

CHAPTER – 13

ROLE of the PRIVATE SECTOR

Even before the creation of Pakistan, the Private Sector in the sub-continent played an important role in the provision of Education. In Pakistan, the role of the private sector was confined generally to the school level, and some colleges. Some of the leading educational institutions were run by Christian missionaries, and a few Muslim trusts. However, there were no universities in the private sector.

With the promulgation of the Education Policy 1972-1980⁽¹⁾, the role of the private sector came to an abrupt end with the Nationalization of Industry and Education. Most of the provisions of this policy were not implemented, because of the shortage of funds and extremely heavy load on the recurring expenditure that fell upon the government due to nationalization. However, the provisions regarding nationalization were diligently implemented. Some of the famous institutions lost their distinctive character, and have now degenerated into ordinary government nationalized colleges. All this turned out to be a great disincentive to the private sector. It led to a manifold increase in the financial burden on the national exchequer and lowering of the quality of education. The private sector has been shy of investment in Higher Education until the early nineteen nineties, when it began to take strident measures to expand quickly.

The National Educational Policy (1998-2010, p. 108), speaks about the nationalization process of 1970s and thereafter as under: ⁽²⁾

"Prior to 1972, privately-managed educational institutions constituted a sizeable portion of the total educational system. Most of these institutions operated at the school and college levels. Such institutions were administered and managed by voluntary organizations, and, apart from generating their own funds through fees, attached property and donations, they also received grant-in-aid from the government. Some private educational institutions earned a high reputation for the academic standards they maintained and for the quality of their public instruction. In 1972, the government decided to take over all the privately-managed educational institutions. As a result, 19,432 educational institutions were nationalized. These included 18,926 schools, 346 madrassas, 155 colleges and 5 technical institutions.

"The National Policy of 1979 reviewed the consequences of nationalization and came to the conclusion that in view of the poor participation rates at all levels of education, the government, alone, could not carry the burden of the whole educational process. It was, therefore, considered necessary to encourage once again the participation of the community in educational development.

"In pursuance of this policy, the Punjab Private Educational Institutions (Promotion and Regulation), Ordinance No.II of 1984 was passed in 1984. Similar Ordinances were adopted by the Governments of NWFP and Sindh. These

Ordinances provided for the registration of all private institutions with a Registration Authority; the constitution of a managing body for each institution, and spell out the conditions for registration. Under these conditions, the government approval was considered mandatory for the adoption of a fee structure by each private institution.

"As a consequence of the promulgation of these Ordinances in the provinces, a second wave of community participation in education had been energized."

With the change of government, the Education Policy (1972-80) underwent a review and the National Education Policy of 1979 was adopted. This policy sought to soften the blow of nationalization, by stipulating that the existing legislation of nationalization of privately managed educational institutions would be amended, to allow the opening of private educational institutions, with the assurance that such institutions would not be nationalized in future. However, since public confidence had been shaken rather badly, the response was slow in the coming.

As international thinking underwent a change, international financing agencies started pressing for encouraging the private sector to take some of the burden in the field of education. The government started talking of denationalizing some of the institutions and returning them to their previous owners. Such steps were invariably opposed by teachers in those institutions, as they were reluctant to lose their standing as government servants. In the late 1980s and 1990s the international agencies started stressing the process of privatization. The result of all this is the regaining of confidence by the private

sector, which has come in a big way in the field of education, including university education.

A census of private educational institutions in Pakistan was carried out by the Federal Bureau of Statistics, Government of Pakistan in 1999-2000. A summary of the private institutions, province-wise is given below: (1)

Table-1

Private Institutions by Type: Pakistan and Regions

<i>Region</i>	<i>General</i>	<i>Professional/Technical (Under-graduate)</i>	<i>Professional / Technical (Graduate and Post- Graduate)</i>	<i>Vocational</i>	<i>Total</i>
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6</i>
Pakistan	33,893	433	265	1,505	30,096
Islamabad	309	10	12	31	362
Punjab	22,855	263	157	688	23,963
Sindh	5,943	86	42	386	6,457
N.W.F.P.	3,995	73	48	335	4,451
Balochistan	465	1	6	53	525
FATA	326	-	-	12	338

