



## Role of Public- Private Partnership (PPP) in Education Sector in India

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### Abstract

A popular catchphrase in development plans is Public-Private Partnership (PPP), which has been the newest development mantra in many developing and developed nations over the past few decades. Even nations that for a long time forbade the private sector from playing any part in development have opened up to the concept of PPP and are now supporting it in the majority of their initiatives. A public-private partnership (PPP, 3P, or P3) is widely understood to be a cooperative agreement between two or more public and private sectors, usually lasting a long time. Throughout history, governments have employed a combination of public and private initiatives. Many economies are using PPP in a variety of infrastructure development domains, including the construction of roads, railroads, airports, and so forth. Not only that, but PPP is also being expanded to other areas of human development, including health, and even to activities that pertain to poverty alleviation, as well as education, especially primary education, which is considered a universal human or fundamental right.

The purpose of this paper is to explain the meaning of public-private partnership (PPP) and its function in the field of education.

**Keywords:** Public-Private Partnership (PPP), Education

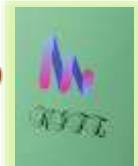
### INTRODUCTION

Nowadays, it's common practice to privatise every industry, such as the construction of roads, railroads, airports, and so forth. However, it is no longer limited to these industries, and in this regard, PPP has been instrumental in bringing about a new era of privatisation. PPP, or public-private partnership, has become the newest development catchphrase. It has also emerged as a trendy catchphrase in development plans, especially in the past few decades in many developed and emerging nations. Over the past three decades, public-private partnerships in education have grown significantly worldwide. RTE, which provides high-quality education to children aged 6-14 in elementary school regardless of caste, race, gender, or geography, was adopted in India in the 12th five-year plan. PPP is used in the education sector in a variety of ways, including subsidising public schools through capitation grants, stipends, vouchers, and subsidies. Even nations who are forbidden from privatisation express interest in the PPP model. They are well aware that PPP can generate a sizable number of economies in a variety of infrastructure development sectors, including the construction of roads, railroads, airports, and so forth. However, it is not limited to these industries alone. It has also made its way into the educational field. In addition to other human development areas like health and even activities related to poverty reduction, PPP is now being expanded to education, notably basic education, which is considered a universal human or fundamental right.

### Definition of PPP

PPP appears to lack a precise and well-defined meaning, while there are a number of possible interpretations. PPP's reach is so broad that it cannot be adequately described in a few words. The majority of nations that have started PPP initiatives have made an effort to define what a public-private partnership is. For example:

PPPs are defined as any arrangement made between a state authority and a private partner to perform functions within the mandate of the state authority, involving various combinations of design, construction, operations, and finance. In Brazil, the new PPP law states in Article 2 that PPP contracts are agreements entered into between government or public entities and private entities that establish a legally binding obligation to manage (in whole or in part) services, undertakings, and activities in the public interest where the private sector is responsible for financing, investment, and management.



- According to South African legislation, a PPP is an agreement between a private entity and a government institution in which the private entity uses state property, fulfils an institutional function, and transfers significant project risks to the third party.
- The most well-known aspect of the UK's PPP program is the Private Finance Initiative (PFI), in which the public sector enters into long-term contracts with the private sector to acquire services.
- PPP is defined as a partnership between a public sector entity (sponsoring authority) and a private sector entity (a legal entity in which 51% or more of equity is with the private partner or partners) for the creation and/or management of infrastructure for public use for a specified period of time (concession period) on commercial terms, where the private partner has been chosen through an open and transparent procurement process, according to the Department of Economic Affairs, Ministry of Finance, Government of India, 2007.

### Objectives of the PPP Model in Indian Education System

- To uplift the quality of the Indian education system.
- Helps to increasing enrolment ratio of the students.
- Improve the outcomes of the education system.
- To maintain the coordination between Public Private and Government sector.
- To reduce the overload of the government.

### Advantages of PPP Model

Education is a social obligation that falls under the purview of both civil society and the government. "Building a stronger education system will require the efforts of all sectors due to the profound effects of our history on the fabric of our entire society, including education," states Barbara Valentine, Research and Development for Institute of Training and Education for Capacity Building.

