CHAPTER 2
REVIEW OF LITERATURE

2.1: Introduction

An attempt has been made to review the research works relating "A COMPARATIVE ANALYSIS OF PRIVATE AND PUBLIC SCHOOLS UP TO SENIOR SECONDARY LEVEL" with the variety of aspects related to the "ECONOMICS OF EDUCATION" carried out earlier under the following section: 1. Studies on primary education, 2. Studies on secondary and higher education, 3. Studies on private and public schools, 4. Studies on educational finance, 5. Studies on microeconomics of education, 6. Studies on macroeconomics and development considerations, and 7. Studies concerning policy issues on education.

2.2: Studies on primary education

Education is the cornerstone of economic growth and social development, and that primary education lays the foundation for a more productive labor force through promoting literacy and numeracy. Primary education also provides the foundation for secondary and tertiary education and training (Boissiere, Maurice, 2004)[1]. Primary education is perceived as one of the main vehicle for promoting economic growth and improving living standards in developing countries (Suryadarma, D. *et al*., 2006)[2]. But primary education should be involved with new knowledge and the appropriate technical training at primary level to improve the quality of education. It is the first stage of compulsory education that establishes the academic foundation of students and regarded as a fundamental right of all human beings. However, in spite of this constitutional guarantee and the subsequent government actions, less than half of India's children population between ages six and fourteen are not in school (Weimer, M., 1991)[3]. Several studies on the primary education are highlighted below.

Rajaiah, B. (1987)[4] presented a general discussion on the relationship between education and economic development. He has analysed the progress of primary education in Andhra Pradesh by taking different aspects like enrolment, number of schools, teachers, internal efficiency and public expenditures during the

period 1956-57 to 1979-80. He has also analysed per-pupil expenditure as a percentage of NDP per Capita for assessing the progress of primary education. He has concluded that though there was expansion in primary education during the period, the alarming dropout rate in class 1 has made a serious constraint that impeded the universalisation of primary education.

Gopinathan Nair, P.R. (1981)[5] made a study on primary education dealing with socio-economic indicators of development. He has analysed the patterns of development of primary education in Kerala, developed the technique for estimating the real costs of education in which the total years of schooling to complete a grade at school level are to be considered and observed that rapid decline in birth rate and increase in literacy are the main factors that cause early start of education in Kerala.

Desai, Rohil D. *et al.* (2003)[6] in their paper "Why Do the Girls Drop-out from Primary/ Elementary Education? A Case Study of Sayla Taluka in Gujarat" revealed that girls drop-out from education is predominantly a social phenomenon mainly because of contemporary dogma such as "social beliefs"- girls should not be educated much, boys and girls after a certain age group should not sit and study in the class under the supervision of the male teacher. A family's social and demographic circumstances are an important determinant of school drop-out; the members who make up a family of the child, health of the family members, education attained by parents, the activities that the family members are engaged in, whether the family is single-parent or otherwise etc. influence drop-out decision of children (Basumatary, R. 2012)[7].

Latchanna, G. (2010)[8] in his paper on "Financial Resources and Cost-Effectiveness in Primary Education" observed that the goals of universalisation of primary education are at risks, given the current educational scenario. He came to the conclusion that lower costs to students and their families , improvement in the quality of schools, improving the efficiency of school system and other options like input-output, cost-benefit and cost-effectiveness approaches in primary education might do it away from the risks which can also provides deep insight into the scope for increased efficiency of resource use.

Dayal, B. (2013)[9] in his book, *Educational Planning and Development*, examined the problems of primary and compulsory education and found that many political, social, religious, economic and geographical factors are creating obstacles in the path of expanding primary education. He had also found that there is problem in the curriculum of primary education, wastage and stagnation, and many administrative difficulties. However, wastage and stagnation posed a serious problem in primary education (Chakravarty, M.,1997)[10]. The problems of rural primary education are different from that of the urban areas (Hanushek, E.A.,1972)[11]. Failure to fulfil the promise of the constitution acted as a serious impediment in the growth of primary education.

Prokash, Om (2013)[12] in his paper on "Present Elementary Education System in India: A Review" Found out the following points:

(a) During the post independence period, Indian's elementary education structure has expanded at all levels but still it needs proper attention.

(b) There is increasing share of private unaided schools at all stages which have clearly indicated the privatization of school education during the period of his study.

(c) The girls' participation at all levels of education is still below 50 percent.

(d) There is increase in the pupil teacher ratio during the period of his study.

(e) The public expenditure on education has increased as a percentage of GDP. During 1969-70, it was less than 2 percent, 3 percent up to 1981-82, and 4 percent up to 1998-99. During 2000-01, it has crossed the level of 4 percent.

Nongkynrib, D. (2015)[13] from the analysis of the Determinants of Children's school attendance in India concluded the following points:

(i) Education of the household head is one of the main factors impacting school attendance of children. Higher the education of the household head more is the spill-over effect wherein it is more likely for children to be sent to school.

