

tradition of training elite groups. Another category is the newer private institutions, often specializing in fields such as management or technology, that were established with the aim of offering a key but limited market high-quality academic degrees. The Asian Institute of Technology in the Philippines and its sister institution in Thailand are such schools. These prestigious private universities have been able to maintain their positions over time and rely largely on tuition payments for survival. Semiprivate, specialized business schools are being established in Singapore in collaboration with prestigious management schools in the United States and Europe.

Most Asian private universities serve the mass higher education market and tend to be relatively nonselective. The majority are small, although there are some quite large institutions—such as the Far Eastern University in the Philippines, which has a massive enrollment and was for a time listed on the Manila stock exchange. Some are sponsored by private nonprofit organizations, religious societies, ethnic organization, or other groups. Many are owned by individuals or families, sometimes with a formal management that masks the controlling elements of the school's governance structure. This pattern of family-run academic institutions has received little if any attention from analysts, although it is a phenomenon of growing importance worldwide—even in countries that do not encourage the establishment of for-profit higher education institutions.

One of the most interesting private higher education developments worldwide is the rise of *min ban* (people-run) private institutions in China. There are already more than 1,000 *min ban* institutions, about 100 of which are accredited by the government. A new law regulating this sector will soon be implemented. The government is convinced that the new private sector is necessary to provide access to students who, largely because of low test scores, cannot qualify for the public universities. So far, most of the *min ban* schools offer vocational education and do not award bachelor's degrees.

Many Asian countries have had considerable experience in managing large private higher education sectors, while others are still seeking to establish appropriate structures. These countries face the challenge of allowing the private sector the autonomy and freedom to establish and manage institutions and compete in a differentiated educational marketplace while at the same time ensuring that the national interest is served. In India, where the large majority of undergraduate students attend private colleges, these schools are largely funded by the state governments and are closely controlled by the universities to which most are affiliated. University authorities, for example, design and administer

examinations, award academic degrees, set the minimum qualifications for entry, and supervise the hiring of academic staff. The universities are all public institutions, and they have key administrative and academic control over the privately owned undergraduate colleges. India's pattern of public-private management and control is unique and worth studying.

Japan and South Korea have a long tradition of rigidly controlling private institutions—going to the extent of stipulating the salaries of academic staff, the numbers of students who can be enrolled, approving the establishment of new departments or programs, and supervising the appointment of trustees. In the recent past, these two countries have moved toward allowing private institutions more autonomy and freedom. Other countries have imposed less strict supervision.

As in other parts of the world, private higher education is expanding throughout Asia, and countries that are moving toward a large private sector would be well advised to look at the experience in Asia for guidance. China has a dramatically growing private sector, with more than 500 private postsecondary institutions, most of which are neither accredited nor approved by the government. Vietnam and Cambodia also have rapidly growing private sectors, as do the central Asian nations that were formerly part of the Soviet Union. These countries face the considerable challenge of ensuring that the emerging private sector is effective, well managed, and serving national goals. Asia shows a variety of patterns of sponsorship, management, ownership, and state supervision. ■

Privatization of Higher Education in India

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The 1990s saw a major turn in the history of contemporary higher education in India. The decade was one of turmoil, with an important development being the sustained efforts toward privatization of higher education in India. The financial privatization of higher education, through reduction in public expenditures and the introduction of cost-recovery measures was accompanied by policy measures toward the “direct” privatization of higher education.

Public budgets for higher education shrank drastically during the 1990s, without prospects for improvement in the near future. The Government of India's 1997 discussion paper on *Government Subsidies in India* provided a revealing insight into government thinking. For the first time, higher education (as well as secondary education) was classified in the discussion paper as a "nonmerit good" (and elementary education as a "merit good"), government subsidies for which would need to be reduced drastically.

In a sense, the public policies and action that preceded and followed this statement seemed consistent with such a view, though the Ministry of Finance has partly modified its earlier classification of goods. It reclassified higher education into a category called "merit 2 goods," which need not be subsidized by the state at the same level as merit goods.

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Self-Financing Colleges

The historic judgment of the Supreme Court in 1992 that practically banned high-fee-charging private colleges, known as "capitation fee colleges," stating that a capitation fee is "patently unreasonable, unfair and unjust," was followed by another historic judgment in 1993 that paved the way for the growth of the very same capitation fee colleges, under the name of self-financing colleges. Elaborate mechanisms were developed by the government that helped in the proliferation of self-financing capitation fee colleges in the country. Today such colleges in engineering and management outnumber public institutions several times over. In fact, in absolute numbers as well as proportionately, government colleges turn out to be a negligible presence. For example, in 2001, the state of Andhra Pradesh had 95 private self-financing engineering colleges, compared to 11 government engineering colleges; and 303 self-financing medical colleges, compared to 25 government medical colleges. The casualty of the reckless growth in private institutions is not just equity, a well-known fact, but also the quality of higher education. Few private colleges offer quality higher education and many have been started with the sole goal of making quick profits. Philanthropy, charity, and education, which were considerations of the private sector in education in the past, no longer seem to figure as motives. Government's inability to regulate

private institutions is becoming increasingly obvious.

