

Declare education ‘for profit’: Educationists, private schools

Say all are earning a profit in any case, and that the move will channel more funds into the sector

ANJULI BHARGAVA
New Delhi, 28 January

Sir Richard Branson once famously said: “If you want to be a millionaire, start with a billion dollars and launch a new airline.” The opposite, many argue, holds true in the case of school education in India. Set up a school with ₹100 crore and you’ll soon have ₹1,000 crore in the bank. This despite the fact that education in India is “not for profit” by definition.

The charade under which the sector has been operating is now being questioned. A growing lobby of school founders and owners of school chains is urging the government to declare the sector as for-profit because everyone is earning a profit out of it in any case. This would help to channel more funds into the sector and clean up the system as well. School owners are also pushing for more autonomy to fix fees.

Currently, private education in India generates a significant amount of black money. It is an open secret that school owners make money — at times hand over fist — but maintain that they are not for profit.

The demand of school owners is being conveyed to the highest level: the chief economic advisor, the CEO of NITI Aayog, Amitabh Kant, and eventually, to the Prime Minister’s Economic Advisory Council.

However, since education is a concurrent subject, the Centre can at best request the states to bring in legislation that allows schools to register as a corporate body with a for-profit structure. At least two states — Haryana and Maharashtra — have already indicated their willingness to do this.

Says Manit Jain, co-founder of Heritage school and chairman of FICCI ARISE (Ficci’s Alliance For Reimagining School Education): “There is currently no incentive for large corporates with deep pockets to step into this sector.” According to Jain, the huge demand for funds for the sector needs a clean structure that allows for profit. This single move can pave



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the way for credible and trusted names to invest, allow foreign investment to come in, banks to lend and energise the whole sector. It will also allow existing players to expand as they gain more access to capital, he adds.

At a meeting of FICCI ARISE in the capital last December, school leaders asked the chief economic advisor and other senior government officials who claim they want foreign investment to come in, why anyone would invest in a sector where there would be no legitimate returns.

According to sources, while there is a growing acceptance of the proposal at the bureaucratic level, it may be harder to push politically as many politicians and their kith and kin are deeply vested in the sector.

Currently, most schools or chains operate through a trust or society that is not for profit. However, the trust enters into several related party transactions with entities that supply services or products needed by the school. These entities are usually owned by the promoter or founder of the school. For instance, an entity owned by the promoters may own the land on which the school is built and enter into a lease agreement with the trust. As and when desired, the rental charged to the school is increased. This is one way for the promoter to

earn while maintaining the garb of not-for-profit.

Similarly, almost anything required by the school — computers, hardware, software, desks, chair and so on — is sold to it by a company belonging to the founders or promoters of the school. At times, these transactions are at market rates and sometimes at inflated rates. In many private schools, almost all contracts handed out are inflated by 15-20 per cent, which is the promoter’s cut.

As a paper submitted to the government argues: “The present structures drive adverse selection. The general human need is to make a return on investment. Thus, while there are many genuinely service-minded folks in the sector, on average, the people who will come into the education sector will be willing to break laws to make an under-the-table profit.”

The proposal to declare school education a for-profit sector is likely to meet with resistance also because there is a deep ideological schism over the issue. There are those who strongly argue that quality education should be publicly funded and free for all. They say that if private education is given free rein, there will be no incentive for the government to improve its own offering.

The opposing lobby argues that free, publicly-funded, “quality education for all” is an “ideal world” scenario. For example, in the last four years, the increase in the number of private schools was 4 times that of public schools, leading to a fall in government school enrolment by 11.1 per cent. As against this, the total enrolment in private schools rose by 16 million students in the last four years.

TV. Mohandas Pai, chairman of Manipal Global Education and former director of Infosys, argues that if the government wants to be a provider of education, it must meet the “same standards, be as accountable, and adhere to all the norms that a private player has to.” Moreover, he argues, all government servants should be asked to educate their own children in government schools. This, he says, will be the quickest fix. Currently, the playing field is not level and private schools are hamstrung while government schools get away with murder.

Sridhar Iyer, who heads EY India foundation, echoes Pai’s views, but adds that the stipulation that government servants educate their own children in state schools should be accompanied with a dismantling of the Kendra Vidyalayas and Navodaya Vidyalayas (considered better than regular government schools). Else, the bureaucrats will send their own children to these and the rest of the schools will continue to languish.

“As long as someone is providing quality education at a reasonable cost, why should the government care whether it is for-profit or not-for-profit?” asks Pai. He also says that once the sector is opened up, competition will come in, there will be less scarcity of quality education, and market forces will take over.

Pai feels that the “ideological blinkers” need to be shed and reality must be accepted. He advocates a “voucher” system in school education, one in which the government gives vouchers to parents and they are free to use them to opt for a school of their choice for their children.

Worldwide smartphone sales dip for first time in 11 years: Gartner



PRESS TRUST OF INDIA
Bengaluru, 28 January

Worldwide sales of smartphones to end users declined two per cent in 2019, the first time since 2008 that the global market for such phones experienced a decline, Gartner, Inc said. The firm also said they are on track to reach 1.57 billion units in 2020, an increase of three per cent year over year.

