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EQUITABLE ACCESS TO EDUCATION AND SKILL DEVELOPMENT AND PRIVATISATION OF HIGHER EDUCATION

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Equitable Access to Education and Skill Development and Privatisation of Higher Education

It is widely recognised that higher education is essential for social and economic development of a nation. Substantial research has shown that higher education is the key to individual prosperity, economic security, social progress and the enduring strength of democracy. Wide access, equity and diversity in higher education are regarded as essential for higher education to effectively contribute to development of the societies in economic, technological, social, political, and cultural spheres – both at national and global levels. Equitable access to higher education is considered fundamental not only for reducing socio economic inequalities in the societies but also for strengthening wider participation and democracy, and social cohesion and harmony. Besides producing a huge set of externalities, as a public (or at least as a *quasi*-public) good, higher education is considered as one of the most important instruments to break poverty related constraints and other structural issues of deprivation and inequality by offering fast upward mobility in occupational, economic, and social ladder to everyone in society. Further, it is not considered appropriate to view that equity in higher education would be at the cost of efficiency or quality in higher education. The overall gains, even narrowly defined economic pay-offs from equitable education are generally found to be outweighing the losses in efficiency, if any.

Higher education in India has expanded very fast during the post-independence period – from an extremely small base consisting of 32 universities, 700 colleges and 0.4 million students at the inception of planning in the country in 1950-51, to more than 800 universities, 39,000 colleges and about 30 million students in 2014-15 (*All-India Survey of Higher Education 2014-15*).¹ There are also more than 1.4 million teachers in the system. In terms of the current size, the higher education system in India is the second largest one in the world, next only to China. The US system now comes only after India. These numbers make some to observe that the higher education system is about to enter the phase of ‘massification’ or mass higher education, though the gross enrolment ratio is only 23 per cent, and it is generally felt that only if the ratio crosses 40 per cent, a country can be regarded as moving into the phase of massification.

The phenomenal expansion of higher education during the post-independence period has contributed a lot to many spheres of socio economic development of the country. First, with massive expansion of higher education, the country could achieve self reliance in manpower needs, in the sense that no sector of the society – whether it is manufacturing sector or service sector, or public administration and governance including policy formulation, planning, defense, science and technology, or high technology intensive sector, critically depends upon foreign or expatriate manpower. The country can even boast of exporting manpower and making substantial earnings in terms of foreign exchange remittances from Indian graduates settled abroad. For example, it is proudly stated that the Silicon Valley in the USA

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¹ http://mhrd.gov.in/sites/upload_files/mhrd/files/statistics/AISHE_2014-15P.pdf

critically depends upon information & technology (IT) manpower produced by the higher education system in India. Brain drain has become no more a matter of concern. It is now viewed as 'brain gain' or 'brain bank.' Secondly, with such an expansion, the higher education system itself could get democratized: achieving a fair degree of gender parity – 46 per cent of the enrolments in higher education being women in 2014-15; the enrolment ratio among women is 22.7 per cent, which is only marginally less than that for men (24.5 per cent), showing remarkable progress in gender equity. Higher education in India also made good progress in social equity – about one-third of students coming from socially backward strata of the society –the Scheduled Castes and Scheduled Tribes. If 'other backward castes' are included, the proportion would be higher. Not only in higher education as a whole, even in professional education the participation of the backward strata is improving. In Tamil Nadu, 30 per cent of the new engineering students in 2014 were first generation learners (*The Week*, December 2015). Third, in terms of quality and excellence, a few institutions of higher education, such as the Indian Institutes of Technology, Indian Institute of Science, and even some central/state universities, and some centres of advanced studies could stand as exceptional ones in the country, which are recognised all over the world. Fourth, higher education played a significant part in socio-economic development of the country, including economic growth, reduction in poverty, improvement in inequalities, and human development, contributing towards transforming the agrarian economy into a knowledge economy, based on immense growth in modern service sector – nationally and internationally. Contribution of higher education to strengthening democracy, amity among diverse social, cultural, ethnic and economic strata and political stability has also been quite important.