(ii) Using MPCE as a proxy for income, it is found that poor economic well being of households causes a negative impact on children's school attendance.

(iii) It has also been observed that social, cultural and religious beliefs are other factors impeding school attendance of children, especially girls. Further, it has shown that incidence of a girl child not attending school is largely due to the fact that education is not considered necessary for the girls with priority being accorded to domestic activities over education.

(iv) He has emphasised in the expansion of educational level and economic well-being in reducing existing differences and sending a child to school. This could also be an effective in reducing the rural-urban gap in education and gender inequalities that persist in education.

Shani, U. (2015)[14] observed that many problems of access to schooling have been addressed which have driven to increase enrolment reaching at least 96 percent since 2009, and girls making up 56 percent of new students between 2007 and 2013. India has now 1.4 million schools and 7.7 million teachers so that 98 percent of habitations have a primary school (class i-v) within one kilometre and 92 percent have upper primary schools (Class vi-viii) within a three kilometre walking distance. However, despite these improvements, it has also been observed that drop-out rates continue to be high. Nationally, 29 percent of children drop-out before completing five years of primary school, and 43 percent before finishing upper primary school. This makes India among the top five nations for out-of-school children of primary school age with 1.4 million 6 to 11 years old not attending school. There is a teacher shortage of 689,000 teachers in primary schools. Additionally, the quality of learning is also a major issue where the children are not achieving class-appropriate learning levels.

2.3: Studies on secondary and higher education

George, P.P. (1982)[15] in his research study revealed the following points:

(i) Many economic factors like per capita income of people, growth of population, state funding, infrastructure facilities, etc have great impact on the expansion of higher education.

(ii) The students belonging to lower income group of families generally opt for course in humanities because of low cost.

(iii) In measuring educational cost, private and social costs are equally important.

UNESCO (1985)[16] in its report maintained that during the last two decades, though the enrolment in secondary and higher education in the developed industrialized countries increased considerably but the increase in overall enrolment was only 31 percent as compared with 177 percent for developing countries.

The World Bank (1994)[17] in its document, *Higher Education: Lessons of Experiences*, argued that in most of the developing countries, basic education is not adequately funded though the social rate of return on investment in basic education usually exceeds the return on higher education. It was also argued that it is not desirable to publically finance the higher education. Finally, it reported that subsidy on higher education should be reduced from the existing 95 per cent to 25 per cent over a period of five years.

Hazarika, D. (2006)[18] in his studies on problems faced by the institutions in the rural areas of Assam observed some of the direct and indirect problems. He has stated the direct problems as: Insufficient infrastructure, insufficient fund, lack of income source, decreasing number of enrolment, lack of necessary guidance, imbalanced environment between higher education and rural areas, medium of instruction, lack of residential teachers, lack of good administration and lack of devotion to duty. Apart from it, he has also stated some of the indirect problems such as: Flow of brilliant brains from rural to urban, impaired road communication, poor economic condition of the local community, traditional agricultural based livelihood, increasing educational expenditure, below standard feeder schools, illiterate parents, unsuitable social environment, and lack of good relationship with the local community. Further, he has suggested that the joint effort of the local community and the education providers should come forward to overcome some of those problems and provide quality education of time.

Prokash, V. (2007)[19] in his study "Trends in Growth and Financing of Higher Education in India" observed that in most of the developing countries gross

enrolment ratio (GER) is very low due to the fact that public funding of higher education couldn't keep pace with the growing enrolment. He has also argued that there is a positive correlation between the GER at the higher education level in India.

Rao, S. V. Lakshmana *et al.* (2010)[20] in their paper on "Health Education and Health Care in India" observed that India has to concentrate and do a lot for education, especially secondary education starting from standard 5 to10, for the overall improvement of human development.

Krushna, A.V. *et al.* (2010)[21] in their paper on "Trends in the growth of Higher Education in India: 1950-51 to 2005-06" has found out the following points:

(a) The growth in enrolment of students has exceeded the growth in the number of institutions and teachers.

(b) During the year 2005-06, the student teacher ratio in higher education was 26:1 which was less than the ratios at primary and upper primary stage. Moreover, there are glaring disparities based on caste, sex, religion and region in what has been achieved.

Arunachalam, P. (2010)[22] in his paper on "Higher Education Sector in India: Issues and imperatives" examined the issues of higher education sector in India and outlined the problems of higher education in India as: an old fashioned didactical method and out-dated approach of students, gap between what universities offer and what the society needs, and lack of learning soft skills.

Bharatdwaj, K. (2013)[23] in his book, "Productivity in Higher Education" highlighted the following points: (a) Higher education institutions, with the exception of some notable ones, these institutions have not been able to maintain the high standards of education. These institutions couldn't keep pace with developments especially in the fields of knowledge and technology. (b) There has been phenomenal growth of higher education in India. During 1950-51, there were only 263000 students enrolled in 750 colleges affiliated to 30 universities. In 2005, the number of students enrolled rosed to 11 million in 17000 degree colleges affiliated to 230 universities and non-affiliated university level institutions. In addition with it, there

were over 6500 vocational institutions where in 10 million students were enrolled. The enrolment rate was growing at the rate of 5.1 per cent per year.

