

Public-Private Partnership in Secondary Education

Jandhyala Tilak

National University of Educational
Planning and Administration, New Delhi
E-mail: jttilak@nuepa.org

Eleventh Five Year Plan: Quality Secondary Education

- INCLUSIVE GROWTH !
- Universalisation of secondary education
- Expansion of Secondary education
 - To improve access to secondary education
 - To provide access to quality education to the deprived sections of the society
- Setting up of 6,000 new schools:
 - 3,500 Kendriya vidyalayas
 - 2,500 schools under PPP

10/27/2010 2 Tilak/PPP in Secy Education

What is PPP?

- No proper definition
- A contractual relationship between government and private sector for a specific project
- Simultaneous involvement of public and private sectors in education
- Sharing of costs/rewards (risks and profits)

10/27/2010 3 Tilak/PPP in Secy Education

The middle path



10/27/2010 4 Tilak/PPP in Secy Education

Why PPP?

- Fiscal: Government does not have money
- Public system is inefficient
- Public system is rigid and inflexible
- Public system is not autonomous
- Public system does not respond to market needs

10/27/2010 5 Tilak/PPP in Secy Education

Why PPP ?

- ◆ PPP provides an avenue to tap untapped private resources
- ◆ it will ease financial constraints, private sector making huge investments on its own
- ◆ Private and public sectors complement each other
 - total resource base will increase
 - improved access to education
 - increase in quality of education

10/27/2010 6 Tilak/PPP in Secy Education

Why PPP ?

- Increases competition, reduce costs, improves cost-effectiveness
- Efficiency associated with private sector, improves accountability

10/27/2010 7 Tilak/PPP in Secy Education

Why PPP ?

- ◆ PPP will provide flexibility in relaxing restrictions associated with public sector with respect to
 - Salary structure
 - Recruitment policies
 - Fees and resource mobilisation
 - Management and development rules (e.g., civil works)
 - Response to market signals in academic and other aspects

10/27/2010 8 Tilak/PPP in Secy Education

Assumptions underlying PPP

- ◆ Private sector will be philanthropic, with no commercial motives
 - ◆ Or Profits in education are also ok
- ◆ Public bodies will be able to regulate
 - ◆ Or private sector will be self-regulatory
 - ◆ Or no need for regulation at all

10/27/2010 9 Tilak/PPP in Secy Education

Assumptions underlying PPP

- ◆ It will improve, at least will not worsen, inequalities in education
 - Scarce public resources for the poor
 - Private efforts for the rich

10/27/2010 10 Tilak/PPP in Secy Education

PPP in Secondary Education: The Proposal

- Schools to be set up by 2014, all affiliated to CBSE
- In all to educate additionally 65 lakh students in these schools
- Each school to have about 2,500 students
 - 1,000 students from deprived sections –
 - 500 from SC, ST, OBCs
 - 500 from other non-income tax payee families
 - 1,500 students from non-deprived sections

10/27/2010 11 Tilak/PPP in Secy Education

Funding: Student Fees

- Students from deprived sections
 - SC, ST, OBCs: Rs. 25 per month
 - other non-income tax payee families: Rs. 50 per month
- Other students (non-deprived sections): fees to be decided by the schools

10/27/2010 12 Tilak/PPP in Secy Education

Funding

- Government to reimburse to schools Rs.1000-1200 per head per month of the 1,000 students enrolled from deprived sections
- Schools will also get access to funds from central and state governments under different schemes

10/27/2010 13 Tilak/PPP in Secy Education

Conditions for setting up Schools

- Who can set up schools under PPP?
 - Corporate companies (with a minimum worth of Rs.25 lakh)
 - Non-profit companies with prior experience in education
- Other conditions: Deposit
 - Corporate companies: Rs. 50 lakh for the first school and Rs. 25 per additional schools
 - Non-profit companies: Rs. 25 lakh for each school
- All have to provide best infrastructure facilities

10/27/2010 14 Tilak/PPP in Secy Education

Will it work? Incompatible objectives

- New schools under PPP to be opened
 - in backward regions/remote areas
 - Private sector will be interested in setting schools in these areas!
 - where government schools may be unviable
 - In the remote areas
 - Each school can have an enrolment of 2,500!

