

Emergence of New Capitalist Class and Issues of Market, Merit and Social Justice: The Business and Economics of Higher Education in India

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Abstract—This paper analyses the structural changes in education sector since the introduction of liberalization policy in India. This paper explains how the so-called non-profit trusts and societies appropriated the liberalization policy and enhanced themselves as new capitalist class in higher education sector. Over the decades, the policy witnessed the role of private sector in terms of maintaining market equilibrium. The state also witnessed the incompatibility of the private sector in inculcating the values of social justice. The most important consequence of the policy is to witness the rise of new capitalist class and academic capitalism. When the state came to realize that it no longer cope up with market demands, it opens the entry of private sector in higher education. Concessions and tax exemptions were provided to the trusts and societies to establish higher education institutions. There is a basic difference between western countries and India in providing higher education by the trusts and societies. In western countries the big business houses contributed their surplus revenues to promote higher education and research as a complementary service to society and nation. In India, several entrepreneurs came up with business motive using education sector. Over the period, they accumulated wealth at the cost of students and concessions from the government. Four major results can now be identified: production of manpower in view of market demands; reduction of standards in higher education; bypassing the values of social justice; and the rise of new capitalist class from the business of education. This paper tries to substantiate these issues with the inputs from case studies.

Keywords—New capitalism, market, social justice, higher education

I. INTRODUCTION

THE trends of globalization and liberalization have an impact on the higher education sector in India. Until the introduction of liberalization policy, there is no conception for the emergence of academic capitalism. The entry of private sector in higher education witnessed the skillful appropriation of state policy and concessions. Over the decades, several entrepreneurs came up with business motive using education sector. Businessmen, politicians, teachers, and actors are increasingly involved in this business of education. Over the period, they accumulated wealth from the fees paid by the students and concessions from the government. Four major results can now be identified: production of manpower in view of market demands; reduction of standards in higher education; bypassing the values of social justice; and the rise of new capitalist class and academic capitalism.

II. LIBERALIZATION AND NEW CAPITALISM

Late capitalism has its own survival mechanism in developing countries as well. Its also provides an opportunity to form new capitalist class. The state remains a concrete source for the emergence of the new class. The relevance of class elements was expounded by Marx as “the advance of capitalist production develops a working class which by education, tradition and habit looks upon the requirements of that mode of production as self-evident natural laws” [1].

Liberalization paves the way for comprehensive private partnership in education sector. In developing countries, state remains the largest provider of social welfare. The public investment is largely initiated by the state. The newly emerged capitalist class needs the support of the state in providing social services. While the capitalist class is well ahead in appropriating the market mechanism, the social sector remains the exclusive sphere of state. In the pre-liberalization era, education sector was seen as committed social welfare and free from market values. On the contrary, the introduction of liberalization brings the education into the fold of market. The state is also increasingly disinvesting its resources in order to offer responsible place for the private sector. Public investment was deemed unaffordable; privatization was proclaimed inevitable; and, efforts to build both social and physical infrastructure were ridiculed as obsolete and ineffective. In support of corporate interests, national, provincial or state and local governments have promoted neoliberal development strategies that emphasize the invisible hand of an unrestricted market rather than the stabilizing hand of the state as a regulator of the economy and society [2].

Liberalization served to displace the concept of education as the social provision of basic needs and human rights in favour of viewing education as just another commodity in the marketplace. As a result, the delivery of high quality educational services has become more problematic, with the burden of adjustment shifted from the state to the individual in the form of increasing fees and decreasing services. The process also involves capitalist relations of production in the academy. Students are viewed as clients when they are admitted and as products when they graduate and seek employment.

Higher education in the hands of private sector generates new values and perceptions. The private sector cannot go beyond its profit and competitive spirit. It skillfully gives up the conventional and cultural studies. It designs courses for market demands. The trend is to go beyond the values of

welfare state. Through trusts and societies, the private institutions are able to get tax exemptions and other concessions from the state. These trusts and societies accumulate enormous wealth in course of time. In fact, these surplus revenues are generated from the fees paid by the students. In maintaining the market equilibrium, the private sector fails to bring social justice and quality of education. The ambiguities of policy and the rent seeking activities of the officials and academicians sustain the degeneration of higher education while coping up with globalization forces.