Table-2

Institutions: Urban / Rural locations is as under :-

<i>Region</i>	<i>Rural</i>	<i>Urban</i>
Punjab	42.1	57.9
Sindh	11.2	88.8

NWFP	58.9	41.1
Balochistan	28.2	71.8
FATA	100.0	00.0
Islamabad	48.3	51.7

Table-3

Enrolment by Type in Private Institutions:

<i>Region</i>	<i>General Education</i>	<i>Technical Education</i>
Punjab	96.7	3.3
Sindh	94.7	5.3
NWFP	95.0	5.0
Balochistan	89.5	10.5
FATA	98.0	2.0
Islamabad	82.5	17.5

The above tables indicate that :

1. The enrolment in the Punjab in private educational institutions amounts to 61% of the total private sector enrolment.
2. The enrolment in general education in private institutions is about 96% whereas enrolment in technical and vocational institutions is only 4%.
3. That 70% of the enrolment is in urban areas.

Table-4

Institutions by Gender and Type:

<i>Type</i>		<i>Boys</i>	<i>Girls</i>	<i>Combined</i>	<i>Total</i>
General	Nos	935	872	32,086	33,893
	%	2.76	2.57	94.67	100.00
Technical / Professional (Under-graduate)	Nos	124	13	296	433
	%	28.64	3.00	68.36	100.00

Technical / Professional (Graduate and Post-Graduate)	Nos	112	4	149	265
	%	42.26	1.51	56.23	100.00
Vocational	Nos	405	438	662	1,505
	%	26.91	29.10	43.99	100.00

Major sources of income of private institutions, as reported by the Statistical Bureau, were as under:

- a) Tuition fee 58%
- b) Admission fee 28%
- c) Contributions 9%
- d) Other sources 5%

THE UNIVERSITIES' SECTOR

Development of Private Higher Education comes in the wake of the failure of the state to discharge its duties in health, education, economy, energy, communications and other sectors. It is now realized that the state sector is unresponsive to public needs. In higher education, the failure of the public sector in providing facilities and its inability to fund the growing demand has opened a big market for the private sector.

According to the World Bank Report on Private and Public Initiatives (1995, p.10): (4) *"In some countries, growth in the supply of private sector schools and universities can be explained by the failure of the public sector to keep up with increasing or changing demand. Other countries have explicitly encouraged the private sector. The*

evidence is clear, however, that where public resources fail to keep up with increasing demand especially for secondary and higher education, private schools enter to fill the gap."

The Report further adds that *"even where overall supply is sufficient, a perceived lack of quality in public institutions can trigger a private supply response, usually in the form of elite institutions affordable only for the rich. In Pakistan, for example, the government lifted its ban on private schools in 1979, and by 1983 more than 15 per cent of total enrolment was in private schools."* Accordingly one sees that in Pakistan the failure of the public sector in providing education to the growing student population has opened a big market for the private sector, particularly in Higher Education.

Since the 1990s, the government is pursuing a liberal policy towards Private Higher Education. The Aga Khan University was the first private sector University to be established in 1983, followed by the Lahore University of Management Sciences in 1985. In the case of the two first private universities, both received grants from outside agencies and have benefited from private donors. At present, 23 universities/degree awarding institutions have received charters, as listed in table-5 below, and are providing professional education in engineering, medicine and other related technical and general fields.

