability of any infrastructure, teaching facility or their financial resources." Many of them had "absolutely no buildings or campuses and were running from one room tenements."

It was also pointed out that these private universities were conferring degrees, diplomas, and certificates for courses unapproved by the agencies responsible for higher education in the various states, such as UGC, AICTE, MCI, DCI, and NCTE. In fact, in

the name of “vocationalization” and “job-oriented courses,” these private universities had started some short-term and long-term programmes that were recognized neither by the state nor by the market. For instance, the organizers of one such university issued an advertisement seeking alliances with local nodal service centers, universities in other states, or open learning programmes at the national level for courses that had never been heard of before. Since they enjoyed legal status, they thought they would be able to confer all sorts of degrees, such as “Member of the International Institute of Medical Sciences” or “Fellow of the International Institute of Medical Sciences Court.”

The State of Chattisgarh, on the other hand, took the stand that it was very much within the rights of a state or even of a private individual to establish a university under its constitutional provisions (Entry 32 of List 11 of the Seventh Schedule) and subsequent court judgments. It further held that it had passed the Private Universities Act only to “facilitate establishment of private universities with a view to create supplementary resources for assisting the state government in providing quality higher education” (*Education in India*, 15 February 2005). Although the Supreme Court of India upheld the right of the state government to establish a private university, it observed:

It (the private university) should be a pre-established institution for higher education with all the infrastructural facilities and qualities which may justify its claim for being conferred with the status of a University and only such an institution can be conferred the legal status and the juristic personality of a University.

Since the 117 private universities were abruptly closed when the Supreme Court judgment went into effect, the approximately 20,000 students at these universities had no choice but to seek admission elsewhere. The closings implied underhanded dealings by students or their parent institutions whether this was actually the case or not.

With its judgment in the Chattisgarh case, the court tried to uphold the superior status of the UGC, *vis-à-vis* the various state governments, in disbursing central funds, but it did not succeed in this mission. The judgment given in the case of Chattisgarh affected only the 117 private established under the private Universities Act of Chattisgarh. Other private universities established in other states were not affected. For instance, the ICFAI was not affected as it came under the jurisdiction of the private universities acts of three different states.

In yet another very important case, *T. M. A. Pai vs. The State of Karnataka* (October 2002), the Supreme Court generously extended to all Indian citizens the right to establish higher education institutions, which previously had been granted only to minorities, defined in terms of language or religion. For this, it had to reverse the stand it had taken earlier in the case of *Unni Krishnan J. P. vs. The State of Andhra Pradesh*, which allowed the various state governments to administer and regulate admission to privately promoted institutions for professional education that received no aid from the state. The court judgments in these two particular cases proved to be quite contradictory (Gupta, 2005).

A serious debate took place during the *T. M. A. Pai* case proceedings about whether to regard higher education in the category of “profession,” “trade,” “occupation,” or “service” as per Article 19(6) of the Indian Constitution, or as a public charity as it has traditionally been regarded in Indian culture. Whereas in the *Unni Krishnan* case there

was some confusion over treating education as an “occupation” —whether as the “principal business of one’s life,” as “taking up one’s time, thought and energies,” or as a “job in which one is engaged with a degree of permanency attached” (*Webster International Dictionary*, Third edition: 1650)—there was no such confusion in the *T. M. A. Pai* case. In this latter case, the Supreme Court ruled:

The establishment and running of an educational institution, where a large number of persons are employed as teachers or administrative staff, and an activity is carried on that results in the imparting of knowledge to the students, must necessarily be regarded as an occupation, even if there is no element of profit generation. It is difficult to comprehend that education, *per se*, will not fall under any of the four expressions in Article 19(1) g. ‘Occupation’ would be an activity of a person undertaken as a means of livelihood or a mission of life. The above quoted observations in *Sodan Singh’s* case correctly interpret the expression ‘occupation’ in Article 19(1) g.