Bordoloi, R. (2013)[24] in his study on "Challenges Concerning Higher education in India" highlighted the present status on higher education in India that there are 677 universities and university level institutions in India including 43 Central Universities, 295 State Universities, 130 Deemed Universities, five institutions established under State Act and 50 institutions of national importance. Apart from these, there are around 35,539 colleges including 2,565 women colleges imparting higher education in India. Besides these traditional universities, there are also 14 open universities out of which one is central university and others are state open universities. Keeping in view the importance of higher education, the National Knowledge Commission recommended the establishment of 1500 universities in India by 2015 so that the Gross Enrolment Ratio (GER) could be increased to 15 % by 2015 and to 30 % by 2020. However, it has to go a long way to meet this target. Concerning the problems and challenges faced by the higher education in India, he has pointed that very low GER is a big challenge for India compared to the increasing population and that of the middle income countries in the world. Therefore, he has observed that there is a great demand for well managed educational institutions and infrastructure for the realisation of building knowledge based society. Besides, non-uniformity of the acceptance of autonomy status where autonomy and accountability are complementary to each other which is imperative for proper functioning of the academic institutions is another challenge in higher education system in India.

Dayal, B. (2013)[25] in his book, *Educational Planning and Development*, analysed that secondary education is the backbone of the country's development, but it is unfortunate to have no uniformity at this level in the country. He has observed that problems relating to curricula, administration, training of teachers, financial aid, etc have combined to create obstacle. Relating to higher education, he showed that the country lacks any concrete plan for taking advantage of higher education. Higher education is suffering from the problems inevitably linked with expansion. Besides, most of the institution of higher education being located in cities, its benefit goes

mainly to students living in urban areas. This implied the regional inequalities in the provision of higher education.

Francis, J.K. (2014)[26] in his studies on "Public Expenditure on Higher Education in India: Problems and Prospects" outlined that higher education in India is facing the major challenges, the issues like equity, expansion and quality. Privatisation and low public expenditure on higher education were the factors behind the low gross enrolment rate. This had a serious implication for the continued growth in the demand for higher education and the gap is being expected to be filled up by the increasing private sector participation. Insufficiency of funds with the government and poor maintenance of infrastructure facilities also led to poor standard of education in the state sector.

2.4: Studies on private and public schools

Private schooling system as an alternative to government-run schools has a growing recognition in which several perspectives has emerged which should be compared and evaluated. Comparative study of public versus private schools and their effectiveness has been the topic of a large number of studies. Several studies have been conducted in all over the world to compare the various features of public and private schools. The researchers tried to make the sense of superiority of either by focussing on different measures of performance. Some of the relevant studies are given below.

Chittaattukalam, K. (1999)[27] observes that most of the privately managed schools are preferred for admissions than those funded and managed by the government directly or indirectly. The parents had shown indignation to the government managed schools due to the poor services offered by these schools.

NCERT (1992)[28] in the Fifth All India Educational Survey indicated that out of the total of 15,456 higher secondary schools, 52 per cent are private aided, 39. 56 per cent are government, 6.27 per cent are private unaided and 2.17 per cent are local body managed. This showed that maximum number and higher proportion of the higher secondary schools were privately managed and private unaided as the lowest.

The survey also revealed that the number of students in classes XI and XII in the country were 5206814. Of this number 67.40 % were enrolled in higher secondary schools and 32.60 % in pre-university colleges.

Bedi, A. S. *et al.* (2000)[29] conducted a study in Indonesia to examine the effectiveness of public versus private schools by taking the labour market earnings as a measure of effectiveness by controlling the personal characteristics and school choice. The findings show that private schools have an advantage of better performance as compared to public schools.

Murthy, N. (2000)[30] in his book, *Delicately Inevitable Private Education in Sub-Saharan Africa,* observed that there were historical reasons for the emergence, growth and development of private education in Sub-Saharan Africa. Through his study, he has also revealed that, most of the private school education was maintained by Christian missionaries. Public schools had emerged to meet the demands of education.

Duraisamy, M. (2003)[31] in his study on "Cost, Quality and outcomes of Primary Schooling in Rural Tamil Nadu: Does School management Matter?" concluded the following points:

(a) The per student institutional costs is the highest in the private aided schools which is nearly 5 times more than the private unaided schools and is about 54 percent more than public schools.

(b) The social costs of schooling per primary school student are about Rs 1086 and private costs are about 8 percent of the social costs. The private costs are lowest for public schools and are about 48 percent of total costs in the case of private unaided schools.

(c) The student-teacher ratio which is an important indicator of quality in public and aided private schools is 57 and 36 percent more than the unaided schools. This has shown that private schools operate with small classes where teaching can be more effective. The class teacher-ratio in the unaided schools is one indicating that there

are as many teachers as there are sections/classes. But in public and private aided schools the ratio is 1:4 which indicates that one teacher handles 1.4 sections.