Table-5 ^(s)**Chartered Universities/Degree-awarding Institutes**

Aga Khan University, Stadium Road, P.O. Box 3500, Karachi 74800	2.3.1983 President's Order No. 3 of 1983
Lahore University of Management Sciences, Opp. Sector U, Lahore Cantonment Co-operative Society, Lahore, 54792.	31.3.1985 President's Order No. 25 of 1985
Hamdard University, Madina-tal-Hikmat, Muhammad Bin Qasim Avenue, Karachi 74700	22.2.1992 Act No. VI of 1992
Ghulam Ishaq Khan Institute of Engineering Sciences & Technology, Topi, Distt. Swabi	18.7.1994 Act No. III of 1994
Al-Khair University, Mirpur, Azad Kashmir	11.7.1994 Act No. XXVIII of 1994
Indus Valley School of Art & Architecture, Street, 33, Block-2, Scheme-5, Clifton, Karachi-75600	27.7.1994 Act No. XVI of 1994
Zia-ud-din Medical University, Block B, North Nazimabad Karachi	8.10.1995 Act No. VI of 1995
Sir Syed University of Engineering & Technology, University Road, Karachi-75300	25.10.1995 Act No. X of 1995
Shaheed Zulfikar Ali Bhutto Institute of Science & Technology, 90-Clifton, Karachi	25.10.1995 Act No. XI of 1995
Baqai Medical University, 51 Deh Tar, Gadap Road, P.O. Box 2407, Karachi	26.5.1996 Act No. XIV of 1996
Lahore School of Economics, 105-C-2, Gulberg III, Lahore	8.1.1997 Ordinance No. III of 1997
Isra University, Halla Road P.O. Box 313, Hyderabad	27.9.1997 Act No. V of 1997
Greenwich University, Karachi	3.2.1998 Sindh Act No. 1 of 1998
Institute of Business Management, Korangi Creek, Karachi-75190	27.4.1998 Sindh Act No. II of 1998
Jinnah University for Women, 5-C, Nazimabad Karachi 74600	2.6.1998 Act No. IV of 1998
Mohi-ud-Din Islamic University, Nerian Sharif (Trarkhal), AJK	18.1.2000 Act No. I of 2000
Bahria University, Islamabad.	7.2.2000 Ordinance No. V of 2000

Mohammad Ali Jinnah University, Karachi	18.5.2000 Sindh Ordinance No. IV of 2000
Karachi Institute of Economics and Technology, PAF Base Korangi Creek, Karachi	24.5.2000 Sindh Ordinance No. V of 2000
Iqra University, Defence View, Shaheed-e-Millat Extension, P.O. Box 12240, Karachi-75500	21.6.2000 Ordinance No. VI of 2000
National University of Computer and Emerging Sciences, FAST House, Rohtas Road, G-9/4, Islamabad.	1.7.2000 Ordinance No. XXIII of 2000
COMSATS Institute of Information Technology, Plot No. 30, Sector H-8, Islamabad.	12.8.2000 Ordinance No. XXXVIII of 2000
Textile Institute of Pakistan, 47-B, Block 6, P.E.C.H.S.Karachi (Ordinance lapsed)	28.10.98 Sindh Ordinance No. 10

Discipline-wise, their institutional status is as under:

Table-6 (a)

Discipline-wise Accredited and Chartered Universities/Degree-awarding Institutions

Engineering	General	Business, IT Economics, & Arts	Medical
GIK Institute of Sc & Tech, Topi Textile Institute of Pakistan,	Bahria University, Islamabad Al-Khair University Mohiyuddin Islamic University Greenwich Univ. Karachi Hamdard University, Karachi Iqra University, Karachi Jinnah University for Women, Karachi	COMSATS, Islamabad National University of Computer & Emerging Sciences, Islamabad LUMS, Lahore Lahore School of Economics Indus Valley, Karachi IBM, Karachi Karachi Institute of Economics & Tech. SZABIST, Karachi	Aga Khan, Karachi Baqai Medical, Karachi Isra University, Hyderabad Zia-ud-Din Medical Univ., Karachi

