CHAPTER 1

INTRODUCTION AND BACKGROUND OF THE STUDY

Introduction

Public-private partnership (PPP) in higher education is popularly known as grant-in-aid model in Karnataka recognizes the need for an alternative and effective way of accessing higher education services. The grant-in-aid (GIA) model in Karnataka and India is examined as an example of a well-established public-private partnership model in higher education, James Toole, (2007). The objective of establishing grant-in-aid policy in Karnataka is to encourage, promote and regulate private enterprise/management in higher education through private-public partnership in financing, Task force, (2004). In this background, the study is intended to re-examine, strengthen, expand and restructure public-private partnership (PPP) in higher education in Karnataka with Bangalore as its focus.

Higher Education is generally classified as ‘Public Good’ and therefore excessive reliance on market and community initiatives will not bring about social efficiency and equity. In this context, governments need to collaborate with private players by forging public-private partnership in higher education. Therefore, Public-private partnership is a mechanism by which government seek the participation of non-government organizations, both profit and non-profit, to deliver public goods and services to overcome the impediments of public and private of higher education. This will create an enabling environment in


establishing appropriate monitoring mechanism to control quality and ensure transparency and accountability in Karnataka.

Therefore, the rationale of this study is to explore the challenges, opportunities and trends of public-private partnerships (PPP) in higher education in Karnataka. Exploring the strengths of private and public sectors, forming public-private partnerships (PPP) between the two can open up better opportunities, additional resources, improved educational services and quality enhancement. Hence, PPP or P3 combine the best resources and strengths of the public and private sectors to deliver the needed public services. Therefore, the participation is sought by the government from the private entities, non-government organizations, citizens, voluntary associations and civil society groups including market players for the development of higher education. It is appropriate time for the higher education stakeholders to maximize the respective strengths and minimize the weaknesses.

Higher education operates best when they are governed by a set of dynamic policies which can bring in change for the public good. As John Dewey rightly states in his work “Public and Problems”, “without effective policies, governance and administration” government becomes rudderless”. Hence, sound public-private partnership policies are imperative in realm of higher education for the overall growth and development of Karnataka. As such, Public-private partnership (PPP) is a policy decision which has to be initiated and revised periodically by the government for the public interest. In this context, higher education cannot be completely left to the market forces. We have already experienced failure of market forces in ensuring public good. Further, the impact of privatization has
marred the higher education access for those who are socio and economically backward.³

It is noteworthy to mention that public-private partnerships have been flourishing over the past six decades in extending education services across Karnataka. The most prominent being the grant-in-aid model, which is considered to be a well-established public-private partnership model in higher education in Karnataka. Current GIA policy was first brought into question during the national economic reforms of July 1991, where ‘a reduction in subsidies to higher education’ was first mooted as part of the general ‘expenditure reduction strategies’ (Narayana, 1999: 314; Tilak, 1995: 426-2³⁴. Grant-in-aid or public-private partnership model has been the area of interest for me as it is been neglected in recent academic discussions. Besides, this model needs a serious attention by the policy makers and stake holders for the sustenance and overall expansion of higher education in the light of changing local as well as global higher education scenario.

In Karnataka higher education is at the crossroads. The system is faced with the rising expectations of the people on the one hand, and the pressures of an economy undergoing structural reforms on the other. The day is not far off when State Universities will have to face competition from private and foreign Universities. The question arises as to whether the nature of the programmes offered and their quality can stand global competition. The answer to these questions is determined by the manner in which the system is governed, the

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programmes managed, institutional arrangements made and the manner delivery mechanisms function. The critical requirement is to take a long-term view and initiate strategic measures in the areas of both policy-making and operation in order to create an education system which will meet the changing demands of the youth, society and the nation.

Besides, the demand towards higher education in Karnataka has increased drastically over the years. The ever growing population has further added fuel to the fire with Karnataka’s population touching a whopping 6.1 crores and India with 1.25 billion. Out of which around 1.18 crore population i.e., 19.5 per cent of the population are in the age group of 20-29 years. Since, Karnataka’s population is reaching its prime with the largest age group in the state being between 20 to 29 years, which as high potential for higher education (Registrar of census, 2011). Here the role of the state is become crucial due to the overwhelming aspirations of stakeholders towards higher education. The Task force and other reports have explicitly stated that the support of state towards education services has become vital and crucial for national development. Since the attitude, skill, creativity, and research developed through higher education contribute to national prosperity.