(d) The students in the private unaided schools out-perform those from public and aided schools, and

(e) The aided schools showed better results in terms of outcomes despite the poor salaries paid to the teachers; the supervision by the management makes the teachers function more effectively.

Tooley, J. *et al.* (2005)[32] in their study on private and public schooling in low-income areas of Logos state in Nigeria observed that private schools are not out performed in developed countries even in poor areas of developing countries. It was found that 75 percent children were enrolled in private schools, while the teaching activities were higher in private schools as compared to public schools.

Lubienski, C. (2006)[33] in his analysis of American students' achievement found that in mathematics, the private schools outperformed in the majority of cases, while public schools perform well after accounting for the facts.

Garg, Manisha, *et al.* (2013)[34] in his studies on "Mid-Day Meal for the Poor, Privatised Education for the Non-poor" observed that most of the children enrolled in private schools are from the category of general caste where as children enrolled in government schools are from the category of scheduled caste and scheduled tribes. He argued that Mid-Day Meal (MDM) works towards the universalisation of primary education as it benefits the disadvantage group. Besides, it is also pointed out that low-cost private schooling brings in another form of educational inequality. Finally, private school is taken as the cause for inequality which perceives imparting better quality of education than government schools.

Nishimura, M. *et al.* (2013)[35] conducted a study in Kenya to find out the determinant of emergent of private education in Africa. He has observed that private primary schools increased from 4.6 % - 11.5 % during 2004 to 2007. After the introduction of free primary education policy (FPE) by the Kenyan government in 2003, the public schools are overcrowded. When the pupil-teacher ratio increased in

public schools, the parents react to transfer their children in private schools. High teacher-pupil ratio in public schools is the probability of emergence of private schools. Investigation in the Punjab Province for the emergent of private schooling has mainly shown four reasons: income of the households, education of parents, distance of public schools from the households and English as a medium of instruction in private schools boost up the tendency of private schooling (Ejaz, R. *et al.* 2012)[36].

Bhatty, K. *et al.* (2015)[37] in their analysis on the methodological and conceptual problems in the study of public Vs private schooling concluded the following points:

(i) The government schools are part of an institutional arrangement that constitutes a public education system for the country, where as private schools operate as individual units within this system. There are obvious 'costs' of operating the system that are borne by the government alone, but the 'benefits' of which accrues to all the schools. On account of this fact, the total government education expenditures are bound to be much higher.

(ii) While examining the private schools, the equity dimension is consistently missed or ignored though it is crucial for a country like India, where vast differences exists between social and economic groups. Another important dimension is the cost effectiveness. It is 'whose' cost effectiveness? For children in private schools who belong to the lower end of the economic hierarchy, these schools may not be cost effective, as learning is low while cost are high. In government schools if learning is low, costs are low too. On purely, 'efficiency' terms government schools would score high.

(iii) The focus on learning outcomes doesn't explain much. Public education system is mandated to address 'equity' as one of policy objectives. Government schools cannot choose children that study in them; nor do they turn out children that do not perform well in tests. Private schools exercise both these choices. Another policy objectives of public education system is 'access' to all the children irrespective of where they resides (deserts, mountains, forests, islands, conflict zones, densely

populated areas or sparsely populated areas), as the state endeavours to enforce education as a fundamental right of every child. However, private schools may never reach these 'difficult-to-reach-children' nor are they under any obligation to do so either. Delivering education as a 'public good' or enforcing it as a fundamental right is the motive of public education, whereas profit may be the motive of many or most of the private schools. These fundamental differences in the arena of public and private schools make it extremely difficult to make simplistic comparison of the kind being increasingly made, based on an undifferentiated reading of budgets and learning outcomes.

Overall, the author has concluded that although comparatively private schools perform better than public schools both private and public schools in AJ&K face a large number of challenges, both sectors still are deprive of the quality of human resources for provision of quality education.

2.5: Studies on educational finance

Educational finance is of great value for the realisation of its objectives and development. Since education is treated as the most vital investment for the development of human society, allocation of appropriate fund and its efficient utilization is necessary. Therefore, several studies conducted in these aspects are highlighted below:

Misra, A. (1964)[38] while analysing the problems of financing higher education in India pointed out the following policy implications:

(a) The state government should adopt decentralized planning and coordinate among different educational programmes.

(b) The universities should raise more funds from fees and endowments.

(c) The state government should revise their rules for grand-in-aid keeping in view the needs and problems as well as of new challenges.

(d) The state government should also take appropriate policy measures to avoid wastage in expenditures for the development of educational sector.

Auten, G. E. *et al.* (1986)[39] have examined the effects of tax concessions and exemptions under U.S. tax laws on higher education. It was found that before the establishment of land grant colleges and state universities, the philanthropists from the general public was the leading contributor for the growth of higher education in U.S.A. It was stated that during the fiscal year 1983-84, 6.2 percent of expenditure for higher education were supported by public donors. Such donations were comprised of gifts and grants from individuals, foundations, business and religious organisations. Stating precisely and more importantly, private support is the necessary ingredient for assuring flexibility and diversity in scholarly pursuit and institutional management. Therefore, higher education in U.S.A. was a matter of public policy and concern.

