

# Economics Project 5

Privatization in education society  
Its impact on the indian society

Group 9

# Origin Of Privatization




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# Public Sector

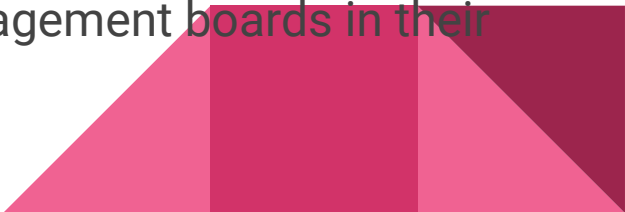
- ❖ The section of a nation's economy, which is under the control of government, whether it is central, state or local, is known as the Public Sector.
  - ❖ Basic objective is To serve the citizens of the country.
  - ❖ Raises money from Public Revenue like tax, duty, penalty etc.
  - ❖ Benefits of working are Job security, Retirement benefits, Allowances, Perquisites etc.
  - ❖ Areas under Public Sector are Police, Army, Mining, Health, Manufacturing, Electricity, Education, Transport, Telecommunication, Agriculture, Banking, Insurance, etc.
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# Private Sector


- ❖ The section of a nation's economy, which owned and controlled by private individuals or companies is known as Private Sector.
  - ❖ Basic objective is to Earn Profit.
  - ❖ Raises money from issuing shares and debentures or by taking loan.
  - ❖ Benefits of working are Good salary package, Competitive environment, Incentives etc.
  - ❖ Areas under Private Sector are Finance, Information Technology, Mining, Transport, Education, Telecommunication, Manufacturing, Banking, Construction, Pharmaceuticals etc.
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# Introduction

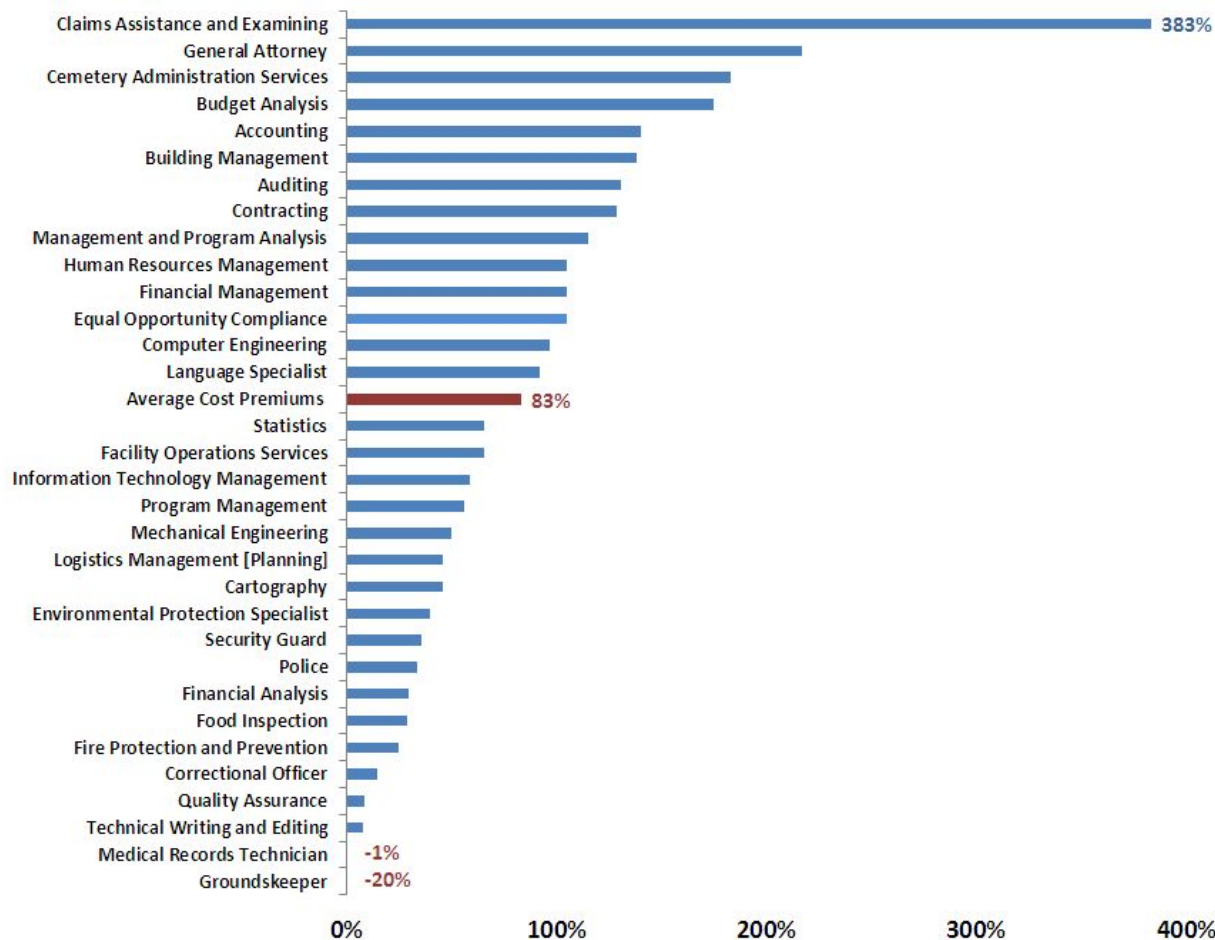
Privatization of formal education in India is not new ; it existed even before independence in the form of so called public schools (Doon Schools , Mayo college) and Christian , missionary schools and colleges. Central and State governments both took initiatives to establish state owned or government aided schools. After 1990s interlinked processes of globalisation and liberalization have tremendously affected the education process in India. These have encouraged many forms of privatization and aided schools through the processes like rise in private tuition , subcontracting the publication of textbooks to private agencies , selection and appointment of teachers by their own management boards in their own terms and conditions etc.



