



**The Private Higher Education Sector: A Journey through India and China**

by  
**Tessy Kurian (PhD) and B. Murali Manohar**

**A paper presented at the Second National Conference on  
Private Higher Education in Ethiopia**

**Organized and sponsored by St. Mary's College**

**July 26, 2004,  
Sheraton Addis,  
Addis Ababa**

## ***The Private Higher Education Sector: A Journey through India and China***

Dr. Tessy Kurian\* and B. Murali Manohar\*\*

\* Associate Professor in Economics, Development Debub University, Ethiopia, [tessykg@yahoo.co.uk](mailto:tessykg@yahoo.co.uk)

\*\* Asst. Professor- MIS, Management Dept., Debub University, Ethiopia, [muralimb@hotmail.com](mailto:muralimb@hotmail.com)

### **Abstract**

The world economy is changing as knowledge supplants physical capital as the source of present and future wealth. Countries need to educate more of their young people to a higher standard. The quality of knowledge generated within higher education institutions and its accessibility is becoming increasingly critical to national competitiveness in the global front. The authors are interested in studying the trends and growth of private higher education in developing countries viz., India, China and Ethiopia with the objective of sharing the experiences of India, and China to the Ethiopian Higher Education System.

To achieve the objective of the paper, the authors followed documentary review method. The findings of the study revealed that Ethiopia, where contribution of higher education sector is negligible, has to cater to the current and anticipated demand for medium, high level skilled and highly trained human resource. Indian scenario offers guidelines to Ethiopia while framing her policies of evaluating quality of private higher education institutions. The active and aggressive policies of China to appear as a major player in international education shows how people can become the wealth of this nation. The paper also warns the possibility of brain drain problem of students going abroad for higher education if Ethiopia loses quantitatively and qualitatively. This will have a serious impact on Ethiopia's development in the future.

### ***1. Private Higher Education in India***

India has the second-largest higher education system and the third-largest pool of skilled manpower in the world. The system encompasses approximately 304 universities including 62 “deemed universities,” 11 open universities, 14,600 colleges, 10 million students, and 0.5 million teachers. Higher education in India can be classified under two broad heads viz., Technical and Non-Technical (general) education. Technical education in India covers the areas like Engineering/Technology, Architecture, Management, Hotel Management, Pharmacy, etc., whereas Non-Technical courses comprise Arts, Commerce, Science, Law, etc. The Technical courses are governed by All India Council for Technical Education (AICTE) and Non-Technical courses mentioned are governed by University Grants Commission (UGC).

India's population is enormous (of course it's only rivalled by China) and has a burgeoning middle class. The use of English-language is wide-spread and often prolific in India – critical for integration into the global economy.

*Tessy Kurian and Murali Manohar. Private Higher Education Sector: A Journey through India and China.*

Indian families are transfixed on education, and will make virtually any sacrifice to provide their young with the best academic environment possible. In just four years, the number of universities rose from 178 in 1997 to 256 in 2001. Between 1994 and 1999, more than 500 new colleges were established annually. Since India's independence in 1947, student registration in higher education has grown to 29 times the original figure. After independence, private initiative and industrial households have played a substantial role in supporting higher education growth in its own way.

### ***Financing of Higher Education in India***

At present, the university system is too large for the government of India to maintain financially. Until the late 1980s, the state supplied up to 90 percent of the total funding for higher education. In contrast, student fees contributed around 5 percent. However, after the government saw minimal returns from such a huge investment, it changed its policy, increasing funding at the elementary and secondary levels and decreasing funding at the university level.

Central government's share of total higher education income in 1950/1951 was just 49 percent, although its funding rose to approximately 80 percent during the 1980s. Since the 1990s the government has resorted to cutbacks in higher education in the wake of structural adjustment, paving the way for the rapid expansion of self-financed private higher education whose funding is derived mainly from tuition fees. In the southern states of India self-financing institutions outnumber those that are government-aided.

The inability of the public sector to respond to the rapid growth in higher education is but one aspect of recent developments in the private sector. Rapid advancements in technology around the world demand that the educational system produce a skilled labor force in the shortest possible period of time. While there has been a dramatic increase in the number of public colleges established in recent years, most of them only offer general education courses through syllabuses set by their affiliating universities. These colleges have neither the flexibility nor the financial resources to offer the same innovative programs that private institutions have developed. A graduate of a traditional three-year bachelor's program has virtually no marketable skills as compared to the one that has completed a program that included industry placement and enrichment modules in the same three-year span.