However, at the same time, it should be recognised that the higher education system suffers from severe inadequacies, if not failures: first, though in terms of absolute numbers, the higher education system is the second largest one in the world, with about 23 per cent gross enrolment ratio, India still ranks poorly even among the developing countries, not to speak advanced countries where the ratio crossed 70-80 per cent (in countries like USA and Canada). Higher education in India with such a low enrolment ratio is argued to be not at all adequate to meet the growing socioeconomic needs of the country, particularly to transform the country in a sustainable way into a knowledge society, to sustain high rates of economic growth, and to come out of the group of 'developing' countries. It is generally argued that a gross enrolment ratio of 30-40 per cent is the threshold level for a country to aim at becoming a fast growing economy. Secondly, in terms of quality of higher education, it is widely felt that though there are a few institutions of high quality, they are only pockets of excellence and hardly any Indian institution figures among the top 200 in any of the global rankings of universities. The system as a whole is characterised by mediocre quality and moreover the standards are found to be rapidly deteriorating in recent years. It was observed that the engineering colleges were producing only "IT coolies" and there has not been a single invention from India in the last 60 years that could become a household name globally, nor any idea that

could lead to "earth shaking" invention to "delight global citizens"² Further, very small proportions of graduates are reported to be sufficiently skilled and knowledgeable for good employment. Third, while there has been somewhat impressive improvement in gender equity and also to a lesser extent in access of the socially backward sections to higher education, regional – rural and urban, inter-state, and intra-state -- inequalities are still very high in higher education. For example, there are 58 colleges per every one lakh population on average in Puducherry, compared to seven in Bihar. Gross enrolment ratio in higher education varies among the major states between 45 per cent in Tamil Nadu (and Puducherry) (56 per cent in Chandigarh) and about 13 per cent in Bihar, and Jharkhand (17 per cent in West Bengal) in 2014-15. According to the NSSO reports,³ the corresponding ratio at all-India level in rural areas was 16.5 per cent in 2009-10, and 38.5 per cent in urban areas. Of all, inequalities between the rich and the poor in participation rates in higher education are found to be the highest. For example, the rate of participation among the poorest quintile of the population was barely five per cent, compared to 62 per cent among the richest expenditure quintile in 2009-10. Inequalities between the rich and the poor in participation higher education are found to be increasing over the years.⁴

Thus, the system of higher education is characterised by a few major strengths and a few equally, if not more, important shortcomings. Recognising the need for expansion and overall improvement in higher education, the Government of India had set a target of 30 per cent gross enrolment ratio in higher education by 2030, and launched a massive expansion programme. A good number of new central universities and other institutions of higher education were set up during the eleventh five year plan period. Second, to improve the quality of higher education 'India Excellence Initiative' has been launched which includes special support for research and quality related aspects in higher education and more specifically to improve the employability of the youth in general and graduates in particular. The government has also launched a massive skill development programme to improve the quality of our graduates and improve their productivity and thereby employability. The year 2015 has been declared to be the year of Skill India Initiative. Third, to improve equitable access to higher education, inclusive growth in higher education has been reasserted as an important objective of educational development, as described in the eleventh and twelfth five year plans. To realise the three inter-related objectives i.e., to improve access, quality and equity in higher education, the motto should be expansion of equitable access to quality higher education, not just expansion, not just to be inclusive and not just excellence. An *integrated* and sustained approach is required to address the three E's – expansion, equity and excellence in higher education simultaneously.

² N R Narayana Murthy at the Indian Institute of Science, Bangalore (July 15, 2015)
<http://economictimes.indiatimes.com/news/science/no-invention-earth-shaking-idea-from-india-in-60-years-nr-narayana-murthy/articleshow/48085732.cms>

³ National Sample Survey Organisation. *Employment and Unemployment*, July 2009 - June 2010, 66th Round. New Delhi

⁴ See Tilak, 'How inclusive is higher education in India,' *Social Change*, 45 (2) (June 2015): 185-223.

