



THE HIDDEN DANGERS OF PUBLIC PRIVATE PARTNERSHIP (PPP) MODEL IN INDIAN HIGHER EDUCATION

Jasion Parackel Johnny

Research Scholar, University of Southern Queensland, Australia.

Abstract

The prominent developmental measure of every global economy is the joint contribution of private and public sectors to the nation building process. This public private partnership has been regarded as fruitful in many spheres of life especially for infrastructural development. In India policy initiatives have moved towards public private partnership models in higher education. It has been initiated to tap the underutilized private resources and to meet the growing demands of education sector which cannot be fulfilled by the public sector alone. However In this era of Neo liberalism the entry of private sector in the sensitive field of education has to be dealt with caution. It is often regarded as a replacement of the old Thatcherite word “privatization” which is hidden within the framework. This study focuses on the hidden dangers underlying PPP models and alternative remedies to cope with them.

Introduction

Public-private partnership (PPP) is considered to be one of the developmental strategies with high potential, particularly in Indian education sector. It is an innovative idea to tap private sector potential and to encourage the active participation of the private sector in nation building process. This concept gains importance as the available public resources are insufficient to meet the growing needs. There are ongoing PPP projects in Infrastructure concerned with development of roads, airports, ports, railways and so on. Policy initiatives are no longer confined to these; they are now extended to other areas of human development such as education and health. There are numerous educational programs running on the grounds of public private partnership and has proved to be successful.

In this era of Neo liberalism this model has to be dealt with caution. It claims that it is not for the privatization, and that will not allow profit to enter the field of education. But in practice, a high degree of marketing and privatization is evident. This is privatization and commercialization with a difference i.e., using public funds. More importantly the PPP models do not feel the need to see education as being separate from the production of commercial goods and construction of infrastructure.

The Hidden Dangers

PPPs are a much contested concept. It is hard to provide a concrete definition but can be considered as the entirety of mutual agreements between public and private partners to operate public infrastructure or deliver public services. The private partners include a group of businesses, non-governmental organizations; charity concerns etc. and their way of approach towards education will be motivated by their economic and social motives.

Debatable Risk Sharing Notion: Often PPPs are put forth as a win - win situation where the risks are shared between public and private partners. But in real practice things work out differently and in case of education it is the government which is considered to have the ultimate responsibility for the provision of services and that makes the risk sharing concept questionable.

Project Costs and Cost of Debt: Development, bidding and ongoing costs in PPP projects are likely to be greater than for traditional government procurement processes. The government have to determine whether the greater costs involved are justified. A number of the PPP and implementation units around the world have developed methods for analysing these costs and looking at Value for Money. There is also a cost attached to debt. The project costs have to be borne either by the customers or by the government through subsidies.

Risk of Renegotiations: As these educational projects have a great deal of complexity associated, it is difficult to identify all possible contingencies during project development. Certain events and issues may arise that were not anticipated in the documents or by the parties at the time of the contract. It is more likely that the parties will need to renegotiate the contract to accommodate these contingencies. It is also possible that some of the projects may fail or may be terminated prior to the projected term of the project for these reasons and for a number of other reasons including changes in government policy, failure by the private operator or the government to perform their obligations or indeed due to external circumstances.

• **Government Accountability:** The government will be held accountable for quality of utility services especially education. It will also need to retain sufficient expertise, whether the implementing agency or a regulatory body, to be able to



understand the PPP arrangements, to carry out its own obligations under the PPP agreement and to monitor performance of the private sector and enforce its obligations.

- **Regulatory Environment:** There is no independent PPP regulator in India currently. In order to attract more domestic and international private funding for infrastructure, a more robust regulatory environment with an independent regulator is essential. The private sector is likely to have more expertise and after a short time have an advantage in the data relating to the project. It is important to ensure that there are clear and detailed reporting requirements imposed on the private operator to reduce this potential imbalance.
- **Meeting the Performance Standards:** The private sector will do what it is paid to do and not more. Keeping this in mind incentives and performance requirements need to be clearly set out in the contract. Focus should be on performance requirements that are output based and relatively easy to monitor.

Alternative Strategies

- **Decentralisation of Public School Education to Local Bodies:** Public schools were more effective when school management was decentralised to the local governments and panchayats. This was already tried out in the Education Guarantee Scheme (EGS) in Madhya Pradesh, where decentralisation made the schools in the state more accountable to the students and in relation to syllabus, teaching and textbook quality. Such decentralisation successes have also been seen elsewhere in the world, in the US, Brazil and Chile. Localised management and school policy increased parent involvement in schools, bringing their inputs and community oversight into syllabus design, school infrastructure planning, and teaching quality. Overall, such direct connection between school policy and local stakeholders substantially improved the performance of schools.