Liberalization is also resulted in capitalistic spirit in academics. Academic capitalism is understood as an institutional and professorial market or market-like efforts to secure external moneys [3]. Academic capitalism encompasses an array of institutional traits and behaviors oriented around entrepreneurial and other capitalistic actions, motivated by an ever increasing demand to seek out and secure resources in response to economic and political forces. The importance as well as the side-effects of regulatory measures is also discussed in by scholars [4].

III. THE CASE OF INDIA

Studies on Indian political economy with its class nature were carried out even before the introduction of liberalization [5]. Reforms, policy failures, rent-seeking attitudes were also given attention [6]. The political economy of higher education needs to be studied in depth after the arrival of liberalization [7]. India has a rich history of system of education. In early days, teachers set up residential schools called gurukulam in their own homes. Students were to live with the teacher and his family. During the rule of Mauryan dynasty in the third and second century BC India flourished with the establishment of institutions of learning. Nalanda became famous for the Buddhist University where several religious conclaves were held. During the medieval period, Persian rulers established institutions. The dual traditions of Sanskrit and Farsi education were kept alive till the colonization of India by the British. The British established schools to teach English and the sciences. In 1857 three universities were established in three metropolitan cities, Bombay, Calcutta and Madras following Oxford or Cambridge as models. After independence, the higher education remains primarily the responsibility of the state. Philanthropy and charity from the private sector were instrumental in setting the foundations of the Indian higher education system in the early years of the 20th century. This trend is becoming rare now. In response to global trends and liberalization process, private partnership in higher education was welcomed. The concept of deemed universities was also contemplated [8].

A. Policy Issues

The policy for the development of higher education has been mainly governed by the National policy on Education of 1986 and its Program of Action introduced in 1992. They were based on the two reports namely, the University Education Commission Report of 1948-49, popularly known as Radhakrishnan Commission, and the Education Commission Report of 1964-66, popularly known as Kothari Commission. The University Grants Commission is a statutory organization established by the Act of Parliament in 1956 for the coordination, determination and maintenance of standards of university education. Apart from providing

grants to Universities and Colleges, the Commission also advises the Central and State Governments on the measures which are necessary for the development of higher education.

Analysis of the past Five Year Plans indicates that, there have been continuous efforts to strengthen the base by developing infrastructure, improving the quality through several programs and schemes, introducing reforms in content and evaluation and encouraging generation of knowledge through research. The focus of Fifth Plan was on infrastructure development, the sixth plan onwards the focus shifted to consolidation and quality improvement. The Seventh Plan laid emphasis on research and academic developments. It was from this plan onward that the development centers of excellence and area study programs got special attention. From the Eighth Plan onward, the need for differential funding was recognized. Under this plan, it was envisaged that the developing departments would be provided necessary funds to bring up their facilities and activities to an optimum level for their teaching and general research programmes. The Ninth Plan aimed at gearing the system of higher education to meet the challenges arising out of the major social, economic and technological changes. The focus of Tenth Plan was aimed at quality and relevance of higher education, research and development, management in financing and the use of the new information and communication technologies. The Tenth Plan provided the basis for higher education in the 21st century [9].

Higher education needs to be viewed as a long-term social investment for the promotion of economic growth, cultural development, social cohesion, equity and justice. The Government has so far decided that no more institutions, except those set up by Government of India, will be provided the plan or non-plan grant by the UGC and hence, majority of the 'Deemed to be Universities' are working, in a way, as self-financing institutions.

