

Private Universities : Challenges and opportunities in Higher Education

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Abstract

The education sector in India has witnessed a paradigm shift in recent times. Once viewed largely as a philanthropic activity, it has since metamorphosed into an 'industry' in its own right. The higher education system in India includes both private and public universities. Public universities are supported by the Government of India and the state governments, while private universities are mostly supported by various bodies and societies. Universities in India are recognized by the University Grants Commission (UGC), which draws its power from the University Grants Commission Act, 1956. In addition, 15 Professional Councils are established, controlling different aspects of accreditation and coordination. Private universities in India are regulated under UGC (Establishment and Maintenance of Standards in Private Universities) Regulations, 2003. As per the UGC act and these regulations, private universities are established by an act of a local legislative assembly and listed by the UGC in the Gazette upon receiving the act. As confirmed by ruling of the Supreme Court of India, recognition by the UGC is required for the university to operate. Also per the 2003 regulations, the UGC sends committees to inspect the private universities and publishes their inspection report.

1. Introduction

The central government funding on education is less than 1% of GDP. The government sponsored capacity building is not sufficient to meet the emerging need for higher education. At present 14.6 million students are enrolled in higher education sector. According to FICCI-E&Y report to achieve 30% gross enrolment rate (GER) over the next decade the country would need an additional capacity to cater to 25 million new seats. The extra capacity generation would need an extra Rs. 10 lakh crores by 2020. At the current budgetary allocation for education, the funds would be insufficient. Private sector can bridge the gap in budgetary allocation and required allocation. Further, The success of private institutions in USA, Japan, and Malaysia are a good example of positive contribution of private players in higher education. The private sector led to increase of gross enrolment rate (GER) during the period from 1999 to 2008, from 71% to 83% in USA. In Japan it increased from 45% to 58%. In Malaysia it increased from 28% to 32%.

Challenges in Higher education

The broad issues to be addressed include, inter alia, accessibility, quality, equity, affordability, inclusiveness, funding and regulation, which require a cohesive and integrated approach for solutions.

- **Poor Employability** Poor industry academia linkages, neglect of soft skills, inability to solve real time problems, mismatch of curriculum and industry needs lead to poor employability of graduates.
- **Lack of uniformity in various courses** being offered by educational institutions. There is no uniformity in the content, pedagogy, and forms of assessments by different private institutions.
- **Poor Regulation** Only 161 universities and 4,371 colleges were accredited by The National Assessment and Accreditation Council (NAAC) as on March 2011.
- **Outdated Curricula** The curriculum followed in most of the institutes is not able to keep pace with the fast changing economic and socio-technical environment.
- **Shortage of Faculty** Institutes of higher education are facing acute shortage of good quality faculty. The high ranking students prefer to join the industry due to better career prospects. The restrictions on the academic qualifications sometimes create the challenges in hiring good quality professionals from the industry.

2. Earlier efforts for strengthening the Higher Education

Analysis of the past Five Year Plans indicates that, there have been continuous efforts to strengthen the base by developing infrastructure, improving the quality through several programs and schemes, introducing reforms in content and evaluation and encouraging generation of knowledge through research. The focus of the Fifth Five year plan was on infrastructure development. It was from this Plan onwards the focus shifted to consolidated and quality improvement. The Seventh Plan laid emphasis on research and academic developments. It was from this plan onwards that the development centres of excellence and area differential funding was recognized. The Ninth Plan aimed at gearing the system of higher education to meet the challenges arising out of the major social, economic and technological changes. The focus of Tenth Plan was aimed at quality and relevance of higher education, research and development, management in financing and the use of the new information and communication technologies. The Tenth Plan provided the basis for

higher education in the 21st century. The Eleventh Plan aimed at providing quality education to all by focusing on access, equity and quality.

3. Opportunities for Private universities

- The Government of India has set itself an aggressive target of achieving 30% GER in Higher Education by 2020, which translates into doubling the GER in the next 8 years.
- As per recent estimates by NUEPA, in order to achieve this target an additional investment of Rs. 9.5 lakh crore* (USD 190 bn), which includes capital expenditure and operating expenditure, has to be made in the next 8 years. To give a perspective, the total allocation to the entire education sector under the 11th Five Year Plan (2007-12) was Rs. 2.7 lakh crore (USD 55 bn) out of which higher education’s share was only about 30%.
- Therefore, given the limited support, which Government can provide to this sector in terms of investment, the private sector needs to play a much larger role.
- Growing role of private sector: The private sector’s role in the higher education sector has been growing at a rapid pace over the last decade and needs to further expand an accelerated rate in order to achieve the GER target.
- Existing & Future Opportunities for Private & Foreign Sector Participation: The number of people entering the Indian higher education sector is growing at a significant rate. According to MHRD data, enrolments have increased from 15.5 mn (GER of 12.4%) in 2006-07 to 17.3mn (GER of 15%) in 2009-10. These figures also reflect an increasing number of young working-age people who continue in the education system instead of dropping out. The number of people in the age bracket of 15-24 years enrolled in educational institutes grew from approximately 30 mn in 2004-05 to over 60 mn in 2009-10. These trends present a huge opportunity for private & foreign sector players looking to provide quality education and services in this sector.