Table-7

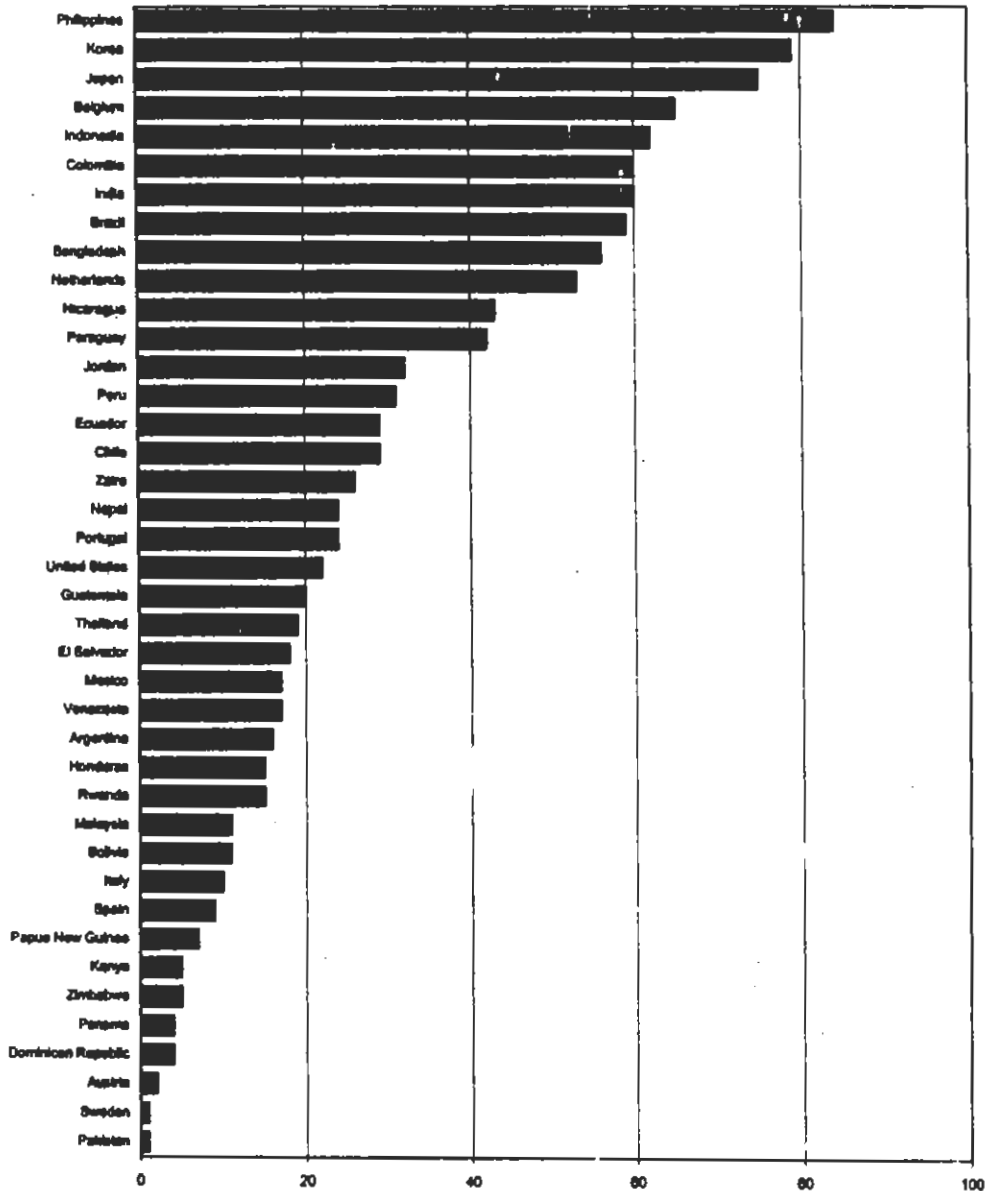
Enrolment in Private Universities: (2000) ⁽⁵⁾

<i>University / Institution</i>	<i>No. of Students</i>
Universities	
Aga Khan University, Karachi	768
Alkhair University, Muzaffarabad	5000
Baqai Medical University, Karachi	1200
Greenwich University, Karachi	310
Hamdard University, Karachi	7535
Isra University, Hyderabad	267
Jinnah University for Women, Karachi	600
Lahore University of Management Sciences, Lahore	740
Mohiuddin Islamic University, AJK (Newly established)	0-
Sir Syed University of Engineering & Technology, Karachi	2206
Zia-ud-Din Medical University, Karachi	132
Degree Awarding Institutes	
Ghulam Ishaq Khan Institute of Science & Technology, Topi	1190
Indus Valley School of Arts & Architecture, Karachi	279
Institute of Business Management, Karachi	629
Lahore School of Economics, Lahore	385
Shaheed Zulfiqar Ali Bhutto Institute of Science & Technology, Karachi	350
Grand Total	21491

The total enrolment in Public Sector Universities is 135743 in 2000-2001. ⁽⁵⁾ In the same period the enrolment in Private Sector Universities is 21491. ⁽⁵⁾ Thus, the ratio of private vs public universities enrolment is 1 to 6. With the present rate of growth, it is expected that the share of the private sector would be 50:50 by 2010, which will greatly reduce the burden on the government.

