

Prospects and Strategies of Public Private Partnership in Higher Education in India



Authors

C. Vijayalakshmi*

Address For correspondence:

PhD Research Scholar, Department of Economics, Avinashilingam Institute for Home Science and Higher Education for Women, Coimbatore

Abstract:

India has the largest higher education system in the world with respect to the number of institutions. Higher education enrolment has grown at a healthy pace, with 3.6 million students being added over the last four years. Enrolment in Arts and Science courses account for more than 60% of the total enrolment in higher education. Undergraduate students account for 85% of the total enrolment in higher education. In this context a study on was formulated with following objectives to study the trends in higher education in India and to identify the role of public private partnership in higher education. Trends in the number of public and private higher institution and enrolment in the number of government higher education institution had increased from 4342 to 4493. The State-wise Number of Universities Uttar Pradesh has the highest number of Central Universities, Andhra Pradesh has the highest number of State Universities and Rajasthan has the highest number of private universities. The percentage share of private sector in medical colleges was high in Jharkhand and Uttar Pradesh (100%). However, a share of private sector in engineering college was found to be the highest in Tamil Nadu (93.6%). The study recommended mmeasures to Improve Public Private Sector Participation in Higher Education as facilitating trust between public and private sector, designing transparent and accountable management system and establishing an accreditation that ensures quality higher education.

vijnadar86@gmail.com * Corresponding Author Email-Id

Importance of Higher Education:

In a rapidly changing social and natural environment, higher education plays a varied and complex role in development. Without adequate higher education and research institutions providing a critical mass of skilled and educate people, no country can ensure genuine endogenous and sustainable development. Higher education has given ample proof of its viability over the centuries and of its ability to change and to induce change and progress in society. (M. Arulmozhi, 2012)

India has the largest higher education system in the world with respect to the number of institutions. Higher education enrolment has grown at a healthy pace, with 3.6 million students being added over the last four years. India's higher education system is the world's third largest with respect to student enrolment, next only to China and the USA (2008; * for 2010) Enrolment in Arts and Science courses account for more than 60% of the total enrolment in higher education. Undergraduate students account for 85% of the total enrolment in higher education.

The Planning Commission has set a target of achieving a GER of 15% by 2011-12. The Ministry of Human Resource Development has set a target of achieving 30% GER by 2020. However, at the current growth rate (3.3% over 2000-10), the GER is projected to fall short of all the targets. To achieve the 30% target GER by 2020, the CAGR needs to be pushed up from the current 3.3% to 8%. If India is to meet its 30% GER target by 2020, about 40 million students would be enrolled in the higher education system in 2020. Currently, 14.6 million students are enrolled in the higher education sector. Therefore, an additional capacity of about 25 million seats would be required over the next decade to cater to the increased demand.

Higher education has many of the characteristic of a private good, amenable to the forces of the market. First, higher education cannot be treated as a purely public good. Because it exhibits conditions of rivalness (limited supply), excludability (often available for a price), and, rejection (not demanded by all). Second, the consumers of higher education are reasonably well informed and the providers are often ill informed-conditions which are ideal for market forces to operate. This market orientation has lead to elements of the reform agenda such as tuition, which shifts some of the higher education cost burden from taxpayers to parents and students, who are the ultimate beneficiaries of higher education.

In order to achieve the goal of increased access to higher education by all sections of the society and in view of the limited financial resources with central/state governments, newer models of private sector participation may need to be evolved with well defined policies, facilitative norms and monitoring mechanisms. The initiative would also include maximizing the potential of Public Private Partnership (PPP) in higher education not only for setting up new universities and colleges but also for creating/sharing quality infrastructure and physical facilities in the existing colleges and universities. Appropriate merit-cum-means of incentivizing the private service providers will have to be thought of and put into practice during the 12th Five Year Plan.

This calls for effective public private participation in higher education. In this context a study on “**Prospects and Strategies of public private partnership in higher education in India**” was formulated with following objectives:

1. To study the trends in higher education in India and
2. To identify the role of public private partnership in higher education.

Need for Participation of Private Sector in Higher Education:

Higher education is the most significant sector of the Indian education market. In 2006 higher education enrolment was 10.5 million students, of which over 7 million attended private institutions. Drivers of private sector involvement in Indian higher education include unsatisfied demand due to a cap on public sector funding and rapid growth of the number of school leavers, together with individual drivers and international drivers.

According to FICCI, demand for higher education is growing at 20% a year, while the supply of higher education is growing at just 11% a year. This demand-supply gap leaves private higher education institutions with vast potential.

The Government of India aims to raise the gross enrolment ratio in higher education from its present level of 12% to 30%, and also plans to increase the role of the private sector in higher education. According to Bloomberg Business Week, achieving this target would require an additional 6,000 universities and 35,000 colleges over the next 12 years.

Need for Public-Private Partnership in Higher Education:

Public private participation is an approach made under which services are delivered by the private sector, while the responsibilities for providing the resources rest with the government. Public private participation was to bring together a set of action for common goal based on the mutually agreed roles and principles. It is the form of agreement that entails reciprocal obligations and mutual accountability, the sharing of investment and reputation risks and joint responsibilities for administrative and executives.