Further, the higher education system in Karnataka continues to be bogged down with serious of challenges such as, inadequate access, poor quality and inequity, inter-state, inter-district disparities, rural-urban differences in access coupled with inter-caste, inter-religion, male-female, poor-non-poor disparities in access, issue of quality education, relevant education, academic reforms and reform of governance in higher education regulation of private sector in higher education, and issues related to cross-country education, and collaboration

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leaving a lot of ground to be covered to achieve the dream of universal higher education.

The above challenges in Karnataka have kept our gross enrollment ratio (GER) towards higher education too sluggish with 18.1%. Especially, with emerging market failures and equity concerns, the public sector remains as one of the most important stakeholder in supporting education services. The rapid expansion observed in education is benefiting only a small section of the population. The State has to address these critical issues urgently. Better targeting of State grants to educational institutions and improvement in the quality of education are required. Therefore, education is no longer a choice either for an individual or for a state. It is an imperative tool to realize knowledge economy and society (Karnataka Jnana Aayoga, government of Karnataka, December 2012).

Policy makers need to understand the possibilities and conditions of partnerships, including legal issues and regulatory framework. In fact there is a lack of common analytical framework for understanding partnerships such GIA and other emerging partnerships, in order to make an impact on access to higher education including quality and relevance of such services. Therefore, it is essential and imperative for the policy makers in Karnataka to re-examine, restructure and strengthen the public-private partnership policies in higher education for better access, equity, inclusion, quality, expansion and excellence in higher education system. As such, this research work will reflect on the need for strengthening the existing and emerging models of public-private partnerships in Karnataka which would certainly enhance the scope, dynamism and efficacy of higher education system in Karnataka.

Research Questions

The present study endeavors to answer the following questions:

- How does the public-private partnership model in higher education operate in Karnataka?
- Why are partnerships among public and private entities desirable for the higher education development?
- What are the existing and emerging higher educational policies operating in Karnataka in the public-private partnership?
- Is the government facilitating a conducive environment for partnership?
- What experiences are faced by the stakeholders of the Karnataka higher education system towards the overall functioning of public-private partnership?

Objectives

The Objectives of the Study are:

- To understand, analyze and appraise the concept of public-private partnership in higher education.
- To explore the concept of grant-in-aid/public-private partnership policy and its impact on higher education stakeholders in Karnataka.
- To examine the experiences of public-private partnership stakeholders in higher education in Karnataka.
- To recognize and evaluate the emerging opportunities, trends and challenges of public-private partnership in higher education in Karnataka.
- To provide suitable recommendations for efficient and effective functioning of public-private partnership in higher education system in Karnataka.
Hypotheses

- Government support is crucial for the expansion of public-private partnership in higher education system in Karnataka.
- Government participation is essential to ensure equity, accessibility and quality in different higher education models.
- Lack of knowledge of the working of higher education among the different stakeholders affects the working of public-private partnership models.
- Constant revision of higher education policies will ensure overall efficacy of public-private partnership model.
- Public-private partnership reduces the burden of service providers (government and non-government entities) as well as the service beneficiaries (students and parents).
- Public-private partnership models will result in economic efficiency for stakeholders than the private models of higher education in Karnataka.
- Public-private partnership model commands better resources and opportunities than the private and public models of higher education in Karnataka.

Scope of the Study

- The Study covers the disciplines coming under the four rubrics - arts, science, commerce (including management courses), and law at the undergraduate level. The disciplines of education, engineering, medicine, agriculture and allied sciences are beyond the scope of the study. Diploma courses and correspondence courses are also not covered in the study.
- Six state universities and colleges affiliated to them serve the region (C S Nagaraju, 1998). The study is restricted to six universities and colleges recognized by them. Karnataka has a few central institutions like Indian Institute of Management, Indian Statistical Institute, Indian Institute of Science, National Law School of India University which are beyond the purview of the study.

- Colleges in Karnataka are under three types of management - Public (government), Private aided (Public-private partnership) and Private. The Directorate of Collegiate Education, Government of Karnataka, exercises varying degrees of control over them. All the degree colleges under the control of the Directorate of Collegiate Education are included in the study.

