



## Privatisation and Control Mechanism

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**Abstract:** *What happens to our Schools & Colleges is not an abstract issue with most people; it strikes us personally. Almost all of us are familiar with Public Schools; and as parents, we are concerned about and seek quality education for our children. Since the early 1980s, educators, parents and political leaders alike began to question the adequacy of our educational system in a changing world. The purpose of this paper is to study privatisation, its effects and control mechanisms. The paper is divided into three parts, which deals with the background of the problem, the effects of privatization and the control mechanisms.*

**Key words:** *privatization, post-colonial, higher education*

### Introduction:

In the post-colonial period, investment in higher education was considered as investment for a modern future. Consequently the newly independent countries poured their scarce resources into tertiary education, particularly in technical education. India was no exception to this. Three decades later the international thinking on the relative roles of higher and primary education underwent a radical change. Since the social rates of return to investment on primary education in developing countries is found substantially higher than those associated with higher education, the emphasis shifted to primary education. Many countries began allocating a major portion of their resources to strengthen and spread the base of the primary education. This shift in the emphasis has its own impact on the funding pattern of education in India.

Though public expenditure on education increased substantially, the allocation to higher education declined after 1980s.

The share of Government in expenditure on higher education increased substantially during the last five decades. At the beginning of the planning period the Government and the private sector shared the expenditure equally. Over a period of five decades, the share of the Government in total expenditure increased substantially. Currently around 85 percent of expenditure is borne by the Government – Central and State Governments.

Fee which accounted for nearly 37 percent of the recurring expenditure in 1950-51 accounts for about 14 percent at present. There has been a decline in other sources also from close to 14 percent to below 5 percent.

With a substantial increase in its share year after year, the Government has found it difficult to maintain the existing levels of expenditure on higher education by 1990s. Added to this the Governments both at the Centre and the State levels have been experiencing an acute fiscal crisis since mid-1980s. Consequently, mobilizing resources from non-Governmental sources has become important to sustain the system of higher



education even at its current level of operation.

The policy shift in favour of primary education, acute shortage of funds to finance the ever increasing burden of higher education and the fiscal reform measures undertaken as part of the Structural Adjustment Program have all led to a rethinking on the role of the State in the field of higher education. Meanwhile the demand for higher education is increasing at a faster rate because of increased enrolment at primary and secondary levels of education and a growing awareness of the pecuniary advantages of higher education.

As in other sectors, the policy makers began looking towards the private sector for increasing the efficiency of the system and for mobilizing resources for higher education. With the result, there has been a proliferation of colleges' particularly professional colleges and self-financing hi-tech courses in new and old colleges. This has led to several questions.

Whether increasing reliance on private sector is the only solution for meeting the increased demand, mobilizing resources and increasing efficiency of the higher education system in the country? Whether the State should focus only on providing primary education and leave the other areas to the private sector? What are the social implications of the declining State presence in the field of higher education?

#### **Effects of Privatisation:**

To answer these questions, we need an in-depth analysis of the impacts of various policy regimes in the process of privatization of higher education. We do

not have adequate number of data based empirical studies how privatization has affected the access to higher education, equity considerations and quality of education. There are no studies to throw light on the process of resource mobilization and their utilization, surplus generation and its appropriation in the private sector. Similarly we do not have systematic studies to assess the level of professional efficiency of the major players – the teachers, the Universities, the Government and the private managements. Nor there are studies to examine the extent and degree of social control and regulation required in the present circumstances.

In the absence of any systematic studies, we can only make the following broad generalizations:

Privatization is leading to proliferation of colleges. The number of seats in every field of higher education has increased tremendously. The opportunities for higher education have increased never than before.

Access to higher education no doubt increased but at the cost of quality. A number of colleges do not have proper infrastructural facilities like good class rooms, library and laboratory facilities, play grounds etc and also qualified and competent teachers and administrators.

The public institutions i.e., the aided and Government colleges are marginalised. Private sector has become the dominant player in the field of higher education. In a short period of time, private managements have become so powerful that they are able to dictate terms to the Government.

The process of privatization has significantly reduced the role of the



Universities. They lost the initiative to private sector to provide academic leadership. Plagued with internal problems, the Universities do not have the time and the resources to act as the torchbearers.

The Government is following a policy of 'hands off' once it accords permission to private managements to start new colleges and courses. It does not have a professional machinery to act as a regulator and protect the interests of the students and teachers and ensure quality education from the private sector.