Taking advantage of the provision for joint responsibility toward education, some states have passed their own legislation on private higher education recently. Chattisgarh was the first state to pass a Private Universities Act, in October 2002. The newly emerged state of Uttaranchal succeeded in getting four private universities during 2002–2003. In fact, there has been a sudden proliferation of private medical and engineering colleges, especially in

*Tessy Kurian and Murali Manohar. Private Higher Education Sector: A Journey through India and China.*

the southern and western states of India. However, shrewd politicians and businessmen took advantage of this provision, raising exorbitant amounts of money, legally or illegally, through capitation fees beyond the reach of many middle-class families.

In its most recent judgement (August 14, 2003), the Supreme Court has again taken a tough stand against capitation fees and profiteering by the private professional colleges. It has threatened to “de-recognize” private colleges found guilty of charging capitation fees in any form. Again, however, the impact remains unclear; there are reports, for example, of persistent underhanded dealings for obtaining seats in private professional colleges.

Notwithstanding the legal rulings, alliances among politicians, business, and academia sustain the commercialization of higher education for private gains. Thus, although, democratic India stands out with the role taken by state governments and courts, it joins a powerful international trend of sharp growth in commercial private higher education, some tied to a new and dominant political economic marketplace and some to the lack of a firmer restraining political legal framework.

The casualty of the reckless growth in private institutions is not just equity, a well-known fact, but also the quality of higher education. Few private colleges offer quality higher education and many have been started with the sole goal of making quick profits. Philanthropy, charity, and education, which were considerations of the private sector in education in the past, no longer seem to figure as motives. The government’s inability to regulate private institutions is becoming increasingly obvious.

Unfortunately, the disparity between the rich and the poor is reflected in the quality of education imparted to each group. Poorer parents have no choice but to enrol their children in state-funded institutions that lack the facilities and teacher talent of their self-financed counterparts.

Private institutions are not completely without criticism. The danger with self-financed institutions lies in the very characteristic that distinguishes them from public institutions. Since they are not dependent on the state for funding, they are not subject to the same regulations regarding the use of resources and quality of education. Professional institutions promise potential students lucrative positions in their field of choice upon graduation, but there is no guarantee that they can make good on their claims. While some of them make significant contributions to the need for a highly skilled work force, others merely capitalize on trends like management and computer education in order to make a profit. Indeed, all of the self-financing institutions collect fees from their students, but too many of them are run for the sole purpose of exploiting teachers and students alike without delivering quality.

### ***Quality Assessment***

Both the public and private sectors are under scrutiny when it comes to quality. The issue has come to the forefront of discussions on higher education in India, particularly in the past decade. The University Grants Commission (UGC), established in 1956, is the national authority responsible for determining and maintaining educational standards for colleges and universities.

In 1994, the UGC established the National Assessment and Accreditation Council (NAAC) as an external agency responsible for grading universities and colleges according to the quality of education they impart. In order to do this, NAAC established a set of criteria that any institution of higher learning can use to evaluate its own performance. These include: curricular aspects; teaching-learning and evaluation; research, consultancy and extension; infrastructure and learning resources; student support and progression; organization and management; and healthy practices. The weight of each of the seven parameters listed above varies in determining the final score depending on the type of institution being assessed.

Almost on similar lines, AICTE, the governing body of the technical education in India has introduced National Board of Accreditation (NBA) to assess the quality of each individual program rather than the institute itself, which is the criterion for quality assessment in higher learning centers. However, they have no power to assess or regulate private, unrecognized institutions. Officials responsible for educational policy must address qualitative issues in the private sector with as much vigor as NAAC or NBA has in this sector.

Additional parameter in the quality assurance adopted by many private engineering/management institutions in India is by obtaining certification from International Standards Organizations (ISO). Institutions that obtained the ISO certification provide a complete transparency on the functioning of curricular and administrative issues.

At the last but not least, media also makes an attempt to evaluate and grade the educational institutions in India like Best B-Schools, Best Medical colleges and Best Engineering colleges, etc. Sometimes, The Ministry of Human Resources Development (MHRD) of the Govt. of India takes the support of the media in conducting these surveys to provide a clear picture of higher educational institutions, to enable the Govt., agencies and parents to make clear decisions on funding or granting additional courses/intake, etc.