Public private participation is being encouraged in view of the former’s inability to meet the requirement due inadequate resources and poor management. According to World Bank public private participation database though India has the 5th highest value of public private participation of any developing country it is still one of the lowest as share of GDP. In India. Public private participation accounts for only about 8% of GDP while it is 51 % in Argentina, 41% in Malaysia and 37% in Philippines.

The National Knowledge Commission has proposed the greater use of public private partnerships in higher education, with Government providing the necessary land and the private sector providing the finances. Over the last decade, the number of universities in the country has grown at a CAGR of 7.5% as against the 4.7% growth observed from 1951-2001. The number of colleges has grown at a CAGR of 11% in the period 2001-2011 as against 6.1% in the period 1951-2001. More than 5,000 colleges have been added in the last one year alone.

Features of Public Private Participation in Higher Education:

1. A relative sense of equality between the partners.
2. Mutual commitment to agreed objectives.
3. Mutual benefit for the stakeholders involved in the partnership.
4. Joint gains.
5. Autonomy of each partner and
6. Fair returns to investment and effort.

Models of PPP in Higher Education:

- **Basic Infrastructure Model:** The private sector invests in infrastructure and the government runs the operations and management of the institutions in turn, making annualized payments to the private investor.
- **Outsourcing Model:** Private sector invests in infrastructure and runs operations and management and the responsibility of the government is to pay the private investor for the specified services.
- **Equity/Hybrid Model:** Investment in infrastructure is shared between government and private sector while operation and management is vested with the private sector.
- **Reverse Outsourcing Model:** Government invests in infrastructure and the private sector takes the responsibility of operation and management.

Analysis of public private participation in higher education in India:

a. Trend in the number of public and private higher institution and enrolment:

Table-1 represents the number of public and private higher education institution and enrolment.

Table-1: Number of Public and Private Higher Education Institution and Enrolment.

Type (by Management /Funding)	Universities		Colleges		Higher Education Institutions		Enrolment (in thousands)	
	2000-01	2005-06	2000-01	2005-06	2000-01	2005-06	2000-01	2005-06
Public	245	268	4097	4225	4342	4493	3443	3752
Private	21	80	8709	1340	8730	13480	4956	6729
Total	246	348	12806	5565	13072	17973	8399	1477

Source: UGC (India) and Agarwal (2006)

In between 2000-2006 the number of government higher education institution had increased from 4342 to 4493. However the number of private institution had increased rapidly from 8730 to 13,280. The enrolment in government institution had increased from 3443000 to 3752000. The enrolment in private sector institution had increased from 4956000 to 6729000.

Table-2 presents the state-wise number of universities in India (As on August, 2011).

Table-2: State-wise Number of Universities (As on August, 2011)

S. No	State	Central Universities	State Universities	Private Universities	Deemed Universities	Institutes Established under State Legislature Act.	Institutes of National Importance	Other Institutions	Total
1.	Andhra Pradesh	3	31	0	7	2	2	0	45
2.	Arunachal Pradesh	1	0	0	1	0	0	0	2
3.	Assam	2	4	0	0	0	2	0	9
4.	Bihar	1	15	0	2	1	2	0	21
5.	Chhattisgarh	1	10	3	0	0	1	0	15
6.	Delhi	5	5	0	12	0	2	1	25
7.	Goa	0	1	0	0	0	0	0	1
8.	Gujarat	1	20	9	2	0	2	0	34
9.	Haryana	1	20	5	5	0	1	0	22
10.	Himachal Pradesh	1	4	11	0	0	2	0	18
11.	Jammu & Kashmir	2	7	0	0	1	1	0	11
12.	Jharkhand	1	7	1	2	0	1	0	12
13.	Karnataka	1	22	2	15	0	1	0	41
14.	Kerala	1	10	0	2	0	2	1	16
15.	Madhya Pradesh	2	16	3	3	0	2	1	27
16.	Maharashtra	1	19	0	21	0	2	1	44
17.	Manipur	2	0	0	0	0	0	0	2
18.	Meghalaya	1	0	7	0	0	0	0	8
19.	Mizoram	1	0	1	0	0	0	0	2
20.	Nagaland	1	0	2	0	0	0	0	3
21.	Orissa	1	12	1	2	0	2	0	18
22.	Punjab	1	7	3	2	0	3	1	17
23.	Rajasthan	1	15	18	8	0	2	0	44
24.	Sikkim	1	0	4	0	0	0	0	5
25.	Tamil Nadu	2	24	0	29	0	4	0	59
26.	Tripura	1	0	1	0	0	1	0	3
27.	Uttar Pradesh	4	24	16	10	1	2	1	58
28.	Uttarakhand	1	5	6	1	0	1	0	17
29.	West Bengal	1	20	0	1	0	3	1	26
30.	Chandigarh	0	1	0	1	0	1	0	3
31.	Punducherry	1	0	0	1	0	0	1	3
	Grand Total *	43	289	94	130	5	42	8	611

* Excludes A & N Islands, Lakshadweep, Daman & Diu and Dadra & Nagar Haveli as these Union territories have no universities **Source:** UGC, MHRD

Uttar Pradesh has the highest number of Central Universities, Andhra Pradesh has the highest number of State Universities and Rajasthan has the highest number of private universities.

b. Participation of Private Sectors in Higher Education:

Private support can thus help governments overcome financial, administrative and technical constraints. Several factors have encouraged this trend the growing demand from beneficiaries for quality in education; rising incomes; lower cost of student financing; new skill demands from the marketplace; declining public sector expenditures, and others.