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One of the most important strategies of promoting higher education adopted in the recent years has been promotion of private sector participation in higher education. It is argued by some that private higher education would improve equity, access and quality in higher education. With rapidly increasing competition for public budgetary resources from all sectors, it is almost concluded that state cannot finance higher education adequately and that the required high growth in higher education will not be possible without active participation of private sector. Private system of education which is financially supported by the state, commonly known as government aided private college (and school) system is considered no more a viable option, as these institutions seem to be relying on public resources for nearly 90-95 per cent of their budgetary requirements. So the only available option is viewed to be privatisation of higher education, which will work, not necessarily based on philanthropic considerations, but on market based principles and commercial considerations, with no direct state support. This is a form of privatisation which is not common in many countries of the world until recently.

As a result of all this, setting up of private self financing institutions -- colleges and universities – has been encouraged and it has become the order of the day. In fact, a very high proportion of growth experienced in higher education during the last quarter century has been in the private sector only. There has been virtually no noticeable growth in public higher education. According to the latest available reports, 267 universities, i.e., 35 per cent of our university and university level institutions and 23,000 colleges (61 per cent of all the colleges) belong to such category, and they are rapidly growing in numbers. And another 15 per cent of the colleges are government supported privately managed colleges which remained stagnant in numbers and declined in relative shares. Two-thirds to three-fourths of the enrolment in higher education in the country is accounted by the private self financing institutions. These numbers relating to private institutions suggest an alarming level of privatisation of higher education in the country and these levels are not comparable with other countries – advanced and developing, where the share of private sector is much smaller. In a sense, Indian higher education system is more privatised than most other systems of higher education in advanced as well as emerging economies.

Heavy reliance on private sector in the development of higher education is found to have created a variety of serious problems. It is being realised by many that it is the rapid growth in private higher education that created problems with respect to quality and equitable access in higher education, in addition to problems of corruption and creating corrupt values among the youth. The self financing institutions in India are subject to a minimum set of state rules and regulations, the most prominent among them being prohibition on making profits and regulation of student fees. Both, however, remained only *de jure*. *De facto*, many of these institutions are found to be charging excess fees above the government approved fee levels, and to be making unacceptable level of profits, though both are considered as punishable offences or malpractices. Though these private universities and colleges are described as self financing, they also corner, in addition to land at concessionary prices, and tax benefits on a variety of items, huge funds from public bodies in terms of research grants and support for seminars/conferences,

etc., depriving the public institutions of the same. In the *Approach* to the twelfth five year plan, it was proposed that the restriction on making profits would be deleted, to encourage profit-seeking private sector to come into education in a big way -- directly and also through different modes of public private partnership. Ironically, the malpractices adopted by many private institutions and the problems these institutions are creating for the entire society, received the attention of the same government at the same time, which proposed a series of bills in the national Parliament, many of them aiming mainly at regulating the growth of the private institutions. None of the bills could, however go through successfully the Parliament.

Though skill development seems to be a new programme launched by the government, it is not altogether new. Skill development, provision of vocational and technical education, vocationalisation (or introduction of vocational courses) have had been on government agenda for the last several decades, rather since inception of planning in the country. Skill development programmes are conceived at two levels: in and after secondary/senior secondary levels of education, but before higher level of education and secondly in higher education. Provision of vocational/technical skills including modern information technology related skills in secondary/senior secondary education is to see that graduates from secondary education are employable and secondary education becomes for many a sound and effective terminal level of education. This had been the approach with the programme of vocationalisation of secondary education for a long period. This was criticised for many reasons. It was criticised as if vocational education was relevant and meant only for those who cannot go for higher education. This was described by critics as 'Brahminical conspiracy against the poor,' of not allowing the poor to go to higher education and sealing their academic future at secondary level itself. Since it was perceived by the state as well as people at large that vocational/technical education was meant for the poor and was meant for them only, it did not receive as much as attention as it should have. As a result of both supply and demand side factors, though goals and targets for vocationalisation of secondary education were often mentioned clearly by several official committees, the programme did not ever take off effectively. When skills were provided at post secondary and pre-higher educational level with no linkage to higher education, similar criticism was made of treating such training programmes as terminal level of education and training. Hence linkage with higher education was subsequently introduced in the post secondary technical and vocational skill development studies. Graduates from polytechnics are admitted into engineering colleges (in second year of studies). As vocationalisation at secondary and post-secondary levels did not progress much, more recently vocational and skill development courses were also introduced in higher education, all aiming at increasing the employability of graduates. But as stated earlier, none of the programmes seemed to have made any noticeable progress. It may be noted that the skills aspired by the students nowadays are not the traditional skills of vocational and technical types which are still in demand in the manufacturing sector, but skills that get them white collar jobs in service sector, the IT sector and the like.