# Privatization of Public Education:

- ❖ Turning the operation of public schools over to private companies is a controversial idea based on the less-controversial notion that part of what makes improving public schools so hard is that they are bogged down in bureaucratic mire.
  - ❖ Private efforts to run public schools—launched with great fanfare—risk losing a lot of steam once they get down to the dirty work of running schools. But despite private contractors' problems, the emergence of education as an industry continues.
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## Percentage US Government Overpays When Using Private Contractors Instead of Federal Employees





# Characteristics Of Privatization

- ❖ ☐ Individual's or company's ownership
- ❖ ☐ No control of government
- ❖ ☐ Different fields
- ❖ Good alternative



# Causes of privatization

- (1) Releasing the large amount of public resources locked up in non-strategic PSEs, for redeployment in areas that are much higher on the social priority, such as, basic health, family welfare, primary education and social and essential infrastructure;
- (2) Stemming further outflow of these scarce public resources sustaining the unviable non strategic PSEs;
- (3) Reducing the public debt that is threatening to assume unmanageable proportions.

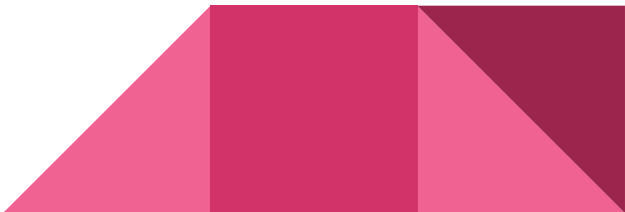


(4) Transferring the commercial risk, to which the taxpayers' money locked up in the public sector, is exposed, to the private sector where ever the private sector is willing and able to step in.

(5) Releasing other tangible and intangible resources, such as, large manpower currently locked up in managing the PSEs, and their time and energy, for redeployment in high priority social sectors which are short of such resources.



# Decisions favouring privatization in education

- ❖ □ National Policy of Education, 1986
  - ❖ Eighth Five Year Plan, 1992-1997
  - ❖ UGC, 1995
  - ❖ The World Bank, 1995
  - ❖ Supreme Court Judgment, 2002
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# Inability of the state

- **POOR ACCESS:** 7% of youth age group 16-24 have access to higher education, which needs to be raised at least 10%.
- **NON PLACEMENT:** 25 to 30% of the students who pass class 12<sup>th</sup> do not find placement in higher education.
- **LOW PRIORITY:** In the 1<sup>st</sup> 5 year plan, allocation to education was 7.6%. It came down to 1.3% in 8<sup>th</sup> plan.




