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Private Education in India

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ABSTRACT

In the yearly period of 2018-19, around 33 Crore students were enrolled in schools and 3.7 Crore students were enrolled in Higher educational Institutes in India. Of the 15.2 Lakh schools in India, 3.3 Lakh are Private Unaided schools. Further, of the 993 universities in India, 385 universities are private, excluding some institutes of national importance (MHRD, 2018-19) (Department Of Statistics, 2018-19). The primary conclusion that we discover from the data facts mentioned above is that private education in India has a significant share in the country's educational sector. Further, a part of the workforce of the country, thus comes from private institutions.

The education system in India enrolls the second largest number of students in the world after china, being proportional to its population. Indian higher education institutions are, however, significantly smaller on average than colleges in China. In India, the growth in private education system has been driven by two trends, First is the shift toward private provision, over 10,000 degree-granting private institutions were established in the last decade. While private growth had exploded in the 11th FYP (Five Year Plan), it is very evident from the increase in the number of private institutions that this growth has been consistent with the 12th FYP as well. (Daugherty, Miller, Dossani, & Clifford, 2013)

While (Daugherty, Miller, Dossani, & Clifford, 2013) offers insights into how the private education system has established its name into the country's education scenario (Béteille, 2005) explains how this growth has been chaotic, unplanned, characterized by inadequate facilities, outmoded teaching methods and lack of quality faculty. Reports from the National Assessment and Accreditation Council (NAAC) suggests that most institutes are of poor quality. This report is not valid just for private institutes, but for several public institutions as well. Going forward, we shall analyse what is wrong with the system, who loses, who wins and what can be done about this problem.

Keywords: MHRD, Education, College, Deadweight Loss.

I. THE PROBLEM

Of what you have read so far, is the situation which receives the most limelight. When we go down to the most basic level of education, how are things fairing out in that sector is something

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that is worth seeing. Over the past decade, the literacy rate in India has risen significantly. The school enrolment ratio, gender composition in schools, facilities provided, access to meals for school students, all have shown a positive picture that the education system in India is producing positive results after quite a long period of work. However, just because we have come this far, does not mean that there isn't any path for us to move forward. The scope for improvement remains immense.

The parameters on which we have been judging basic education thus far, can further be improved, though nobody can still be sure or possibly predict till when India's educational parameters converge with those of developing nations. One might even argue, that we may publish reports that show that we're improving, however the situation might be quite different, for some people believe that the work done is only in paper and reports and never shows up on the ground.

Starting off from the root level, i.e. primary education in our country, as we've pointed out has seen significant changes yet there is still huge room for improvement. A major problem is dropouts that are still quite high despite the fall in the dropout percentage. Looking at what causes this, to put in economic terms, the parents at times end up discounting the future to much. Because, surviving in the present seems very hard. They'd rather let their child work somewhere rather than go to school because money is a necessity. What also promotes this is that in govt schools, parent teacher interacting is minimal, there is almost zero counselling that could convince a parent as well as the student that going to school is going to be beneficial.

When looking at the private side of it, these things exist in a few schools, however, the problem becomes even more adverse when these institutes operate with the purpose of profit maximization rather than social welfare maximization. To simplify, the fee parents pay to send students to a private school, for most of this country's parents, is a far cry.

This does not change at the higher education level as well; lack of money makes people dropout or not pursue education further. The problems remain the same or at times, gets further complicated. Private institutes at any level, are also dynamic (Levy, 2006), making changes depending on "*what's the next big popular profession in the job market?*". Whereas government institutes simply are unable to change so rapidly because of the system from where changes are to be done is terribly slow, infrastructural developments or for that matter any changes in the structure have to be approved by some level of the government depending on what form of government institute that is.

A point worth noting here is, if private institutes with their dynamism come forward and offer

the course that guarantees a job and is most demanded in the market, then only the people who can pay for it can get through, the poor are again left out and only have subsidized education to look to, which as has been mentioned is obsolete in most cases and does not match the needs of the job market. The result? The person who paid a hefty amount for the course gets the job and the poor individual who struggled through his education to survive due to lack of money, stays unemployed because the job market rewards those who have what the market asks for. This aggravates one of the most adverse problems this county is facing, the unequal distribution of wealth and further leads to regional inequalities where states like Maharashtra and Tamil Nadu are the face of industrial revolution in the country and Bihar, Jharkhand and Odisha are still facing dire poverty forcing the citizens of these states to migrate.