B. Growth of Higher Education

India has the largest number of higher education institutions in the world. There were 20 Universities and 500 Colleges at the time of Independence in 1947. At present, there are 504 Universities and university-level institutions - 243 State Universities, 53 State Private Universities, 40 Central Universities, 130 Deemed Universities, 33 institutions of national importance established under Acts of Parliament five Institutions established under various State legislations. In addition, there are 25,951 Colleges including around 2,565 Women Colleges. Out of 25,951 Colleges, 7,362 Colleges (28 per cent) have been recognized under Section 2 (f) and 5,997 Colleges (23 per cent) under Section 12-B of the UGC Act, 1956. At the beginning of the academic year 2009-2010, the total number of students enrolled, in the formal system, in the Universities and Colleges has been reported at 136.42 lakhs - 16.69 lakhs (12.24 per cent) in University Departments and 119.73 lakhs (87.76 per cent) in affiliated colleges [10].

C. Towards Globalization

Many developed countries see it as an opportunity to expand its educational services. The advent of globalization ensures that educational services will be progressively commercialized, privatized, and capitalized. Many British

Universities have franchised operations and deals with other colleges and universities outside the U.K. University Schools of Education generate income through consultancies that have advised countries like Chile, Poland, and Romania on how to restructure the school system.

TABLE I
TYPOLOGY AND GROWTH TRENDS OF HIGHER EDUCATION INSTITUTIONS

Type	No of institutions	No of students	Growth trends
Government Universities	240	1,000,000	Not growing
Private Universities	7	10,000	Emerging on The scene
Deemed Universities (aided)	38	40,000	Growing slowly
Deemed Universities (unaided)	63	60,000	Growing rapidly
Government Colleges	4,225	2,750,000	Not growing
Private Colleges (aided)	5,750	3,450,000	Not growing
Private Colleges (unaided)	7,650	3,150,000	Growing rapidly
Foreign Institutions	150	8,000	Emerging
Total	18,123	10,468,000	

Source: Pawan Agarwal, 2006 [11].

In India, the IITs, and IIMs have now been well and widely accepted. Doctors trained in India have been the backbone of the British Medical Service for many decades. Indian scientists have found positions of importance in research laboratories of the US and other developed countries. Of about 140,000 graduates of IIT so far, roughly 40,000 have gone to the US. They have been given the credit of creating 150,000 jobs and \$80 billion in market capitalization [12].

In India both public and private institutions have their span of action in higher education sector. In 2000-01, of the 13,072 higher education institutions, 42 per cent were privately owned and run catering to 37 per cent of students enrolled into Higher education, that is, approximately 3.1 million out of total 8.4 million. It is also likely that most of the growth in the rapidly expanding higher education sector took place in private unaided college or in self-financing institutions. Since grant-in-aid is becoming difficult, the state has granted recognition to private institutions in large scale. Almost 50 per cent of the higher education in India is imparted through private institutions without any government aid.

In order to evaluate performance of an institution and bring about a measure of accountability a mechanism of accreditation has been developed by UGC. The National Accreditation and Assessment Council (NAAC) carries out periodic assessment of universities and colleges. Similarly, for technical education AICTE has established its own accreditation mechanism for its institutions through the National Board of Accreditation (NBA).

