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Role of Public-Private Partnership in Higher Education in India

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Abstract:

In India's growth story, higher education has always been identified as a critical component. The Indian Higher Education system continues to be bogged down by the challenges of inadequate access, poor quality and inequity. The Gross Enrollment Ratio has grown slowly and is estimated to be at 20%, with wide disparity across regions of the country, leaving a lot of ground to be covered to achieve the dream of universal higher education. Hence, the public-private partnership is the best way to boost the higher education system in India. Public-Private-Partnership is a contract between a government entity and a private entity. It provides an opportunity for private sector participation in financing, designing, construction and operation & maintenance of public sector programs and projects. In this paper an attempt has been made to understand the significance of public-private partnership in higher education, its needs, current status and drawbacks. The paper focus on two hypotheses i.e. first, Public-private partnership in higher education not only make the better use of assets but also reduce the time and cost. Second, Public-private partnership does not help to improve the infrastructure and financial capacity of the organization. The results of the study indicate that the public-private partnership improve the infrastructural facilities & quality of service delivery. It reduces the time and cost as well as increases the financial capacity of the organization.

Keywords: *Public private partnership, higher education*

1. Introduction

Over the past few years, Indian higher education system has undergone massive expansion. Government of India is aware of the plight of higher education sector and has been trying to bring reforms. Today, India boasts of more than 31,000 higher education institutes, higher than any other country. India's higher education system is the third largest in the world, after China and the United States. During the academic session 2013-2014, the total enrolment in all courses and levels in regular stream was 237.65 lakhs including 105.52 lakhs women students, constituting 44.40%. The maximum number of students had been enrolled in the state of Uttar Pradesh (37.72 lakhs), followed by Maharashtra (26.87 lakhs), Andhra Pradesh (22.01 lakhs) and Tamil Nadu (21.85 lakhs), etc. However, despite having such a large number of institutes, India's gross enrolment ratio and the quality of education is still low. Therefore, to solve higher education problems, government of India, adopt the public-private partnership.

Public-private partnership is an arrangement between the public and private sectors with clear agreement on shared objectives for the delivery of public infrastructure and public services. It is an approach used by government to deliver quality services to its population by using the expertise of the private sector. In fact, it is a contractual arrangement through which a private party performs part of the service delivery functions of the government while assuming associated risks. In return, the private party receives a fee from the government according to pre-determined performance criteria.

The World Economic Forum defines the Public Private Partnership as, "A voluntary alliance between various actors from different sectors where both agree to work together to reach a common goal or to fulfill a specific need that involves shared responsibilities, means, competencies and risks."

According to the Canadian Council for Public Private Partnerships, "Public Private Partnerships is a cooperative venture between the public and private sectors, built on the expertise of each partner that best meets clearly defined public needs through the appropriate allocation of resources, risks and rewards. The two elements that characterize the definition given by the Council are provision of public services and sharing of risks between the partners."¹

The Government of India too defines PPPs 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'.²

The definition given by the National Council for Public Private Partnership of United States also emphasizes the provision for public service and sharing of risks and rewards between the two partners.

Gerrard states that public-private partnerships (PPPs) combine the deployment of private sector capital and sometimes public sector capital to improve public services or the management of public sector assets. By focusing on public service outputs, they offer a sophisticated and cost-effective approach to the management of risk by the public sector than is generally achieved by traditional input-based public sector procurement.³

Hence, public-private partnership is a sustained collaborative effort between the public sector and the private sector to achieve a common objective while both players pursue their own individual interests. During the past few years, it is used in the education sector with the intent of achieving improvement goals and high quality education outcomes. It involves the public and private sector to work together to achieve important educational, technical, social and economic objectives.

