
An Analysis of the Status and Growth of Private Higher Education in India

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Abstract

This paper focuses on two aspects of private higher education in India: First, it analyses the different types of private higher education institutions in India; Second, it analyses the growth of private higher education institutions in India over the past three decades. Indian higher education system witnessed a remarkable growth in the post-independence era, especially since the 1990s. At present, Indian higher education system is the largest in the world in terms of its number of higher education institutions and the second largest in terms of its enrollment. The major characteristic of this remarkable growth is the unprecedented surge in the number of private higher education institutions. As per the recent data available, private higher education institutions account for more than 75% of the total number of higher education institutions in India. Increasing demand and resource crunch are considered to be the major factors behind the rapid growth of private higher education institutions throughout the country. Apart from that, the macroeconomic policy changes that

engulfed the major developing economies including India in the late eighties viz the new economic reforms, popularly known as Liberalization, Privatization and Globalization that were introduced in the year 1991 can be traced to have exerted a vital role in ushering the growth of private sector in higher education in India. The paper argues that while the private participation in higher education might be essential for the growth and development of higher education, the over-dependence of private sector might result in the unequal and unsustainable growth in higher education. Hence, it is suggested that the public spending for higher education is to be increased substantially and the growth and functioning and private higher education institutions should be regulated in order to create an equitable and sustainable higher education system in India.

Key Words: Higher Education, Privatization, Types of Private Higher Education, Sustainable Growth, New Economic Reforms, Public Spending, Higher Education Policy.

1. Introduction

Higher education plays a vital role in the social, economic and cultural development of any nation. The advent of global knowledge economy has created a huge demand for highly qualified workforce, especially an university educated workforce. This in turn has created a huge demand for the access to tertiary education all over the world. India has relatively a large youth population in the world, where 50% of the India's total population is under 25 years at present. Not only that, India is having a fastest growing tertiary age population (18-22 years) on a global average. By 2021, India would have the largest tertiary age population in the world. It is projected that India would have 121.5 million tertiary age population which account for almost 9% of the total population by the year 2021 (Heslop, 2014).

The growing tertiary age population has been creating a massive demand for higher education in India. But, due to the financial constraints, the public sector has not been able to cope with this massive demand which has led to the rapid growth of private higher institutions for the past three decades. With 24.5% Gross

Enrollment Ratio(GER) in higher education, India has successfully transformed from the elite stage of higher education development (GER <15%) to the initial phase of massification (GER from 15% to 50%). Unlike the developed economies whose massification phase were mostly controlled by the public sector, in India, the massification stage is characterized by the less participation of public sector and more participation of private sector (Varghese 2015). As per the recent data available, the private higher education institutions account for more than 75% of the total number higher education institutions in India. The rapid growth of private higher education institutions has outnumbered government and aided higher education institutions in many states. In this background, the paper analyses the different types and growth of private higher education in India over the past three decades.

2. Methodology

This paper is descriptive in nature and mainly uses the secondary resources for the analysis. The paper uses the secondary data such as the published statistics and reports of UGC, MHRD and Planning Commission. It also uses research articles, reports and empirical studies that are published in various journals. The analysis has been done for the period of 27 years from 1991 to 2017. The year 1991 marks

the implementation of new economic reforms in India, popularly known as Liberalization, Privatization and Globalization (LPG) policies.

3. Analysis

3.1 Different Types of Private Higher Education Institutions in India

There exist a variety of private higher education institutions in India. They are classified as follow:

1. Private Universities
2. Private Deemed Universities
3. Private Aided Colleges
4. Private Un-Aided Colleges

3.1.1 Private Universities

Private universities are established through a state or central act by a sponsoring body which can be a registered Society, Trust or Non-profit Company. So far, no private university has been established under any central act. All the existing private universities in India have been established only through state legislations. Private universities are authorized to award degrees, but they cannot have affiliated colleges and off-campus centers like the government state universities. According to the UGC annual report 2016-17, there are 262 private universities in India (UGC, 2017).

In August 1995, the Central Government introduced the Private Universities

(Establishment and Regulation) Bill in the Rajya Sabha as a response to the requests received to establish self-supported private universities. The Bill was never passed, but the legal framework which was proposed in the bill was incorporated in the various state legislations on private universities. The UGC brought out regulations on private universities in 2003 titled Establishment of and Maintenance of Standards in Private Universities Regulations (Varghese, 2015).