A private universities bill was introduced in the upper house of the Parliament in August 1995, with a view to providing for the establishment of self-financing universities. The bill is still pending in Parliament, it is widely felt, not because the government was not keen on the privatization of higher education in India, but because the private sector was not happy with several clauses in the bill. For example, the bill requires the formation of a permanent endowment fund of Rs.10 crores (about U.S.\$2 million), provision of full scholarships to 30 percent of the students, and for government monitoring and regulation of the system. These last two provisions become necessary, in view of the earlier experiences with private colleges. Many private colleges started earlier with partial government support are now either fully financed by the government or were completely taken over by the government, essentially due to illegal and unethical practices at the private colleges.

The government, through the Prime Minister's Council on Trade and Industry, appointed a committee—headed by two noted private-sector industrialists, Mukesh Ambani and Kumarmangalam Birla—to suggest needed reforms in the education sector, along with other sectors. The committee's report, submitted in 2001, noted the critical importance of the role of the state in the development of education, including higher education, in several developed countries of the world. However, it strongly suggested that government should leave higher education altogether to the private sector and confine itself to elementary and secondary education. Further, the report urged passage of the private university bill and also suggested that the user-pay principle be *strictly* enforced in higher education, supplemented by loans and grants to economically and socially backward sections of society. The committee did not, however, feel the need to provide any rationale for its suggestions.

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Internationalization of Higher Education

Another closely related development in India relates to the internationalization of higher education. Under the guise of globalized economic policies and the internationalization of education, a number of changes have been instituted. First, foreign universities and institutions

have been allowed to come into India and establish franchise centers in the country—offering degrees or diplomas, which are not necessarily recognized by the parent universities in their own countries. Second, Indian institutions of higher education have been permitted to start similar centers in other countries. In the absence of a clear policy, both phenomena seem to be growing in size, more often than not creating problems—as second- and third-rate private universities are frequently the ones getting involved in this quick money-making scheme.

The approach of some state governments in India promoting higher education, mainly higher technical education, to create manpower for export has boomeranged. The rapid growth of private engineering colleges and management institutions has produced, not high-quality scientific and technical manpower, but IT *coolies*, who contribute very little in the national and international markets. The overall result is indeed a glut in the labor market. The chaos of international, political, and economic events causes panic among students—particularly those who studied with a view to going abroad—the colleges that produced graduates for export, and the IT sector that does not care for the domestic market but only for its ties to the international market.

The Lack of a Perspective for the Future

The government has taken several initiatives that seem to suggest that since the system is rapidly privatizing perhaps there is no need for a specific private higher education bill. For example, a few private institutions of higher education have virtually been given university status: they have been recognized as “deemed universities.” A few universities (for example, the Guru Gobindsingh Indraprashta University in Delhi) have been created that consist only of affiliating private self-financing colleges. A few other private institutions (e.g., International Business Schools, and Indian Institutes of Information Technology), are actually allowed to operate virtually as universities or their equivalent and to offer degrees and diplomas. All this is in addition to allowing the rapid growth of college-level private self-financing institutions and the conversion, in several states, of government-aided private institutions into private self-financing (or unaided) institutions. In a sense, a large part of the higher education system in India is rapidly being de facto privatized.

The absence of a coherent long-term policy perspective on higher education has been the hallmark of Indian higher education in the 1990s and even in the present decade. The government’s lack of clarity on how to address the issue of privatization has led to ad hoc policies or, in their absence, to the chaos created by the several actors of higher education—the central government, the states, the University Grants

Commission, the All India Council for Technical Education, the National Council of Teacher Education, universities, colleges, and (most importantly) the private sector. Market forces have become very active; but since the markets in developing countries like India are incomplete and imperfect, the outcomes are far from perfect and, in some areas, disastrous.

Basically, the assumptions of the government concerning higher education have been faulty. Transforming the Indian economy into an East Asian tiger-like economy was the goal, yet government apparently thought it could afford to ignore higher education and leave it to the private sector—as if economic miracles could be created without higher education. Government seems to assume that even a knowledge society can be built and a revolution in information technology can be achieved without bothering to strengthen higher education institutions. These are untenable assumptions. The government also seems to be under the impression that it can withdraw from higher education and save its resources, leaving the private sector to fill the gap in the development of higher education. Not only are these assumptions not borne out by any evidence, they can be dangerous for the higher education system and the broader society. ■

South Africa and the For-Profit/Public Institutional Interface

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The For-Profit Surge

A for-profit surge is one striking dimension regarding the general expansion of private higher education globally. Many private higher education institutions maintain formal nonprofit legal status while functioning like for-profits; increasingly common, however, higher education with for-profit legal status, which is our focus.

The U.S. for-profit surge of the last two decades, having caught almost everyone by surprise, is now the subject of a spate of data-packed studies. The United