Shariff, A. *et al.* (2000)[40] had critically examined the issue of financing education which is central to educational development in India. They argued that the share of public expenditure on education in India's Gross National Product declined from 4.1 percent to 3.8 percent between 1990-91 and 1991-1996. Out of this expenditure, elementary education accounted for less than half against the two-thirds which is deemed as necessary. This resource gap could only be covered by political will.

Berger, M. C. *et al.* (2002)[41] in their study on financial resources, regulation and enrolment in U.S. public higher education found out there has been significant shift in the share of resources coming from tuition and fees despite a rise in the total financial resources for higher education. There has also been decline in the share coming from state appropriations.

Mukherjee, A. (2007)[42] in his article while analysing the impact of increase in the budgetary allocations on the primary, secondary, higher and technical education observed that, the 2007 budget had increased allocations for basic education which had created more infrastructural facilities leading to an increase in enrolment of children in schools. At the elementary level some fresh measures like Mid-Day Meal were initiated to solve the problem of retention and drop-out. Further, the author was of the view that special efforts were needed to target the retention of girl child and to improve the quality of education. Apart from this, the willingness and ability of the

state government to raise their financial commitment to elementary education was under strain which crucially determines the success of SSA. According to him, other streams of education have been plagued by similar problems. The author has suggested the vocationalisation of education from class 8th which would give more benefit to girl students.

Bakshi, S. *et al.* (2012)[43] referring to Tilak (2006) mentions that Indian education is severely confronted with the shortage of funds, it requires huge sums, for quantitative expansion, improvement in quality and equity strengthening diversity and vital aspects of educational development.

Bhattacharya, S. (2012)[44] analysed that educational finance involves huge amount of fund allocation or expenditure. He has divided the sources of educational finance as public fund which are derived from government, both central and state, local bodies, viz. District Bodies, Zilla Parishades, Panchayat samities, Gram Panchayats, Municipalities and Municipal Corporations, Education Cess and Grants-in–aid; and private fund which are usually received as fees from the parents, endowments, donations, and other sources like sale proceeds, rent, interests on bank balances, securities and loans. Besides the sources of educational finance, he has also classified the educational expenditure into three types such as: Current or recurring expenditure referring the expenditure made for the purpose of management, administration and control of the school plant, salaries, library and laboratory supplies. Non- Recurring Expenditure which he implied as those expenditures made in the fixed assets like school sites, buildings, play ground and equipments, etc. and Debt Charges which are like the expenditure made for the repayment of loan amount with interests. Referring to Chandrasekaran, P. (1997)[45], he has highlighted the following points on educational budgeting:

(a) Projects the plan accepted by the parliament or state legislature, or a local community;

(b) Shows the anticipated revenue and its sources;

(c) Indicates the estimated expenditure of the various elements of educational programme;

(d) Determine the amount of money to be raised from various sources; and

(e) Aids the administration in conducting the educational system according to an accepted plan.

Brindhamani, M. *et al.* (2014)[46] in his book on *Educational Planning and Administration* while discussing on educational finance highlighted the following points.

(a) Private educational institutions received funding from tuition fees, sponsors' contribution, private donations and grants while the public educational institutions receive funds directly from the government through direct transfers of tax revenues.

(b) There is growing of private spending due to rising prosperity which has boosted the growth in private higher education. At the same time there has also been large increase in government spending on higher education showing historic nine-fold increase in government appropriations for higher education from US Dollar 2 billion to 18 billion for the 2007-2012.

(c) 25 States and 7 Union Territories provide almost 90 percent of educational finance. However, on an average, 40 percent of State Government expenditure is based on resources transferred by the Central Government through a mix of non-discriminatory and discriminatory funding.

(d) In India, the share of total recurrent budgetary resources devoted to education has been increasing in recent years which are evident from the fact that it was only 11.8 percent in 1986-87 increasing to 13.4 percent in 1994-95. However, it is still below the average of 17.5 percent for all low-income countries excluding India and china.

(e) Over the past two decades, the distribution of overall government expenditure among educational levels has remained constant. In 1993-94, elementary education received 46 percent of public education expenditure, 31 percent to that of secondary education while the higher and technical education received 17 percent.

(f) The quantum of public expenditure on education has increased significantly; this increase is contributed through higher collection of the education cess which has

covered not only elementary education and MDM schemes but also secondary and higher education.

Mohanty, J. (2014)[47] referring to the studies conducted by Schultz revealed that in the USA during the period 1900 t0 1965 the expenditure on education has increased about three and half times in relation to consumer income and gross formation of physical capital.