Under this judgment, the expression “private educational institutions” was used not only for educational institutions set up by secular persons or bodies but also for those set up by religious denominations. Though the Supreme Court recognized education as falling within the meaning of the expression ‘occupation’, it refused to regard it as a ‘trade’ or ‘business’ where profit was the main motive. It also refused to uphold its own decision in the 1978 case of *Bangalore Water Supply and Sewage Board vs. A. Rajappa and others*, which regarded education as an ‘industry’. In the *T.M.A.Pai* case, taking a defensive stand, Justice Jeevan Reddy remarked:

We do not think that the said observation ‘that education as industry’ in a different context has any application here.

It seems that the learned judge tried to avoid the issue of trade in higher education at that particular stage where there was neither public nor political acceptability of for-profit private higher education. The right to establish higher education institutions was conferred to the minorities, extended to all citizens under *T. M. A. Pai* case, to spread knowledge or preserve specific cultural-religious values but not to earn profits. In 1957, the Supreme Court had taken a stance against for-profit higher education in its judgment in the case of *State of Bombay vs. R.M.D. Chamarbaugwala* (SCR 874). The court likewise took, a tough stand against for-profit higher education in the *Unni Krishnan* case, in which it observed:

Private colleges ... are felt necessities of the time. That does not mean that one should tolerate the so called colleges run in thatched huts with hardly any equipment, with no or improvised laboratories, scarce facility to learn in an unhealthy atmosphere, for (sic) from conducive to education. Such of them must be put down ruthlessly with an iron hand irrespective of who has started the institution or who desires to set up such an institution. They are poisonous weeds in the fields of education. Those who venture are the financial adventurers without morals or scruples. Their only aim is to make money, driving a hard bargain, exploiting eagerness to acquire a professional degree, which would be a passport to employment in a country rampant with unemployment. They could even be called pirates in the high seas of education.

Needless to say, the private stakeholders are quite unhappy with recent judicial interventions in higher education in India. The private higher education institutions are allowed neither autonomy nor fiscal incentives. They cannot grant degrees and diplomas on their own, nor can they reap any profit officially or legally. The frequent interventions by the judiciary over trivial and administrative matters, which should have been sorted out at the local and institutional level itself, shows how “superfluous” and “seasonal” the discourse on higher education in India has been (Gupta, 2004).

Issues at Stake

Currently, there is more acceptance of private higher education institutions, private financing, public-private partnerships, and for-profit higher education institutions affiliated with philanthropic and non-governmental organizations than the “trepidation” that has been felt at their emergence in different phases during last three decades. But India must give more thought to some of the issues related to private higher education before legally denationalizing the higher education sector. It should realize from past experiences, both in India and abroad, that both nationalization and denationalization must be regarded as trends, with no intrinsic value of their own. Many other factors make them good or bad, desirable or undesirable, successes or failures. In the case of the privatization of higher education, in general, and the greater involvement of the private sector and private funding in higher education, we must ask some basic questions: is the privatization of higher education desirable? and is the involvement of the private sector in higher education inevitable? (Gupta, 1994).

In this context, more specific questions must be considered as well. What are the causes of the surge in private higher education during the last few decades? What are the common traits of private higher education worldwide? What are the public policies towards private initiatives in higher education? Can private higher education ever be in the public interest? How can we make private institutions more accountable to the general public? How can the public ensure quality education at privately funded or self-financed higher education institutions? How can the interests of the faculty and students be protected at privately managed higher education institutions? Do such institutions owe any obligation to the society in terms of equity or accessibility? Should the government be allowed to withdraw gradually from the higher education sector in the name of austerity or private gain?

These questions lead to considerations of overall policy. How can private post-secondary institutions be made more responsible towards their social, national, or global obligations, especially if religious, linguistic, or other minority groups manage them at the local level? How should such institutions be regulated? Should such institutions be regulated at all, or left to the markets? Should higher education institutions be publicly funded? Should the government provide incentives to rope in the private sector? Should there be tax incentives to get public support for private education? Should prospective employees be made to share some of these costs in the form of a “graduate tax”? Should the private sector be allowed to shift the substantial costs of higher education to students and their families? Is for-profit private higher education acceptable? What are the ethics involved in private higher education? Is private higher education gender-specific or gender-neutral?

