



Public Private Partnership in Higher Education in North East India

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Education is an essential for the growth and prosperity of both a nation and society. Apart from primary and secondary education, higher education is the main instrument for development and transformation. According to UNESCO Report on Education in the 21st century, "Higher Education is the mandate to bridge the knowledge gap between countries and communities, enriching dialogues between people culture; international linking and networking of ideas, research and technologies. Thus, Higher Education provides the competencies that are required in different spheres of human activity, ranging from administration to agriculture, business, industry, health and communication and extending to the art and culture". In India, the growth of Indian higher educational system has undergone a remarkable transition from an elite system, having deep colonial roots, to an egalitarian system striving to meet the aspirations of a vibrant democracy. Today, the growth of the Indian Higher Education System is a result of the nation's policy, adopted immediately after independence, to promote education amongst the masses. 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. 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 2000-01), 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. 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. In this context, a study 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. The study recommended measures 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 assures quality higher education.

Key words: Higher Education, public private participation, India, model of PPP.



Introduction

The higher education system in India has grown in a remarkable way, particularly in the post-independence period, to become one of the largest system of its kind in the world. However, the system has many issues of concern at present, like financing and management including access, equity and relevance, reorientation of programmes by laying emphasis on health consciousness, values and ethics and quality of higher education together with the assessment of institutions and their accreditation. These issues are important for the country, as it is now engaged in the use of higher education as a powerful tool to build a knowledge-based information society of the 21st Century. 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.

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 maximising 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 12th Five Year Plan.

Need for participation of Private Sector in Higher Education

India has made a remarkable progress in the higher education sector over the last four-five years. The Gross Enrolment Ratio in the eleventh plan period increased from 10 to 17. This was made possible because of government's effort by increasing budget and opening up a large number of new universities, colleges and also IIT's, IISER's and other teaching Institutes. But, the government institutes had always kept the number of students very limited and the infrastructure development was also rather slow. The noticeable increase in the last plan period is partly due to the private investment but only those people having sufficient income or family resources could get their children admitted to these institutions. Therefore, unless Public Private Partnership is geared to include these marginalised groups the overall educational scenario of the country cannot be improved. Further improvement on GER needs an inclusive policy to accommodate a bigger section of the deprived people. In such a case Public Private Partnership may play an effective role if the policy includes the categorisation of Higher Income Group (HIG), Middle Income Group (MIG) and Low Income Group (LIG).

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 partnership 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 Partnership 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.



The University Grants Commission (UGC) has recommended four models of Public Private Partnership to the Planning Commission and according to an estimate, the country requires an investment of over US \$ 150 billion in the next 10 years.

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 annualised 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 Outstanding Model:** Government invests in infrastructure and the private sector takes the responsibility of operation and management.

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

Indian higher education system is one of the largest in the world. There were only 20 universities and 500 colleges with 0.1 million students at the time India attained independence. This has increased to 611 universities and university-level institutions and 31,324 colleges as on August 2011.



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	266	348	12806	5565	13072	17973	8399	10481

Sources: 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 13,480. 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: State-wise number of universities in India (As on August, 2011).

S.No	State	Central Univ.	State Univ.	Private Univ.	Deemed Univ.	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	8
4	Bihar	1	15	0	2	1	2	0	21
5	Chhatisgarh	1	10	3	0	0	2	0	16
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	10	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	Maharastra	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	4	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	Pondichery	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 higher number of State Universities and Rajasthan has the highest number of private universities.

Participation of Private Sectors in Higher Education:

Private support can thus help government 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 market place, declining public sector expenditures, and others.

Table-3: Growth of Professional Higher Education Institutions

Name of Course	Number of Institutions (1999/2000)	Number of Institutions (2005/2006)	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

Sources: 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 legs, 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.

Conclusion:

The evolution of Public Private Partnership (PPP) mode is of a significant importance the most popular mode could be providing the State owned or acquired land parcels for establishment of new Institutions in emerging areas. Another initiative could be facilitating the soft loans to the societies or trusts for undertaking the project on cost sharing basis with appropriate provisions to regulate its functioning. Necessarily Institutions under PPP mode should be established either as autonomous college or with deemed to be university status. One universal formula can be developed with variable function of contributions by each of PPP participant. It is not necessary to have uniform prescription of tuition fees, as it has to be a function of total capital cost and running cost of the respective institutions as audited and certified preferably by the government appointed auditors. This would mean that Institutions under PPP mode providing excellent infrastructure and very high calibre faculty, and other support staff must be compensated for the cost truthfully. Such approach would possibly work for creating extraordinary institutions under PPP.

The main rationale for developing PPP's in education is to maximise the potential to expand equitable access and improve education outcomes, especially for marginalised groups. PPP, when implemented correctly, can increase efficiency and choice as well as expand access to education services. It also allows governments to take advantage of the specialised skills offered by certain private organisations and to overcome operating limitations faced by organisations in the public sector. On the other hand, sustainability for the private sector depends on the innovation and expertise of their employees. The challenges that higher education institutions face in a recruiting and skilling and enabling students, has a direct bearing on the future workforce and the future of business and industry at large and believe the PPP model will be the most effective way to take India forward in the 21st century.

The Public Private Partnership is very important, looking at the growing demand for higher education in our country. The government is not able to provide quality education to a large section of students passing out of schools. Thus Public Private Partnership should be encouraged as India is a vast country. We have to convince private players to invest in higher education but should also see that it is not being done to just make money and should have good control and monitoring for establishment of a quality higher education Institution so that the fee remains equal to that in government run institution.

In the 11th FYP, the government allocated around Rs. 850 billion for higher education but



according to Planning Commission, there is resource gap of about Rs. 2.2 trillion. Thus without involving private players it would be difficult for the government alone to fill the gap and provide quality education. But, at the same time it is also to be seen that only those players should allowed bringing up education institutions who will give priority to providing quality education rather than coming up with single point agenda of making money and opening shops.

Recommended Measures to Improve Public Private Partnership 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.

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