

Privatizing Higher Education in Developing Societies: Challenges and Concerns

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Abstract

This paper explores the growing phenomenon of privatization in Indian higher education, particularly through the dual lenses of challenges and concerns. Since the economic liberalization of the 1990s, private institutions have proliferated, filling gaps left by limited public investment. While this expansion has increased access and diversified educational offerings, it has also raised serious concerns. The study highlights how privatization often benefits urban, affluent populations, leaving behind students from marginalized communities due to high fees and inadequate support systems. Additionally, the quality of education in private institutions varies significantly, with only a few meeting global standards while many others lack proper infrastructure, qualified faculty, and accountability mechanisms. Drawing on policy analysis, statistical data, and global comparisons, this paper emphasizes the urgent need for stronger regulation, equitable access initiatives, and quality assurance systems to ensure that privatization aligns with the broader goals of inclusive and high-standard education in India.

Keywords: Privatization, Higher Education, Equity, Quality, Ranking

Introduction

The preamble of constitution has declared India to be a sovereign, socialist, secular and democratic republic. The vision of the constitution makers was social transformation. The contribution of education, especially higher education in social transformation remained inevitable. However, higher education has also gone transformation many times since independence. It has witnessed tremendous increase in the number of universities and colleges. The number of universities has increased 34 times, from 20 in 1950 to 993 in 2019 (GOI: Department of Higher Education). This expansion was driven by the factors, such as, population growth, economic progress, and government policies focusing on enhancing educational access and quality.

Higher Education is a collective responsibility of both Central and the State governments. Due to federal nature of Indian states, public central universities receive funding from Central government and state universities gets funding

from state government. This dual working style of the government many a times also create challenges. Financial constraints caused by shortage of funding to the public universities gave rise to the emergence of private universities and colleges. The emergence of private universities and colleges is seen in terms of catering to the larger population of students going to the tertiary level of education which the public universities alone cannot cater to their population especially when the government of India desires to increase the Gross Enrolment Ratio at higher education. However, they also pose challenges in terms of equity, equality, quality and finance where much higher fees are charged and collected. Tikly and Barrett (2011) emphasize that equity in education is not merely about access, rather it is also about meaningful participation and outcomes. In the Indian context, private institutions often lack inclusive admission practices and support structures for students from marginalized groups, thereby exacerbating social and educational inequalities. On the other hand, Hegde (2021) finds that the quality of education across private higher education institutions in India varies widely. While a few top-tier private universities maintain strong research and teaching standards, many others struggle with inadequate infrastructure, limited faculty qualifications, and low levels of academic output. The uneven implementation of accreditation by bodies like NAAC and NBA further complicates efforts to standardize and ensure quality. Duarte (2022), in a global comparative study, highlights similar patterns in countries like Brazil and the Philippines, where privatization has led to the commodification of education, with a growing divide between elite and lower-tier institutions. These patterns reflect the Indian experience, where the benefits of privatization often disproportionately serve the urban, upper middle classes. For understanding privatization in higher education, one must also understand the nature of Indian higher education.

Nature of Indian higher education:

To understand the nature of Indian higher education, it is important to recognise that it largely serves the interest of the dominant capitalist class. Even though education and professional opportunities appear to be opened to everyone. In reality, they are more accessible to particular groups that possess social status, power, and economic privilege. As a result, privilege sections of society continue to benefit from superior educational resources and opportunities. In actuality, the educational system operates within a wider social, economic, political and ideological structure. Being a part of this larger system, education is both influenced by it and contributes to maintaining and strengthening it. Thus, the structure and functioning of education generally reflect the nature of society itself. Consequently, the educational policies of the Indian state are closely connected with its broader economic and social policies. The dominant social groups that hold political power also influence the formation and direction of educational policy.