# Factors Responsible For Privatization

## 1) **Need for competitive efficiency**

Main justification for privatization rests heavily on the grounds of efficiency to promote a more competitive economic environment. Operation of public sector enterprises is considered inefficient. It is believed that private ownership and control are more efficient in terms of resource allocation and work.

## 2) **Growth in population**

India has a population of nearly one hundred and seven cores. In order to provide a large number of people more private institutions are needed.



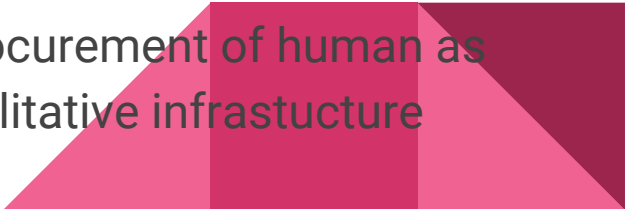
To fulfill the demand for higher education of young people in the country privatisation of higher education is needed.

### **3) Financial burden on government**

Higher education in India is in financial stress. The state the government can no longer bear the financial burden of the public enterprises. Current spending on the education in India is not more than 3.5% of GDP. Very little is being spent on higher education. Therefore, there is a need to evolve policy through which private resources are mobilized.

### **4) Quest of Quality**

Private institutions do not require long procedures for procurement of human as well as material resource. In order to maintain goods qualitative infrastructure



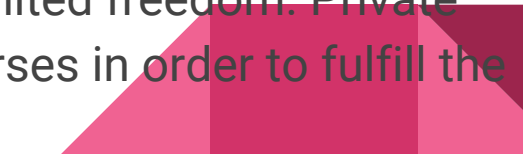
And equipments like furniture , buildings , different types of laboratory and academic staff who can be paid as per the demand , there is a need for privatisation.

### **5) Rapid growth of school education**

Growing number of schools naturally pushed the demand higher education which the 204 government is not able to provide , therefore the demand for privatisation of higher education is need of the hour.

### **6) Fulfilling the need for skilled manpower**

There is a very little initiative from public sector due to limited freedom. Private institutions are free to initiate modern and advanced courses in order to fulfill the demand of the subjects. For this it is needed.





# Growing Number Of Students

Year	Enrollment (in million)
1950-51	0.2
1960-61	0.6
1970-71	2
1980-81	2.8
1990-91	4.4
2005-06	10.5