Decentralisation may be a challenge in backward poorer areas where very large segments of the parent population are illiterate. In these cases, such decentralisation, and coordination could be supported by NGO partnerships and consultants, which would provide additional expertise.

- **Government Aided School Models:** There exists similar but different type PPP in Indian education, but it is rarely called PPP. This model involved the establishment of a school by a private, non-profit - a trust or a voluntary organization research organization and, in some cases, the business entity - with its own funds and the school is run by the same organization for a number of years before becoming eligible for the Government's help for recurrent expenditure. These schools are subject to government regulation and are required to follow most of the rules and Government regulations in regard to admissions, fees, scholarships, other incentives and subsidies, recruitment of staff, the salary structure and so on. Indeed, they are not different from public schools, but for the management by the private sector. This sector has the advantage of governmental regulation and if catered with proper training and management can turn out to be an alternative strategy.
- **School Vouchers:** The idea of school vouchers was first suggested by the economist Milton Friedman. It has shown promise in the US as well as in Sweden, Ireland and countries in Latin America. The idea of a school voucher is to fund the student, not the school. As a result of this, money follows student choices in which school to attend, be it a private or a public school. This gives poor families options they usually don't have when it comes to their child's education.

Selection Criteria for Education Voucher Scheme Partner Schools

The EVS provides an incentive to parents to send their children to school, and so it has become a source of competition among private schools seeking to join the program. When it comes to the selection of schools, the following criteria are applied across the board:

- a. The fee paid to EVS partner schools is Rs300 per child per month. Schools charging higher fees can also apply to the program, but they will not be paid more than Rs300, and they will not be entitled to charge the difference from students' families.
- b. Total school enrolment should be between 100 and 500 children.
- c. The school should have an adequate infrastructure and a good learning environment.
- d. EVS partner schools should be located within a half-kilometre radius of the residences of voucher holders. However, if the parents prefer a particular school that is far away, no objection will be made, provided that the school fulfils the EVS selection criteria.



e. Advertisements are made to stimulate the interest of potential partner schools. It then gives short listed students some preliminary tests in selected subjects, and conducts physical inspections of these schools.

- **Projects with Risk Sharing:** Projects should be chosen where the Private sector carries most of the risk—provides initial capital investment and running costs and where Government's risk is around choice of partner. Eg, IL&FS Education (India) this will create accountability and quality in services.
- **The U.S Pathways in Technology Early Career High – Model:** The P-TECH School Model is an education model that integrates high school, college and workplace learning. Within a six-year timeframe, P-TECH students earn their high school diploma and an industry-recognized, two year postsecondary degree, along with the skills and knowledge they need to continue their studies in a four-year higher education institution or step seamlessly into well paying, high potential jobs in a growing STEM (Science, Technology, Engineering and Math) industry.

Each student moves through a personalized academic pathway where progression is based on a student's individual needs and performance and is closely monitored by teachers and advisors. At the same time, students participate in a sequenced workplace learning curriculum that is informed by current and future industry standards. The program is enriched with mentors, project-based learning activities, guest speakers, workplace visits and internships.

The P-TECH 9-14 School Model is a triad partnership between a school district, higher education institution, and industry. Currently, more than 70 companies are serving as industry partners for the 40 P-TECH schools under way. Each partner contributes its expertise and resources to ensure that students graduate college- and career-ready.

Conclusion

It is evident that the PPP model is open to make profits, as schools are free to set fee levels and the Government has no role with respect to rates of costs or expenditures for schools. In fact, it provides unlimited power to the private sector. In fact, these schools will become fully privatized, after 10 years, when government funding would cease. The commercial companies, whose ulterior motives often conflict with educational goals, offer no difference between education and, say, the production of cars, refrigerators and soaps, as long as it ensures the attractive profits. Instead of encouraging a sense of social responsibility among enterprises in the private sector, an invitation is sent to do business in education with huge subsidies.

This situation needs to be changed and demands an efficient monitoring and tracking system that shall help overcome the existing challenges. A clear legal and regulatory framework is crucial to achieve a sustainable solution. The entire process of partnership building should be transparent from the beginning; starting from the process of the selection, operational and programmatic framework, clear financial partnership terms to the outputs expected. Thus both the government and the providers have a common intent of improving the quality of education in the India. The need of the hour is to incorporate each other's vision and approach and reckon the need to partner together to improve the education system in India.

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