In fact, capitalist nature of education helps in preserving and reproducing existing social inequalities. As a result, mere educational development rarely transforms society in a fundamental manner. In some socialist nations, however, broader social-economic revolutions have enabled the reconstruction of education on the basis of equality and social justice. However, when educational reforms are introduced by the ruling elites, they are generally shaped to protect and promote their own interests. Consequently, looking deeper into the educational policies one can easily find that the recommendations made by various educational commissions, often constituted by those who were in power. As a result, they frequently contributed to the continuation and reinforcement of caste based and capitalist structured inequalities in the higher education.

Further, competition is the essence of capitalism. In the process of competition, several are excluded. Those who have financial capital oppress the entire system. The operation of the educational system is also very similar. This is because, it is designed by the capitalists to preserve their interests. However, it is meticulously designed in such a way, that it give an impression that all have access to it. But, the fact is that, the whole nature, content and curriculum of the system favours the capitalists and excludes the others. Within these contexts, privatization of higher education can better be understood.

Private universities and challenges:

Introduction of private universities and colleges in Higher education looks like a reform, although it comes with many challenges. The period following liberalization, especially after 1991, marked a major shift towards the privatization of higher education. Economic reforms fostered the growth of a middle class with a rising demand for quality education, which led private organizations to establish institutions to address this demand (Patnaik, Munjal, & Sinha, 2016). Government policies also promoted private sector involvement. Thus, further accelerating the trend toward privatization (Patnaik et al., 2016).

Halder, (2016) looked into the emergence of privatization in higher education in India and analyzed the impact of privatization in higher education. He says that privatization of higher education in India was initiated in 1991 with the initiation of the Liberalization, Privatization and Globalization, which he calls LPG Policy. As a result of privatization of higher education in India, the government introduced several new policies and programs so as to increase more employments, outcomes and income opportunities on the one hand, and achieve economic development at regional, state, national and international levels. Thus, privatization of higher education has brought about rapid change in the educational scenario of India. Consequently, it encouraged the individual and society to establish schools, colleges and private universities to meet the growing demand for education. As a result, private educational institutions started growing on everyday basis throughout the country bringing both- positive and negative impacts on education and society.

As the educational landscape evolved, concerns regarding equity and quality have become central. Ensuring equal access to higher education for diverse socio-economic groups is crucial for promoting inclusive development. Private institutions heavily rely on tuition fees which increases the cost and digs the pocket of a middle and lower class person. It becomes difficult for the lower strata to get entry and study in higher education institutions. While there exists some centre of excellence in the private sector, however, most private institutions instead of helping rejuvenation of higher education, have become commercial entities with very low quality. A new college is a good business even if it provides bad education. In fact, education system is intimately connected with economics and politics. If poverty is the root cause of illiteracy, wealth provides quality education to be rich. Carnoy (1974: 347) has observed that “the way society organizes formal education is a function of the economic and social hierarchy and cannot be separated from it”.

The fact with education system is that ‘it is a dual system operating in a society with a strong class bias’ (Xavier, Social Action). While over 80% of Indian youths go through an educational process that provides lowest quality of education mostly by government institutions. However, nearly 20% benefit from a parallel system which offers education of a comparably far higher quality provided mainly by private agencies for a huge price which cannot be afforded by the commoners. The former form the bulk of the lower socio-economic class while the latter come from the higher professional, technical and other elite classes. Kanagaraj (2018) suggests that while privatization in higher education has slightly improved the gross enrollment ratios in higher education and also increased the institutional availability. However, it has created stark disparities in terms of access as a result of high tuition fees, concentration in urban areas, and competitive merit-based admission systems that often exclude students from disadvantaged socio-economic backgrounds. Although scholarships and quota systems exist in some private institutions, they are inconsistently implemented and insufficient to counter systemic exclusion. This is why, Altbach (1999) in this regard says that private education is motivated by the profits. The goal of privatization of education is therefore, ‘to meet the market demand and to create a market niche for an ‘educational product’. In fact, the expansion of private higher education globally is rooted in neoliberal ideologies, which promote reduced government control and advocate market-based mechanisms to improve efficiency and innovation (Ball, 2007; Verger et al., 2012).