D. Deemed Universities

Not 5, Nor 10, No 15, No 20, No 25, No 30, No 35, No 40, No 45, No 50, No 55, No 60, No 65, No 70, No 75, No 80, No 85, No 90, No 95, No 100, No 105, No 110, No 115, No 120, No 125, No 130, No 135, No 140, No 145, No 150, No 155, No 160, No 165, No 170, No 175, No 180, No 185, No 190, No 195, No 200, No 205, No 210, No 215, No 220, No 225, No 230, No 235, No 240, No 245, No 250, No 255, No 260, No 265, No 270, No 275, No 280, No 285, No 290, No 295, No 300, No 305, No 310, No 315, No 320, No 325, No 330, No 335, No 340, No 345, No 350, No 355, No 360, No 365, No 370, No 375, No 380, No 385, No 390, No 395, No 400, No 405, No 410, No 415, No 420, No 425, No 430, No 435, No 440, No 445, No 450, No 455, No 460, No 465, No 470, No 475, No 480, No 485, No 490, No 495, No 500, No 505, No 510, No 515, No 520, No 525, No 530, No 535, No 540, No 545, No 550, No 555, No 560, No 565, No 570, No 575, No 580, No 585, No 590, No 595, No 600, No 605, No 610, No 615, No 620, No 625, No 630, No 635, No 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4010, No 4015, No 4020, No 4025, No 4030, No 4035, No 4040, No 4045, No 4050, No 4055, No 4060, No 4065, No 4070, No 4075, No 4080, No 4085, No 4090, No 4095, No 4100, No 4105, No 4110, No 4115, No 4120, No 4125, No 4130, No 4135, No 4140, No 4145, No 4150, No 4155, No 4160, No 4165, No 4170, No 4175, No 4180, No 4185, No 4190, No 4195, No 4200, No 4205, No 4210, No 4215, No 4220, No 4225, No 4230, No 4235, No 4240, No 4245, No 4250, No 4255, No 4260, No 4265, No 4270, No 4275, No 4280, No 4285, No 4290, No 4295, No 4300, No 4305, No 4310, No 4315, No 4320, No 4325, No 4330, No 4335, No 4340, No 4345, No 4350, No 4355, No 4360, No 4365, No 4370, No 4375, No 4380, No 4385, No 4390, No 4395, No 4400, No 4405, No 4410, No 4415, No 4420, No 4425, No 4430, No 4435, No 4440, No 4445, No 4450, No 4455, No 4460, No 4465, No 4470, No 4475, No 4480, No 4485, No 4490, No 4495, No 4500, No 4505, No 4510, No 4515, No 4520, No 4525, No 4530, No 4535, No 4540, No 4545, No 4550, No 4555, No 4560, No 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institutions have to comply with merit and social justice set by policies as well as court verdicts. Coping with market forces would ultimately led to the emergence of new class of capitalistic nature. In other words, the state promotes two incompatible systems. It promotes private sector institutions to cope up with market forces on the one hand, and it maintains rigid structure which does not comply with market forces. However, the question of regulation threatens the very existence of such private institutions.

V. REGULATION OVER DEEMED UNIVERSITIES

During January 2010, the government of India announced to withdraw the recognition of 44 deemed universities. These institutions have 1,19,363 students at graduate and post-graduate levels in addition to 2,124 research students. Besides, they have an estimated 74,808 students in distance education. The recommendation to withdraw recognition has come from a review committee composed of P. N. Tandon, Goverdhan Mehta, M. Anandkrishnan, Mrinal Miri, and Sunil Kumar. The reason behind this effort was in relation to the direction of the Supreme Court over a petition filed by Viplav Sharma relating to ambiguity in the guidelines in connection with scrutinizing applications from institutions seeking declaration by the Central Government as institutions deemed to be universities.

The committee report divides the status of 126 institutes into three categories. The report said 38 institutes justify with their achievements, performance and potential to continue as deemed universities while 44 were found to be deficient in some aspects which need to be rectified over a three-year period. The work of the last category of 44 institutes was termed neither on past performance nor on their promise for the future fit to retain their status as deemed universities.

The committee was bold enough to reveal its findings. It says, "Aberrations found in the functioning of the 44 institutes are undesirable management architecture of families rather than professionals running them; violation of principles and guidelines of excellence in teaching and research or innovations and engaged in thoughtless introduction of unrelated programmes and proliferation of degrees; very little evidence of noticeable efforts in regard to emerging areas of knowledge; little evidence of commitment towards research or ability to draw institutional or principal investigator-based research funding on competitive terms, UG and PG level programmes fragmented with concocted nomenclatures, abuse of freedom and flexibility in matters of admission and fee structure. Many institutions which attained deemed university status from being a college increased their intake capacity disproportionately and in some cases exponentially in relation to the qualified faculty strength and other academic infrastructure" [14].