While it seems like a long chain of connections, seeing it up front, this goal of profit maximization of the private education sector on one hand, does create skilled workers at some level for the country but also takes away the opportunity from those who are not financially capable to get trained for it.

When this problem is considered at the primary level as well, various skills like communication, personality development are absolutely missing from government schools but several private schools do inculcate these skills amongst students, if not directly by classes, these are self-learnt as a student moves towards passing out of school. These are also significant skills that can earn someone a job, the ability to communicate well is certainly something that companies ask for and the lack of it can make it very hard to find employment, at least in the formal sector.

II. THE CURRENT SCENARIO

To develop these skills amongst the students, certain special training programmes, personality development classes, moral science, behavioural code are being taught in several schools. However, the reason this is quite hard to do in public schools or colleges, is the problem of funding. This problem exists right from the bottom of the educational pyramid to the top, from primary schools to doctoral programmes. Though it's not like nothing has been done, the expenditure on education in India is at par with several developing and even developed nations (UNESCO, 2007). However, the population explosion in India is so massive that despite this huge educational expenditure, it is not enough. And that is why, there is a lack of absorption in public educational institutes at the higher level and people must look towards private education. Of course, there are people who opt for private education by choice, at least at the school level, it has been observed that most people classified as middle-class income groups or higher prefer

to send their children to private educational institutes. However, this changes as we move towards higher education where the government institutes are subsidized and plenty of them do offer great opportunities. Again however, getting into them is extremely competitive and this again turns educational aspirants towards Private educational Institutes.

It's not like private educational institutes are undesirable, there are plenty of them which have been doing a great job of giving a skilled work force to the country however, since we mentioned previously, that most of these institutes work with the aim of profit maximization and thus this corrupts the idea of admittance on the basis of merit. This is genuinely a deadweight loss to the society, where a student financially well to do however lacking in merit gets to study and attain the skills but someone financially weaker and superior in terms of merit does not. And it's not that this problem exists in India only, it's a worldwide problem, however the scope of study we have here is limited to India.

This idea of maximizing profits is justified by private institutes by saying that more money they have, the better they can train the students. It's true but results speak otherwise. Of the top 200 universities in the world as per rankings, none of India's private educational institutes find a place, 2 of government institutes do (QS world, 2020). This rating agency rankings evidently point out that something must be wrong with the private education system in India.

From what is observable, at first one might say that the goal of the existence of these institutes being profit maximization is the reason that they are unable to make a name for themselves and produce something significant. While this is true to some extent, another valid point is that when merit is not the idea behind admittance of students, the institutes are bound to produce a less than good result. Innovation and ideas of betterment take a back seat when that happens, combined with money on the minds of those who run these institutes.

The Gross Enrolment Ratio has seen a significant rise for all states in India, be it in primary, secondary or higher education (Department Of Statistics, 2018-19). This rise, when compared with the increase in number of government educational institutes at all levels is far higher, it is very evident that we have a shortage of educational institutes. This shortage continues to rise as we move from lower levels of education to higher levels of education, thus the shortage getting its highest magnitude at the Higher education Level. This is where we can make a very significant statement- *“At primary and secondary levels of education, people opt for private education for their children because of the firm belief that the private schools offer better quality of education and thus groom the students well. At higher levels of education, people opt for private education mostly not out of choice, but due to the lack of government colleges and*

the hardships of getting into them”.

Sending kids to a government college, not only saves families a lot of money but also the infrastructure and academics that several well-funded govt colleges offer, also promises a good trajectory of opportunities and growth in a student’s life after college.

The problem of financing has been talked about quite a lot till now, but there is more to the problems that come with it. Which is, that students are human, and humans make wrong choices, “*To err is human*”. It is quite possible that a student may end up making the wrong choice about what he wishes to study and might wish to quit the course or choose something else. In India, this problem starts off from higher secondary level of schooling, where streams are chosen and students may not be quite sure of what to choose (Agarwal, 2009). In school this error is rectifiable as stream changing options are available in both, government and private schools. Again, the private schools can demand some extra fees or donations to the school’s cause for this error on the student’s side. This is very common.

However, in colleges, this problem becomes graver. And a way out of it is to drop out and start over again. Of course, there can be dropouts when there are students who find it unmanageable to study or for several other personal reasons, however making the wrong choice and realizing that this is not what you want to do is also common. This specific problem becomes worse in private colleges, because the money you deposited to study, is a Sunk Cost. It’s a sunk cost in a government college as well, but the money invested there by the parents or through any other funding source usually is far less than in a private college. This deposited money is a sunk cost, a deadweight loss and it can be a huge blow to the funds of an average Indian household.