2.6: Studies on microeconomics of education

Studies on economics of education are not complete without the study of microeconomic aspects of education. Some of the relevant studies carried out earlier are highlighted below:

Verry, D. (1987)[48] in his studies on education cost functions has analysed the different concepts of educational cost functions. He has also incorporated the issues of research methodology that are to be followed in estimating educational costs like choice of unit of analysis, choice and measurement of variables, choice of functional form and interpretation of estimated function, etc. The author has also analysed the educational production function by using the concepts like private and social opportunity costs, average and marginal costs, joint costs, etc.

Eisemon, T. (1992)[49] in his study on private initiatives in higher education in Kenya revealed that the growth of private institution in Africa has been prompted by the crisis in Africa's higher education. Though Private institutions provide professional training in the fields of employment opportunities and character building functions of higher studies; many private institutions are caught in a dilemma due to its expensive and costly. They are reluctant to raise tuition and accommodation charges because they cannot achieve significant efficiencies by reducing instructional costs and without damage to quality to their programmes. Private higher education in Kenya is entirely self-supporting as public higher education is provided at low or no costs; therefore, private sector in Kenya and other African countries can play only a peripheral role.

Basch, D. L. (1999)[50] while analysing the changes in the endowment spending of private colleges in 1990s found that during 1989 to 1995, the market value of private colleges' endowments grew sharply. Nevertheless, the growth in endowment support for current operations lagged this growth in market value. As a whole, for the private colleges the decline in the actual endowment spending rate seems to have been in line with the optimal rate.

Joshi, K. M. (2000)[51] observes that due to the parsimonious attitude of the state there has been growth of large number of private institutions both universities affiliated and independent. He has found out the characteristics of monopolistic market structure in these institutions. Further, he has included two characteristics in this market structure: first, products are of differentiated but not perfect substitutes which lead to competition between firms and secondly, there is free entry and exit of firms-assuming their course design as their own brand of the products, it is relatively easy for the new firms to enter the market and to leave the market form the existing firms if their products (course) becomes unprofitable.

Glewwe, Paul (2002)[52] focuses on earnings functions of education in terms of human capital which include measures of both ability and cognitive skills based upon administering tests to the household members or workers in sample surveys from six developing countries (Ghana, Kenya, and Tanzania in single study, Morocco, Pakistan, and South Africa). Glewwe has used Ravens Progressive Matrices as tests of ability and tests of literacy and numeracy were developed and administered as a test of cognitive skills acquired from school. Glewwe concludes that cognitive skills acquired in school play a much stronger role than ability or simply years of schooling in determining earnings. These results present credible evidence that exclude screening or credentialism as the main causes of the education and earnings association. Instead, they support human capital interpretation of the earnings function as being the result of productivity enhancing effect of education.

Rio, K. (2004)[53] in his study on the micro-economics of 30 private schools in Kohima, Nagaland observed the following points:

(i) Private schools in Kohima make up an industry and operate under the monopolistic competition to oligopoly.

(ii) To analyse the price (fees charged) and output (no. of students) determination, he has used the marginal analysis and the kinked demand curve method. He has also used the cluster analysis to show how these schools form groups around a few leader firms (schools) and fix prices (fees).

(iii) Teachers in these schools receive a meagre salary which is hardly above the subsistence wages.

(iv) The private schooling industry is grossly labour intensive where the share of wages in the total revenue is about 41 percent and the overall profits (at the industry) level are only as high as 42 percent of the revenue.

2.7: Studies on macroeconomics and development considerations

Since the last three decades a large stock of literature has grown up concerning the relationship between human capital and economic growth. Most of the recent studies in this area posed several questions, such as: What is the concept of human capital and how it is formed? What are the residual factors that drive economic growth? What is the degree of correlation between education and earnings? What are the determinants of demand and supply of education? What criterion does it follows for investment in education? What criteria should be adopted in cost-benefit analysis of education? And so on. Various organisations both national and international like UNESCO, OECD, International Economic Association, etc. have organised several seminars and conferences with 'economics of education' as the central theme. Economic growth and development of any country always depended on knowledge which in turn relies on education whether informal or formal. Although human labour predominates human capital at the lower stages of economic development but as nation moves higher stages of economic development human capital predominates human labour.

Natarajan, S. (1990)[54] quoting to Adam Smith's perception in his classic "The Wealth of Nation" pointed out the importance of education at various stages of

economic growth. His concept of fixed capital included the human resources and the acquisition of such talents during his education always costs a real expenses. Further, Natarajan referring to Alfred Marshall quoted that education is the most important and valuable of all the capital which can be invested in human beings and so it is considered as a national investment.

Hanushek, E. and Kimko, D. (2000)[55] in their analysis on "Schooling, Labor Force Quality, and the Growth of Nations," presented strong evidence in favour of the contribution of education to economic growth if educational outcomes are taken into account. They have used test scores from the Third International Mathematics and Science Study (TIMSS) as an outcome measures to adjust for the quality of the labor force, and find that it makes a significant difference in a country's growth record.