State has the moral responsibility in the growth of deemed universities over decades. Up to the year 1970, only 7 institutions had been notified as deemed universities. Between 1970 and 1980, only 2 institutions were so declared. Between 1981 and 1990, 20 institutions were so notified. Between 1991 and 2000, 36 institutions were granted the status of deemed university, and finally, between 2001 and 2009, 87 institutions have been notified as

deemed universities. In 2011, the government decided to be university thereby bringing the total number of such institutions to 130. This unprecedented and uncontrolled growth, particularly of private institutions, in the field of engineering, medical sciences and business administration, many of which have acquired the status of deemed university, has created problems of equity, quality and covert or overt commercialization of education. In response to the decision of the government, the deemed universities have appealed before the Supreme Court. The final decision has yet to come. By the time the new regulations for deemed universities were introduced by the University Grants Commission in May 2010.

VI. CASE STUDIES

Case studies were conducted in 12 deemed universities out of 126. Respondents were drawn from trustees, faculties and students. Few members of various committees which inspected the institutions for recognition or accreditation were also interviewed. The original names of the respondents, institutions and locations are kept confidential for the sake of research ethics. Participant observation and personal interviews and interviews through mobile phones were applied to collect data. The case studies try to illuminate the rise of new capitalist class and academic capitalism in the era of liberalization; the rent-seeking activities and nexus among the trustees, politicians, bureaucrats and academics; and the qualifying syndrome of the students who are from upper income group and low education performance. The sample consisted of 24 trustees of the deemed universities, 30 faculties and 300 students. 6 members were also interviewed who were involved in the process of approval or accreditation of the institutions.

A. Case-I

Krishnaswamy started his career as a small vendor in the southern part of India. In his childhood, poverty and illiteracy were the order of his family. In his business he was not much successful. Later, he entered into real-estate business. In course of time, the business of buying and selling of lands and buildings made him a decent living. He used to assist a minister in purchasing lands. The minister already runs a college in which all his family members are trustees and manage the institution. On the advice of the minister, Krishnaswamy formed a trust in order to establish a college of engineering. He bribed the officials wherever necessary to get affiliation. Over the years, he started several institutions and his progress was very fast. The minister could not make much expansion. Subsequently, he availed the opportunities offered by the University Grants Commission to make his institutions as a deemed university. By this, he was able to get out of the control of state government and multiple process of affiliation to various universities for his institutions. By attaining the status of the university, he himself is the chancellor. The irony is that in India, the governor is the ex-officio chancellor of a university. Though his institutions are able to escape from the control of the state government, the regulatory aspects of central governments and the statutory bodies put lot of pressures. Besides, the issue of accreditation demands much efforts and resources. Now and then he has to bribe heavily to get approval from the regulatory bodies. He has to satisfy the team consisted of politicians, bureaucrats and academics in this case. When he formed the non-profit education trust

in the year 1985, the asset was worth of \$ 10,000. In 2010, the total assets of the trust increased to \$ 200 million. The basic question is that how did he manage to accumulate such huge wealth. He does not have any other business except education. The main source of income is from the students who enrolled in medicine and engineering. In 25 years, a lower middle class proletariat has become a member of capitalist class. In fact, apart from assets, the trust has its own liabilities, loans from banks and wealthy individuals. The infrastructure he built over the decades was from the fees he received from students. Except in the initial years, the trust did not contribute anything to develop the infrastructure or salary of the teachers and other staffs. The conclusion drawn from this is that the rise of such kind of capitalist class is compatible with the policy of the government.

B. Case-2

Mahesh Gupta joined as faculties in a deemed university three years ago. He is a senior professor retired from a government institution after 30 years of service. He was member in various committees. He was offered a high salary for his involvement in getting approval from statutory bodies. He skillfully makes liaison between the university authority and the regulatory bodies. His main concern in the deemed university is to create records which are highly fictitious and manipulative. He knows the constraints of the trustees. The trustees divert the revenues received from students for their own well-being. They intend to show the necessary infrastructure as if it exists. In reality, in the veil of non-profit organization, they amass wealth in disproportionate measures. The role of the Mahesh Gupta is not only creating false records of acceptable standards, but also financial manipulation. Generally, the staffs are under-paid and over-worked. As an appreciation, he was also promoted as vice-chancellor of the university. In this way he provides effective liaison between the board of management and the government. In other words, both the trustees and the members of the various statutory bodies were benefited through him.