SWOT Analysis:

Despite the huge potential in the higher education sector, not everyone has been able to achieve success. The challenges/threats, which the private sector players face in India are significant and therefore, approaching the market with a well thought-out strategy is advisable.

Indian Higher Education Section Strengths

- Few globally renowned educational institutions
- Huge demand – estimated 150 mn population in 18-23 age group
- Growing middle class with increasing incomes
- Growing economy with numerous employment opportunities
- Huge demand for Indian students in overseas markets

Weakness

- Lack of infrastructure

- Shortage of trained faculty to meet the increased demand
- Highly complex and unclear regulatory framework at Central & State level
- Regional imbalances
- “Not for profit” tag in formal education

Opportunities:

- Unsaturated demand for quality global education
- Low GER of 15% in Higher education as compared to 84% in USA
- Sharp decline in dependency ratio predicted in the next 30 years
- India is expected to emerge as a Global hub in education in Asia Pacific region
- Low focus on R&D

Threats:

- High time lag in introduction of reforms due to various reasons
- Deterioration in quality of education specially in private sector due to lack of availability of trained faculty
- Over regulation – Control over course curriculum, entrance tests, fees, etc.

4. The Indian higher education system

With a GER of 18.8% and enrolment of 17.6 million, access to higher education in India is currently restricted to a limited population. There is wide disparity in Higher Education GERs across states, urban and rural areas, gender, and communities. Examples:

- **Inter-state disparity:** 31.9% in Delhi vs. 8.3% in Assam
- **Urban-rural divide:** 23.8% in urban areas vs. 7.5% in rural areas
- **Differences across communities:** 6.6% for SCs, 6.5% for STs, 8.7% for OBCs, and 17.2% for others
- **Gender disparity:** 10.6% for female vs. 14.4% for male
- **Faculty shortage:** 45% of the positions for professors, 51% positions for readers and 53% positions for lecturers were vacant in Indian universities in 2007-08
- **Deficient physical infrastructure:** 48% of universities and 69% of colleges have infrastructure deficiencies
- **Poor academic standards:** The system is plagued with outdated curricula and ill-equipped libraries (average 9 books per student vs. 53 in IIT Bombay)
- **Unaccredited institutions:** As of March 2011, only 161 universities and 4,371 colleges had been accredited by NAAC.

5. Globally, the private sector has played a key role in Higher Education

USA	Private Sector Participation	Government Enablers
➤ GER: 71% in 1999; 83% in 2008	➤ 2,823 private institutions (more than	➤ The US Higher Education system allows
➤ Enrolment: 13.2		

million in 1999; 18.25 million in 2008	40% share) enrolling 5.6 million students (28% share) in 2009 ➤ The role of the private sector has been spurred by the emergence of for profit institutions, whose share in enrolment increased from 3% in 2000 to 8% in 2008	the set up of for-profit institutions which has enabled such institutions to raise equity capital through PE funds and public markets ➤ In 1972, re-authorization of Higher Education Act increased the student aid available to for-profit institutions.
Japan		
➤ GER: 45% in 1999 and 58% in 2008 Enrolment: 3.98million in 1999 and 3.94 million in 2008	AS of 2009, private institutions accounted for 73% of the 2.8 million enrolment in Japan's universities. The private sector also accounted for 77% of the 773 universities in the same year	The standards for setting of private universities was simplified in the year 1991. Later introduced periodic evaluation in the year 2002 to maintain the quality standards
Malaysia		
GER: 23% in 1999 and 32% in the year 2008. Enrolment: 473357 in 1999 805,000 in 2008	Presently there are 450 private institutions including 49 universities and university colleges and 400 colleges which they account for 54% total enrolment	Tax benefit and exemptions on education materials. Introduced Malaysian qualification framework based on internationally accepted best practices.