Chhattisgarh was the first state in India that enacted a legislation in 2002 to enable the establishment of private universities. According to this act, Chhattisgarh government may establish a (private) university with the required recognition and authorization to grant degrees, by means of releasing a notification in the Gazette. Following this route, within three years, more than hundred private universities were established in the state. On February 2005, in response to the public interest litigation filed by Prof. Yashpal, the Supreme court of India declared the establishment of all 112 private universities in the state as null and void. The court struck down the Section 5 of the Act under which the State Government had issued notifications allowing the setting up of private universities. It stated that the legislature had to pass an Act mandatorily for establishment of

universities. Based upon this judgement and 2003 UGC regulations, various states have formed their own legislations for establishing private universities (Shankar, 2016).

3.1.2. Private Deemed Universities

Deemed to be university is a status conferred to an existing institution by the central government on the recommendation of the regulator, the UGC, which bases its recommendations on the findings of an expert committee. In the case where a technical institution desires to be accorded the status of deemed universities, the All India Council of Technical Education (AICTE) provides appropriate recommendations to the UGC based on the facilities, quality of education and other parameters available in the particular institution. Under Section 3 of the UGC Act, deemed to be university status is granted by the Central Government to those educational institutions of repute, which fulfill the prescribed standards and comply with various requirements laid down by the UGC. These institutions should be offering advanced level courses in a particular field or specialization. The “deemed to be university” status can be accorded to both government and private higher education institutions (UGC 2016). At present, there are 123 deemed to be universities in India, out of which, 90

universities are run by private sector (MHRD, 2017).

The deemed universities are authorized to award degrees, but cannot have affiliated colleges or off-campus centers. Unlike the private universities, the deemed universities are not established through separate legislations, the deemed to be university status is accorded to the eligible institutions by releasing a notification in the gazette. In this way, they are not universities in real sense. Recently, the supreme Court of India directed all the 123 deemed to-be universities to drop the word ‘university’ from their name. The court quoted Section 23 of the UGC, 1956 Act that prohibits any institution other than a university established under state or central act to use the word “University” in their name. In this regard, on November 10, 2017, UGC wrote a letter to all 123 institutions deemed to be universities to drop the university from their name (UGC, 2017a).

3.1.3. Private Aided Colleges

Private aided colleges are established by private players, which are majorly or fully funded by the government. Most of the private aided colleges that exist today were established by private players with philanthropic motives in the past. Government, apart from paying the salaries of the faculties in the aided colleges, also provides grants for various purposes like

infrastructure development and academic activities. Due to this, the fee structure in most of the aided colleges is almost similar to that of the government colleges. These colleges have been functioning even since the pre-independence era (Tilak, 1999).

Two types of institutions can be brought under the category of “colleges”: One, there are general colleges that offer courses in arts, science, social science and engineering; and second, there are standalone institutions that offer diploma level courses such as polytechnics, D.Ed., nursing and PGDM (Post Graduate Diploma in Management). The main difference between these two types of institutions is, while the colleges are affiliated to the universities (State or Central), the standalone institutions are not affiliated to any universities, but recognized by various councils or ministries such as AICTE, SCERT and Indian Nursing Council. Some standalone institutions are directly under the control of concerned ministries. As per the recent data available, there are around 40026 Colleges and 11669 Stand Alone Institutions in India. At present, there are 13.6% colleges that are private aided which account for 21.1% of the enrolment. As for as the standalone institutions are concerned, there are only 10% of aided colleges (MHRD, 2017).

3.1.4 Private Un-Aided Colleges

Private un-aided colleges are established by private players with less or no financial support from the government. Unlike the private aided colleges, the infrastructure, operating and maintenance costs including the salary of the faculty are borne by these colleges from student fees and other sources. Due to this factor, the fee structure in these colleges are generally very high. These colleges are also called as ‘self-financing’ colleges. These type of colleges came into existence only in the late 80s, nevertheless there are 64.2% colleges that are private un-aided that account for 46.2% of the total enrolment in higher education at present. In the case of standalone institutions, 66% are private unaided (MHRD, 2017).

3.2 Growth of Private Higher Education in India

The private participation in higher education is not new in India. Until 1980s, the private initiatives in higher education were basically driven by philanthropic motives. However, their share in the total number of higher education institutions and total enrolment in higher education was low compared to the public sector before 1980s, keeping with the global trend of predominant public funding in the sector till the late 80s in most other countries. But, there was a sudden decline in the

growth of public funded institutions from the early 90sonwards,which was inwardly proportionate with the massive expansion of private higher educational institutions. This rapid growth of private higher education institutions has resulted in a significant diminution in the relative size of the public sector in higher education.

Table 1

Type-wise figures of private higher education institutions in India as on 2017

Type of Private Institution	Number
Private University*	262
Private Deemed University	90
Private Aided Colleges#	5028
Private Unaided Colleges#	23647

Source: All India Survey on Higher Education (AISHE) 2016-17

*UGC Annual Report 2016-17;
#The figures are based on the actual response in AISHE 2016-17.