Realising that without skilling huge youth population of the country sufficiently for productive employment, the much acclaimed demographic dividend can turn out to be demographic disaster, and also realising (a) the increasing needs for middle

level skilled manpower for the rapidly growing economy with increasingly diversified economic activities, (b) to improve employability of the youth, and though not explicitly stated (c) to reduce demographic pressures on higher education and thereby improve quality in higher education, the government of India has launched a revitalised programme of skills development and National Skill Development Corporation (NSDC) was formed in 2008 under public-private partnership (PPP) mode. The goal of the skill development is to skill 500 million youth by 2022. To accomplish this, it is envisaged to set up 150 new Industrial Training Institutes and 5000 new skill development centres. The programme of the NSDC is to be funded by a newly created body for this purpose, namely the National Skill Development Fund (NSDF). The NSDF was meant to provide finances to private sector partners, who set up infrastructure and run skill-based training programmes. The Fund was meant to be a repository of funds pooled from the government's budgetary grants, international agencies and quite importantly the private sector. But the private sector which welcomed the formation of the Fund as a unique model of PPP, has contributed practically nothing to the Fund, despite having much control over the NSDC. According to recent reports of the Comptroller of Audit General (CAG), as high as 99.78 per cent of the funds of the Fund are reported to have come from the tax payer. As high as 83 per cent of the partners – the private ones, have defaulted on loan repayment.⁵ The NSDC, which was originally constituted as a public limited company under Section 25 of the Company Act 1956, has been changed to a private limited company in 2011. Moreover, though the Government was the single largest shareholder in NSDC and was the sole contributor to NSDC's finances, its role in decision making had been limited due to minority representation on the board of directors of NSDC. A typical PPP which is financed by the state, but the state has no say at all, and which benefits exclusively or disproportionately the private partners! Given the experience of the last seven years, it is doubtful whether the PPP model works in the area of skill development though private manufacturing sector has very high stakes in the production of skilled manpower. PPP may also not work in the area of school or higher education.

Thus, both in case of higher education and skill development, the strategies adopted include a basket of measures, prominent among them being promotion of private sector directly and through a variety of public private partnership models.

The question is will growth in private higher education and skill development programmes promote equity in higher education? We have no strong evidence to give an affirmative answer. While the participation of philanthropic private sector in education has been found to be serving national interests, participation of self financing private sector is not. But today's issue is not about philanthropic private sector, but actually that private sector, which aims at commercialisation of higher education to reap quick and exorbitant profits and in pursuit of which, such institutions do not want the state to come on the way which restricts their business operations. In fact, in private higher education in India, profits replace philanthropy.

Two features that emerge from the *All-India Survey of Higher Education* (2014-15) are worth noting: (a) in state universities and university level institutions,

⁵ http://www.saiindia.gov.in/english/home/public/In%20_Media/45of2015.pdf

post graduate and research students account for a larger proportion than in private universities, meaning that private universities tend to be predominantly under graduate teaching institutions with no research and not even much post graduate studies; and (b) women account for larger proportions of total enrolments in state (and central) universities than in private universities. The latter may suggest discrimination against women in private universities. That private universities are expensive, and parents prefer to send their sons to expensive private universities and daughters to less expensive public universities may explain this to some extent. But it is also possible that environment in private universities does not encourage more and more women to join them. Similar data on enrolments by social and economic background of students, though not collected in the *Survey*, might provide similar results, suggesting discrimination against weaker sections in private universities.

