

THE PUBLIC-PRIVATE PARTNERSHIPS IN EDUCATION SECTOR IN INDIA: AN INNOVATIVE STRATEGY OF DEVELOPMENT

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ABSTRACT

In today's global dynamic environment Public-private partnership (PPP) has been a brainstorming catchword in new development strategies, especially for last two decades in many developed and developing countries. In that period PPP was the latest mantra of development of a Country. Government of India is always trying to achieve universality of education but the major constraint is the financial resources at the disposal of the government. So PPP has been considered as a creative idea to attract private resources and to motivate them to be a part of national development. Even prohibited countries (privatization) are now showing their positive attitude on PPP model in many developing activities because In future it would not only bring economic development like railways infrastructure development, road and airways infrastructural development but also crucial education sector's development. PPP is a collaborative work between private and public sector for a particular sustainable project for providing quality education with an understanding to share the costs and benefits and risks and rewards. PPP is not only a concept but also a philosophy which promotes privatization in order to reduce the government's burden to establish more schools, colleges and universities. Many governments around the globe have been exploring different ways to involve the private sector in providing education, including vouchers, subsidies, capitation grants, stipends, and contracts. Firstly this article throws the light on the concept of PPP, its role in education sector in India. Secondly it highlights four models of PPP for providing quality higher education. Lastly, recommends some effective measures to improve Public Private Sector Participation in Education which would buildup trust between public and private sector, develop transparent management system that ensures quality higher education.

Keywords: PPP, Privatization, Capitation Grants, Higher Education.

Introduction

In today's LPG regime Public-private partnership (PPP) has been a brainstorming catchword in new development strategies, especially for last two decades that has been considered as a latest mantra of development of a nation. It has brought a new world of privatization. PPP has been considered as a creative idea to attract private resources and to motivate them to be a part of national development. Even prohibited countries (privatization) are now showing their positive attitude on PPP mode in many developing activities because in future it would not only bring economic development like railways infrastructure development, road and airways infrastructural development but also bring crucial education sector's development. In fact PPP has massively entered into the education sector over the last three decades across the globe. In India, PPP mode in Education has been incorporated as an important strategy of development in the Eleventh Five Year Plan. Every country needs to develop education sector. So developing country like India is also trying to achieve universality of education but the major constraint is the financial resources at the disposal of the government. Besides, the Indian Government is also facing difficulties in providing quality education services that take into account individual and community diversity. As a consequence private sector including non government organizations, business corporations and communities in the finance and management have involved in a greater extent with the government.

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Objectives of the Study

The purposes of the study are manifold in character. Firstly, *this article has thrown the light on the concept of PPP, its role in education sector in India. Secondly it has highlighted four alternative models of PPP for providing quality education. Lastly, it has recommended some effective measures to improve Public Private Sector Participation in Education which would buildup trust between government and private sector, develop transparent management system that ensures quality higher education. PPP involves in many ways in the education sector such as funding the public school with vouchers, stipends, subsidies, capitation grants, etc.*

Methodology

The study is purely based on secondary data. Various reports have been used especially the case report of Unni Krishnan and others Vs. State of Andhra Pradesh and Others, 1993, reports from department of higher education, Ministry of Human Resource development, 2011 and UGC Expert Committee's Report on Public Private Partnerships in Higher Education, March 2011. Besides various books, journals, articles etc. have also been used for this purpose.

Conceptual background of PPP: There is no clear-cut and specific definition of the term PPP. Various eminent authors interpreted PPP in different fashions. In a very nutshell, PPP is a collaborative work between private and public sector for a particular sustainable project for providing quality education with an understanding to share the costs and benefits and risks and rewards

In the universe most of the countries have tried to emerge the concept of PPP. Some of are highlighted below:

- In South Africa, PPP is a contractual agreement between public and private sector where the institutional functions are performed by private players and or state properties are used by them and the risks of the projects are transferred to the third parties.
- According to UK's Private finance initiative, PPP is that type of concept where the government acquires services from the private hands under the long-term contracts.
- C. According to the Department of Economic Affairs, Ministry of Finance, Government of India, 2007, PPP is defined as, "A partnership between a public sector entity (sponsoring authority) and a private sector entity (a legal entity in which 51% or more of equity is with the private partner/s) for the creation and/or management of infrastructure for public purpose for a specified period of time (concession period) on commercial terms and in which the private partner has been procured through a transparent and open procurement system".