- PPP offers high-quality infrastructure that is either wholly public or fully private. Each player does what they do best.
- PPP offers efficient administration of public resources and guarantees sufficient investment in the public sector;
- PPP can minimise delays or maintain time-to-completion because they finish all infrastructure projects quickly.
- The "Return of the Investment," or ROI, is higher with PPP than with traditional or government systems, which is one of its key advantages.
- Risk allocation in PPP projects makes it possible to lower risk management.
- Another significant advantage of PPP is that it lowers government budgets and budget deficits.
- The majority of the time, project execution risk is shifted to private authority, which has greater experience in cost containment.
- PPP permits reduced taxes and has a highly strong economy.
- PPP has made sure that public services are provided on schedule and with greater quality.

### Challenges of PPP in India

In India, PPP models are confronted with a variety of difficulties. These difficulties are

- Some risks, such construction risk, financial risk, market risk, demand risk, etc., are there when you begin any project. You cannot adequately thrive with this danger.
- A number of factors, including expected risk, the degree of competition, project complexity, etc., affect earnings in PPP projects.
- Due to different rules pertaining to the land issue, PPP finds it extremely difficult to acquire land in our nation.
- The mission is less successful when public-private and government collaboration is inadequate.
- A mismatch between the project's overall costing causes certain projects to fail.
- Additionally, as is well known, PPP projects are always vulnerable to corruption because of the excessive number of participants and procedures.



In a significant PPP conference, Mr. P. Chidambaram (who served as Finance Minister in 2006) [7] identified four main issues with PPP development in India, including:

- A lack of supporting policies and regulations. Making sector policies and regulations PPP-friendly requires a lot of work. Many of these projects are located in the United States, and successful outcomes would be impossible without the states' active involvement.
- Absence of Long-Term Tools Infrastructure projects require long-term equity and debt financing, which the market currently lacks the tools and capacity to provide.
- Insufficient Bankable Projects It's still difficult to find ideas that are both respectable and have a viable framework. There is a dearth of reliable, bankable infrastructure projects that may be made available to the private sector for funding. There have been some attempts to create PPP projects at the federal and state levels, but these have tended to be one-offs and have shown a noticeable lack of coherence.
- Limited Public Sector PPP Management Capability Additionally, governmental officials and institutions lack the ability to oversee the PPP process. In order to optimise profits for all stakeholders, this process must be managed because many projects entail long-term contracts that span the life cycle of the infrastructure asset being developed.

### **PPP's function in education**

Since public-private partnerships are currently popular in many industries, it stands to reason that the educational system would benefit greatly from them as well. The PPP model has already been applied in education in a number of Eastern and Western nations, including Pakistan, the United States, England, and others, to enhance accessibility, raise educational standards, and provide underprivileged people more options. Since India is not falling behind them, we too attempt to apply the PPP model to our educational system. The Indian educational system is made possible by a well-designed PPP model. PPPs in education are being investigated and implemented by a number of federal, state, and local governments.

### **Expanding School Access**

The three main issues with elementary education in India are waste, stagnation, and dropout. The Indian education system is now concentrating on providing high-quality instruction and results, with the objective of universalising basic education almost accomplished. The PPP model can help achieve the goal of universal retention by expanding the government system's ability to give kids access to schools.

### **Making Good Use of Underutilised School Facilities**

We may observe that during the past ten years, enrolment in government schools has nearly quadrupled in major Indian cities like Mumbai, Chennai, Pune, and Ahmadabad. Their budgets for education have nearly increased as a result. This trend causes the government school to become less effective. It goes without saying that the private sector can run excellent schools in these vacant structures if we give them a chance. This allows governments to make efficient use of underutilised school facilities.

### **Expand Access to and Use of Current Educational Resources**

Given that India is primarily a rural nation, some of its cities and urban areas have very well-developed educational infrastructure. However, India still lags behind in terms of adequate educational facilities in rural areas, especially when it comes to secondary education. As a result, educational accessibility fell short of expectations. PPPs can contribute to expanding school access by providing the opportunity. The aforementioned argument illustrates how well PPP may make use of the underutilised educational infrastructure in metropolitan locations. Additionally, only PPPs can revitalise the expansion of access and utilisation of the current educational resources in rural areas.