In case of privatization of higher education in India, these principles found strong expression after the 1991 economic reforms. This led to an exponential growth in private colleges and universities. The mushrooming of the private universities and colleges aimed at bridging the gap left by limited public investment in higher education. Pillai (in chapter 6 of social change) critically argues that higher education in India reflects very serious challenges and weaknesses. He asserts that proliferation of universities and colleges are

unplanned. The lack of proper planning resulted in indiscriminate and illogical sanction of new colleges and courses. This is one of the reasons why the National Education Policy (2020) attempts to address these concerns by proposing reforms focused on inclusion, quality assurance, and institutional autonomy. However, even the policy lacks concrete mechanisms ensuring that private players adhere to principles of equity and academic integrity. While the policy encourages the growth of private institutions in terms of increasing GER in higher education upto 50% by 2035, but it falls short of clearly outlining accountability frameworks, particularly in terms of fee regulation, affirmative action, and quality monitoring.

As a result of the rapid spread of higher education, the deterioration of the standard of education has resulted in almost every sphere viz. a viz. ill-equipped laboratory, poor stacked libraries, totally inadequate space in buildings and playgrounds, inexperienced administrators, and managers' non-involvement. Addressing these challenges is essential to ensure that the growth of private higher education aligns with the broader objectives of educational equity and quality.

The ongoing discussion about privatization in higher education primarily focuses on its effects on equity and quality. Supporters argue that private institutions foster competition, enhance efficiency, and broaden access (Patnaik et al., 2016). However, critics suggest that privatization turns education into a commercial commodity, available only to those who can afford it, thereby worsening social disparities (Jamkar & Johnstone, 2021). Achieving a balance between these viewpoints necessitates the development of policies that encourage private investment while ensuring public accountability.

The race of ranking:

In the contemporary global knowledge economy, universities are increasingly evaluated, compared, and governed through international ranking systems. Rankings, such as, the QS World University Rankings and Times Higher Education Rankings have transformed higher education into a competitive global marketplace, shaping institutional strategies, national policies, and international academic mobility. For governments and universities alike, rankings have become both a benchmark of quality and a tool of soft power. There are only 3 Indian universities in the top 200 QS Ranking i.e. IIT Delhi at rank 123rd, IIT Bombay at 129th and IIT Madras stands at 180th rank. Therefore, we cannot ignore the fact that India does not have very good colleges today which can pride themselves for imparting education of the highest quality, comparable to some of the well-known institutions of the world.

To address the challenges associated with privatization, the Indian government has introduced various initiatives. The Rashtriya Uchchar Shiksha Abhiyan (RUSA), initiated in 2013, seeks to provide targeted funding to higher education institutions to improve infrastructure, raise educational quality, and

promote equity. In addition, the National Institutional Ranking Framework (NIRF) and accreditation bodies like NAAC play crucial roles in monitoring and enhancing the quality of education (Patnaik et al., 2016). However, in one country, different parallel ranking systems pose another challenge to the higher education institutions who keeps chasing different parameters in order to enhance their ranking. Such chase often hampers the classroom teaching as the faculty become totally engraved in collecting and collating evidence to meet the deadlines provided by multiple ranking institutions leaving their classroom teaching or depending upon some other mechanism to involve students in some assignment work.

Emergence and rationalization of privatization in higher Education in India

Privatization of higher education has emerged in several forms and types in the preceding decade in India. It emerged as a policy response to structural inefficiencies, financial constraints, and rising public demand in the post-independence period. Initially, higher education in India was heavily subsidized and publicly managed. It was rooted in the constitutional principles of equality, equity, and access. However, with the passage of time, the state's ability and willingness to fund higher education subsequently declined. Thus, it led to a significant policy and ideological shift as compared to its initiation.

During the post-liberalization era (1990s onwards), the government began encouraging universities and colleges to generate their own resources, citing a lack of funds and a need to reduce fiscal burden. This root of this lies in the neo-liberal policy itself. Though the National Policy on Education (1986) recommended allocating 6% of GDP to education (1.5% to higher education), however, the actual spending remained far lower around 0.4% of GDP for higher education, and only 1.2% of the total budget by 2022-23. This was substantially lesser than previous decades.