Not-For-Profit Structure

A higher education institution in India can only be set up by a Trust or a Society. Policy-makers are opposed to setting up of higher educational institutions as for-profit corporate entities, ostensibly because education is a public good and hence should be outside the purview of commerce. As observed earlier, all policies by Ministry of Human Resource Development (MHRD) are based on NPE of 1986. Given the socialist structure of the polity, NPE 1986 has strong underpinnings of social good; not surprisingly, profit making is a strict no. No doubt the intentions behind having a 'Not-For-Profit' structure might be noble, yet the question one needs to ask is whether this is serving the desired purpose. The fact, that everybody including law-makers know but fail to acknowledge, is that commercialization of education can happen even in educational bodies set up by a Society or a Trust. A State Private University is a university established through a State/Central Act by a sponsoring body viz. A Society registered under the Societies Registration Act 1860, or any other corresponding law for the time being in force in a State or a Public Trust or a Company registered under Section 25 of the Companies Act, 1956.

State	Total Universities
Assam	03
Arunachal Pradesh	05
Chattisgarh	06
Gujarat	-
Haryana	16
Himachal Pradesh	15
Jharkhand	03
Karnataka	07
Madhya Pradesh	12
Meghalaya	08
Mizoram	01
Nagaland	02
Orissa	03
Punjab	08
Rajasthan	32
Sikkim	04
Tripura	01
Uttar Pradesh	24
Uttarakhand	10
Total	161

Private University guidelines

In general the the state government are insisting minimum facilities for giving permission to the private universities. The UGC has already issued guidelines for the establishment of Private University and accordingly the state government of Rajasthan and Haryana have approved the ordinance as self financed private universities Ordinance 2004. According to which the following are are required.

- a) Private university can be set up by a Trust or a Society under Non profit basis.
- b) The trust will submit a project proposal for permission of Private university with such fee prescribed.

- c) The project proposal to establish a private university should contain about, details of the sponsoring body, name and location of the proposed university, availability of land and other infrastructure facilities, teaching and non teaching staff, nature of courses, sources of finances etc.
- d) The state government on receipt of the proposal make an enquiry to verify the facts submitted by the trust or society and upon satisfaction it may issue a letter of intent, and ask the body to submit the following
- e) Procure a minimum of 30 acres of land, if not already available
- f) Construct a minimum of 10,000 square meters of covered space for administrative purposes and for conducting academic programmes.
- g) Undertake to purchase equipment, minimum upto 20 lakhs for the first year.
- h) Give undertaking to appoint immediately to issue notification for the appointment of minimum faculty of 1) professor, 2 readers, and adequate number of Lecturers along with supporting staff.
- i) Establish an endowment fund to the tune of 1 crore in the form of security deposit.

On receipt of the compliance report from the trust or society or sponsoring body by fulfilling the above conditions, the state government will appoint a three member committee to verify the compliance report. The committee will submit the report within one month from the date of its constitution. After receiving the satisfactory report from the committee, the state government will issue the approval to the private university through notification in the Official Gazettee. From the above it is clear that the above process is simplified when compare with the long processes involved in the UGC, Deemed university, or State universities. Therefore many industrialists and societies are opting for the private universities option more preferable areas like NCR regions of Delhi. However all these private universities need to get recognition by the UGC as per the ruling of the Supreme Court of India. In order to maintain the quality standards in these private universities UGC is also insisting the approval from the Professional Councils like AICTE, NCTE, MCI, PCI etc for the courses which they are offering. All together the mechanism for approval of the Self financed private universities is with clear cut norms but how far the universities are implementing is variable from one university to other university at the implementation level.

5. Establishment and recognition of Private Universities by UGC

"private university" means a university duly established through a State Central Act by a sponsoring body viz. a Society registered under the Societies Registration Act 1860, or any other corresponding law for the time being in force in a State or a Public Trust or a Company registered under Section 25 of the Companies Act, 1956.

"off-campus centre"* means a centre of the private university established by it outside the main campus

(within or outside the State) operated and maintained as its constituent unit, having the university's complement of facilities, faculty and staff.

"off-shore campus"* means a campus of the private university established by it outside the country, operated and maintained as its constituent unit, having the university's complement of facilities, faculty and staff.

A private university established under a State Act shall operate ordinarily within the boundary of the State concerned. However, after the development of main campus, in exceptional circumstances, the university may be permitted to open off-campus centres, off-shore campuses and study centres after five years of its coming into existence, subject to the following