At present, India is second only to China in the number of students sent to U.S. institutions of higher education. With 54,000 students studying abroad, the potential exists that only a very small percentage will return to their home country and put their knowledge to use. There is no doubt that more students will go elsewhere if higher education in India continues to fail them both quantitatively and qualitatively. This will have a serious impact on

India's development in the future. Let us look into the scenario of higher education in China in the next section of the paper.

## ***2. Private Higher Education in China***

A report published by them in April 2003 provides an interesting and stark perspective on higher education in China and India, and makes the following points: China is THE MOST IMPORTANT center in the world in the globalization of education. She is turning out to be a more important International Education Market than India. China and India face similar challenges in their higher education sector with intense competition for admission to the best institutions and universities. But China is far ahead on the supply side with nearly 100 high quality institutions and is investing heavily in creating many more, leaving India far behind. As a result, China is turning out many more top quality students than India.

China has opened up higher education for both private and foreign investment. Foreign investors can come in by tying up with local Chinese partners. Unlike India, China is experiencing a great deal of two-way international student traffic. China has become one of the world's great study-abroad destinations. Currently, more than 60,000 foreigners study in Chinese universities, and that number is swelling each year. China is the number-one choice for U.S. students who want to study in Asia (conversely very few Americans study in India, as most are frightened by perceived security risks). China is active and aggressive about becoming a major player in international education. It recognizes that huge sum of money leave the country when students go abroad, and it is keen to tip that trade balance in its favour.

China's education system struggles with the problem of providing sufficient quality opportunities for outstanding students. Just as is in India, Chinese students must write highly competitive entrance exams to seek places in the nation's best universities. The National University Entrance Exams (NUEE) represents the most imposing and anxiety riddled challenge for China's teenagers. Those who perform with brilliance will be slotted into seats at the two biggest higher education names and brands in the country. But there are many more quality institutions, about 100 in China. The fact that more investors are joining China's higher education sector might result in the envy of those wishing to see India's universities revamped and re-energized. The "Top 100" Chinese universities are public institutions, and they are well-resourced. China's universities turn out thousands of Bachelor degree holders who can easily gain entrance at the top universities in the U.S., Britain and elsewhere. China is turning out many more top candidates than India each year as it has more universities of world class quality.

### ***Private Sector in China***

Recognizing that even the Chinese government has its own limitations to fund higher education, the private sector has opened up. China welcomes (and is encouraging) private and foreign investment. It's not a simple matter, as in all such aspects in China there is lots of bureaucratic control and involvement. However, provincial education ministries are actively monitoring to ensure their goals are met. "We want to bring in foreign investment and we want to bring in education expertise," said Mr. Ding Hongyu, the Director of the Office for International Cooperation and Exchange at the Beijing Municipal Education Commission. "A foreign partner must find a Chinese partner, but it is not restricted for institutions to choose certain partner at certain levels. It's logical for them to work with another university, but if they choose to work with high school or a kindergarten, they can."

### ***A Two - way International Student Traffic***

China is experiencing a great deal of two - way international student traffic. China has become one of the world's great study-abroad destinations. Currently, more than 60,000 foreigners study in Chinese universities, and that number is swelling each year. Powerful economies and advanced technological societies of South Korea and Japan are sending huge numbers of students to China. For Americans, China is among the most popular destinations for study-abroad and the number-one choice for U.S. students who want to study in China. Delegates from Chinese universities tour Asian countries to promote study at their institutions. Recently, delegates from seventeen Chinese universities from Jiangsu province went to Vietnam, Singapore and Malaysia in search of education links and opportunities for student exchanges. China is active and aggressive about becoming a major player in international education.

## ***3. Lessons for Ethiopia***

### ***A Brief Description of the Higher Education System in Ethiopia***

The first higher education institution in Ethiopia, the University College of Addis Ababa, was established in 1950. In spite of the country's need to expand the higher education sector, little progress was made in the subsequent 50 years. Until 1995, for example, there were only two public universities and sixteen affiliated and independent junior colleges in the country. Recently, following the government's decentralization effort to expand the higher education system in regional states, more universities were added increasing the total number of universities to eight. Among these, Addis Ababa University is the leviation as it accounts for about 42 percent of the regular and 39 percent of the continuing education enrolment (MOE 1998).