# Pros and Cons of Privatization :

## 1. Efficient Use of resources :



## 2. Variety and Selection



## 3. Commercialization



## 4. Socio-economic development    5. Financial Support



## 6. Erosion in quality

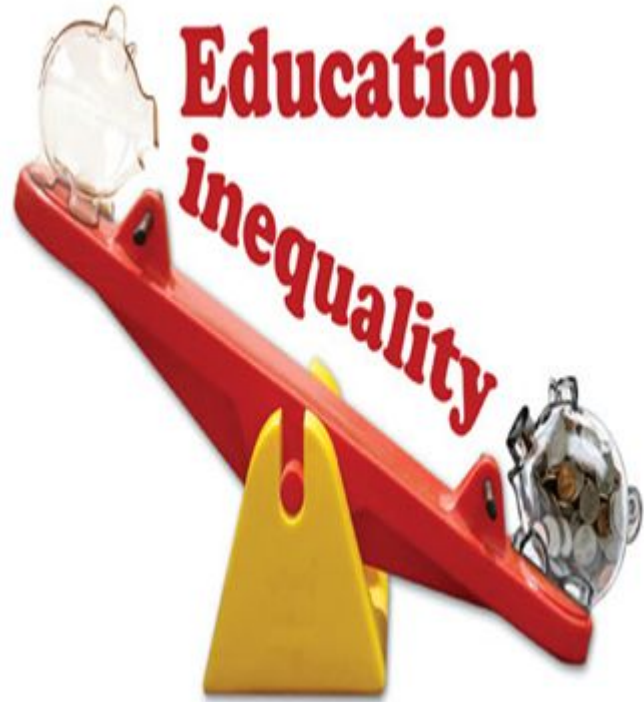


## 7. Solution of economic problems



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## 8. Inequality



## 9. Earning Capabilities




## 10. Costly



## 11. Increased Competition

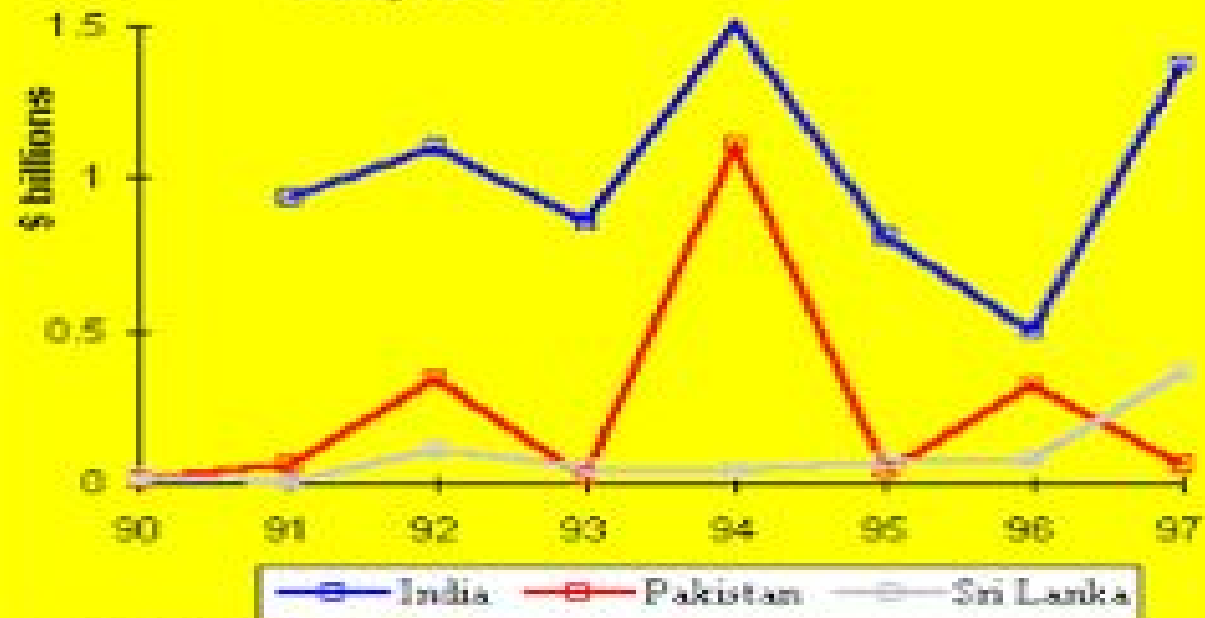


# Advantages Of Education Privatization

- ❖ Decentralisation of educational institutes
  - ❖ Initiatives in educational reforms
  - ❖ Innovativeness in teaching and evaluation
  - ❖ Tailor made services and provision of wide choice of courses and subjects
  - ❖ Competition
  - ❖ Quality education and training
  - ❖ Shaping the curriculum according to global, national and local needs.
  - ❖ Availability and better maintenance of resources transparency in all procedures
  - ❖ Utility of human and physical resources in proper way
- 



**Privatization revenues in South Asia, 1990-1997**



Source: World Bank

# Disadvantages Of Education Privatization

- ❖ Will badly affect the poor
- ❖ Undermine equality ,diversity and openness
- ❖ Does not address issues of equality and fairness
- ❖ Exorbitant fees will deprive many of availing education
- ❖ Apprehensions about job security and retrenchment of staff
- ❖ Collected funds may be misused by the owners
- ❖ Benefits remain unproven



# Features of Private School

- ❖ Total freedom to organize participation in school.
- ❖ Hard competition between schools.
- ❖ The parents select school using market parameters.
- ❖ High class and some middle class.
- ❖ Democratic participation.
- ❖ Plural education.