C. Case-3

Rajesh Sharma is a professor of medicine. He was appointed to inspect the newly started medical college. He is completely new in this exercise. On of his colleague recommended his name to include in the committee of inspection. He was offered Rs. 2 lakhs to put his signature and the rest would be managed by his colleague. He did not know the under-dealings between the apex body and the medical college. The same kind of treatment happened to one of his friends. He is a professor of engineering. The whole story ran in fascinating scenario. He was wondered how he got a huge amount every time. His friend explained the reality to him. The institution, which supposed to get approval of statutory body, took a lead in preparing the list of members for the inspection. For that an amount was paid to the chairperson. Consequently, the team inspected the institution and it got favourable report. The rent-seeking behaviour of the institution is skillfully appropriated by the regulatory bodies. The private institutions normally seek approval through this method. The members of the committees cannot expect financial benefit from

institutions. This is always possible in private institutions.

D. Case-4

Venkatappa hails from landowning class in Vijayawada. His performance is below average in school. He has just passed out the higher secondary from a Christian missionary school. His parents want to see him as a physician. It is clear that he could not get admission in government institutions. His father approached a private medical college in Andhra Pradesh. One of its trust members demanded Rs. 35 lakhs for getting admission to MBBS. He went on searching other institutions which offered less than that amount. With the assistance of an intermediary, he was able to bargain for Rs. 25 lakhs in a private medical college in Karnataka. In this way Venkatappa got admission to MBBS. After a week he came to know that the institution has no adequate infrastructure. Class rooms, labs and library are not well-equipped. He informed the conditions to the principal of the college. The principal said, "Don't bother about anything, just attend the class and appear in the exam, you will get degree." Later, along with some of his fellows, Venkatappa hesitantly demanded some facilities for his hostel. The warden immediately reacted with angry. He shouted, enough has been spent for medical council and officials...don't ask anything.'

VII. ANALYSIS AND FINDINGS

Let us analyze the findings from the sample respondents. The assets of the 12 trusts that run several institutions achieved a tremendous growth over the decades. From 1985 to 1990, the total assets of the trusts were Rs. 275 crores. In ten years the assets were doubled and in another ten years the value was increased to Rs. 7005 crores. Of course, the problem inflation might have increased the gross value of the assets. But, the implication was from where the money comes. Undoubtedly, the main source is the amount collected from the students. It is evident that these trusts could not attract public donation as in the case of charity or religious organizations. Kinship and family ties dominate in forming trusts or societies. One cannot distinguish between families and trusts in maintaining the assets of movable and immovable nature. The trusts are non-profit organization in its name sake only. In reality, they are skillfully doing business with education. They accumulate wealth every year out of their business and economics of education. The following table shows the emergence of new capitalist class in the field of education in the past 25 years.

Regulatory mechanism fosters rent seeking behaviour in these trusts. In the course accumulation of wealth, they had to convince, bribe or contribute to the power group. This power group consists of politicians, bureaucrats and academics. It was also increased from Rs. 7.28. crores to Rs. 110.86 crores in 25 years. The trusts had to bribe the power group up to the mark of Rs. 110 crores in order to retain their assets of Rs. 7005 crores. The following table shows the amount paid to various people over decades. The power group who facilitated the trusts to accumulate wealth over decades implies the bureaucratic network and the rent seeking behaviour. Its attitude is very crucial in the accumulation process of wealth. The 'approval team' cannot make much money from government institutions.