10/27/2010 15 Tilak/PPP in Secy Education

Implications

- ◆ unlimited freedom for schools
 - In all aspects of governance,
 - including fees to be charged from the 1,500 students.
- ◆ Limited control by the government.
 - enrolment of 1,000 students from deprived sections
 - Fee for these students as prescribed by the government
 - Other aspects: no control

10/27/2010 17 Tilak/PPP in Secy Education

Implications

- ◆ massive transfer of resources from the exchequer to private schools
 - ◆ Promotes profit seeking: **non-profit institutions to become profit-seeking institutions**
 - ◆ Fee reimbursement \approx vouchers
 - ◆ Setting up of schools by private sector with state grants
- ⇒ **PRIVATISATION with PUBLIC FUNDING**

10/27/2010 18 Tilak/PPP in Secy Education

Future Prospects ?

- ◆ PPP Schools to become
 - Totally private schools (after 10 years)!
 - 'voucher schools'!
 - No government funding!

10/27/2010 19 Tilak/PPP in Secy Education

Are the assumptions right?

- ◆ Private and Public: Complementary or substituting
- ◆ Total resource base may shrink, as the public funds come down, and private funds may not fill the gap
 - reduced access
 - increase in inequalities

10/27/2010 20 Tilak/PPP in Secy Education

Partnership or Corporate contract?

- ◆ Public-Private Partnership in education is an *incompatible partnership*, as
 - the objectives and interests of public sector and private sector are different
 - They are unequal in power
- ◆ Public-Private partnerships often end in favour of privatisation of education and diminution of the role of the government
- ◆ All PPP models are “business deals” between the weak state and the strong private sector (Katarina Tomasveski)

10/27/2010 21 Tilak/PPP in Secy Education

Evidence

- ◆ Limited robust evidence on well-functioning of PPP modes
- ◆ Evidence on negative effects
- ◆ **Robust evidence on +ve effects of strong public education systems**
- ◆ Contributes to privatisation/commercialisation (privatisation = commercialisation)

10/27/2010 22 Tilak/PPP in Secy Education

Changing Objectives of PPP

- ◆ **Why government is interested in PPP:**
 - earlier: to raise resources which will complement public resources
 - now: mainly to involve private sector in education development, to privatize education system, to get the public funding substituted by private funds!!
- ◆ **Why Private sector is interested?**
 - Earlier: philanthropic
 - Now: to make quick profits

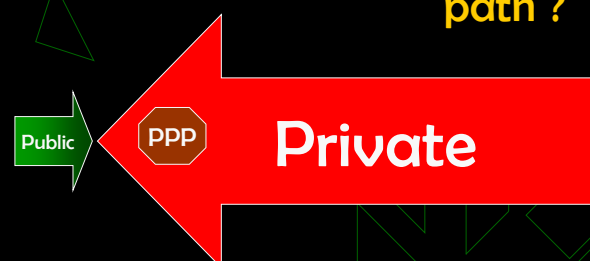
10/27/2010 23 Tilak/PPP in Secy Education

Likely consequences of large scale PPP

- ◆ Change in the role of the government
 - From financier to provider to enabler/facilitator
- ◆ Reduced public funding of education
- ◆ Reduced overall funding !
- ◆ inequities
- ◆ Shrinking of the state sector and expansion of private sector
- ◆ Gradual/speedy loss of public good nature of education

10/27/2010 24 Tilak/PPP in Secy Education

Will it remain as a middle path ?



10/27/2010 25 Tilak/PPP in Secy Education

Minimum Prerequisites

- ◆ Strong role of the Government
- ◆ Strong effective regulatory mechanisms
- ◆ Philanthropic private sector
 - Lawrence Summers: Private Sector in education in
 - ◆ India/Asia ≠ US/West

10/27/2010 26 Tilak/PPP in Secy Education

Thank You

10/27/2010 27 Tilak/PPP in Secy Education