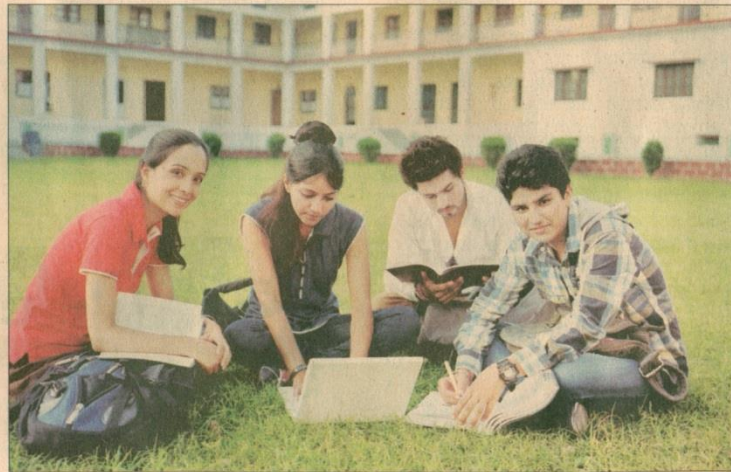


How private sector can play a bigger role in higher education

If only a tax rebate incentive is given to private funding for not-for-profit institutions, the govt can mobilise three times the money it has forgone as tax revenue, into the education system

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THE FIRST INDIAN Institute of Technology (IIT) was set up in Kharagpur in 1951, and now there are 23 IITs. The first Indian Institute of Management (IIM) was set up in Calcutta (now Kolkata) in 1961, and now there are 20 IIMs. All IITs and IIMs have been set up outside the university system, with their own Board of Governors. It is easy to speculate that, for these new-age institutions, the government must have wanted to give them nimbleness in decision-making as well as independence from over-regulations to be able to perform as desired. These aspects must not have been considered achievable



within the university system or under the All India Council for Technical Education (AICTE) regulations. Therefore, the inability of the university system in India to foster world-class institutions was side-stepped.

While IITs had the authority to grant degrees, IIMs could not, since they were registered as societies, and as a result IIMs could give only the Post Graduate Diploma

in Management (PGDM), which was given equivalence to an MBA degree by the Association of Indian Universities (AIU)—surprisingly, a non-constitutional body. Thus began the story of higher education in India with three different governing models—universities under the University Grants Commission (UGC), IITs under the IIT Act, and IIMs on their own as registered soci-

eties. This kind of multiple academic governance and the associated degree/PGDM granting system does not exist anywhere in the developed world.

It must, however, be noted that higher education is an option for career growth, unlike elementary education that may be considered essential for a decent survival. The institutions must constantly keep developing and reinventing themselves, considering sweeping changes in technology and the way technology is being deployed to harness the resources available and people's capabilities. The role of the regulator becomes crucial in achieving these ends.

An objective way to involve the regulators to contribute positively could be for them to also ensure a certain percentage of universities/institutions under their regulation to figure in the top, say, 200 ranks of some noted international ranking bodies.

Regulating education must not be an end in itself, rather it must have a defined purpose, and the performance expected of a regulator would achieve just that.

To meet the huge demand for education that India is facing, private sector participation in higher education must not only be encouraged, but rather be incentivised. It is crucial that the government as well as

private institutions coexist. In addition, the government must consider making regulations based on need and be objective-driven. This means that all higher education institutions in India must have a common regulatory framework, and not be divided on government versus privately-funded institutions, akin to a common corporate law that governs private and government corporations in India. The government should encourage private investment in higher education and also recognise the necessity of financial autonomy for private institutions. Among the many possibilities of incentivising private funding, if only a tax rebate incentive is given to private funding for not-for-profit education institutions, the government would be able to mobilise about three times the money it has forgone as tax revenue, into the education system.

A policy for privately-funded university/institution with the kind of regulatory freedom enjoyed by IITs and IIMs has the potential to produce dozens, if not scores, of world-class universities/institutions in just 10 years. A comparative data on public and private universities in the US would be an eye-opener. Such a policy framework is not yet even in a discussion mode.

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