“2019 was a challenging, primarily due to oversupply in the high-end sector in mature markets and longer replacement cycles overall,” Gartner said. “However, in 2020, the market is expected to rebound with the introduction of 5G network coverage in more countries and as users who may have delayed their smartphone purchases until 2020 in expectation of price reductions begin buying again,” she was quoted as saying in a Gartner statement.



Maharashtra plans national anthem before public events in college

PRESS TRUST OF INDIA
Mumbai, 28 January

The Maharashtra government will soon take a decision on mandating beginning public events at colleges and universities in the state with the national anthem, minister Uday Samant said on Tuesday. Samant said such a move will help inculcate the sentiment of patriotism among students.

feeling of patriotism. A decision will be taken to ensure public events at colleges and universities begin with the national anthem so that students know the importance of sacrifices made to attain freedom,” a statement quoted the Higher Technical Education Minister as saying at an event here.

He also pitched for displaying boards of names of colleges in Marathi.

It will take just 10 days to make Pak bite dust: Modi



NCC cadets demonstrate war skills during the annual National Cadet Corps Rally at Delhi Cantonment on Tuesday

PHOTO: PTI

PRESS TRUST OF INDIA
New Delhi, 28 January

Prime Minister Narendra Modi on Tuesday slammed Pakistan and said it lost three wars but continues to wage proxy wars against India. Modi also said his government brought in the Citizenship (Amendment) Act to correct “historical” injustices and recalled the Nehru-Liaquat pact to assert that the

law fulfils India’s “old promise” to religious minorities from neighbouring countries.

“The Indian armed forces won’t take more than a week-10 days to make Pakistan bite dust,” Modi told the gathering.

Attacking Opposition parties over their stand on the CAA, the prime minister said India had assured minorities in Pakistan and Afghanistan when it got Independence that

they could come to the country if needed.

“This was Gandhi’s wish and also the intention behind the Nehru-Liaquat pact,” Modi said. “It is our responsibility to give refuge to people who have been oppressed due to their faith. They have faced historical injustice... and to stop this and fulfil our old promise, we have brought the CAA,” Modi said.

15 killed in bus-auto crash; vehicles fall in well

PRESS TRUST OF INDIA
28 January

At least 15 people were killed when a speeding state transport (ST) bus collided with an auto-rickshaw and both the vehicles fell into a roadside well in Maharashtra’s Nashik district on Tuesday, police said.

More than 18 people also suffered injuries in the accident which took place in the evening at Meshi Phata on the Malegaon-Deola Road in the North Maharashtra district, around 200km from here, an official said.

The speeding ST bus, packed with passengers, crashed into the auto-rickshaw, he said, adding the injured were mostly bus passengers.

The impact of the collision was so severe that the bus dragged the auto-rickshaw along with it and both the vehicles fell into a roadside well, the official said.

PLACEMENT SEASON

Amazon and Flipkart top recruiters at IIM-L

VIRENDRA SINGH RAWAT
Lucknow, 28 January

E-commerce majors including Amazon and Flipkart were among the top recruiters at the Indian Institute of Management, Lucknow (IIM-L), which beat the economic and job slowdown to achieve 100 per cent final placements for the 34th batch (2018-20) of its two-year flagship post-graduate programme. The recruitment drive for the outgoing batch comprising 443 students saw participation from more than 140 domestic and international recruiters.



Amazon, Accenture, and PricewaterhouseCoopers and Boston Consulting Group were among the top headhunters at the IIM-L campus accounting for 13 job offers each.

Homegrown e-commerce company Flipkart, which has been acquired by US-based retailer Walmart, also figured among the top recruiters offering 9 job offers to the IIM-L students.

According to Institute, the participation of such marquee firms indicated the ascent of IIM-L as a preferred recruitment destination for in the country.

Meansalary up by 12% at IIM Kozhikode

VINAY UMARJI
Ahmedabad, 28 January

Mean annual salary at the Indian Institute of Management (IIM) Kozhikode rose by 12 per cent to ₹23.08 lakh from ₹20.6 lakh pa last year as the premier B-school concluded its final placements process in five days.

Offers, rolled out by 131 recruiters, too increased by 22.4 per cent over last year even as IIM Kozhikode placed all of the 413 students participating in the process, out of the institute’s total 418 strong batch, the largest till date.

While mean annual salary grew by 12 per cent, median

salary too rose by 12.4 per cent to ₹20.8 lakh, up from 18.5 lakh last year. Moreover, the top 50 per cent of the batch bagged an average cost-to-company (CTC) of ₹26.69 lakh, a 12.5 per cent rise over last year.

Led by the likes of Accenture Strategy, McKinsey & Co., The Boston Consulting Group (BCG), Bain & Co., Deloitte, EY, Infosys Consulting, PwC and Cognizant Business Consulting, among others, consulting were the largest recruiter sector, making 29 per cent of the offers.

Of the 131 recruiters, around 48 participated in the process for the first time.