Thus, the withdrawal of state support happened despite rhetorical commitments to inclusive growth and education for the underprivileged, including policies in the Ninth Five-Year Plan which emphasized equity. In practice, however, these ideals were not only undermined but reduced subsidies on the one hand and shifted from "free access" to "fee access,". This disproportionately affected poor and marginalized communities. Further, a review done by the University Grant Commission (UGC) at the time highlighted this imbalance. While the national average gross enrolment in higher education was 10.10%, it was only 2.41% for the economically poor and 12.8% for the non-poor. This shows a stark indicator of deepening inequity at higher education level.

The privatization narrative of higher education was further accelerated by the Ambani-Birla Report (2000) prepared by industrialists. The Ambani-Birla Report proposed that the government's primary focus should remain on school education, whereas the higher education should be handed over to the private players. The report advocated for the establishment of private universities and

positioned education as a marketable commodity, emphasizing the potential of private investment to boost quality and relevance. The All India Survey on Higher Education report (2024-25) shows that the private sector participation in higher education institutions in India is significant with 22.5% of institutions being private. These institutions cater to 32.6% of students and employ 38% of teachers.

The privatization of higher education was further rationalized by the state's inability to meet democratic aspirations due to fiscal limitations. Rather than seeing higher education as a public service, there was a shift in viewing education as an economic investment with high dividend. Further, it was believed that private institutions are more agile in responding to labor market demands, therefore, they will keep themselves abreast to the market demand and strengthen market oriented skills among students that will enhance employability among them. Furthermore, it was also strongly believed that paid education instills more accountability in students. As a result, students will be more regular in attending classes. Thus, there will be potential in privatization to reduce the government's fiscal burden through tuition-based revenue generation. Basu (1995) also articulated many of these above mentioned justifications, arguing that privatization could enhance the efficiency, responsiveness, and quality of education, positioning it as a knowledge industry responsive to market forces.

However, in practice, privatization manifested not only through new private universities and colleges, but also within public institutions adopting self-financing models. In some universities, 60–70% of courses are now self-financed. This signals an indirect form of privatization. This shift has been particularly visible in states like Andhra Pradesh, Tamil Nadu, Karnataka, and Maharashtra, where private institutions now dominate. Further, the growth of professional education (engineering, management, law, etc.) has also been skewed toward private initiatives. For example, in Andhra Pradesh, the number of private engineering colleges grew from 27 in 1991–92 to 491 in 2024-25, with government-aided colleges forming a small minority.

Privatization is often linked with expectations of improved quality, including better infrastructure, skill-based curriculum, and industry linkage. Some private universities even appoint corporate professionals as faculty, tailor their curriculum to market needs, and partner with industry-led Sector Skill Councils to ensure employability. However, not all outcomes reflect positive. Issues such as, arbitrary hiring practices, underpaid faculty, and student exploitation persist in many private institutions. At the same time, public universities suffer from faculty shortages, stagnant recruitment, poor student-teacher ratios (as high as 1:90 in some states), and persistent underfunding. This contrast further fuels the narrative that private institutions are more competitive and quality-focused.

Looking in global context, countries such as Japan, Korea, and many in Latin America rely heavily on private higher education. While others (like those

in Western Europe) follow a mixed funding model. India's case, therefore, represents a middle ground with a growing tilt toward privatization in both policy and practice. As of January 2024, the University Grants Commission (UGC) listed 471 state-private universities in India. The number of private universities has been growing, with 140 new ones established in the last five years. Thus, the growth of private higher education (PHE) has been a significant phenomenon globally. It is driven by the increasing demand for higher education, limited capacity in public institutions, and neoliberal policies that inherently promote privatization. However, these expansions have also raised critical concerns about equity and quality.