In the same vein, one might ask about the specific mission and target audience for private higher education. Can private higher education institutions maintain an elite status and yet provide accessibility? Can they maintain quality, especially if they aim for a mass market? Is private higher education only profitable in market-oriented disciplines? If so, who will take care of the social sciences, pure sciences, and humanities? Can certain social responsibilities be imposed upon private higher education? Does private higher education and technical training lead to better professional growth, but at the cost of holistic development? Does it prepare only for professional roles and individualism at the cost of the social, national, civic, or humanitarian roles expected of the highly educated and professional class? Should higher education be treated as a public good or a private gain? All of these questions await honest answers.

What Needs to Be Done?

Perhaps India needs a four-tier system of higher education: (1) public, (2) private, (3) public-private partnership, and (4) community colleges. Though Indians generally enjoy the reputation of being highly intelligent, diligent, and emotionally strong, this is not universally true. Though India is rich in terms of human resources and highly professional personpower, there is no dearth of gullible men and women. Though it has a sizeable middle class that can afford to be educated at some of the most prestigious universities in the USA, UK, Australia, New Zealand, or Singapore, many people can't even afford for their wards to be educated at the prestigious IITs or IIMs in India despite the fact that these institutions admit students on the basis of merit; students often must rely on public or private loans. Hence no one system can be good for the whole of India, almost a continent in terms of its diversity of both population and geography.

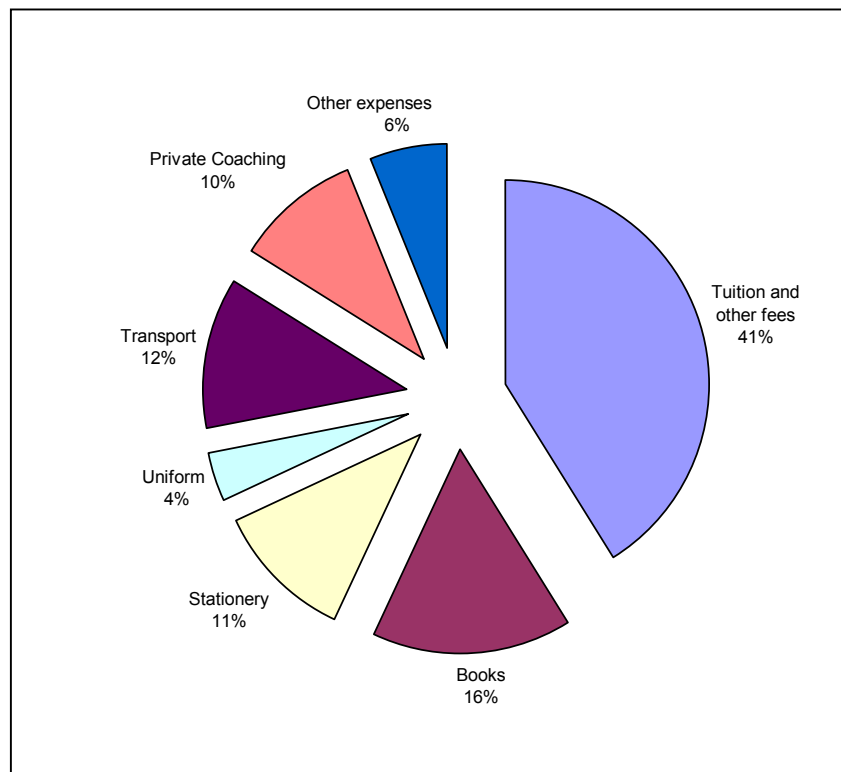
India needs to look beyond universities. It cannot provide access to post secondary education even for 50% of its youth in the age group of 17-23 in the near future, as do most of the European states or the US. Nor can most of its higher education institutions ever achieve the level of "world class" institutions, though perhaps this is not necessary. India needs different levels of efficiency. It needs different types of institutions, whether public, private or hybrid, to meet different types of needs and aspirations in terms of quality, content, mode of instruction, or job prospects. While some scholars do study just for the sake of knowledge, for the vast majority, higher education implies better job prospects. India needs to focus more on short term as well long term programmes in vocational education and technical skills in collaboration with the private sector. There is no harm in allowing private enterprises to make some profits, provided they are able to maintain quality, accountability, and transparency. Those who can afford to pay for luxury or consumer goods should be made to pay for quality higher education of choice. Those who cannot afford to pay should be offered scholarships or loans.