Included among post secondary establishments are also fourteen teacher-training institutions with an average enrolment of 55 students each. These institutions are responsible for training prospective teachers for first cycle primary education (grades 1 through 4) for the duration of one year. The higher education system also includes

post secondary professional training institutes, such as the nursing school, bank and insurance institute and the Ethiopian Airlines Pilots and technicians training centers. The total enrolment of all of these is below 1,000 (Habtamu 2000).

Since 1998, five private colleges have been created offering programs for a two-year diploma (Zewdu 2000). In the 1999/2000 academic year, 8,376 students were enrolled in private colleges, accounting for 12.4 percent of total enrolment in higher education (MOE 2000). Some of the private colleges have started programs for a bachelor's degree, with the hope that they will secure accreditation eventually.

The total number of students in regular degree programs increased from 9,367 in 1994/95 to 19,957 in 1998/99 and in regular diploma programs from 5,881 to 6,524 in the same period. Despite these increases, it has been estimated that the gross enrolment ratio in higher education in the years 1995/96 -1999/2000 falls between 1.0 and 0.5 percent with significant gender disparities (MOE 2000).

Students are selected and assigned to a university on the basis of the result of the Ethiopian school leaving certificate examination (ESLCE), which is offered at the completion of grade twelve. In principle, applicants are expected to have over 2.0 GPA in ESLCE in 5 subjects (including English and Math) to qualify for admission into higher education. In practice, however, the GPA cut off point is determined by the space available and the number of applicants each academic year. As a result, access is reserved to the exceptionally few high achievers who represent less than one-fifth of eligible candidates. In addition, the odds are that students from well-organized public or private secondary schools in metropolitan areas have the highest chance of success, further reducing the opportunity for tertiary education among the rural and low-income groups.

Given the small number of openings in the regular program relative to the demand, continuing education remains among the few options left for most students who completed their secondary education. Higher education institutions in Ethiopia run evening and summer programs to address those students not admissible through the regular program. As per the 1998/99 Educational Abstract of the Ministry of Education, there were 22,585 students pursuing their studies (both degree and diploma) through this arrangement, accounting for 35 percent of overall enrolment in the country.

The major clientele of evening programs are either civil servants who intend to upgrade their qualifications or those who have been denied admission to the regular programs. An evening degree generally takes approximately 6 years to complete, while the evening diploma can be completed in 3 to 4 years. The summer arrangement is



*Tessy Kurian and Murali Manohar. Private Higher Education Sector: A Journey through India and China.*

basically designed to upgrade the qualifications of primary and secondary school teachers. A five-summer session is needed to complete a bachelor's degree, while a diploma program takes only three summers.

While being less demanding than the regular degree program, the evening program is still competitive and involves a GPA cut off point for screening applicants. The screening procedure further serves to assign students to particular fields of study once their admission has been approved. Business (accounting, economics and management), law and information studies are highly preferred fields and entrance in them, therefore, requires a highly competitive GPA. Most evening programs do not provide courses in the natural sciences, pharmacology and medicine.

### ***Financing Higher Education***

In the years following the introduction of university education in Ethiopia, students participating in regular programs were provided with free room and board, and were given pocket money. In spite of the profound changes in the socio-economic fabric of society, the tradition of free higher education has been maintained with students' living and instructional costs coming out of the public purse; only the pocket money has disappeared. Students enrolled in summer programs have their tuition and living expenses (with the exception of some miscellaneous costs including laundry and occasional transportation) covered by their employer, the Ministry of Education. Students enrolled in evening programs, on the other hand, have to pay substantial tuition and cover their own living costs.

On average, it is reported that about 12 percent of the education budget goes to higher education, compared to 65 percent to primary, 17 percent to secondary and 4 percent to other aspects of education (MOE 1998). Of this, more than 40 percent is used to cover faculty and staff salaries. While its allocation from the education budget is relatively small, the unit cost of higher education is higher than the costs for primary and secondary education. According to the 1999/2000 report of the Planning and Programming Department of the Ministry of Education, for example, the unit cost for higher education is 5,250 Birr (US\$3,500) compared to Birr 123 (US\$82) and Birr 255 (US\$170) for primary and secondary education respectively. The high unit cost aside, the recurrent budget for higher education is continuing to increase over time and constitutes a heavy financial burden on the government. The recurrent budgets for the years 1996/7, 1997/8 and 1998/9 were US\$65million, US\$97million and US\$133 million respectively.