Inadequate Representation of Indian Universities in International Rankings

Higher Education in India is gasping for breath at the time when India aspires to move towards becoming a global leader for education. As on date, there are over 1338 universities and deemed universities, over 53,354 Colleges and hundreds of national and regional research institutes, Indian higher education and research sector that ranks the third largest in the world, in terms of number of students it caters to. However, with such a huge number of institutions, only 3 universities are among the top 200 institutions as per QS ranking system 2026 and that too low at 123rd (IIT Delhi), 129th (IIT Bombay) and 180th (IIT Madras). There is not a single Indian university in the top 200 institutions as per Times Higher Education (THE) ranking system and Academic Ranking of Indian Universities (ARWU) 2026.

While many reasons can be cited for this situation, they all "boil down to decades of feudally managed, colonially modelled institutions run with inadequate funding and excessive political interference" (Raghuram, UD). The absence of uniform quality assurance mechanisms has led to inconsistencies in academic standards and student outcomes. Regulatory bodies like NAAC and NIRF play a crucial role, but their efforts must be strengthened and made mandatory to ensure accountability. Further, the proliferation of private institutions has also contributed to the fragmentation of higher education, with wide disparities in the quality of degrees, faculty, curriculum, and infrastructure across institutions. This undermines the very idea of a national education standard and adversely affects both employability and academic mobility.

Conclusion:

Though privatization is continuously growing, it continues to be a matter of serious concerns. It has become evident by the analysis of different policy documents and reports that privatization cannot be viewed as a monolithic process; rather, it unfolds along various axes viz. a. viz. elite versus mass education, urban versus rural, profit versus philanthropy, and access versus exclusion. The challenge lies in balancing private sector efficiency with public sector accountability and inclusiveness. One of the key necessities is the urgent need for a robust regulatory framework that ensures private institutions adhere

to standards of equity and quality. This includes enforcing reservation policies in private higher education, instituting transparency in fee structures, and mandating regular audits and accreditations. Further, the state must not abdicate its responsibility in funding and supporting public institutions. A disproportionate focus on privatization risks hollowing out the public education system, which has historically been a vehicle for social justice and inclusive development. Instead of merely enabling private players, the government must also strengthen public universities and colleges, particularly in underserved regions.

NEP 2020's vision of creating a higher education ecosystem. This can only be realized if equity and quality are embedded as non-negotiable principles rather than as aspirational goals. For this, the policy must go beyond rhetorical commitments and ensure ground-level transformations through targeted investments, inclusive admission practices, and outcome based assessments. The AISHE (2022) report must also evolve to include more data on learning outcomes, dropout rates by caste and gender, and the financial health of private institutions. Only then can it serve as a truly diagnostic tool for shaping policy interventions. It must be kept in mind that education should not be seen in terms of profitable business rather, in terms of a noble service. The private sector educational institutions should also take affirmative action to help the weaker sections of the society to receive better quality education. State can make it compulsory by suitable legislations.

Private institutions which are in existence for the sake of name only, the institutions which are engaged in corruption and those who do not provide better quality education must de-affiliated. It will prevent the privatization of education from being converted into capitalism. Autonomy for private colleges should be granted to improve relevance of education with built-in safeguards and transparency in regard to fixation of student fees, staff service conditions, and admission of students.

The privatization of higher education in India is a double-edged sword. While it has undeniably expanded the sector and introduced certain innovations, it has also magnified existing social inequities and created inconsistencies in quality. The aspirational tone of NEP 2020 must be tempered with a critical examination of its omissions and assumptions, especially regarding the unregulated growth of the private sector.

Equity and quality are not merely academic metrics; rather they are ethical imperatives in a democratic society. If higher education is to serve as a leveller of inequalities and a catalyst for national development, then both the state and the market must be held accountable. A truly transformative education policy must build bridges, not barriers, ensuring that every student, regardless of caste, class, gender, or geography can access quality education that is not only affordable but also should be meaningful. It is not just about increasing enrolment or achieving policy targets. It is about creating a just, inclusive, and

vibrant knowledge society, where education should not be a privilege of the few, but, a right guaranteed to all.

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