- This study is intended to understand, analyze, and appraise the concept of public-private partnership in higher education in Karnataka. The study also covers the trends, challenges and opportunities of public-private partnership in higher education and seeks to unravel experience of stakeholders towards public-private partnership model. Further, the study explores the concept, significance, need and scope of public policies and its impact on the public-private partnership model. It also endeavors to analyze the impact of public policy on the higher education system in Karnataka.

- The study is limited to only to general higher education and its policies which cover six regions of Karnataka i.e., Bangalore, Mysore, Mangalore, Dharwad, Gulbarga and Bijapur. Finally, the study intended to synthesize the public-private partnerships inferences on higher education in Karnataka.

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The Scope of the study is summed up with the help of the following Diagram:

Methodology

Public-private partnerships are mechanisms by which governments seek the participation of non-government organizations, both profit and non-profit, to deliver public goods and services to overcome some of the impediments of the public and private models of higher education. Therefore, this study is basically intended to explore the levels of accessibility, equity and quality through the public-private partnerships in higher education. I have used descriptive and explorative methodology do understand the dimensions of the study. This study was conducted between January 2009 and October 2013, with the aim of exploring the challenges, opportunities and trends in public-private partnership model of higher education.
Sources of Data

Primary Data

In order to understand the experience of various stakeholders towards public-private partnership in higher education, 522 respondents belonging to humanities, commerce, management and science, spanning 15 institutions of higher learning across Karnataka, with Bangalore urban and rural was focused. To get the broader and intricate perspective, further, data was collected from surveys, interviews, semi-structured interviews amongst the public (government) and private stakeholders such as students, college management, senior faculties, administrative staff, principals, parents, government officials at the respective regional headquarters of higher education across Karnataka. Since, Bangalore is the hub of higher education and state capital and it is considered as the prosperous districts (World Bank, 2002b: 16)\(^6\). Hence, majority of the survey samples were taken from Bangalore urban and rural headquarters.

Secondary data

Various reports on higher education policies were extensively accessed from central, state, local governments. Most important reports from the Knowledge commission of Karnataka and India, University Grants Commission, Ministry of Human Resource Development, Department of Economic Affairs, Task Force Report of Karnataka on higher education, Annual reports of collegiate department, planning commission from etc. were referred. Besides, World Bank and other international organization reports were also extracted for deducing the inferences.

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Techniques of Data Analyses
To examine the stakeholder’s experience on public-private partnership in higher education in Karnataka, statistical package for social sciences was systematically used to analyze the various indicators of the respondents. Chi-square and percentage analyses tools were extensively used to understand analyze and deduce inferences for the preparation of the report.

Need of the Study
The need of the study is to maximize the potential of public-private partnership for expanding equitable access to higher education and for improving education outputs. Besides, it is also vital to explore the operations of different education models which can empower us personally and professionally. This can contribute to the socio-economic development of the nation. “The ultimate goal of education for sustainable development is to empower people with the perspectives, knowledge, and skills for helping them live in peaceful sustainable societies (UNESCO, 2001, p. 1)”⁶ Higher education challenges in India and Karnataka are many. This include: Low access to higher education; Inter-state and inter-district disparities and rural-urban differences in the access to higher education; other indicators include gender and economic disparities in terms of access to higher education; Issue of quality in higher education; Academic reforms and reform of governance in higher education; Regulation of private sector in higher education; and Issues related to cross-country education and collaborations.

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Significance of the Study

State government on its own is not able to deliver the educational services. As a result, higher education is opened to market forces. This gives a scope for us to explore different models of higher education which, PPP model is one among them. Hence, it becomes significant for us to understand the dimensions of PPP model in higher education which is been neglected in recent academic discussions. Public-private partnerships are mechanisms by which governments seek the participation of non-government organizations, both profit and non-profit, to deliver public goods and services to overcome some of the impediments of the public and private models of higher education. Therefore, this study is basically intended to explore the significance of the public-private partnerships in higher education.
Limitations of the Study

- The higher education stakeholders in Karnataka i.e., the students, officials, parents, faculty, non-government organizations and management did not have sufficient knowledge about the working of different models of higher education in general and public-private partnership in particular. As such, it was difficult to get effective response from the respondents.