2.8: Studies concerning policy issues on education

Educational institutions both the private and the public providing educational services to the consumers (students/parents) have their own policies to fulfil their own stated objectives. Based on their goals they formulate and frame their policies. Since independence several policy and execution initiatives have been taken by the Government of India to strengthen the education system of the country. Kothari commission (1964), National Policy in Education (1986), Programme of Action (1992), Central Advisory Board of Education (1991), Sarva Siksha Abhiyan (2000), and Right to Education Act (2010) are landmark policy decisions and actions that the country has taken so far for achieving the goal of providing education to all through universal enrolment, either by formal or non formal system of education. Some of the studies related with the educational policies are highlighted below:

Aggarwal, J. C. (2009)[56] in his book 'Education Policy in India' have analysed series of National Educational Policies:

(i) National Policy of Education, 1968: The National Policy of Education, 1968 was the first national policy on education which was based on the recommendations of the Education Commission popularly known as Kothari Commission (1964-66),

appointed by the government of India to look into the educational aspects at all stages and make detailed recommendations for the reconstruction of education in India. The policy aimed to promote national progress, a sense of common citizenship and culture and to strengthen national integration. It laid stress for the radical reconstruction of the education system, to improve its quality at all stages and gave much greater attention to science and technology, the cultivation of moral values and a closer relation between education and the life of the people. It emphasized and gave highest priority for the provision of free and compulsory education up to the age of fourteen years. It has also directed to give intensive efforts to enrol girls and children from weaker sections of the community through parental education and incentives.

The adoption of NPE, 1968 has made a considerable expansion in the educational facilities all over the country. Since then more than 90 percent of the country's rural habitation have schooling facilities within a radius of one kilometre. The policy has also envisaged the wide acceptance of the common education structure of 10+2+3 throughout the country. However, despite its impressive progress, the general formulations of the policy lacked its detailed implementation and were accompanied by the assignment of specific responsibilities, financial and organisational support. As a consequence, there were accumulations of the problems of access, quality, quantity, utility and financial outlay.

(ii) **National policy on Education, 1979**: The lackadaisical implementation of the NPE, 1968, opens up the way for the Janata Government to formulate the new National policy on Education, 1979. The major highlights of the policy were:

(a) Introduction of a three-tier educational structure comprising of primary, secondary and undergraduate school level.

(b) It has accorded highest priority to provide free education for all up to the age of 14 years.

(c) Education was to be imparted in the mother tongue in the primary stage and to be regional language at all stages.

(d) Poorer pupils were to be given incentives such as mid day meals, stationary and uniforms.

(e) Special attention was given to the education of girls, Scheduled Caste and Scheduled Tribes.

The policy has witnessed considerable expansion in all sectors of education in our country but still imbalances and inequalities persisted. Girls, Scheduled Caste and Tribes, landless labourers, backward classes and urban slum poor generally continue to lag behind in education. Special efforts have been made to identify the problems and to bring all such people into the fold of education.

(iii) National policy on Education, 1986: The NPE, 1986 was the first comprehensive policy on education. The policy gave priority to UEE and introduced many innovations. The major highlights of the policy were:

(a) The policy emphasise in two aspects- (i) universal enrolment and universal retention of children up to 14 years of age, and (ii) a substantial improvement in the quality of education.

(b) The scheme of Operation Blackboard was conceived to improve primary schools and provision of support services.

(c) A large and systematic programme of non-formal education was launched for school drop-outs children and working children who cannot attend whole-day school.

(d) To fulfil the need for the synthesis of knowledge, it gave adequate support to research in indology, humanities and social sciences.

(e) To augment opportunities for higher education and as an instrument of democratising education, the Open University system was initiated.

(iv) The National Policy on Education, 1992: The National Policy on Education, 1992 is a revised NPE of 1986 based on the recommendations of the Committee under Shri N. Janardhana Reddy by the Government of India. The Policy has brought up certain modifications of NPE, 1986 with the objectives of Universalisation of

Elementary Education. For achieving the stated objectives, series of programmes have been initiated which are highlighted as:

(a) District Primary Education Projection (DPEP): The District Primary Education Projection (DPEP) is a centrally sponsored scheme launched in 1993 for holistic development of primary education covering from class I-V. The DPEP have been launched with the major objectives of reducing drop-out rates to less than 10 percent; reduce disparities among gender and social groups in the areas of enrolment, learning achievement, etc to less than 5 percent and improve the level of learning achievement compared to the baseline surveys. To fulfil these objectives, the programme included the following components: (i) construction of classrooms and new schools, (ii) opening of alternative schooling centres, (iii) appointment of new teachers, (iv) setting up early childhood education centres, (v) strengthening of State Councils of Educational Research and Training (SCERTs)/District institutes of Educational training (DIETs), (vi) setting up of Block Resource Centres/Cluster Resource Centres, (vii) teacher training development of teaching-learning material, (viii) special interventions for education of girls SC/ST, working children. Initiatives for providing integrated education to disabled children and distance education for teacher training have also been incorporated in the DPEP scheme.