Table-3 represents the percentage share of public and private sectors of higher education institution in India.

Table-3: Growth of professional higher education institutions

Name of Course	Number of Institutions (1999/2000)	Number of Institutions (2005/06)	Percentage increase	Private Share (2003/04)	Public Share (2003/04)
Engineering	669	1478	121	88	12
Pharmacy	204	629	208	94	6
Hotel management	41	70	70	90	10
Architecture	78	118	51	67	33
Teacher Education	1050	5190	395	68	32
MCA	780	976	25	62	38
MBA	682	1052	55	64	36
Medicine (Allopathic)	174	229	32	46	54
Physiotherapy	52	205	294	92	8
Total	3730	9947	167	78	22

Source: Related Professional Councils and their Websites. Estimate on public and private share by author based projections.

Remarks: Many institutions (particularly the MBA, MCA and B.Ed. Programmes) have more than one of the above programmes; these have been counted more than once.

At present, nearly 80% of all institutions and enrolments are in the private sector, a trend that has picked up since the early 1980s. Vocational training in the private non-university sector is also huge. However, there is a demand supply mismatch in education arising from lags, inadequate information, and societal expectations from higher education. Lack of adequate funding from government limits its role in provision of higher education. There is a strong case for encouraging private sector investment in the field. Philanthropy and charity from the private sector were instrumental in setting the foundations of the Indian higher education system in the early years of the 20th century.

Table-4: Management structure of Engineering and Medical Colleges across States (2003)

S. No	State	Medical Colleges		% private	Engineering Colleges		% Private
		Public	Private		Public	Private	
1.	Andhra Pradesh	14	14	50.0	10	213	95.5
2.	Assam	3	0	0.0	3	0	0.0
3.	Bihar	6	2	25.0	4	3	42.9
4.	Chhattisgarh	2	0	0.0	2	9	61.8
5.	Delhi	5	0	0.0	7	7	50.0
6.	Gujarat	8	4	33.3	9	16	64
7.	Haryana	1	2	66.6	7	29	80.5
8.	Himachal Pradesh	2	0	0.0	2	3	60.0
9.	Jharkhand	0	2	100	4	2	33.
10.	Karnataka	4	22	84.6	13	99	88.4
11.	Kerala	7	8	53.3	31	51	62.2
12.	Madhya Pradesh	5	1	16.7	6	47	88.7
13.	Maharashtra	19	18	48.6	16	133	89.3
14.	Orissa	3	0	0.0	6	38	86.4
15.	Punjab	3	3	50.0	11	27	71
16.	Tamil Nadu	12	7	36.8	16	234	93.6
17.	Uttar Pradesh	10	2	16.7	25	58	69.9
18.	Uttaranchal	0	2	100.0	5	4	44.4
20.	West Bengal	7	0	0.0	15	37	71.2

Source: ‘Indian Higher Education Reform: From Half-Baked Socialism to Half-Baked Capitalism; Devesh Kapur and Pratap Bhanu Mehta, Center for International Development at Harvard University, September 2004.

The percentage share of private sector in medical colleges was high in Jharkhand and Uttar Pradesh (100%). However, a share of private sector in engineering college was found to be the highest in Tamil Nadu (93.6%).

Recommended Measures to Improve Public Private Sector Participation in Higher Education:

1. Facilitating trust between public and private sector.
2. Designing transparent and accountable management system and
3. Establishing an accreditation that ensures quality higher education.

References:

1. Banerjee, Amita and Sen Rajkumar. (2006). Women and Economic Development. Deep and Deep Publishers, New Delhi, Pg. No. 23.
2. Banerjee, Shruti. (2009). Role of Women in Development Sector. Adhayanam Publishers, Calcutta, pg. No. 79.
3. Budhhapriya, Sanghamitra .(1999). Women in Management. APH Publishing House, New Delhi, pg. No 105.
4. Gupta, Mukta. (2003). Women and Educational Development. Swarup and Son Publishers, Mumbai, pg No. 115.
5. Korres, George M. (2010). Women's Participation and Innovation-Activities in a Knowledge Based Economy. The Women Press, New Delhi, Pp. 165-169.
6. Pawan Agarwal (2006), "Towards Excellence, Higher Education in India", Based on Indian Council for Research on International Economic Relations, Working Paper No.179. Pp.1-22.

Reports:

1. Inclusive and qualitative Expansion of Higher Education, 12th Five Year Plan, 2012-2017, Pp. 1-55.
2. World bank 2001: India Report-20234.
3. WHO guideline on collaborating and partnership with commercial enterprise. Geneva.
4. World economic forum 2005, private partnership in mobilising resources in development.