6. conditions

The off-campus centre(s) and / or the study centre(s) shall be set up with the prior approval of the UGC and that of the State Government(s) where the centre(s) is/are proposed to be opened. The over-all performance of the off-campus centre(s) and/ or the study centre(s) shall be monitored annually by the UGC or its designated agency. The directions of the UGC for management, academic development and improvement shall be binding. If the functioning of the said centre(s) remains unsatisfactory, the private university shall be instructed by the UGC to close down the said centre(s), which shall be binding on the university. In such a situation Private universities are the fastest growing segment of Indian higher education. The number of private universities has gone up from 73 to 191 over the past five years. The private universities that include State Private Universities (SPU) and Deemed Private Universities (DPU) are now almost one-third of the total number of universities in the country. They outnumber central universities / institutes and enrol a far larger number of students compared to the central institutions. These have not only added a significant enrolment capacity, but brought in much innovation and diversity in the country's higher education provision. While, most of the private universities are teaching-focused and offer professional programmes in engineering and management, several of them are now increasingly focusing on research and offer programmes in liberal arts, basic sciences and education. They focus on interdisciplinary teaching and research, and provide their faculty opportunities and resources for professional development. They are also most pro-active in international collaborations and student exchange programmes with universities abroad. They closely work with industry and businesses to provide experiential and project based learning opportunities to students and real-life research problems to faculty. A private University shall provide all the relevant information relating to the first degree and post-graduate degree/diploma programme(s) including the curriculum structure, contents, teaching and learning process, examination and evaluation system and the eligibility criteria for admission of students, to the UGC on a proforma prescribed by the UGC prior to starting of these programmes.

The UGC on detailed examination of the information made available as well as the representations and grievances received by it from the students as well as concerned public relating to the deficiencies of the proposed programme(s) not conforming to various UGC Regulations, shall inform the concerned University about any shortcomings in respect of conformity to relevant regulations, for rectification. The University shall offer the programme(s) only after necessary rectification. These 165 Universities are competent to award degrees as specified by UGC under Section 22 of the UGC Act with the approval of the statutory councils, wherever required through their main campus. Wherever the approval of the statutory council is not a pre-requisite to start a programme, the Universities are required to maintain the minimum standards regarding academic and physical infrastructure as laid down by the concerned statutory council. It is also informed that Private Universities cannot affiliate an institution/college. They cannot establish off campus centre(s) beyond the territorial jurisdiction of the concerned State. However, they can establish off-campus centre(s) within the concerned State after their existence of five years and with the prior approval of the University Grants Commission. So far, UGC has not approved any off campus centre(s) of any Private University. Course(s) under distance mode can be started by the private university only after the prior approval of the UGC. Students/Public at large are advised to go through this website carefully at the time of taking admission and should clarify the status of the University from UGC before taking admission in any Private University other than those listed above.

7. Suggestions for strengthening the quality of higher education in Private universities

- UGC should approve the recognition of Private universities on tenure basis. It should also insist the private university for NAAC accreditation within 5 years of its establishment. It should be linked with the further approval of next tenure.
- Though there are 90% of the professional colleges are managed by the Private management, the quality of education is maintained due to the direct control of them by the State aided affiliating universities, whereas such system is not present in case Private Universities as many of the state governments are not having State council of Higher Education. The UGC and other professional bodies are over loaded in approving the academic courses. Therefore a close monitoring of the Private universities are required by establishing the state councils of Higher education.
- Though there are 20 state governments have opened their gets for approving the private universities by passing the Self financed Private universities ordinance, many of the state governments are not having State councils for Higher Education. Therefore UGC should insist that all the state governmentsshoud establish the State councils for

Higher Education before giving the permission to private universities.

- The fees charged by the Private universities are very high when compare to the central and state government universities. The UGC should insist that the private universities should collect the fees at par with the state Govt. Aided universities at least for the 50% of the their seats.
- The number of private universities are increasing rapidly not only in the various states but within the states. In order to avoid an unhealthy completion within the private universities within the state, there should be mechanism of common entrance examination exclusively for the private universities. The common entrance should be in the form of a test and counselling and the students will be admitted depending upon their admission ranking.
- In order to maintain the quality of teching, the private universities should appoint the faculty as per the UGC regulations and the pay scales should be paid at par with the regulations.
- In order to maintain the sanctity of the degree awarding status all self financed private universities should be asked to conduct the examination system as per Semester system with more transferant mechanism.
- In order to avoid the commercialisation of education, all the private universities are asked to display their annual reports showing the details of fees collection, and donation received and expenditure by the universities in their website

8. Conclusion

The exponential growth in private higher education institutes needs to be regulated based on quality of outcomes. Government funding and scholarships need to be rationalized based on the merit of the students rather than subsidizing limited number of institutes like IIT's. Uncontrolled and unbalanced growth of private institutes needs to be regulated to focus on development of research based Universities and correcting regional disparity in higher education. This is a need to rethink on present system of not for profit nature of educational institutes. To address the shortage of faculties regulators need to consider possibilities of allowing experience professionals from industry to be hired instead of hiring only PhD's for leadership positions in academics.

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