1.1. Scenario of Public-Private Partnership in Higher Education in India

The Indian education system is dominated by the core sectors of higher education and schools (K12), which account for 80% of the total consumer spends in the market. Over the past few years, the growth of higher education has

¹The Canadian Council for Public Private Participation http://www.pppcouncil.ca/aboutPPP_definition.asp#models

²Department of Economic Affairs, Ministry of finance, government of India, 2007a

³Michael B Gerrard (2001), Public-Private Partnerships, Finance and Development, a quarterly magazine of IMF, Volume 38(number 3)resulted in a sharp increase in the number of institutes but the enrolment rate is still low. Presently, the number of Universities has gone up to 667 which were 493 in 2010 and the number of Colleges from 31324 to 39671(as shown below)

Number of Universities/University Level Institutions and colleges as on 31.03.2014				
S. No.	Type of Institutions	Number of Institutions (As on 31.03.2009)	Number of Institutions (As on 31.03.2010)	Number of Institutions (As on 31.03.2014)
1	Central Universities	40	42	45
2	State Universities	231	256	313
3	State Private Universities	21	60	175
4	Institutions established through State Legislation	5	5	5
5	Institutions Deemed to be Universities	128	130	129
6	Total	425	493	667
7	Colleges	25951	31324	39671

Table 1: Higher Education in India

Note: UGC Annual Report 2013-2014

1.2. Low GER as Compared to the Worldwide Ratios

Now a day, India has shown a speedy progress in the number of education institutes and the number of students enrolled but the fact is that India is still lagging behind in it as the average gross enrolled ratio is just 20%. India need improvement in its education system as the developed countries worldwide possess higher GER with USA having 34% GER, UK has 59%. Japan has 55% and China 28% (as shown below)

S. No.	Country	GER in higher education [%]
1	Japan	55
2	USA	34
3	UK	59
4	China	28
5	India	20

Table 2: India's Gross Enrolment Ratio in Higher Education

Source: ireport.cnn.com/docs/DOC-1108407

Hence, to overcome the problem of low enrolment, the Government of India, move towards the Public-Private Partnership Model. In a fast growing but capital scarce economy, PPP is a viable alternative to public funding by harnessing private sector efficiencies for infrastructure development which traditionally has been the government domain. A public-private partnership in education is the most suitable scenario to check corruption, ensure efficiency and proper utilization of allocated funds. Broadly, PPP in higher education can operate to provide infrastructural services, support services and educational services. The private partner under PPP contract can provide the different range of services separately or in various combinations: - Infrastructure facility services, non-educational services, support services, educational services, teachers' training, management of public schools, operation of public schools, and provision of teaching services in private schools to publicly funded students.

1.3. The Major Problems of Indian Higher Education

As the number of institutes increase, the system of higher education is beginning to face some serious problems. Clearly, governments both at the Center and in the States need to allocate far more resources and attention on ensuring that future generations are equipped sufficiently to operate in a knowledge economy. The problems are-

- Co-modification of Education
- Global Competitiveness
- Concerns of weaker institutions
- Developmental disparities and unsolved Indian problems
- Weak linkage of education with developmental processes
- High cost of higher education

1.4. Benefits of Public-Private Partnership in Higher Education

The PPP in education have several potential advantages over the traditional public delivery of education. Some of them are-

- PPP contracts are more flexible than most public sector arrangements.
- PPP contracts achieve an increase level of risk-sharing between the government and the private sector.
- It improved the service delivery & is very cost-effective.
- It increases the investment in public infrastructure with the reduction of public sector risk.
- It delivers capital projects faster & makes better use of assets.

2. Methodology of the Study

This research work is carried out to understand the concept of public-private partnership in higher education in India and the result of the implementation of PPP model. The paper focus on two hypotheses i.e.-

- Ho₁- Public-private partnership in higher education not only make the better use of assets but also reduce the time and cost.
- Ho₂- Public-private partnership does not help to improve the infrastructure and financial capacity of the organization.

For the present study both primary and secondary data were used. Primary quantitative data was obtained through the schedules that were delivered to some educational institutes. A total of 100 respondents (teaching-staff, students, and office-staff) from different colleges were selected for the study and secondary data was collected from the records, reports, websites etc. The data so collected are analyzed by using the percentage method.

