

# The Business of Education

**M**ADHAVRAO Scindia's first major statement since he took charge of his new portfolio as human resource development minister is a long overdue policy proclamation in an area that simply has not generated enough attention from successive governments. His emphasis on the need to encourage greater private, and voluntary-sector, involvement in the country's educational system is not only a high-profile recognition of a desperate resource crunch that's stifling and stunting the system, but also a statement of the importance of literacy in a modernising and globally connected economy.

Today, only 2.5 per cent of the Indian population in the relevant age group attends colleges and universities, compared with 66 per cent in the US and Canada, 47 per cent in the OECD countries, 37.7 per cent in Korea and over 20 per cent in countries such as Cuba, Costa Rica and Venezuela.

The premise that formal higher learning should not be an automatic right—that, after basic education, a pyramid of meritocracy should prevail—is well-established in the advanced nations of the West. In the weeding-out process, some students enter colleges while others go to technical schools. But in India, even the special science institutes—which limit their admissions to a highly qualified elite—are fighting a nearly 40-per cent gap between immediate requirements and available funds. And vocational education, that should have been given equal priority in this country, is still a farce.

Illustration by JAYANTO



Even though the Government has steadily raised spending on education—from Rs 912 crore in the Fifth Plan to Rs 19,600 crore during the Eighth Plan—it has neither met requirements nor raised literacy standards to world levels. Most industrial societies have reached adult-literacy levels of at least 80 per cent. In contrast, only about 52 per cent of Indians are literate.

Many economists argue that, notwithstanding the population explosion, one of India's assets continues to be an abundance of manpower. But this can hardly be turned into an economic advantage if the bulk of it is illiterate or unskilled. Currently, the Government—both the Centre and the states—spends 3.5 per cent of the country's GDP on funding education. But by its own admission, that's low. The basic minimum should be about 6 per cent. That means a deficit of about Rs 20,000 crore per annum.

This is clearly an argument for more private funds to flow in. Technically, even though 60 per cent of universities and institutions are already in private hands, most rely heavily on the Government for financial succour. Private colleges in Delhi, for example, receive 95 per cent of their funds from the Government.

And therein lies the rub. In irrationally subsidising

higher education, the Government has displayed a skewed sense of priorities. Building a sound human-resource base, as social-science jargon puts it, requires massive concentration on primary education—a mix of government spending and encouragement to private enterprise through a more liberal system of land allocation, red-tape cutting and solid tax breaks.

But the extent of subsidies given to higher education is reflected in the strikingly low fee structures. On an average, tuition fees in colleges vary from a ridiculously low Rs 6 to Rs 100 per month.

This fee structure covers less than 5 per cent of the total cost of educating a student. This is one of the obvious reasons why the private sector has been hesitant to invest in non-specialised, mainstream education. Private investment is mostly in capitation-fee colleges whose reputations

are controversial. And in any event, most capitation colleges specialise in medicine or engineering, which are not suitable for students seeking a variety of subjects. The private sector, nonetheless, has scored some successes by venturing into lucrative sectors such as computer sciences and MBA courses where fees charged are more proportionate to costs incurred.

**P**PRIVATE funds will flow into education only when the Government makes a hard decision to raise fees in its own institutions and cut back on flat subsidies to higher education. This would force the administrators and

educationists to look for alternate means—read private sources—to meet their needs. The money saved by the Government—or even additional resources raised by it—should be funnelled into strengthening and expanding the primary education system, to raise literacy levels and looking after the needs of poorer students.

Private investors may not immediately jump into the fray because the education business does not provide immediate profits. It is essentially a long-term investment. But businessmen and corporate houses, in their own interest, should realise that a literate and skilled workforce is good for business and, ultimately, good for profits. Modern teaching methods, a multiplicity of flexible course options, well-paid teachers and motivated students could make schools fertile recruiting grounds for the needs of business and industry instead of being just pathetic degree factories.

And once education becomes quality and job-oriented, institutions will learn to compete and to excel. But since learning cannot be treated as just another business, corporate houses will have to display generosity and a social conscience to finance the needy through grants and scholarships. Education is one of the best anti-poverty swords in the hands of any government. The trick is to wield it effectively.