Privatization has led to massive corruption at the political level and in the corridors of Universities and concerned Government departments. In several instances the political and bureaucratic masters are hands – in – glove with the corrupt and ruthless private managements.

Privatization has gradually led to disappearance of a liberal and democratic culture in the institutions of higher education. There are no elections to student bodies. The colleges and Universities are no longer the centres of student activism.

Privatization and commercialization have steeply escalated the cost of education. The full cost recovery approach has led to the collection of huge amounts from the students in different names. The quality of education offered is not commensurate with the cost Higher education because of its high cost is now beyond the reach of the economically backward sections.

Privatization has also led to the starting of a number of bogus minority institutions, particularly in the fields of Engineering Teacher Training, Para

Medical Courses, Computer education and Management. The proportion minority institutions to the total institutions is rising year after year. A number of minority institutions are virtually selling the seats under the shield of their minority status.

The experience of privatization has been disappointing so far. The new realities facing higher education are absence of a shared vision among different players, undue expansion, the commercialization and commoditisation of education, the marginalisation of public institutions, the high cost and low quality of education, the growing political clout of the private managements and the absence of any regulatory mechanism.

#### **Managing privatisation:**

The traditional ways of running the private and public institutions are less relevant in the context of expansion and knowledge revolution, which are throwing complex challenges. The efficiency of higher education system depends upon how effectively and innovatively we face these challenges and manage them. Neither the laissezfaire approach nor the centralised bureaucratic control provides an optimal solution. The public and private sectors have an equal important role in the present circumstances. Without significant national support and guidance for managing expansion, quality inevitably suffers.

The State has to play a pro-active role in the field of higher education. It has to develop the architecture for a rational system of higher education and its smooth operation that promotes both mass education and excellence. The Government through suitable legislation has to bring in greater transparency and



accountability in the higher education system. It has to regulate the private sector so as to encourage high standards while preventing commercialization. Higher education is too vital to be left to the free play of market forces alone.

The large-scale commercialization of education may not have been possible without a willing and ever cooperating educational administration. The blatant and open violation of norms, rules, regulations and laws is not attracting any punitive action. The administration is too willing to help the guilty, of course, for a price. The student organizations made several complaints in the past against the corrupt practices, but in vain. Reform measures so far introduced failed to take note of the intensity of corruption and its institutionalization in the higher education system. Action is immediately needed to identify the sources of corruption and plug the loopholes. Decentralization, abolition of discretionary powers, transparency and deterrent punishment can limit the scope for corruption.

The marginalised public institutions are unable to face the competition from the private sector partly because of the policies of Government and partly because of mismanagement. The state should not let down these institutions in the name of reforms and to save a few hundred crores of rupees to spend elsewhere. With state funding, these institutions are able to provide education at affordable price which increased access to higher education across the society.

#### **World Development:**

According to the report “the best higher education institution is a model

and a source of pressure for creating a modern civil society”. Investments in higher education have to be considered not in relation to the market alone but in relation to the promotion of liberal and democratic values also. In order for these values to become wide spread, access to higher education has to be improved to historically deprived sections and women with appropriate changes in the fee structure. The general or liberal education has been considered by the task force as a necessary complement to the scientific and technical education. The Task Force pleaded for a coherent and rational approach toward the management of the entire higher education system. Its recommendations are far reaching from governance to curriculum to funding.

Higher Education is thus again back on the international development agenda. India needs an effective system of higher education as it needs an extensive system of primary education. There is no trade-off between these two. Our policy makers who are guided more by World Bank perceptions and prescriptions than domestic realities may consider the opinion of the Task Force that ‘Countries which continue to neglect higher education will tend to become marginalised in the world economy, suffer from relatively slow social and political progress, and find it ever more difficult to catch up. Progress is most clearly in countries that develop a clear vision of what education contribute to public interest.

#### **Conclusion:**

While education at all levels has to be promoted, it will be suicidal for our nation to neglect higher education. Privatization is reality whether we like it



or not. Private sector is the dominant player in the field of professional and technical education. Blind rhetoric against privatization does not gel with the public. However privatization is leading to private appropriation, Misuse of resources, decline of standards and unequal access to education. Hence the immediate goal should be to prevent the private sector from commercialization of education. The State cannot abrogate its responsibility of being a regulatory authority. The strength of public institutions even now lies in basic arts and sciences. The medium term goal should be to constantly improve this strength and make sustained efforts to retrieve their lost ground, particularly in technical education. The State and teachers have to play an active and cohesive role to achieve this goal.

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