While less significant, some assistance to higher education also comes from various UN agencies and bilateral donors. Some of these agencies that finance the system through grants, experts, scholarships and consultancy

*Tessy Kurian and Murali Manohar. Private Higher Education Sector: A Journey through India and China.*

include the UNDP, UNESCO, UNFPA, the World Bank, SAREC, USAID, SIDA and the British Council (Habtamu 2000).

The MOE in its Capacity Building Program of ESDP-2, 2002/03-2004/05 gives emphasis on Human Resource Development and considers higher education as the central program in improving working system. Since the private sector in Ethiopia is still at its infancy, the MOE feels that the government has to invest more on higher education with encouragement for more private sector involvement.

### ***Training and Development Efforts by MOE***

The plan to install a Brain Center to set the strategic direction to changing socio - economic demands and the proposed Quality and Relevance Assurance Agency to develop standards and to monitor and evaluate institutions are programs to develop the higher education sector.

The long-term objective of reducing dependence on government will give more autonomy to universities.

### ***Conclusions***

Indian scenario offers guidelines to Ethiopia while framing her policies of evaluating quality of private higher education institutions. The contribution of private higher education institutions in filling the gap between demand for and supply of quality education is significant; at the same time the commercialization of education is detrimental to the interests of the society. Education must be considered a joint responsibility of both the sectors, with stress to equity and quality, rather than disparity and quantity as outcomes.

The active and aggressive role of China in attracting its education sector not only to native students but also to international students must be an eye opener to Ethiopia. The country which faces brain drain or reverse of technology transfer has to become the base for its youth to flourish and cherish to develop a hi- tech Ethiopia. The country where 20<sup>th</sup> century intellectuals hoped to be the Japan of Africa can show signs of intellectual and technical enhancement with a drastic development of private and public sectors keeping in mind China and India - the international players in this field. The World Bank's financial support for "demand-responsive innovation funds" that seek to foster positive changes in the institutional culture to teaching and learning in tertiary education must be utilized by Ethiopia in this 'information era', where her 'knowledge society' will enable her to be a 'globally competitive economy'.

The World Bank's observation (during a regional training conference held in Ghana on September 22-25, 2003) about African education system must be a warning to Ethiopia too. Unemployed or departed graduates represent a tragic squandering of scarce resources. Part of the cause is that higher education is often not very relevant to the

*Tessy Kurian and Murali Manohar. Private Higher Education Sector: A Journey through India and China.*

needs of the region. Mostly modelled after European higher education, African systems are evolving rapidly from elite structures.

### *References*

Central Statistical Authority (1997) The 1994 Population and Housing Census of Ethiopia: Results at Country Level, Addis Ababa, CSA.

Habtamu, Wondimu (2000) "Higher Education in Ethiopia: Retrospect, Prospects and Challenges" A Chapter Presented for the Handbook of Higher Education in Africa, copy prior to publication.

<http://www.altavista.com>

<http://www.google.com>

<http://www.ugc.ac.in>

IER (2000) "A Proposal to Establish a National Center for Higher Education", Addis Ababa University (Unpublished Manuscript).

Johnstone, Bruce (2001) "Response to Austerity: The Imperatives and Limitations of Revenue Diversification in Higher Education," Center for Comparative and Global Studies in Education, University at Buffalo.

\_\_\_\_\_ The Financing and Politics of Cost Sharing in Higher Education, Center for Comparative and Global Studies in Education, University at Buffalo.

Ministry of Education (1999) Education Sector Development Program: Action Plan, Addis Ababa, Central Printing Press.

\_\_\_\_\_ (2000) Educational Statistics Annual Abstract, Addis Ababa, Brihanina Selam Printing Enterprise.

Transitional Government of Ethiopia (1994) Education and Training Policy, Addis Ababa: EMPDA.

Zewdu Desta (2001) "The Emerging Private Higher Education Institutions of Addis Ababa", Addis Ababa University (Unpublished Master's Thesis).

Ziderman, A., Albrecht, D. (1995) Financing Universities in Developing Countries, Washington, DC, Flamer Press.