The share of the Private Sector in Pakistan, as compared to other countries, is highlighted in the table-8 below:

Table 3
Share of Enrolment in Private Higher Education ⁽⁶⁾



Unless the Private Sector is given a boost, Public Sector Education would be unable to meet the challenge and provide places to the increasing number of students.

A number of factors, such as the provisions of the National Education Policy 1992, (7) limited places in higher education institutions, resource constraints, restricted institutional growth, high rate of returns associated with higher education, value of a university degree for career advancement, expanding size of the middle class and the increasing student population from the higher secondary level, (8) have created a big demand for Higher Education.

The marketing demand has led to interesting anomalies unknown in Pakistan before. Now a number of private institutions affiliated with Pakistani universities have started establishing their sub-campuses and outposts beyond the areas of their jurisdiction. One category of institutions is seen franchising their programmes to other private partners. Some of the private institutions which are affiliated with public sector universities overstep their constitutional position with regard to the degree programme allowed by the respective universities, and start other programmes which they were not allowed or for which they had no mandate. Also, such private institutions are proliferating degree programmes which they have not been permitted and for which they do not meet the requirements in terms of faculty, student support services, etc.

The private sector is also netting the international market, thereby encouraging both accredited and unaccredited foreign universities. These universities are seeking

inroads into the Pakistani market through their franchising operations. Having found out a big education market, many foreign universities are holding educational fairs regularly in Pakistan. This phenomenon has led to the creation of a number of institutions which either claim to be self-degree awarding, or tend to be the sub-campuses of foreign universities or agents of both accredited and unaccredited foreign institutions.

Barriers

These are, however, serious barriers to entry into the private education market in terms of regulatory framework and financial problems. The capital cost being enormous, is difficult to raise either through loan at low interest or the domestic financial system. The government does not provide any grant. No tax relief or holidays or charitable status is given to these institutions. Access to suitable land is another barrier. Then there are restrictions pertaining to the regulatory framework. It is difficult to obtain a charter for granting its own degrees or to obtain affiliation with a university for the grant of degrees. The existing regulations are in the nature of preventing rather than facilitating the process. Credit transfer for the students is another barrier. The case study of two private universities, such as, the Aga Khan and LUMS, shows that raising loans is difficult. These institutions also cannot be run on the basis of higher cost of tuition fees. (World Bank (1990, pp. 55-60).⁽⁹⁾)

The Issue of Fees

The fee issue is an important area which receives the most criticism from the public. They term these institutions as unequal opportunity institutions where poor students can have no entry. The exorbitant cost of Higher Education in the Private Sector is leading to commercialization. The expensive nature of Higher Education, it is charged, will thus be the privilege of the 'rich and elite class', while the poor section of society will always remain underrepresented. This also amounts to the negation of its constitutional right and the principle of equity, (reference Clause 37 sub-clause (c) of the Constitution of Pakistan, which says that the state shall make technical and professional education generally available and higher education equally accessible to all on the basis of merit), thereby denying them equal access. Eventually, it seems that it will not be available to those who have the ability for it, but will remain the privilege of those who can afford to pay for it. Unfortunately, no alternate provision has been made for scholarships and bursaries for poor students. Naturally, it will give rise to an elite class which will have a monopoly of high salaried jobs, and will defy the creation of an egalitarian society. Thus, Education in Pakistan, it seems, is not an equalizer of society but a vehicle for maintaining, preserving and promoting class distinctions, disparities and inequities. The balance can be maintained through high quality public sector education which is kept within the average and poor persons limited means.

It is also to be seen whether the larger role of the private sector will remain merely exploitative, or will it help improve quality and efficiency in Higher Education, in

the absence of a quality control mechanism or monitoring agency. These are the challenges which the university sector now faces in Pakistan. To what extent the state should exercise control over education is a relevant issue which needs to be debated threadbare in public. The UGC, as an arm and agency of the Federal Government, has an important role and responsibility in this regard.