Role of Education Sector in India: Private participation in education has increased dramatically over the last two decades across the globe with the objective of providing education to all types of economic class of people. In the Eleventh Five Year Plan PPP led Education system has been projected. According to this plan 2500 model school would be setup under this mode with the objective of providing quality education to the socially and economically weaker section of the people in the backward and remote areas.

The 12th five-year plan introduced RTE, for 6-14 years child in elementary level irrespective of caste, creed, gender, Geographic's to provide quality education. The Supreme Court of India has also made implications for the prospect of Public Private Partnerships in the Unni Krishnan case. The Supreme Court highlighted that :

"Both in the light of our tradition and from the stand-point of interest of general public, commercialization of education is positively harmful; it is opposed to public policy. As we shall presently point out, this is one of the reasons for holding that imparting education cannot be trade, business or profession. The question is how to encourage private educational institutions without allowing them to commercialize the education?"

On the basis of Unni Krishnan case, Hon'ble court realized the need to introduce new Education setup under PPP model that work together for the all round development of education from elementary to higher education as our government cannot provide additional resources for expansion of the higher education system in particular.

Keeping the popular view in mind the government of India has made some provisions regarding PPP led education system. As a consequence, higher education regulatory body UGC has set up an expert committee to look for the possibilities of Public-private partnerships. The committee has suggested four alternative models for the purpose of paramount development of higher education system in future.

In March, 2011 the said committee has submitted its report to the Planning Commission. The report focus that public-private partnerships in primary, secondary and higher and technical education would bring benefits of saving resources and time; improve efficiency of the system; improve performance and promote autonomy which will ensure high quality in higher education.

Different Models of PPP: The UGC expert committee has identified four possible alternative models which are mentioned below :

- Basic Infrastructure Model
- Outsourcing Model
- Hybrid Model
- Reverse Outsourcing Model.

The above mentioned models have been stated in a simplified manner. These are as follows:

- **Basic Infrastructure Model**

In this model, the physical infrastructure and ancillary services would be provided by the private sector, who would also be allowed to earn third party revenues from some of the pre-determined infrastructure beyond curriculum hours from permissible activities. What activities are permissible would be decided by the government and it would also decide the location of the institution, provide the land and specify the standards up-to which the physical infrastructure needs to be built and maintained.

Though the model is preferred by the Planning Commission's Infrastructure division but in practice it has proven ineffective as it requires huge capital investment from the private sector and education remains a 'not for-profit' activity, in such a cases, the banks and financial institutions would not be willing to lend the required capital. This model is inefficient one because it would not improve the higher education system; the significant problem of deteriorating quality in educational institutions is often due to the incapacity of the government to handle smooth operation and management of the educational institutions, apart from a few exceptional institutions. If the government retains the control of operation and management, the similar story of hundreds of government run poor quality institutions would be repeated.

- **Outsourcing Model**

In this model, private sector would invest in infrastructure and also carry out the operation and management including the core teaching activities of the educational institution whereas the government would pay for specific services; such as hostel, canteen, library etc., on per student basis. The government would also set up standards for teaching and physical infrastructure and decide the location of the institution. This model again does not reflect a true partnership; here the government is trying to reduce cost of providing education and asking the private sector to carry out the objective of providing higher education. Such cost cutting is largely desirable, if it is carried out successfully.

Under this model, the government is not providing the required capital upfront, thus the private sector would have to borrow money from the market and proceed with setting up and operating the educational institution and then the government would pay on a per student basis. So we see this mechanism as an equivalent of student vouchers, where the government pays part or full fee of a student based on some specified criteria and the student joins the institution of her/his choice. The private educational institution could provide quality educational services if the UGC was more prudent in formulation of its quality assurance guidelines and was assuring successful implementation of the same, and that having a mechanism of an outsourcing partnership is redundant as the same could be maintained via fee vouchers.