# Fears of Privatization

- ❖ Will badly affect the poor.
- ❖ Does not address issue of equality, fairness and responsibility.
- ❖ Benefits remain unproven.
- ❖ Cost saving will lead cost cutting.
- ❖ Civil and democratic values may not get passed down.
- ❖ Collected funds may be misused by owners.



# Privatization in India

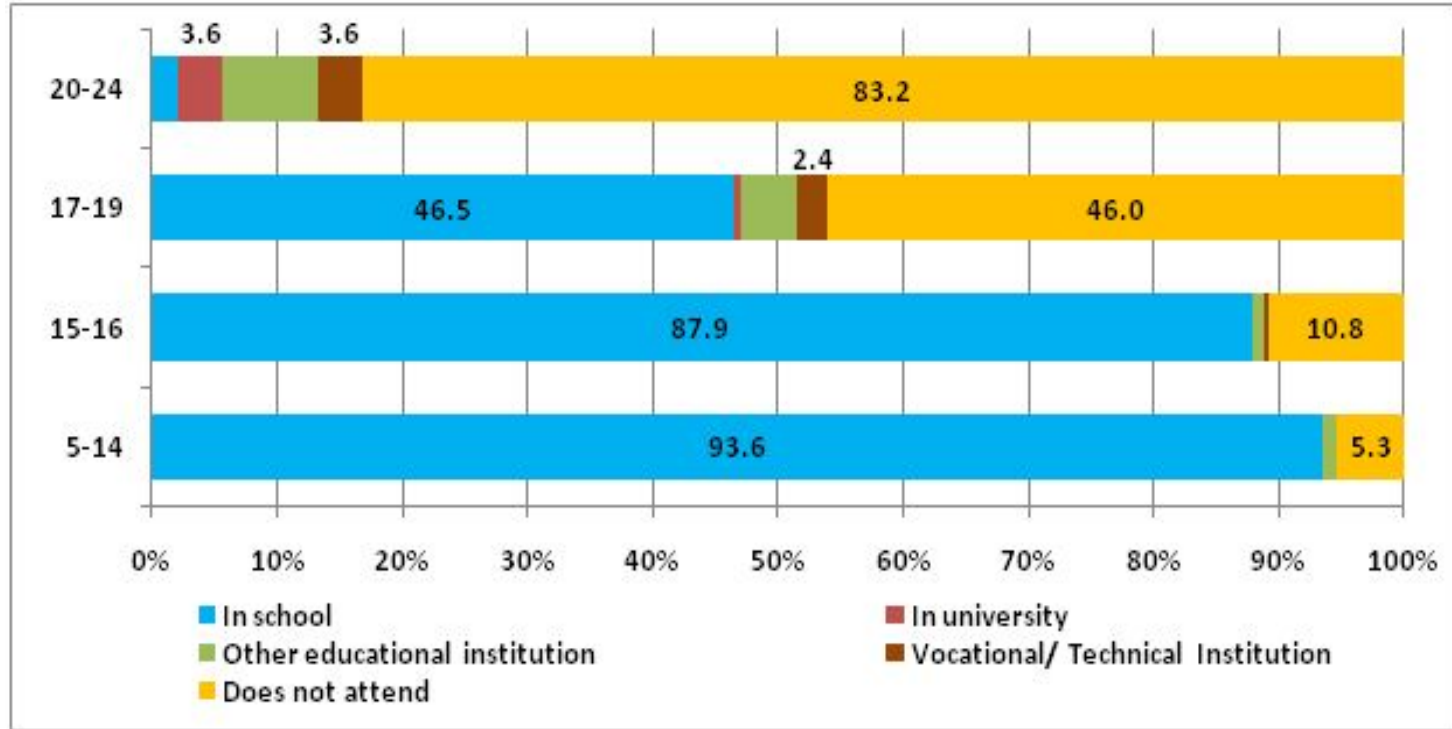
While India can boast of having the third largest higher education system in the world, reality is that India is facing a severe shortage of skilled human resources. The reason for such a contrasting situation is the extremely low quality of primary, secondary, and college-level education in India. A possible way-out from this situation is privatization of the education system, which is predominantly public at present. Privatization of education has the potential to improve the quality of education as well as to reduce the cost.



