

Profit and loss in a knowledge society

The proposal to promote for-profit initiatives in higher education reflects misplaced priorities

Michael Sandel, a professor of political philosophy at Harvard University, in his recent book *What Money Can't Buy: The Moral Limits of Markets*, has observed: "At a time of rising inequality, the marketisation of everything means that people of affluence and people of modest means lead increasingly separate lives. the question of markets is really a question about how we want to live together. Do we want a society where everything is up for sale? Or are there certain moral and civic goods that markets not honour and money cannot buy?"

The availability of good quality higher education that is affordable, accessible, and that promotes equity and efficiency, is an essential public good, which needs to be promoted by public and non-profit private sector initiatives.

The Planning Commission's (PC) recent proposal in the draft 12th Five Year Plan to promote "for-profit" initiatives in higher education is a retrograde step. The ostensible reason is to address the growing concerns relating to lack of good faculty, infrastructure and resources and the PC has observed that the objective is to "bridge the demand-supply gap in higher education". The jurisprudential foundations of the "not-for-profit" character of an institution should not be confused with the ability of institutions to determine their fee structure and the compensation they can pay to staff. The critical aspect of non-profit is that the additional income generated by the institution is retained and used for its development. This is typically used for research initiatives, scholarships and fellowships, as well as infrastructure development. Ideally, the surplus should be not be taken back by the management or the private donors. This is how an endowment can be created and the financial viability of the institution could be protected. The PC's approach poses many challenges to the basis of higher education reform.

First, poor governance cannot be addressed by "for-profit" institutions. Most of our universities are poorly administered and face a major challenge due to the absence of qualified faculty. A recent presentation by the Union HRD ministry observed that 42 Central universities with sanctioned faculty strength of 16,602 have 6,542 vacancies. Fifteen IITs have 1,611 vacancies. Thirteen IIMs have to fill 111 vacancies out of 638 positions. This is indeed a reflection of our inadequate commitment to ensure higher education deserves priority in terms of faculty recruitment.

Second, world-class universities are non-profit institutions. As we aspire to increase the quantity and raise the quality of higher education institutions, we need to draw from experiences around the world. There is a reason why there is not a single world-class university run on a for-profit basis. Public and private universities, which are top ranked in the world and are reputed for excellence in teaching, research and capacity-building, have all been non-profit institutions.

Third, a "for-profit" approach undermines faculty-student ratio. A unique characteristic of world-class universities is the faculty-student ratio, which allows them to impart education with a view to engaging and interacting with students at a more personal level. While the Oxford and Cambridge tutorial system is an exceptional pedagogy in the learning process, other models around the world require more faculty members teaching fewer students. Such a faculty-student ratio is anathema to for-profit institutions. Fourth, profitability affects evaluation of universities' contribution. Unlike corporations, the role of universities and their contribution to society cannot be measured in terms of profit. Promoting for-profit institutions will expedite the pace of mediocrity already deeply entrenched in the Indian higher education system. Universities by their nature are designed for larger social goals. The yardsticks available to measure growth and development, including profit and loss in corporations, are not suitable.

There are no short-cuts to promoting quality in higher education while significantly expanding available opportunities. A committee constituted by the PC and headed by N.R. Naryana Murthy submitted a report on the role of the corporate sector in higher education. It acknowledged the importance of stronger private initiatives and recommended measures such as free land for 999 years, 300 per cent deduction in taxable income for contributions and 10-year multiple entry visas for foreign research scholars. It suggested mandatory accreditation for Indian universities and recommended a scholarship fund for Rs 1,000 crore, with the corporate contributions tax exempted.

Innovative solutions need to be found in addressing the challenges of higher education. Corporate philanthropy needs to be promoted. Quick-fix approaches, as in a for-profit sector in higher education, will undermine both public universities and non-profit private universities.

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