- **Hybrid Model**

In this model, funds would jointly be raised by the government and private financial institutions as equity basis for the infrastructure development. The equity contribution would be pre-decided by the partnership contract and the operation and the management of the institution would be managed by a board which would be formed from amongst the equity holders. Operating cost shall be recovered through user charges like tuition fee, hostel fee etc. and third party revenue. Under this model, Institution enjoys sufficient autonomy because the board of the equity holders is largely independent; and possibly, this model may involve innovation in curriculum design and teaching methods. This is a true partnership as well, and since the board has a direct interest in earning the return on the revenue over long term, it would strive to maintain the best possible quality for the institution so as to reap benefits over the long term.

- **Reverse Outsourcing Model**

This model, as reckoned by the university grants commission, may be more useful in case of the existing institutions of higher education. Under this model, the government would invest in infrastructure while the private sector would run the operation and management. Under this model infrastructure would be developed by government while operations and management would be run by private institutions.

The cost of operation and management is to be recovered by the involved private player by user charges like student fees and third party revenues for example, commission from canteen revenues.

This kind of partnership is desirable in many government institutions. In order to efficient running of an existing institutions this model would be more advantageous than the government institutions as the government run institutions are often bogged down by excessive red tape, teachers union and other bureaucratic procedures, which the private sector can successfully overcome. The private sector also has better adaptability to modern technologies which could reduce cost of providing education in the existing institutions. This model would also provide flexibility for the educational institutions in matters related to teachers pay, curriculum design, administration and modernization of teaching facilities.

Why is PPP?

In socio-economic perspective , PPP based education system is essential because of the following reasons :

- **Competition**

PPPs can create competition in the education market. In order to compete with the private sector government would provide quality education. So that both the sectors work together effectively in providing qualitative education for the nation.

- **Flexibility**

Flexibility is one of the important advantage of PPP contracts than any government sectors. The contract between government and private sectors encourages flexible environment that makes the public sector an autonomy one. In case of recruiting teachers, government sectors enjoy less autonomy than the private sectors. Public-private contracts can be a better fit between the supply of and demand for education.

- **Open bidding Process**

Government can choose private providers in PPP contracts by means of an open bidding process in which the government defines specific requirements for the quality of education that it demands from the contractor. The contracts often include measurable outcomes and clauses that specify the condition to deliver a certain quality of education, and the contractor with the best or lowest cost proposal is then chosen. This characteristic of the contract alone can raise the quality of education.

- **Risk Sharing:**

Risk -sharing is one of the important motivator for PPP contracts. Because it would increase the delivery of services and consequently it would channelize the additional funds to the provision for education. So increasing the private sector's role in education can have several potential advantages over the traditional public delivery of education. Whether these benefits are actually realized depends greatly on how well designed the partnership between the public and private sector is, on the regulatory framework of the country, and on the capacity of the government to oversee and enforce its contracts and partnerships with the private sector.

- **Easy to carry out non academic Work:**

PPP contracting can easily carry out non-academic activities including food services, subsidizing the tuition fees etc.

- Optimum utilization of human and financial resources is possible.

- In terms of ROI (Return on Investment) ,PPP systems are better than traditional system of education.

Challenges of PPP

There are several challenges that PPP modes in Education are facing in India. These are enumerated below:

- Weakness in enabling policy and regulatory framework is the biggest challenge before PPP implementation in education sector in India.
- Various risks like financial risk, marketing risk, construction risk, demand risk are involved in carrying out a PPP based projects.
- Lack of capacity in public institutions and officials to manage the PPP process.
- Lack of proper coordination between public and private sectors.
- In PPP projects large number of people and process are involved and therefore it may invite corruption.

Conclusion

In PPP model, though the government and private sector work together but they have different objectives to participate in the higher education market; the previous researchers have perceived the same thing. The socialist structure based Indian government always try to achieve the Constitutional ideals including social inclusion, access and quality assurance in the higher educational institution; whereas the main motive of private sector for the participation in the education market is to earn profit or is driven by philanthropic interest. Keep in mind the transparent, competitive, and multistage selection process government should select the private players in an efficient and effective way. More empirical studies should be needed for good understanding on the topic and this is the limitation of the study. The governments should assign the roles of purchaser and provider of education services to different entities within the education administrative agencies. The governments must ascertain that the private agency has sufficient capacity for the task at hand. Lastly it can be concluded that for the upliftment of quality education, increasing enrollment ratio, good co-ordination between private and public sector and reduction of excess overload of government in setting up of educational institution in PPP model is an urgent need for India.

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