The challenges of introducing such a system will be manifold. First, the government needs to make sure that schools exist in every locality. Left to the entrepreneurs themselves, they may fight to open too many schools in high-income localities where the students will be better compared to the low income localities. So the policy makers must ensure that low income localities also get a due share of the schools.

The second challenge is to ensure quality. Although the private schools, in general, are better than their public counterparts, but relying too much on them can also be costly. The quality of the private schools also varies significantly. While some of them may provide a good quality education at a reasonable cost, others may end up becoming money-making machines without caring for the quality of education. So the government should come up with an effective mechanism to determine, monitor, and control the quality of education in the private system.

# Privatization in various areas-



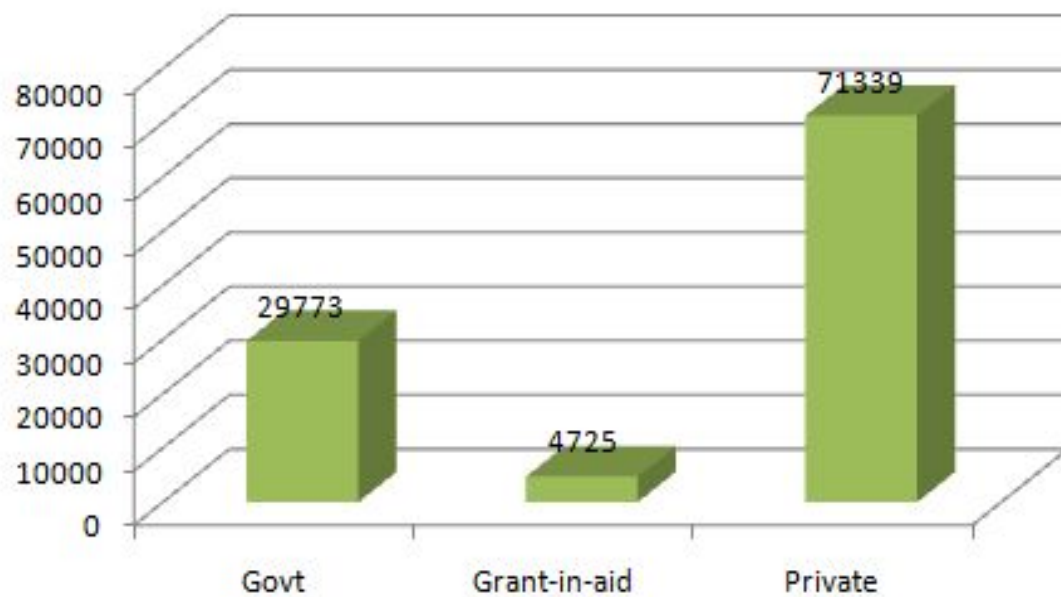
# Why the government policies are failing due to privatization-

Due to policies of various states such as, Shikshan Sewak, Shiksha Mitra, Samvida, Guruji, etc, young talent is not at all interested in government system except NVS/KVS and Excellence schools. Lot of facilities have been provided nowadays to public system but no proper strategies to utilize and maintain it. Due to this, it is turning to be great failure.





**Technical institutes: No of seats 2010-11**



# How privatization affects education

1. In recent 10 years, the quality of education in government schools has degraded drastically as a result people are opting for private schools.
2. Due to government's policy of preferring quantity over quality, private schools colleges are growing daily. Getting registration for school is too easy.
3. Private schools at big cities are good but quality at small urban areas like tehsil places is not on par.



4. Education is subject of both State and Central government but more population is covered by state government agencies where lies our main problem. State government has to improve education system in primary and middle school level.

Elementary level of schooling is base, which is most important.

5. It is where student develops interest in studies and any specific subject. However, government is ignorant on this part.



# Poor quality of teachers

Another most crucial part is scarcity of trained teachers. (It is so because level of B.Ed. in M P is very poor due to numerous B. Ed colleges where degree is almost sold). As they do not attend regular classes and no training is given to them

Government teachers are employed in various non-educational works e.g. elections, census etc.

Sometimes due to low remuneration (almost one fourth) of contract teachers, they are disinterested in teaching. Because though they are recruited through VYAPAM (Samvida Shikshak Pariksha) on temporary basis, they are given low salary and expected to work more than the permanent employee who get more than double of their salary.