Realistically speaking, it is better to allow private higher education and vocational training institutions to function on the basis of for-profit rather than as "pure charity," which is no longer sustainable in the era of market economy, calculating citizens and consumer-students looking for "value for money" or "value for time." In return, these for-profit institutions can be required to share certain social responsibilities. They could provide scholarships to the very bright and freeship to the very needy. They could share their physical resources, faculty, and training or research facilities for public purposes on a limited basis. Or, they could contribute a tiny percentage of their income towards the

special needs of primary, adult, female, mentally challenged, or handicapped students. They could be made to share in social responsibility with an eye towards the millennium goal of “education for all” in terms of cash or kind. There is no point in making them maintain the appearance of charitable trusts while reaping huge profits through dubious or unhandled dealings, in the process duping the masses but enriching the already rich and shrewd politicians.

It is high time to amend the UGC Act or the Companies Act of 1956 to make provisions for for-profit higher education. Neither the public nor the non-profit private sectors can meet the challenge of educating all the aspiring students in the 17-23 age group, or meet the standards set by some of the advanced economies. India cannot rely much on philanthropy, whose share in higher education has declined from 17% at the time of independence to just 2% over the last few years. It seems that in the future, a substantial amount of the costs of education will have to be shared by the third sector: students and their families, as private beneficiaries. It will not be possible for the states, already in retreat, to foot the bill for massification of higher education. This is very clear from the rise of for-profit private higher education worldwide. We cannot ignore the question of the source of its income while pondering over the purposes of higher education. If most of the private higher education institutions in India are surviving only on the basis of the tuition fees charged their students, it is inaccurate to call them “charitable,” in any case.

Figure 2: Household Expenditures for Higher Education in India



Source: NSSO (1998). p. A117.

We must find a way to regulate the “sudden” and “unwarranted” growth of private higher education in India without stifling its “natural growth.” Even the World Bank and the International Finance Corporation are willing to invest in private higher education (Thapiyal, 2003). The IFC has entered into partnerships with the International Development Association to promote the privatization of higher education on the basis of its realization that there is a growing demand for quality education and skilled personpower that cannot be handled exclusively by the public sectors due to fiscal constraints, poor quality, inefficiencies, or distributional inequities. The IFC considers it wise to rely on the public sector, which is willing to invest in higher education and technological skills in the wake of enabling policy environments and economic liberalization. Recognizing profit as the necessary motivating factor, the IFC maintained:

Profitability is as important in education as in any other industry in the private sector. After all, profits are the very basis of sustainability. Without them, private schools would slide into bankruptcy and be of no value to the clients... Given the importance of education and weakness of private education sector in (some of the) countries, IFC should assume a proactive stance in helping establish the conditions, which will help edupreneurs, minimize risks and increase the profitability of being profitable.

Instead of outlawing for-profit higher private higher education institutions in the name of age-old socio-cultural traditions as regards higher education, in this era of market economy and globalization it would be better to regulate them. India cannot make much progress with policies of “half-baked” socialism or “half-baked capitalism” (Kapur and Mehta, 2004; Gupta, 1987). Nor should one forget that private higher education institutions are bound to differ from their counterparts in terms of objectives, funding, students, faculty, facilities, and governance, despite all attempts towards isomorphism of public higher education institutions and an apparent blurring of the public-private divide (Gupta, 2004).

Therefore, prudence requires private regulatory bodies to assess and accredit private higher education institutions in India. There are instances of university-initiated regulatory bodies, such as Japan’s JUAA, New Zealand’s AAU, and the Philippines’ PAASCU (Stella, 2004). In many advanced economies, private higher education institutions have themselves welcomed the idea of external quality control in order to gain legitimacy, acceptability, and a competitive edge. What private higher education institutions in India actually need, for the time being, is not stricter regulation by the UGC, AICTE, or NAAC, but rather effective regulation by some independent bodies that allow them enough space to grow without questioning their prudence or stifling their autonomy and creativity.

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