It is understandable that this problem is not an error on the part of educational institutes, however, people make the wrong choices and this system needs flexibility, not denying the fact that in several cases this money is refunded but, in several cases, it isn’t and this is a problem. With, a possible solution being some certain guidelines or rules formulated by the Ministry of Human Resource Development or the University Grants Commission. There is also data to support that this is a problem, the dropout rates from 2010 to 2019, in a period of nine years has risen from 3 percent to 3.8 percent (MHRD, 2018-19), a significant rise considering the enormous number of students enrolled in higher education institutes.

This extra amount of money that a family pays for a student to go to a private school or a private college at times might be infeasible for many. This, infeasibility has created another market, a market for education loans (Agarwal, 2009). Indeed, people take loans to go abroad and study but a significant share of the demand in this market is for loans for students to study

within the country. This not only worsens the problem but is also a huge violation of the idea of free impartment of education that is preached and followed by several nations. India also follows the same idea, at least for education till the age of 14, is mostly free in government schools.

There are many people, corporates, industrialists, who believe that a private educational institute has the right to aim at maximizing profits, for more profits means better education imparted with more infrastructure, better skill development and overall a better individual for the society. A contradicting argument to this would be, despite the exorbitant fees charged by several private educational institutes, there are several government institutes, that are well funded, well regulated charge lesser than most private institutes and provide with better results than private institutes.

This profit maximization for the betterment of the institute and apparently the students does not actually help anyone but rather serves the interests of those who run the institute, for if the profit was used for betterment of the institute, it would rather be student and societal welfare maximization. Which, very few private institutes in the country follow. Another concept that is important to mention here is that the corporates, industrialists extract several resources from nature as well as human resources, the way to give it back is what is known as social responsibility. The question now is “*Should a socially responsible school aim at profit maximization*”? This statement in itself is contradictory, for it is easy to know that if you wish to maximize profit and indeed firms all around the world that maximize profit, exploit resources, at times over exploit human and natural resources and cause damage to the society. The same principal can be applied to an educational institute that maximizes profit, it does not care about how much money you have or you don't, if you wish to study, you have to pay the specific amount asked for, no matter what your financial status is, most of these institutes do not even offer scholarships on the basis of merit, it's as simple as pay the money and get in.

The managements of these institutes also ask for capitation fees or donations at times (Agarwal, 2009), in the name of betterment of the institute and that too irrespective of your financial status, probably this is what people take education loans for. And this does not promise a bright future, or a job to the student which will help in taking care of the loan.

III. AN ECONOMIC EXPLANATION AND THE GOVERNMENT POLICY STRUCTURE

Of what has been discussed thus far, we have specifically pointed out the problems be it financial or problems of coping up, which have been observed in the education system of India. One of the main takeaways from what we have discussed is, that this situation of private

education in India, certainly creates a deadweight loss. Making sense of it using economics, the demand is so high that every private institute has a monopoly of its own. The producers, in this case the private educational institutes owners make changes in a certain way which creates profits for them at the cost of a loss for the other entity in the market, which are the consumers or in this case, the students and the families of students who study or wish to study in these institutes.

In a general deadweight loss case, there is a third party which we haven't talked about yet. Naturally, it also becomes a part of the study we are doing here, which is the government. Does the government stand to gain or loose something in this case? How can the government regulate this situation to ensure that such exploitation does not occur at all? We shall take up these questions next.

The government mainly has two jobs when it comes to education, first is improvement and regulation of the government institutes and second is the regulation of the private education sector. For this the topmost authority is the Ministry of Human Resource Development (MHRD) followed by State ministry of Human Resource Development (SMHRD), where the SMHRD follows the policies and the guidelines of the MHRD. Then there are other bodies like the University Grants Commission and All India Council for Technical Education (AICTE) and National Assessment and Accreditation Council (NAAC) which are autonomous bodies funded by the government of India. At the national level, while the UMHRD is responsible for setting and monitoring quality, its regulatory arms, such as the University Grants Commission (UGC) and the All India Council for Technical Education (AICTE), set and implement the quality standards that all institutions are expected to follow. And further these bodies are synchronized with the SHMRD's as well.