At present, around 40% of the universities in India are run by the private players. At the college level, around 77.8% of the colleges are privately managed, out of which 64.3% are private un-aided and 13.6% are private aided. The same is the case with stand-alone institutions also, where 76% of the institutions are run by private sector, of which 66% are private un-aided and 10% are private

aided. While the share of private colleges in the total number of colleges is 77.8%, it contributes only to 67.3% of the total enrollment in higher education (MHRD 2017).

Table 2

Share of Enrollments in Government and Private Colleges

Type of Management	% Number	% Enrollment
Government	22.2	32.7
Private Aided	13.6	21.1
Private Un-aided	64.2	46.2

Source: AISHE 2016-17

3.2.1 Growth of Private and Private Deemed to be Universities

Table 4 shows the growth of private and private deemed to be universities from 1980 to 2017. Until 2005, there was no private university in India, and there were only three types of universities namely, state university, central university and institutions deemed to be university or deemed university. The number of deemed universities increased from 43 in 2000-01 to 130 in 2009-10. As mentioned earlier, there are two types of deemed universities: deemed universities run by the central or state governments, and deemed universities run by the private sector. There was no data available for the private deemed universities before 2009.

But, most of the institutions that were given deemed to be university status during 2000 to 2009 happened to be private. The number of deemed universities started declining from 2010, after when no institution was granted deemed to be university status. However, the state private universities started growing rapidly

in the same period. The number of state private universities increased from 21 in 2008-09 to 262 in 2016-17. Rajasthan tops the list with 43 private universities. Out of 29 states and 7 union territories, only in 22 states privates universities exist. Table 4 shows the state-wise list of private universities in India (UGC 2017).

Table 3

Growth of private and Deemed universities in India

Year	State Private University	Private Deemed to be Universities*	Deemed to be Universities
1980-81	-	-	9
1990-91	-	-	27
2000-01	-	-	43
2004-05	-	-	90
2005-06	5	-	101
2006-07	8	-	109
2007-08	14	-	103
2008-09	21	-	128
2009-10	60	90	130
2010-11	80	91	130
2016-17	262	90	123

Source: UGC Annual Reports for various years

* All India Survey on Higher Education (AISHE) for various years

Table 4

State-wise list of Private Universities (Arranged in descending order)

S.No	Name of the State	Number of Private Universities
1	Rajasthan	43
2	Uttar Pradesh	29
3	Gujarat	28
4	Madhya Pradesh	23
5	Haryana	19
6	Himachal Pradesh	17
7	Punjab	15
8	Karnataka	12
9	Uttarakhand	11
10	Chhattisgarh	9
11	West Bengal	8
12	Meghalaya	8
13	Arunachal Pradesh	7
14	Jharkhand	7
15	Maharashtra	6
16	Assam	5
17	Sikkim	5
18	Odisha	4
19	Nagaland	3
20	Manipur	1
21	Mizoram	1
22	Tripura	1
Total		262

Source: UGC Annual Report 2016-17

4.2.2 Growth of Private colleges

There was almost no un-aided private college in the late 1980s, but now it accounts for 66.2% of the total number of higher education institutions in India. The private colleges that started in the post-independence era were mostly government aided private colleges. While the growth of government and aided colleges underwent a sharp decline in the post 80s, the private un-aided colleges were on a steady raise in the same period (Tilak 2014).

The share of private un-aided colleges in the total number of colleges increased from 25% in 2001-02 to 64.2% in 2016-07, whereas the share of aided private colleges in the total number of colleges decreased from 43% in 2001-02 to 13.6% in 2016-17. The same trend can be observed in the case of government colleges too. The share of government colleges in the total number of colleges decreased from 32% in 2001-02 to 22.2 % in 2001-17 (MHRD, 2017).

Table 5

Growth of private colleges in comparison with government colleges

Year	Private Un-Aided		Private Aided		Total Private		Government	
	Number %	Enrolment %	Number %	Enrolment %	Number %	Enrolment %	Number %	Enrolment %
2001-02*	25	21.7	43	37.3	68	59.2	32	41
2005-06*	43.4	30.7	32.6	34.5	76	65.1	23.8	37.8
2010-11#	59	37	14.2	23.8	73.2	60.8	26.8	39.2
2016-17#	64.2	46.2	13.6	21.1	77.8	67.3	22.2	32.7

Source: *All India Survey on Higher Education (AISHE) for various years

#(Aggarwal, 2006)

The unprecedented growth of private colleges has altered the structure of higher education in India. Private un-aided colleges have emerged to become the defining feature of Indian higher education system. At

present, there are 13 states that have more than 50% private un-aided colleges: Telangana and Andhra Pradesh have more than 80% private un-aided colleges, and Tamil Nadu and Uttar Pradesh have around 76% un-aided colleges.