TABLE II
GROWTH OF ASSETS OF THE PRIVATE TRUSTS WHICH
PROMOTE HIGHER EDUCATION

S. No	Trusts	Growth of Assets (Rupees in Crores)		
		1985-1990	2000	2010
1	Trust A	40	80	1250
2	Trust B	38	78	950
3	Trust C	35	74	765
4	Trust D	32	68	588
5	Trust E	28	60	658
6	Trust F	24	52	754
7	Trust G	22	48	657
8	Trust H	18	43	346
9	Trust I	15	34	338
10	Trust J	10	28	259
11	Trust K	8	22	236
12	Trust L	5	16	204
	Total	275	563	7005

TABLE III
AMOUNT PAID TO VARIOUS PERSONS FOR GETTING APPROVAL

S. No	Trusts	Amount paid (bribing) in Crore Rupees		
		1985-1990	1991-2000	2001-2010
1	Trust A	1.00	2.00	14.50
2	Trust B	0.95	2.00	12.55
3	Trust C	0.85	2.00	10.20
4	Trust D	0.75	1.80	10.10
5	Trust E	0.66	1.68	9.48
6	Trust F	0.50	1.54	10.20
7	Trust G	0.48	1.45	9.88
8	Trust H	0.56	1.55	8.70
9	Trust I	0.40	1.25	8.34
10	Trust J	0.40	1.25	5.26
11	Trust K	0.40	1.20	5.45
12	Trust L	0.33	1.10	5.20
	Total	7.28	18.82	110.86

The existence of private institutions provides a green opportunity for the bureaucrats and academics to make extra money. The following table shows the sample of events and the outcomes.

TABLE IV
MONEY OFFERED TO COMMITTEE MEMBERS

S.No	Members	Amount Received (in Rupees)		
		First event	Second event	Third event
1	Member Z	75,000	150,000	400,000
2	Member Y	75,000	150,000	400,000
3	Member X	75,000	150,000	250,000
4	Member W	50,000	125,000	250,000
5	Member V	50,000	100,000	200,000
6	Member U	50,000	100,000	200,000

For the process of accumulating wealth, the upper income group and the non-resident Indians have contributed much. Besides, the tax exemptions and other concessions given by government paved a concrete way of retaining wealth. The sequence appears like that: demand exists for higher education – government liberalizes admission norms to private institutions – students who could not get admission due to low marks but have the capacity to pay more money if they get admission – private institutions appropriate this situation. The following table shows the amount paid by the students to various institutions during 2009-2010.

TABLE V
AMOUNT PAID BY THE STUDENTS TO GET ADMISSION TO
MEDICINE AND ENGINEERING

No of medical students who paid amount in Rupees			
18 – 22 lakhs	23 – 25 lakhs	26 – 30 lakhs	31 – 35 lakhs
2	10	8	5
No of engineering students who paid amount in Rupees			
1.5 – 2.5 lakhs	2.6 – 3.0 lakhs	3.1 – 3.5 lakhs	3.6 – 4.0 lakhs
56	75	50	44

VIII. CONCLUSION

The new version of capitalism reveals how the state promotes and sustains a new capitalist class arising out of the business of higher education. Of course, the reason behind this trend would be the globalization on the one hand and the market demands on the other. The implication is whether market decides or the state decides in the emergence of new capitalist class in education sector. It appears that the market creates the condition and the state acts upon it. The consequences are both positive and negative aspects. The new capitalist class complements the efforts of the state in developing human resources. At the same time, it kills the spirit of merit and the value of social justice. The market and its competitive elements may consider the concept of merit to some extent but not social justice. But, the state very much needs the concept of social justice. The modern state not only protects the interest of the poor and weaker sections, but also fulfills the expectations of the upper income groups at the cost of merit and social justice. Two parallel system of governance exists in Indian higher education. One system owned by government which combines both merit and social justice irrespective of market forces. The other system groomed by the private sector with the sanction of government in which market has the major role devoid of merit and social justice. The business and the political economy of higher education in India sustain these trends in future as well till the state undertakes alternative measures.

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