### **Boost Educational Quality**

The privatisation of the educational system has not yet been completed throughout India. PPPs can bring new ideas and talents to the government system in already-existing schools. Similar to government schools, PPP projects in education have a high funding level and relevance rate. PPP providers are innovative, flexible, scientifically sound, and provide



improved management and instructional approaches, among other things. For example, they can use technology in administration, teaching-learning, evaluation systems, or teachers can employ a variety of creative methods, etc. The quality of the Indian educational system is improved by all of this.

### **Expand Options for Parents with Low Incomes**

Although every parent wants their child to become fluent in English, our government school uses a vernacular teaching method. They are therefore progressively dropping out of the public education system. However, during the past ten years, the enrolment ratio in private or English-medium schools has increased by over 250%. Additionally, we may observe that all national level examinations are administered in English. Therefore, in most cases, PPP schools that offer top-notch English instruction will enable governments to give parents the choice of the education they want.

### **Strengthen Accountability in the Government Structure**

One may easily argue that the growing number of PPP institutions contributes to the strengthening of accountability inside the government system. The PPP and government school systems must adapt to the growing demand for greater accountability as parents start to demand fair measurement of educational standards.

A background paper was created by the World Bank Group [8] to discuss the function of PPP in education in schools:

### **Reducing the Financial Restraint**

Attention must be paid to the stark disparity between the nation's needs and supply of school infrastructure. A significant portion of the funds needed to reach the desired school enrolment ratio could not be covered by the government alone in the allotted time. Financial resources could be increased by involving the business sector in the project. The government can serve a big student body without incurring significant costs thanks to the private sector's involvement in the construction of physical infrastructure.

### **Efficiency Improvements**

There is a claim that the private sector is more efficient due to specialisation in particular fields. For instance, public-private partnerships in the building and road industries have demonstrated the private sector's proficiency in infrastructure development. The private sector may also provide schools with more convenient, creative building designs. The financial sector's private partners can create appropriate tools for school fund-raising. Comparatively speaking, the private sector can provide both operational and support services far more effectively than the government.

### **Sharing Risks Properly**

Risk should be assigned to the specific partner who can effectively manage it, according to a basic partnership principle. PPP projects have a number of risks that can be optimally distributed between the public and private sectors to greatly lower overall risk.

### **Implementation Speed**

Many parties are involved in a public school project, making coordination challenging. Typically, it takes the government three years to build a school facility and open a full-fledged high school. Implementation would proceed much more quickly because the commercial partner would want to be paid as soon as the services are made available. The project should be finished in no more than eighteen months.

### **Cutting Expenses**

The cost of operation is anticipated to be significantly cheaper than in a government setup due to increased efficiency and competition among commercial partners. This is because private sector managers are more efficient.

### **Responsibility for Outcomes**

Accountability for school achievement is dispersed throughout the public sector. As a result, there are numerous examples of failing schools, especially in cities. Failed schools, on the



other hand, would not receive any funding under a PPP model, making them attractive.

### Monitoring of Quality

Since PPP is based on quality, the government will keep an eye on the school's performance. To be eligible for payment, the private partner would have an incentive to improve the school's educational quality.

### More Adaptability

The school level will have more autonomy and flexibility under PPP, in contrast to the rigidity of government institutions. When it comes to selecting teachers and setting up the school, the private partner will have far more freedom. In a similar vein, school procedures can be swiftly altered based on necessity.

### Final Thoughts

It is evident from the information above that public-private partnerships, or PPPs, are essential to every industry. Additionally, PPP is now being spread in the sector of education. The fundamental requirements of privatisation cannot be denied. As we can see from the debate above, PPP has emerged as a trendy current trend. We can observe the important role of PPP in every area, including roads, power, and the airways. The educational sector is not an exception either. PPPs with a strong design can produce innovative models for India's educational system. PPP improving school accessibility, making use of underutilised school facilities, and raising educational standards bolster the government system's accountability. Additionally, we can see that the World Bank Group (2011) has highlighted the importance of PPP in the educational system.

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