(b) The Sarva Shiksa Abhiyan (SSA): The Sarva Shiksa Abhiyan (SSA) was evolved in 1998 to pursue universal elementary education in a mission mode. The scheme was started in 2001 which seeks to cover the entire country. It addresses the needs of 192 million children in 11 lakh habitations, 8.5 lakh existing primary and upper primary schools and 33 lakh existing teachers would be covered under the scheme. The programme seeks to open new schools in habitations which do not have schooling facilities and strengthen existing school infrastructure through provision of additional class rooms, toilets, drinking water, maintenance grant and school improvement grant. Existing schools which do not have adequate teacher strength would be provided additional teachers under the programme. It has a special focus on girls and children of weaker section.

(c) The Education Guarantee Scheme (EGS) and Alternative and Innovative Education (AIE): The Education Guarantee Scheme (EGS) and Alternative and

Innovative Education (AIE) as the component of SSA were designed to provide avenues to children in the age group of 6-14 years. It would cover those children who are habitants of remotely located inaccessible habitations, never been to school, dropouts or could not continue their elementary education. EGS & AIE undertook certain strategies for achieving Universalisation of Elementary Education (UEE). These strategies are:

(i) Setting up of EGS schools in school-less habitations.

(ii) Interventions for mainstreaming of 'out-of-school' children through bridge courses, back to school camps, etc.

(iii) Flexible and innovative interventions for specific group of children to meet their requirements of elementary education.

(iv) EGS & AIE programme also envisages centres for street and slum children, remedial coaching for children enrolled in formal schools, short summer duration camps, etc.

(d) Mid-Day Meals Scheme or MDM: A nation-wide programme of Nutritional Support to primary education popularly called as Mid-Day Meals Scheme or MDM was launched on 15 August 1995 to boost up UPE and nutritional status of students in primary classes studying in government, local body and government-aided schools. The programme has also been expanded to children of EGS centres which are being opened in the school-less habitations. The programme aims to provide wholesome cooked/processed food through local bodies/authorities such as Panchayats and Nagar Palikas.

(e) National Programme for Education of Girls at Elementary Level' (NPEGEL): The Government of India approved a new programme called 'National Programme for Education of Girls at Elementary Level' (NPEGEL) in July, 2003 as an amendment to SSA for providing additional support for education of underprivileged/disadvantaged girls at the elementary level. The programme is being implemented in Educationally Backward Blocks (EBBs) which have at least 5

percent of SC/ST population and where the SC/ST female literacy rate is below 10 percent and in select urban slums.

(f) Kasturba Gandhi Balika Vidyalaya (KGBV): Apart from NPEGEL, a new scheme called Kasturba Gandhi Balika Vidyalaya (KGBV) was launched during 2004-2005 for setting up 750 residential schools with boarding facilities at elementary level for girls belonging predominantly to the SC, ST, other backward castes (OBC) and minorities in difficult areas.

(g) Prathmik Shiksha Kosh: Prathmik Shiksha Kosh was introduced in 2004; the proceeds of this fund would be available on a roll basis for the schemes of Basic Education and Mid-Day Meal Schemes.

(h) The Right to Education Act (RTE, 2009): The Right to Education Act (RTE, 2009) is indeed a laudable step passed by the Indian parliament on 4th August, 2009. The Act and the Rules framed under the Act describe the modalities of the provision of free and compulsory education for the children between 6 and 14 in India (www.wikipedia.org)[57]. The right to free and compulsory education for every child is guaranteed under the article 21 A of the Indian constitution. India became one of the 135 countries of the world to make education as one of the fundamental rights of the children. Every child will get 8 years of elementary education in vicinity of his/her neighbourhood. Under this Act, 25% of the enrolment in all private schools shall constitute the children of weaker section and disadvantage communities.

Currie, L. *et al.* (2000)[58] in their study on privatisation and competition policies for Australian Universities observed the following points:

(i) Privatisation follows certain market principles such as competition, efficiency, commercialisation, deregulation and changing forms of accountability.

(ii) There is a trend in privatisation from the creation of fully private institutions operating without the financial support of government to reforms in largely government-funded institutions operating within the characteristics of quasi-market.

(iii) It argues that there should be preservation of some traditional academic values as an important attributes of universities that enable them to operate for the interests of public and maintain their role as a critical voice in society.

Parikh, k. S. (2002)[59] while analysing on Education Policy, Goals, Actions and Reforms suggested that the number of quality institutions for higher education should increase so that all those professionals who are capable of becoming high-quality have the opportunity to do so.

2.9: Conclusion

The above review of related literature relevant with the study clearly reveals that though many research works has been done on the economics of education in many areas of the nation and world but it is very new in this study area, there is a very rare extensive and intensive study done on "Economics of Education: A comparative Analysis of the Private and Public Schools up to Senior Secondary Level of BTAD in Assam". Therefore, we proposed and undertake the need for a scientific research on the topic to bridge the gap in the relevant field and contribute the gap in the knowledge to the society and to the nation as a whole.

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