# Privatisation of Education: Solution to Resource Crunch

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The concept of privatisation refers to private ownership in varying degrees – from total ownership to ownership in the form of joint ventures – and private management and control in public sector enterprises aimed at breaking state monopoly in various sectors. The effect of privatisation is slowly being felt in all sectors of the economy. Inevitably, it is being recommended for the education sector as well.

Since independence, the responsibility for expansion and development of education has lain largely on the state. According to Article 41 of the Indian Constitution, the state should make provision, for securing the right to education as far as its economic capacity will allow. With development of the society and an increase in its economic capacity, it becomes obligatory for the state to increase its allocation of resources to the education sector in order to provide free, compulsory education to all children under 14 years of age; higher education for its citizens so that they can lead dignified lives; and equal opportunities for education to individuals and groups who are socially and economically weaker.

The state has founded and continues to run literacy schools in villages as well as schools at primary, secondary and higher secondary levels, colleges and universities in urban areas. But problems in the way of funding education are on - the rise.

The Education Commission (1964-66) set down a total public expenditure on education of 6% per annum of GNP by 1986 if the national income increased at the rate of 6% per annum and population growth, at 2.1% per annum during 1955-56 to 1985-86. But the actual growth rate of GNP (at 1980-81 prices) for the period of 1965-66 to 1985-86 has been only 3.97 per cent per annum. So clearly the poor level of resources with the various sectors competing with each other for a share of it has pushed education to a low position on the priority list. The state can no longer cope with the situation. Thus more and more people are looking towards privatisation of education as a panacea.

Knowledge is fast expanding and accumulation of it has become an important part of the development process. As a result, education itself has become an economic output necessary for human resource development. The private sector, benefiting much from the knowledge industry, can also take an active part in education. This is all the more needed with the outbreak of the technological revolution. Technological developments in the fields of communication, electronics, computers, etc. require an educated and well-trained man-power whose financial needs cannot be fulfilled by the public sector alone.

Need for privatisation has also risen because all these years of state-funded education has made it an almost free service and it has lost its real value where its direct beneficiaries (students) are concerned. Privatisation, by getting back the whole cost of education, or a large percentage of it, by way of education fees, would instill greater responsibility in the students; the students, in turn, would take greater interest in ensuring an improvement in the quality of education.

Privatisation aims at setting up schools, colleges, polytechnics and professional colleges which would charge the full cost of education. This would facilitate withdrawal of state subsidies and lighten the burden on the state. Institutions would be favoured with greater freedom; they would be able to hire talented staff, paying them better salaries. Privatisation will also urge the beneficiaries of the output of educational establishments, mainly the corporate sector, to share the funding of these institutions.

In spite of the state's large contribution in the establishment of schools and colleges, privatisation of education has been taking place at the school level. Private schools, set up and run by private entrepreneurs on a commercial basis, and curiously enough, called public schools, impart education mostly through the English medium and charge the full education cost. The private sector's attempts have also included schools run by reputed religious or social organisations and charitable trusts like the DAV managements, Sanatan Dharma Foundations, etc. which do not receive any grants from the government. But at the higher


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level, most of the institutions in India are those founded and run by private agencies but, funded by both government and non-governmental means. According to a study conducted on educational institutions in Delhi University for 1989-90, public institutions – managed by the government and the university – cater to 74.5% (three-fourths) of the total enrollment in the university. Even the institutions are run by private managements, they function with 95% aid from the state.

Zero privatisation, i.e., total state responsibility, is not feasible in India. Total reliance on the state would mean a very high education subsidy. Subsidised education has already added to the financial burden of the state. Of the total government subsidy 74% is given for primary and secondary education and 19% for higher education. And only about 5% of total cost per student is recovered in the fee income. Further, the contribution in fees by the recipients of education has decreased over the years. With the student's contribution towards his education being minimum owing to the subsidy factor, his interest in the educational process and in ensuring quality education is bound to be low.

At the same time, the private sector cannot totally cater to the country's educational needs either. For one, the heavy fees charged in the private institutions would deny poor sections opportunities for education. Witness the capitation fees charged in private professional colleges. This leads to identification of privatisation with commercial motives. Total privatisation would give the institutions the right to hire or fire staff according to their needs and to stop courses or open new courses as they see fit. This could have undesirable results, such as exploitation of the staff. However, on the other side of the coin, security of teachers' jobs has led to a fall in work ethics. Further, with promotions being automatic after a specified number of years' service, there are no incentives to encourage advanced reading and research. Some balance has to be struck in this aspect. The right to start or stop courses depending on their market value will open the education sector to commercialisation. Social sciences, physical sciences and courses in ancient languages like Sanskrit may not have a profitability value but these must figure in the school and college curricula for the sake of preserving an interest in culture and liberal arts. Privatisation with appropriate state intervention is what will suit Indian conditions.

The recovery cost of education must be slowly increased. It has been pointed out that in the next 10 years the contribution of fees by students must rise to 25% of total expenditure. Evolving a strategy to accomplish this, the Ramamurti committee in 1990 suggested a fee hike at the higher education level with the richest recipients of education paying 75% of their educational cost, the next richest, 50% of the cost, the next richest section, 25% and the economically weak sections bearing zero cost. This discriminatory fee structure is not quite practicable. What can take its place is a uniform fee structure, that nevertheless permits 25% of the students from economically weaker sections full fee exemption. This would increase the recovery cost and bring about a reduction in state subsidy.

Graduate tax on users of the output of higher education institutions, i.e. the corporate sector which is the biggest user of educated manpower, has been suggested by the World Bank. The Ramamurti Committee was hesitant regarding any such measure, indicating that it would affect economic stability of the corporate sector and decrease employment opportunities. Universities abroad receive adequate financial support from the corporate sector by means of grants. Hence, the corporate sector needs to fund higher education on its own or else education cess can be imposed on it so that, a share of its gross profits will be available for funding purposes.

Universities can also get involved in research projects for the corporate sector and use part of the project funds for education needs.

State intervention should ensure that the private sector institutions provide the poor sections of the masses access to education in these institutions. This would also help in ensuring that privatisation does not result in gross commercialisation of education.

Education is admitted to be a necessity for development. The government is unable to find the funds required for it. In the circumstances, privatisation is the only answer, provided certain guidelines ensure societal good as well as the profit motive.

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