What we have discussed in the above paragraph tells us that there is a specific system with given guidelines on how things should work. And they do work certainly, the best results in the country are provided by well-funded government institutes as we've discussed before. Indeed, a lot of work is still left to be done in this space, there is no end to how far it can go. But where the government has fared worse is the regulation of private institutes. India has an enormous population and has exploded for quite a long while and the country needs to meet the demands of education of the country, to meet this gigantic demand, the government lends private parties all the resources required to run an educational institute, at a cost far less than it should be. The government here certainly has good intentions, but there is very less in place that stops the private parties from exploiting those who they want to, which is the general public.

This brings us back to square one, the government might take actions specifically against some private entities in specific cases, but the truth is the private parties continue to exploit owing to the enormous demand explosion for education in the last 20-30 years. Again, we are in the deadweight loss situation. The public is exploited, some refuse to be exploited and a student ends up being somewhere he shouldn't have or worse, does not get educated, that is a deadweight loss to the society and is a very disappointing scenario for the country in 21st century.

In India's higher education scenario, 80% of the total students are enrolled in just 10 programmes. Bachelor of Arts being the first choice, followed by a B. Com followed by B. Tech. (MHRD, 2018-19)

Considering the colleges, there are more than 77.8% colleges running in Private sector; aided and unaided taken together, but it caters only 66.4% of the total enrolment. The rest of 22.2% of colleges are government or government aided institutions, which enrol 33.6% of the students (MHRD, 2018-19).

This statistic gives you an idea of how dominating the private institutes are in the higher education scenario of India, it also gives you the idea of how government institutes are overcrowded with less institutes and more students and it's the other way around for private institutes which proves that indeed the private education system creates a deadweight loss in the society.

The magnitude of this deadweight loss however is very different at lower tier levels of education. People send their students to government schools, where several reforms over the last few years have led to specific improvements and improved the enrolment ratio in the government schools. The private schools do exploit the same way just as private colleges do in case of higher education; however, the magnitude of exploitation has been observed to be lower. This might have been possible due to very stringent reforms by several governments and authorities and the idea of free education till the age of 14, where several private schools were also brought in the realm of this policy. Chhattisgarh and Sikkim are two examples of this.

Other states like Delhi, have had a bit more of a moderate policy towards this, with 5% of the seats in private schools being reserved for Economically Weaker Section (EWS) students. While this is helpful at some level, considering the population explosion in India and the demand for schooling, this is not at all sufficient.

And when we move up the order, i.e. higher education scenario, despite several regulation

authorities and the complex system, the level of exploitation is far more. Perhaps the complex system of regulation authorities worsens and creates confusion as to who regulates what. This is just what it seems like from far off, or it is quite possible that those who should regulate look the other way around at issues they consider far more important than regulating private colleges.

It would be far to ignorant to say that the government has turned a blind eye towards the situation. Yet, it is true that if these institutions did not exist, the situation would have been far worse, with excruciatingly high demands and terrifically low supply of educational services. Thus, the government must allow these institutes to operate, but also must put in a system for regulation or even better reformation.

While in the past we have seen grievances, against malpractices of these institutes with several of them even leading to fair settlements, just like what has been talked about before, there is scope of improvement and far more than other problems we've talked about thus far.

Education being a necessity in today's times unfortunately has led to more grave and widespread exploitation of our country's citizens and takes away people's hard-earned money to the already rich owners of private institutes who have already been given resources for setting up an institute at a very low price than it's actual value. This has far more widespread implications, for the problems we talk about, this widens the wealth gap.

IV. THE ROOT OF THIS AND MOST PROBLEMS

If we do some brainstorming about it, it all leads back to just one problem, overpopulation. One of the biggest effects which come with the overpopulation is the rise in unemployment. Regardless of the numerous opportunities provided by the developing country, the state is unable to provide a job for every job seeker (Sandu & Sukiasyan, 2018). The unemployment rate has had a consistent rise over the past few years, with rising job creation, still unable to meet the demands. The job market supply being too low.

This high job requirement naturally comes from the fact that our country is overpopulated and this heavy job demand is reflected from the heavy demand for school education followed by higher education which as we've talked about leads to exploitation, losing money and further unemployment aggravates the situation. What makes it worse is that, even if people cannot afford to sustain families with large number of members, they continue to reproduce, in order to assure the survival of the family by producing more workforce and hoping for a bigger income (Jain, Trehan, & Trehan, 2009). This false hope of more income worsens the situation as it leads to more demand for jobs and country's resources already stretched thin. This, does

not prove to be good for the general public, except those who take advantage of the situation by exploiting what they can and worsening the wealth gap, a case of what we have been discussing till now.