3. Findings of the Study

In India, higher education system has expanded at a fast pace. Almost 6.75 million students seek admission in higher education every year. Hence, the Government of India adopts the public-private partnership in higher education to improve the education services. Actually, public-private partnership (PPP) is a contract between the public and private party to achieve some common goals like quality education, development of financial and infrastructural capacity etc. PPP do not mean reducing the government responsibility and accountability. The government remains accountable for service quality, price certainty and cost-effectiveness (value for money) of the partnership. Government remains actively involved throughout the project's life cycle but the government role gets redefined as one of facilitator and enabler, while the private partner plays the role of financier, builder and operator of the service or facility. Asking on the PPP model in education, most of the respondents favour that with the introduction of public-private partnership the management, professional, supportive, operational, educational and other services are improved which not only upgrade the education quality but also encourage the students and the staff for better work.

Respondent view about public-private partnership in higher education	Yes	No	Can't say anything
Is PPP improved the management system of the institute?	85	10	5
Do you think that PPP provide freedom to manager and reduce the bureaucracy?	90	7	3
Is it providing quality education with low cost?	80	15	5
Helpful in infrastructural and financial development	90	5	5
Greater control of finance	89	10	1
It increases the goodwill of the organization	95	5	-
Enhance the operational and supportive services	100	-	-
Helpful in better use of asset at less time	90	5	5
Better professional services at low cost	85	10	5

Table 3
N=100

About 90% of the respondent feel that public-private partnership is just like a magic stick which improved the higher education system in which all the students get quality education at low cost as well as the institute make the better use of asset. The above views of respondent favour the first null hypothesis. Thus, the first null hypothesis is accepted i.e. Public-private partnership in higher education not only make the better use of assets but also reduce the time and cost.

During the study, it was found that those institutes which were based on public-private partnership runs more successfully than the others. Even they had the well-furnished class rooms, good laboratories, hostel, libraries, sports facilities etc. They (both the public and private sector) distribute their duties in such a way that they did not feel the problem of less finance. Therefore, the institute where PPP is adopted has good result as compared to the other institutes (as shown below)

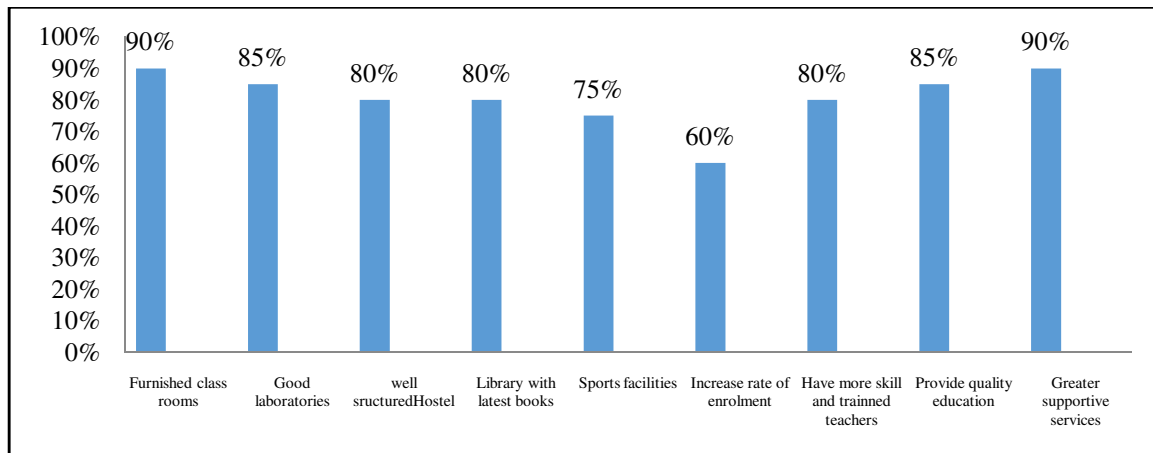


Figure 1: Result of educational institute where public-private partnership is follow

Therefore, the second hypothesis was rejected and alternative hypothesis is accepted-Public-private partnership help to improve the infrastructure and financial capacity of the organization.

4. Conclusion

In many countries, PPPs are now a central feature of ongoing efforts to modernize the higher education system. Its aim is to combine the skills, expertise, and experience of both the public and private sectors to deliver higher standard of services. To up-grade the higher education system in India, Government of India adopts the Public-private partnership. As it not only improves the infrastructural and financial capacity of the educational institutes but also make the better use of assets & also reduces the time and cost. Hence, in the era of globalization and liberalization, public-private partnership is just like an umbrella which protects the education system.

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