Table 6

Share of Private Un-Aided and Aided Colleges State-wise (Arranged in descending order for private un-aided colleges)

S. No	Name of the State	Private Un-Aided %	Private Aided %	Private (Total) %
1	Telangana	83.32	5.95	89.27
2	Andhra Pradesh	80.36	7.47	87.83
3	Tamil Nadu	75.98	10.58	86.56
4	Uttar Pradesh	75.92	10.49	86.41
5	Rajasthan	73.49	6.27	79.77
6	Haryana	67.70	12.87	80.57
7	Karnataka	67.59	12.93	80.51
8	Kerala	65.79	16.59	83.32
9	Puducherry	62.34	2.60	64.94
10	Gujarat	61.21	25.91	87.12
11	Punjab	60.94	18.44	79.38
12	Maharashtra	59.81	21.45	81.26
13	Madhya Pradesh	58.93	9.90	68.83

Source: AISHE 2016-17

3.2.3 Major Factors Behind the Growth of Private Higher Education in India

Excessive demand and resource crunch are considered to be the main factors behind the rapid growth of private higher education institutions. Apart from the excessive demand and the limited capacity of the state, the new economic reforms popularly known as Liberalization, Privatization and Globalization (LPG) that was introduced in 1991 in India has played a significant role in the rapid growth of private higher education. Disinvestment in the

public sector and deregulation of private sector were the main features of new economic reforms. Growing demand for higher education, the limited capacity of the public higher education institutions and the decline in the public funding for the further expansion of public funded higher education institutions altogether gave a rise to massive the expansion of private higher education in India (Rani 2010). Tilak (1999) argues that the orientation of the

government towards privatization was majorly influenced by the structural adjustment reforms that dictated the state to reduce public spending for various social sectors including higher education.

NIEPA (2006) report classifies the current trend in privatization in higher education as follows:

- i. Move towards self-financing courses in government and government aided higher education institutions
- ii. Higher number of self-financing institutions in professional disciplines
- iii. Granting the deemed to be university status to large number of private institutions
- iv. Establishment of private universities through state legislations
- v. Mushrooming of private institutions which are not recognized by any Government, nor affiliated with any university system but awarding diplomas and certificates by having links with foreign universities.

It is a cause of serious concern for the public and policy makers that private players

focus mainly on professional and technical higher education. As per the FICCI (2011) report, 91% of the engineering colleges, 95% of the pharmacy colleges, 92% of the physiotherapy colleges, 94% of the hotel management colleges, 68% of the teacher education colleges, 67% of the architecture colleges, 64% of the management colleges and 62% of the computer application colleges are in private sector. The TSR Subramanian Committee report on New Education Policy, submitted in 2016, acknowledged that uncontrolled privatization of higher education has led to the proliferation of private higher education institutions in India. It also pointed out that most of these institutions are nothing more than shops selling degrees (MHRD 2016). Moreover, as rightly pointed out by Tilak (2006), there was a paradigm shift in the character of private higher education in the post-reform period in terms of philanthropic motive is being replaced by the profit motive. This is evident from the fact that although higher education is a 'not-for profit' entity in India, most of the self-financing colleges and universities are making exorbitant profits in higher education. This would reinforce the multi-dimensional inequalities that are already prevalent in the higher education sector in India. Such a profit-oriented growth of private

institutions in the Indian higher education sector would further make higher education inaccessible for the students from marginalized sections of the society.

5. Concluding Remarks

Higher education in India remained to be a mostly public funded sector until late 80s. But, the past three decades have witnessed an unprecedented growth of private higher education institutions. While most of the private higher education institutions that were established before 90s were philanthropic oriented, the institutions that were established after 90s function mostly as self-financing and driven by profit motives. Though, the unprecedented growth of unaided private higher education institutions was not an exclusive government policy, the lack of financial resources to establish more public funded institutions and the absence of proper policies to regulate the unbridled growth of private higher education institutions have created a conducive atmosphere for the rapid growth private higher education. Within 30 years, the Indian higher education system has been transformed from a predominantly public funded to a predominantly private, more particularly private un-aided. The private participation might be necessary for the growth and development of higher education in

the present Indian context. But, during the past 30 years, the character of private higher education has been shifted from philanthropic oriented to profit oriented. The current practices of private higher education institutions in India makes no distinction between privatization and commercialization. In this scenario, considering the socio-economic condition of India, and the prevalence of multi-dimensional inequalities in Indian higher education system, the extreme dependence on private sector in higher education might result in widening the socio-economic inequalities which would be fatal for the development of the country. Hence, the public funding for higher education should be increased substantially and proper mechanisms and policies should be put in place to regulate the growth and functioning of private higher education institutions which are crucial for creating an equitable and sustainable higher education system in India.

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