Another problem caused by this system is the '*Brain Drain*' which finds a lot of mention in several works about education in India. Private education is also a contributor to this, it has earlier mentioned that despite a higher amount of money paid, the education offered by private institutes lacks quality, it does not stand anywhere in worldwide education rankings. For this simple reason, the wise student in our country thinks that if by paying a bit more than the terrifically huge amount of money institutes ask for in our country, a student can study in one of the best institutes of the world, develop his/her skills and improve their standard of living. It becomes a very attractive scenario considering the positives of going abroad to study. Thus, rather than fighting for a seat in a government college that can take a few years before you get admitted or paying a huge amount to a private institute and still not getting anywhere owing to the unemployment in India, the wise choice that comes to a student's head is to go abroad and study and thus contributing to the brain drain. What's worse is how the private service system adapts to these changes, there are now private consultants and training institutes for students wishing to go abroad, every business exists for a profit, at this point it is impossible not to believe that the private entities indeed turn education into a business.

It is true a lot of the problems in our country find their roots in the problem of over population and exploitation in the private education system of the country is just one of them and it's true there are more concerning issues, but what we have talked about also needs redressal.

V. INSIDE THE PRIVATE EDUCATION SYSTEM

What further needs to be discussed is what happens when a student joins a private institute. While of course there are exceptions, it has been observed there is complete lack of skill development which also makes students unfit for jobs. There are cases of colleges running a course with non-existent classes while conducting the exam for the same. There is an intense race over the highest marks and getting a good "placement" is considered the main goal. This narrow approach to education may seem to be time-saving and an easier path in comparison with the approach of intellectual enquiry but in the long run, it leads to people feeling disillusioned by the rigid competition and many feel dissatisfied as they realize that they are not really learning anything of much use. Even though getting a job remains the main target during college, employers repeatedly complain of Indian graduates who finished at the top of their class and yet are not able to work satisfactorily and apply their theoretical knowledge

(Gautam, Singh, Fartyal, Tiwari, & Arya, 2016)

What has been mentioned above clearly highlights how lack of skill development and impartment of academic knowledge rather than practical knowledge required at a job aggravates the problem of unemployment.

We have not yet differentiated in government and private institutes here, however, this problem worsens for private institutes as you end up in the same position after paying far more money studying in a private institute, thus despite being at the same spot in the job market, a private institute student is worse off.

VI. A POSSIBLE WAY FORWARD

A lot of criticism has been done but we haven't yet talked about the way forward, even though there's an idea to present, it is an expensive idea that will require plenty of bureaucratic approval but with the loss that this country has faced in terms of the rising wealth gap that the private education system creates, it is necessary for a system like this to exist. Of course, a plan like this is open to criticism and modifications to make it better, after all, that is how the government makes its laws.

A system like this would work in the same way as a Consumer Court does, where the commodity in question would be education, a service. It makes it very important for a redressal system to treat education as a commodity, as it streamlines the process of redressal, to get rid of this humongous problem that stands in the way of education based on merit, talent and requirement. It is understandable that setting up a system like this can take a lot of time, but it is also worth noting that rushing on to a decision without taking every factor into consideration often leads to drastic results. The private education system has a monopoly of its own, owing to the immense demand of education in our country. While some might argue in favour of this, other's against it, what we must agree on unanimously that something must be done imminently, some action/policy/law that works against the exploitation that the private education system has led to in this country.

VII. CONCLUSION

In summary, we have come a long way in our discussion of private education, we have seldom used statistical data, but we have particularly pointed out where the problem lies in the system. Every annual report that is published by the government or by a private agency on education in India gives an impression of yearly improvements in education. And that is true, but with one improvement, the system gets exposed to two new problems. The citizens of this country

are every year paying for this deadweight loss created in the country by the private education system, they have to give away a lot of money with far less or at times to get nothing back from the system. While asking for more government regulation is costly even though required, a redressal system for such illicit actions by private education institutes, could possibly be a system that could help reduce or in the distant future completely abolish exploitation of students and their families.

The society has been and still is affected by the system, causing distress in families, financial trouble and further psychological problems. The government allows all this just for the absorption of the humongous demand that the education system faces. It does not even end up absorbing the entire demand where several students are left with no opportunities of education and what is absorbed has also caused a deadweight loss, the only one who wins out of it, is the business owner. The government and the general public only stand to lose. This article is addressed to those who have been exploited, to the concerned ministry and officials, to do something about it, because otherwise we are not only giving away financial resources in the hands of the rich but it is also not leading to significant human resource development and even worse causing a human resource drain.

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