# Not really focussing on education part

Stress and expenditure of government is more on Public Alluring Schemes such as MDM, uniform/bicycle distribution, Scholarship, hath dhulaai, yoga etc and less on education. Passing students till class 8 with no detention policy results in poor performance, as a result private schools are more popular especially, lower and middle schools.



# “Buying” education

At higher education level, “Mushroom Colleges” have grown rapidly. Such colleges are even running in a 2-3 story houses and have become center for selling degrees. After paying money, you are not required to attend classes. Such institutions are more in professional courses such as Engineering, MBA, Pharmacy and B. Ed. Due to this Graduates/Post Graduates are not employable and hence are working on low wages.



# Wide gap between poor and rich

Most Private institutions are meant for financially strong strata of the society and the poor children are bound to go to government schools. This has widened the gap between the poor and the rich. Most of the parents of children enrolled in government schools are poor and illiterate. Therefore, there is no one to assist them at home. Government mechanism is utterly failing in this aspect.



# Expansion and Development

No doubt, there's expansion of infrastructure due to Privatization but there's lack of qualified teachers i.e. there's quantitative expansion but not qualitative one.





# Quality of education

Due to ownership, level of quality increased in few set-ups to great extent however, this is not true with all private organizations. Privatization has no doubt increased the quantity of schools but quality is yet to be enhanced.

No of students	Public Schools	Private schools
No of students with certificate of excellence	52%	79%
Failures	52%	24%

# The inefficiency of private education sector

1. There seems no freedom for innovations in teaching as the private schools have their own set rules, methods, which teachers have to follow. Very less chances of upward mobility. Many times, one has to obey the management where most of the members who are not qualified to fit into that position. In this system, buttering has become important. These schools are making education their business which people generally call Commercialization of Education. However, in field of higher education situation has not become so worse. Still various Government Colleges and institutions are first choice for students.



2. Influential people own most of such institutions where goal is to extort money in the name of fees for various purposes. Even these institutions have become source of converting black money into white. Status of Engineers in MP has gone down. There are about 200 Engineering colleges in MP providing about 90,000 seats out of which normally 40-45 thousand are filled. Students who are passing engineering are now appearing in exams, which require qualification as Higher Secondary School Certificate (10+2) or plain graduation. Many private institutions, which are working for many years and have performed well in providing quality education without any tantrums of other private schools, are very few.



# Confined students

3. At the school level, private schools have edge over government schools only in case of state owned schools but KVS/NVS/Excellence schools are on par with them. Children admitted in Private Schools are studying at three places. School, Home and in Coaching Classes. In private schools, children inducted are from good family background they get good support of parents and hence perform better.



4. There are fixed concepts and much emphasis is not given on evolving the innovative ideas. Teachers have tremendous work pressure and job insecurity so they have to work hard. However, the teachers and children both have much mental pressure to achieve high score in these schools. On the other hand, teachers are underpaid but are expected to give their best by hook or crook. Children do not have time for themselves to spend on outdoor games and hence confined to Gadgets.



# Measures to improvise education

So finally, we have to make our foundation very strong that is from elementary school system to higher learning institutions. For this, we can adopt certain measures like-

- To pay proper wages to the teachers.
- There should be no Guruji/Samvida/Shiksha mitra and many more such post, which are not permanent and low, paid.
- Proper monitoring over the teaching learning practices in the schools to ensure the quality of education.
- Teachers in government schools should really toil to bring the name up so that people will get encouraged to send their ward in government schools.

Finally very strong will power to bring change  
from the rudimentary level.



# Conclusion

- ☐ Privatization can help India to gain higher competitive advantages in education sector.
- There can be some manipulations but can be managed by proper rules and regulations by government.
- There're always pros and cons that can be overcome by involving government and private sector effectively.





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# Thankyou

Rupam Jugal (1401003)

Rushita Thakkar (1401004)

Charmi Kalani (1401067)

Ishika Agarwal (1401069)

Twinkle Vaghela (1401106)

Nivedita Rao (1401100)

Himani Patel (1401111)

Honey Gadhiya (1401112)