- Since, there are different higher education models and polices operating in Karnataka the stakeholders were not able to differentiate the strengths, opportunities and weaknesses of different higher education models accurately. Besides, the exposure, experience and expertise towards different higher education models and policies were inadequate.

- Further, the policies pertaining to higher education in Karnataka are not periodically and systematically updated and maintained. This has impacted on the study.

- Besides, the data base, both government and private sources are not periodically updated. As such deducing some of the crucial data pertaining to public-private partnership models and policies in higher education have been challenging. This is due to the delay in providing information, non-availability of authentic information, lack of cooperation by the resource persons, lack of periodic documentation, and lack of cooperation by the public as well as private officials.

Review of Literature

The grant-in-aid (GIA) in the higher education sector in Karnataka is examined as an example of a well-established public-private partnership. This sector should be of particular interest to those concerned with education policy in developing countries, as it is an example of an enduring public–private partnership (PPP), although it has been curiously neglected in recent discussions: the private sector
establishes and runs GIA colleges; the state regulates these and provides recurrent expenditure (usually in the form of 100 per cent subsidy for teaching and non-teaching salaries). This public subsidy is given specifically to ‘encourage private enterprise in higher education’ to encourage greater access to higher education, (GIA Code for Collegiate Education of 1969, in Puliani, 1999: 538). The potential of PPPs to improve education, including higher education, in developing countries has been noted by many international organisations and commentators. The World Bank, Britain’s Department for International Development (DfID) and the Asian Development Bank Institute are among those hosting recent conferences exploring the issue (see for example, Ahmed, 1999; Commins, 2003; Gaag 1995; Jamil, 2001; Macedo 2003; Wang, 1999, 2001; World Bank, 1996). Combining public and private sectors will ‘utilize each sector’s respective strengths, and . . . minimize each other’s weaknesses’ (Wang, 2001: 6), reconciling their ‘seemingly divergent interests’ (Macedo 2003: 1). PPPs, it is argued, contribute to ‘mobilizing more resources’ and ‘removing inefficiencies’ (Jamil, 2001: 2), while ‘improving sustainability’ and promoting ‘quality, equity, and accountability’ (Wang, 1999: 6–7). PPPs, most importantly, can lead to a system that ensures services to the poor and disadvantaged (1999: 17). It may be germane, therefore, to examine the GIA higher education sector in India to see if there are lessons to be gleaned for current policy on public-private partnerships (James Tooley, 2005.) The Government of India (2006) identifies Public Private Partnership as a project based on a contract or concession agreement, between a Government or statutory entity on the one side and a private sector company on the other side, for delivering an infrastructure service on payment of user charges. Payment of user charges is essential for only such sectors where such a user charge is possible. The institutional arrangement can be held with the Government (including state and local governments) or a statutory entity.
The policies on higher education in India in the post-independence period have been regularly reviewed in order to make it compatible with the aspirations of the people, Radhakrishnan Commission Report (1948-49), which was followed by equally comprehensive Kothari Commission Report (1964-66). These two reports, particularly the Kothari Commission Report from the base for New Education Policy (1986) and Programme of Action (1992). The 1986 New Education Policy and 1992 Program of Action has governed our policy for the development of higher education which has paved the way for new and bold initiatives in higher education in the decades to come. The five years plan provided an opportunity to the government to assess the progress and take the new initiative to achieve the necessary target. *(Higher education in India, strategies and schemes during eleventh plan period (2007-2012) for universities and colleges by University Grants Commission January—2011)*