Even the proponents and champions of private higher education system admit, while arguing strongly that private education would improve access and quality, that equity would be at stake. Equity in higher education is one aspect that will be seriously compromised. Rather private education widens inequalities in not only education but also in economic and social spheres. After all, no private institution in India will be ready to promote equity on a satisfactory level, grant access to the weaker sections, provide liberal scholarships etc.

The one important feature of the private higher education institutions in India and also of those in other developing countries is: they rely exclusively on students' fees. Student fee accounts for one hundred percent, if not higher, of the total costs of providing higher education in these institutions in India. These institutions hardly invest any resources from their own sources; and even if they invest a little bit in the initial years, it is recovered (with interest) soon in a couple of years from students. Also the private institutions do not make any attempt to generate resources from any additional source. All this is in contrast to some major private universities in western countries like in the US, where, according to available statistics, students' fee accounts for only a small fraction of total costs of higher education even in the private institutions. In the United States, for example, in private universities which do not get support from federal/state, the fees contributed by the students constitutes less than forty per cent, the remaining sixty per cent is met by non-State and non-student sources. In Japan the fees in private universities forms fifty nine percent – one of the highest figures among the countries of the world, of the total expenditures of the private universities, the remaining forty one percent comes from non-state sources and a little bit from state. But in India higher education is either financed by the state and to some extent by students (in case of public higher education institutions) or by the students only (as in case of private universities). There is no other – non-student, non-state -- source of funds for higher education in India. The private management or the rest of the society does not contribute any financial resources to education, except for that part of initial capital investment which is often reaped back with profits.

In the same context, it may be underlined that the fee in the private universities in India is much higher than the fees in the public institutions, ranging between fifty to eighty times. In contrast, in the private universities in the countries where there is a

sizeable private sector, like Japan or Korea, or USA, the fee is eight to ten times higher than the fees in public institutions. In India, if in a government college the fee is, say, Rs. 10,000, the officially approved fees in private college is Rs.500,000 to Rs.800,000. As charging excess fee is normal in many of these institutions, the actual fees could be many more times higher. In short, there is a very significant difference between the private education in India and private education in other parts of the world. We often refer to the Harvard University and the Stanford University in the USA. It is important to note that they are founded essentially based on philanthropic considerations, educational considerations, and on considerations of providing good quality education, and are not profit-motivated. It is widely known that about one third of the Harvard University budget goes to scholarships, compared to almost nil in many private universities in India. More than 60 percent of Harvard college students annually receive need-based scholarship toward the cost of tuition, room, and board. As a result, approximately 20 percent of families pay nothing and many college students graduate debt-free. The private universities in USA use the autonomy that they enjoy to attract the best talent -- students and faculty from anywhere in the world, even heavily subsidizing the costs of those students, and paying extra to those faculty members, while autonomy is used by private institutions in India mostly to breach state rules and regulations.

The private sector in the Western countries grew historically with a consideration to provide education to the people, and to complement the public efforts. But in India private sector is growing essentially because the public sector is not doing its job adequately; public sector disinvestment program is going on, and state withdrawal from higher education is becoming a strong phenomenon. Private sector is taking advantage of this inability of the government. In other words, private institutions are set up to complement public institutions in the West, but in India it is not to complement public institutions but to capitalize on public sector's inability, and substitute and eventually totally displace the public sector in higher education. That makes a big difference on the nature of the private sector in India and the West.