Areas of Growth and Background of Individuals entering Higher Education

Almost all of the private institutions are operating in big urban areas, and mainly are concentrated in Karachi, Lahore, Rawalpindi/Islamabad, Quetta, Peshawar, Faisalabad, Hyderabad and Multan. Thus, they cover all the four provinces of Pakistan. The areas of study mostly are demand oriented, such as, business, commerce and public administration, computer science, engineering, medicine and technology. No survey has been conducted with regard to the background of the persons who have entered Higher Education in the Private Sector. However, from the feasibilities submitted to the UGC, it can be gathered that most of the persons likely to finance Higher Education are industrialists, people who previously have had no experience of Higher Education, supported by retired high ranking government officials, and very young unscrupulous and fly-by-night operators. It is a different, complex and challenging scenario, as compared to the early nineteen sixties and seventies, which was represented by philanthropic and welfare oriented bodies, and not individuals in the private sector. Now it is generally taking the form of an industry, with profit motivation. Thus, the critical core question arises: how to reinvoke the earlier philanthropic, altruistic and public service spirit in social sector development, which recognizes merit and respects integrity?

Monitoring Agency

Private sector participation, according to the National Education Policy, 1998⁽²⁾, is a component of diversification strategy and resource generation. The New Education Policy encourages establishment of educational institutions in the private sector at all levels as well as granting degree awarding status to reputed institutions of Higher Education. In order to exercise effective control over institutions established in the private sector, and to implement the liberal policy of granting the degree awarding status to major institutions of Higher Education, a National Council of Accreditation and Quality Assurance (NCAQA) is being established to regulate the academic affairs of such institutions in the private and public sector, which will be given degree awarding status. The institutions so established will be placed under this body.

Internationalization of Higher Education

There is growing internationalization of Higher Education. The advent of the digital revolution and new communication technologies are posing serious challenges as presenting well as new opportunities, particularly for developing countries. The digital revolution is going to change the whole spectrum of life, and seems to have far reaching implications. It has opened new avenues for sharing knowledge with the first world at a speed not known in the entire history of humankind. The information superhighway, as a result of the

convergence of telephones, computers and television technologies, has opened new vistas of opportunities and access to global knowledge. All this is going to introduce a world without frontiers. They tend to operate like multinational companies, which are created in one country, design their products in another country, manufacture yet in another country and market the products elsewhere. The situation in the case of Higher Education is going to be similar. It is, therefore, important that this may be given deeper thought and clear policies be framed on the related issues.

ANALYSIS and RECOMMENDATIONS

1. The government is giving no assistance to Private Sector Universities in the form of recurring costs, development costs and land. The National Education Policy 1998-2010⁽²⁾ envisages certain facilities in taxes for the private sector.
2. The government must realize that unless the Private Sector is encouraged in a substantial manner, its educational targets will never be fulfilled. Therefore, the government policy must focus on the following:
 - a) Strong Education Foundations with sufficient endowments to give sound and sustainable financial assistance to private and public sector institutions, in accordance with national policy and criteria.
 - b) The procedure for acquiring a charter should be simplified, and charters should be granted liberally to authentic universities and genuine degree awarding institutions.
 - c) Procedures for the grant of state land, where available on concessional rates, and acquisition of private land on payment, must be simplified.
 - d) The University Grants Commission's guidelines for the establishment of private universities should be further liberalized, both for general and specialized institutions.

- e) Provincial governments are moving at different speeds for the purpose of grant of charters to educational institutions. While Sindh and Azad Jammu & Kashmir are liberal and have granted charters to a number of institutions in the past few years, the Punjab and NWFP have not granted even one charter in the last few years.
- f) Quality concerns with regard to institutions in the Private Sector must be looked into. The establishment of a regulatory authority at the national level for quality control and assuring adherence to national policies must be set up at the earliest.
- g) There is a perception that Private Universities are charging high fees. This perception is heightened by the fact that Public Sector Universities are charging very low fees. Since the government is not giving any grants, universities in the private sector have no option but to charge fees which will enable them to impart education of acceptable quality. The government must, under no circumstances, give in to the temptation to regulate the fees of such institutions, as this will destroy the very tools which are necessary to achieve some quality.

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