“Public Private Partnership” or “PPP” means an arrangement between the Appropriate Government or a statutory entity or a government-owned entity or Central Public Sector Undertaking on one side and a private entity on the other, for the provision of public assets and/or public services, through investments being made and/or management being undertaken by the private entity, for a specified period of time, where there is well defined allocation of risk between the private entity and the public entity and the private entity receives performance linked payments that conform (or are benchmarked) to specified and pre-determined performance standards, measurable by the public entity or its representative. Department of Economic Affairs Ministry of finance, Draft PPP rules, 2012.)
PPPs involve the government and private players to work hand-in-hand for providing public infrastructure and other services, while jointly sharing the risks, rewards, investments and responsibility associated with the activity. Partnerships are established for varied reasons including construction, financing, design and maintenance of public infrastructure. PPP in social sectors such as health and education are sometimes referred to as Public-Social Private Partnership (PSPP). FICCI has been organizing the Higher Education Summit, an annual international event, since 2004 supported by Ministry of Human Resource Development, Government of India and Planning Commission, Government of India. The 2008 FICCI Higher Education Summit focuses on the imperatives for policy and practice at a time when India’s higher education sector is at a crossroads of growth and challenges. Ernst & Young has joined hands with FICCI as a knowledge partner to develop this to highlight the various aspects of partnerships in the education sector and how leveraging and promoting partnerships can be an effective solution to some of the constrains faced in this sector (FICCI & Ernst & Young Higher Education Summit, 2008).

The primary purpose of PPP in education is not just for using the private party as an executor or a source of funds, but to seek a collaborative engagement that builds on the strengths of different players and creates a total greater than the sum of the parts. In this regard, 12th five year plan envisages involvement of private players to provide quality education, with social objectives in mind. This report has been prepared to provide some ideas on how could private players be engaged in the provisioning of education (Report of the Working Group on Private Sector participation including PPP in School Education for the 12th Five Year Plan Department of School Education and Literacy Ministry of Human Resource Development Government of India October, 2011 New Delhi)
Public-private partnerships in the Indian education sector can benefit from the experiences of western nations, an education forum has said. The Global Education & Skills Forum 2013 (GESF), is organized in partnership with UNESCO, the Commonwealth Business Council, the Government of Dubai and GEMS Education from March 14-17. Public-Private Partnerships (PPP) has gained popularity in the public services world in recent times. PPPs are defined as a “cooperative institutional arrangement for contracting public services” (Hodge and Greve 2007: 545). It is viewed as a governance tool for involving the private sector towards public management. It is therefore necessary to re-examine the policies in the field of higher education and suggest changes which will make the system more effective. It was in recognition of this need that the Government of Karnataka set up a Task Force on Higher Education on 30th November 2002 to study the situation in the State and suggest the action to be taken to consolidate the gains made in the past and to address the challenges of the future (Report of the Taskforce On Higher Education by government of Karnataka 2004).

The prominent arguments are PPPs maximize benefits for development through collaboration (World Bank 1999) and enhanced efficiency (Brinkerhoff 2002). Thus, PPP is seen as a significant method of promoting development (Agere 2000, p. 68); and a tool for development (Paoletto 2000, 30) etc., Public-private partnership is a topic of wide scope that is important at social, economic, cultural, etc. levels. For example, the PPP is sometimes regarded by researchers as a game (Scharle, 2002). Analysts explore and explain the systemic needs of such partnerships, their ontological and epistemological pathologies, and their ethical and ideological contradictions (Hartman, Hofman, and Stafford, 1999; Johnson and Kolderie, 1984; Langton, 1983; Leitch and Motion, 2003; Yolles and Iles, 2006). The effectiveness of the PPP is determined by creativity and innovations, which could be considerable factors of the activity of the partnership. Hence, the main
rationale for developing public-private partnerships (PPPs) in education is to maximize the potential for expanding equitable access to education outcomes, especially for marginalized groups (Harry Anthony Patrinos, Felipe Barrera-Osorio, Juliana Guáqueta, 2009). Based on this logic, economists argue that the government should subsidize or take on the responsibility for public goods when there are positive externalities (Block, 1983; Rangan, Samii & Wassenhove, 2006; Chang, Shipp & Wang, 2002) and the government should tax or regulate the firms or take over the responsibility of a good/service when there are negative externalities. In real life, the distinction between private and public goods is not very neat (Block, 1983; Hoppe, 1989). Block (1983) shows that even bread, an apparent neat example of a private good, has attributes of a public good, and Hoppe (1989) shows that national security, an apparent clear example of a public good, has attributes of a private good. Desai (2003) suggested that with changes in context since the idea was introduced in the 1950s, the definition of public and private goods “contested” and “embattled”. He argued for the need to abandon statist notions of private and public goods. Kaul and Mendoza (2003) argued that goods, public or private, are ultimately social constructs, which are products of government policy and other collective human initiatives.