

# Privatization of Education: Solution to Resource Crunch

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## POINTS TO DEVELOP

Concept of privatization.

State responsibility and failures.

What privatization can do – benefits and dangers.

Total privatization not feasible or desirable.

State intervention should ensure proper working.

The concept of privatization 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 privatization is slowly being felt in all sectors of the economy. Inevitably, it is being recommended for the education sector as well.

Education is one of the fastest growing service sectors of the Indian economy. The medical and health care sector alone has developed faster than education sector. The government spending on education in India was 3.3 per cent in 1999-2000, 1.3 per cent more than China's public spending on education, which was per cent in 1999-2000. But the average government spending on education of the top 100 countries in the world was 5.24 per cent, about 50 per cent more than India's. incidentally, India was positioned 81. Privatization of education in India and /or more vigorous and active participation by private bodies in the education field, one feels, would significantly improve India's rank bringing it at par with the top nations in this field.

Since independence, the responsibility for expansion and development of education has lain largely on the state. Education was recently given the status of fundamental right. 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 education Commission (1964-66) set down a total public expenditure on education of 6 per cent per annum of GNP by 1986 if the national income increased at the rate of 6 per cent per annum and population growth, at 2.1 per cent annum during 1955-56 to 1985-86. But even with a high growth rate of income, with the various sectors still low on the priority list. The state can no longer cope with the situation. Thus, more and more people are looking towards privatization 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 manpower whose financial needs cannot be fulfilled by the public sector alone.

Need for privatization 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. Privatization, by getting back the whole cost of education, or a large percentage of it, by way of education fees, would instill would take greater interest in ensuring an improvement in the quality of education. Privatization would demand the full cost of education. This would facilitate withdrawal of state subsidies and lighten the burden on the state. Institutions would be favored with greater freedom; they would be able to hire talented staff, paying them better salaries. Privatization 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, privatization of education has been taking place rapidly 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-much more, indeed, some would say. The private sector's attempts have also included schools run by reputed religious or social organizations and charitable trusts, which do not receive any grants from the government. But at the higher level, by private agencies but funded by both government and non- governmental means.

The private sector cannot, however, totally cater to the country's educational needs. 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 identifications of privatization with commercial

motives. Here it would be useful to note that India has a fairly large system of higher education in as much as we have today around 250 universities, over 10,500 colleges and nearly 55 lakh students being taught by 3 lakh –odd teachers. Despite this population in the relevant age group of 16-23 is a miserable 6 per cent. This is fairly low even when compared with developing nations, the figure being 20 per cent for both Thailand and Egypt, 11 per cent for Brazil, 16 per cent for the Mexico and 10 per cent for Turkey. On the other hand, in the developed countries, access to higher education is over expanded generally courtesy heavy state support, inadequate access continues to cause worry. This when higher is highly subsidized by the Indian government. Privatization of education, especially higher education, it is said, may further dampen prospective students and their guardians from seeking to study at higher levels. Hence, extreme caution is needed while speeding up the privatization process in education. Further, total privatization would give the institution 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 coin, security of teachers' jobs has led to a fall in work specified number of years' service. There are no incentives to encourage advanced reading and research. Some balance courses depending on their market value will open the education sector to commercialization. Social sciences., physical science 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. Privatization 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 per cent 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 percent of their educational cost, the next richest , 50 per cent of the cost, the next richest section, 25 per cent and the economically weak sections bearing Zero cost. This discriminatory fee structure is not quite partitions. What can take its place is a uniform fee structure, that nevertheless permits 25 per cent 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 Ramanmurti Committee was hesitant regarding any such measure, indicating that it would affect economic stability of 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. More importantly, each university should identify avenues of resource generation, both internal and external, depending upon the nature of the programmes offered and the locale. The Punnayya committee set up by the UGC and the Swaminathan panel of the AICTE have made some broad recommendations in this include proper utilization of funds, general economy in expenditures, pooling and most importantly, rationalization of fee structure. In the United States of America, the concept of private universities is an integrated part of the political and economic philosophy of consumer sovereignty. State intervention in education is exerted indirectly by regulating consumer response. The higher education system in the UK shares some features with those in the USA. State intervention should ensure that the private sector institutions provide the poor sections of the masses access to education in these institutions.

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