When private institutions are allowed to charge very high levels of fees, government's interventions in this regard such as fee reimbursement schemes (which are similar to vouchers), access to loans, interest subsidy on loans, or even quotas in admissions for weaker sections in private institutions, would not help much; in fact, these misaligned initiatives would contribute more to strengthening private sector than to reducing inequalities in higher education and in the society. Similarly, scholarships and fee concessions offered by these private institutions have no special effect on access to the weaker sections, as they form an insignificant proportion of total actual fees these institutions charge directly and indirectly.

State supported private sector, i.e., the aided institutions have had to follow the state policies of affirmative policies. Private self financing institutions are also found to be promoting participation of socially backward sections of the society in higher education, when their costs are reimbursed by the state through fee-reimbursement schemes (in states like Andhra Pradesh and Maharashtra). The latter category of institutions finds it economically rational to admit more and more students from socially backward strata. As a result, one finds astonishingly high proportions of students coming from socially backward sections in some of these private colleges.

Can this be viewed as if private sector contributing to enhanced equitable access to higher education? When the fee reimbursed by the state is not equal to the fees normally charged by the concerned college, but is equal to fees in government college, which is obviously several times less, the approach of the college to the students belonging to the backward strata seem to be different from the approach the college adopts to other students, creating different other kinds of inequalities and discrimination in higher education. Even if the fee reimbursed is equal to the fees charged to the students (equal to costs) in the given college, the colleges might still prefer fee paying students rather than students whose fees would be reimbursed much later by the state. In both cases, students from weaker sections are admitted if seats are not filled up otherwise, and only if fee reimbursement scheme is found to be economically remunerative to the colleges.

Along with fees, one major way the private sector is flourishing in higher education in India, is through educational loans, offered by commercial banks. The availability of loans encouraged private sector to charge high levels of fees and periodically increase them. But it is widely noted that loans are not easily accessible to the economically and socially backward sections of the society, causing widening of inequalities in participation in higher education. It is well acknowledged that students from backward sections may even feel hesitant to opt for loans, even if they are available without collateral/guarantee etc.

Moreover, graduates, who come out of the private institutions paying heavy levels of fees often higher than the actual costs of providing higher education, cannot be expected to have concerns for social equity, and welfare in the society. They would be pre-occupied with recovering the investment they have made in expensive private education, sometimes through loans. Thus private institutions might produce a devastating effect on equity in higher education and in equity in society at large.

International experience shows that the systems of higher education that predominantly depend upon private sector for development of higher education could not 'massify' higher education in terms of access, quality and excellence. Exceptions are few: Japan and South Korea, where also problems of inequalities are arising. To sum up available large international evidence, and allowing for exceptions, it can be observed that private sector in higher education *may* provide higher education of 'quality and excellence'; it *may* increase overall access to higher education with increased numbers of total enrolment in higher education, but it is doubtful that it will definitely improve access of the weaker sections of the society to higher education, and improve equity in higher education attainment. This may be true with respect to skill development programmes as well. The experience clearly shows that equity would be a serious issue that cannot be taken care by the private sector.

In this context, some people may argue that let the private sector serve the interests of the rich, and the state sector can save those resources which otherwise would be spent on the rich, and concentrate on serving the needy, producing overall equity in the system. While such a proposal may look attractive from a narrow perspective of efficiency in resource allocation, this, producing a dual system of higher education, might result in a more inegalitarian system of education, which causes irreparable damage to the inclusive and equitable fabric of the society. In case of school education, such a model has already evolved -- private school system

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for the rich and public (state) schools for the poor, resulting in grave neglect of public schools, as they are meant for the poor. Government's apathy and social disrespect for the public schools have ruined the public school system, and today it requires herculean efforts to check the total collapse of state school system, which is otherwise considered all over the world as laying the basic foundation for national progress.

To conclude, it is evident from Indian and global experience that (a) public higher education has the greatest potential to address the issue of equity in higher education; (b) charity and philanthropy based private sector may also have high potential in addressing this issue; (c) state supported and effectively regulated private sector can address the issue to some extent; and (d) the private higher education sector based on market principles can actually work against the principles and goals of equity.

Note

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